NEXEN TIRE Q2 2023 Earnings Release

August 1, 2023

Disclaimer

The earnings release and the financial and business information for the second quarter of 2023 in this document have been prepared in accordance with K-IFRS standards.

Please note that some of the contents provided in this document are for the convenience of investors, as the financial performance and operating results included herein have not yet been audited by external auditors for Nexen Tire Corporation and its subsidiaries.

Some of the information presented may be subject to change during the future accounting audit process. This document is based on the facts as of the date of its preparation and should not be used as legal evidence for the investment outcomes under any circumstances.

HIGH LIGHTS

Profitability

KRW 691.5B revenues in Q2

_QoQ 8.1% up

5.4% operating margin in Q2

Global Sales

OE Supply start in Q2

BMW : X1, U12[1]

VW : Atlas Hyundai : Tucson

STELLANTIS : Wrangler

Hyundai : Kona sucessor

Kia : EV9

The 4th RDC[2] operation started in Texas, USA

Global Plants

Europe Plant 2nd phase expansion

▷ Additional capacity : 5.5M

The 5th US Plant Project in progress

Marketing

New partnership with JUVENTUS FC

ESG

2023 Global Customer Satisfaction Index (GCSI) survey ranked 1st for 14 years in a row

(1) U12 : X1 long-wheelbase model (2) RDC : Regional Distribution Center

Q2 2023 Financial summary

- **Sales revenue : KRW 691.5 billion / Operating profit : KRW 37.1 billion**

  - Despite the economic slowdown, stable growth in all regions and the demand for new car tires have led to approximately 5.8% YoY growth in sales revenue

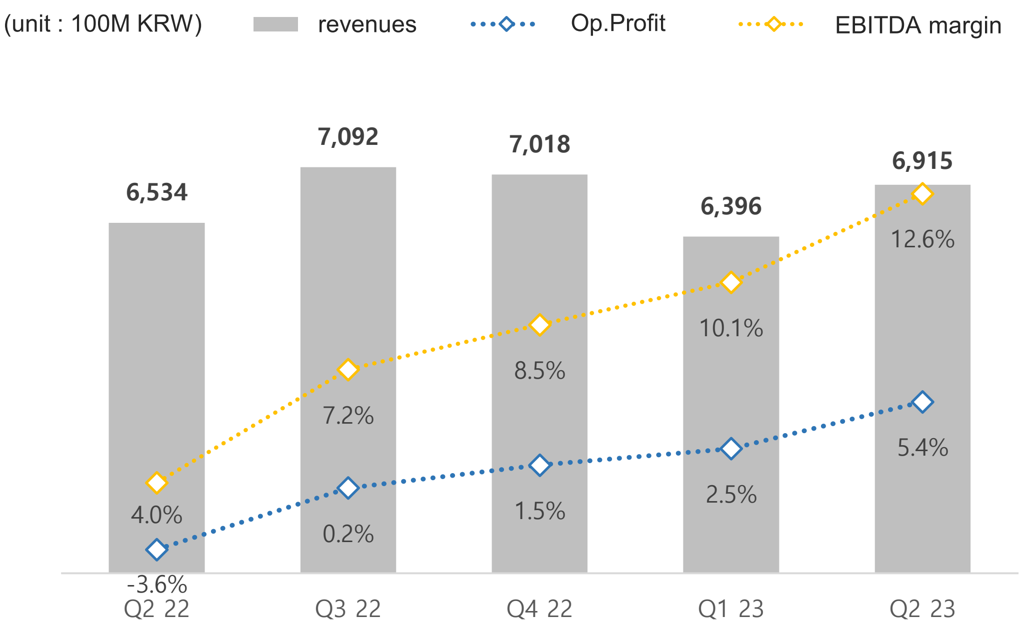
  - A turnaround in operating profit YoY through cost reduction(ocean freight and raw materials), increased sales price & high-inch tire proportion, etc.

(unit: 100M KRW)	Q2 2022	Q1 2023	Q2 2023	QoQ	YoY
Revenues	6,534	6,396	6,915	+ 8.1%	+ 5.8%
Cost of Goods Sold (COGS)	5,557	4,975	5,159	+ 3.7%	△7.2%
rate of sales cost(%)	85.1%	77.8%	74.6%	△3.2%p	△10.4%p
Operating Profit	△233	162	371	+ 129.6%	turnaround
profit rate(%)	△3.6%	2.5%	5.4%	+2.8%p	+8.9%p
Income before income taxes	△135	187	292	+ 55.8%	turnaround
(%)	△2.1%	2.9%	4.2%	+1.3%p	+ 6.3%p
Depreciation & Amortization	497	483	500	+3.6%	+0.6%
EBITDA	264	645	871	35.2%	+229.6%
(%)	*4.0%*	*10.1%*	*12.6%*	*+2.5%p*	*+8.6%p*

Q2 2023 Financial summary

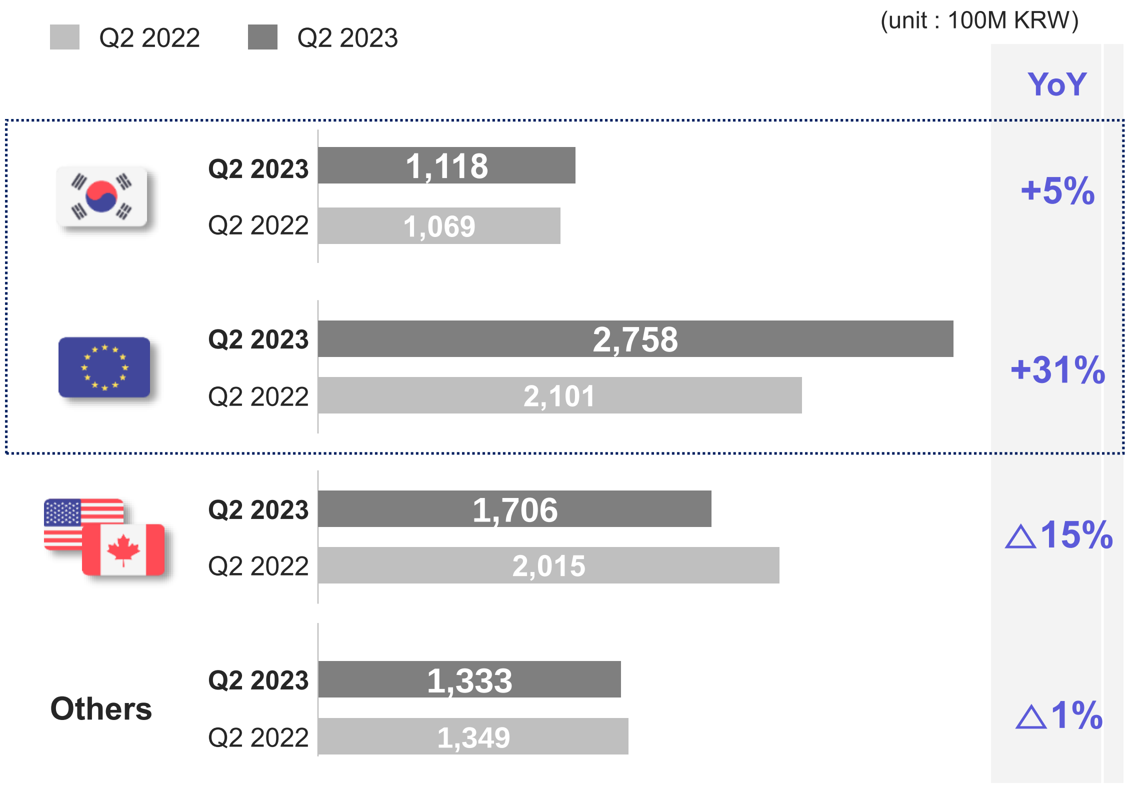
- Czech Plant & strong sales infra in Europe led to global growth through significant sales increase in the European market
- Stable profitability based on price increase and product mix each quarter (pursued since 2022)
- The high-inch tires account for about 35% of sales globally, up by approximately 3%p YoY
- The ratio of original equipment (OE) to replacement equipment (RE) sales is about 2:8

Profit & Loss



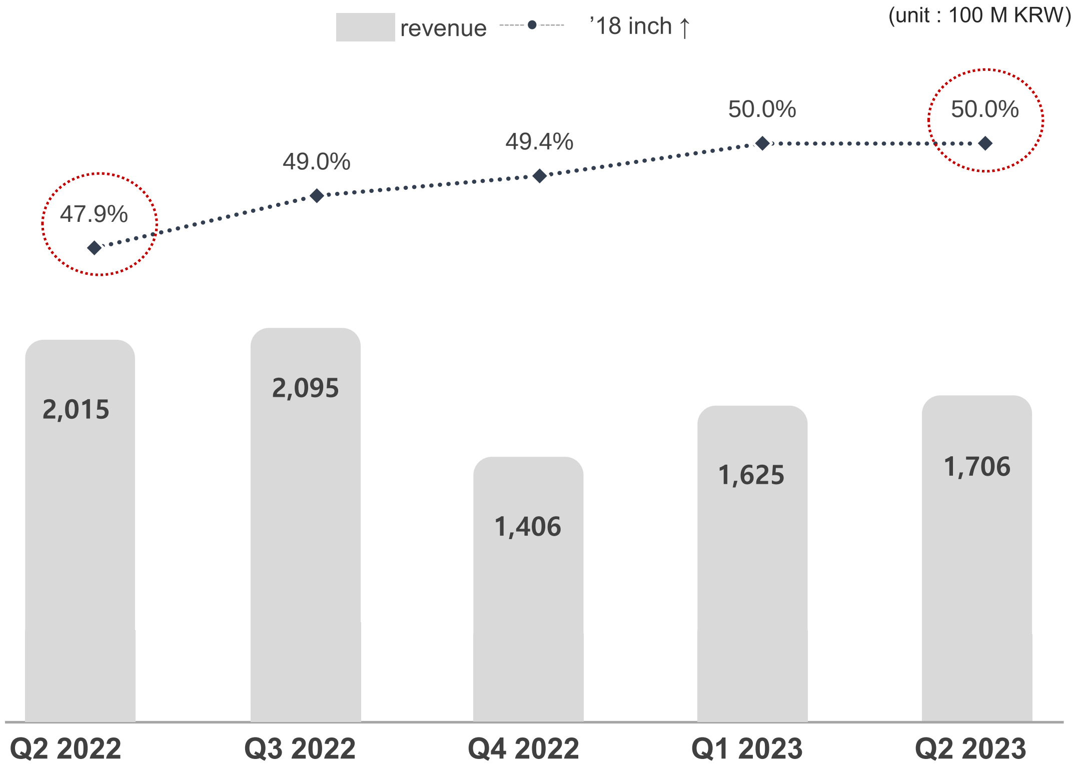
EBITDA	264	508	596	644	871
Op.Profit	△233	11	108	162	371

Sales by region



Q2 2023 Business Unit Highlights

N.America **YoY 15% ↓ / QoQ 5% ↑**

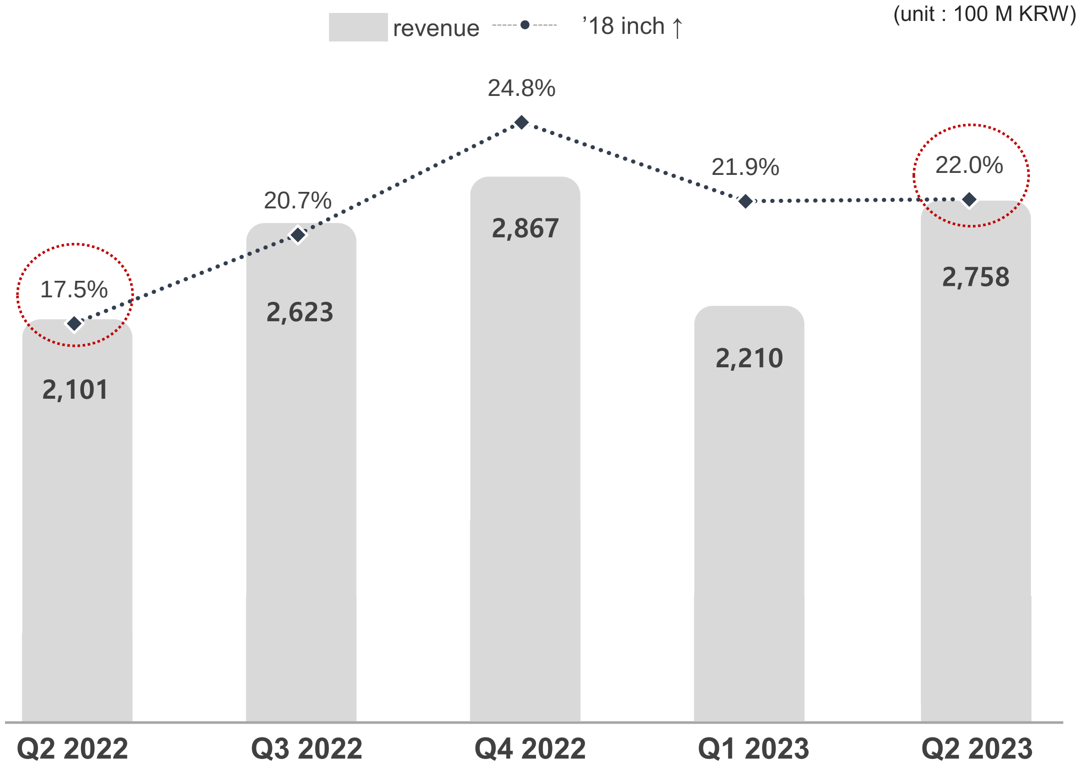


(RE) Toward qualitative growth in response to shrinking market demand price policy and the proportion of high-inch tires.

- Promote sales expansion through diversified distribution like the 4th warehouse operation in Texas.

(OE) Market expansion through supply to Wrangler of STELLANTIS.

Europe **YoY 31% ↑ / QoQ 25% ↑**

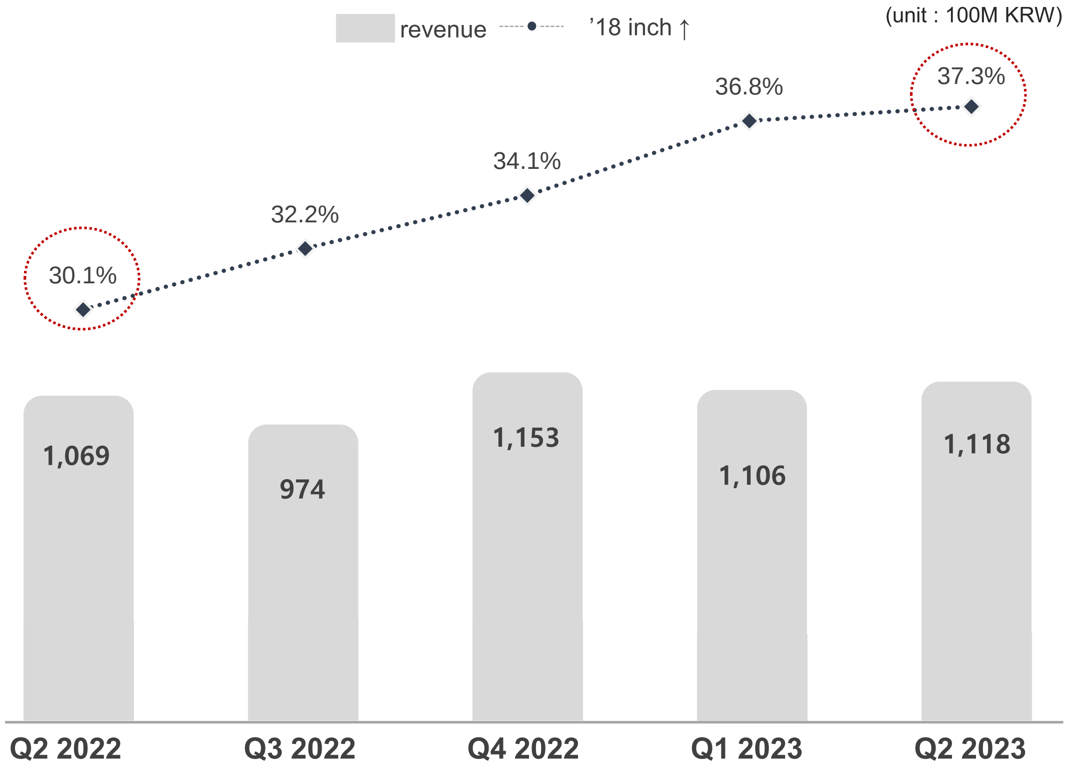


(RE) Sales exceeded through the sales of high-inch and all weather tires as well as the diversification of distribution channel.

(OE) Stable sales based on supply to Premium OE and sales to VW and others.

Q2 2023 Business Unit Highlights

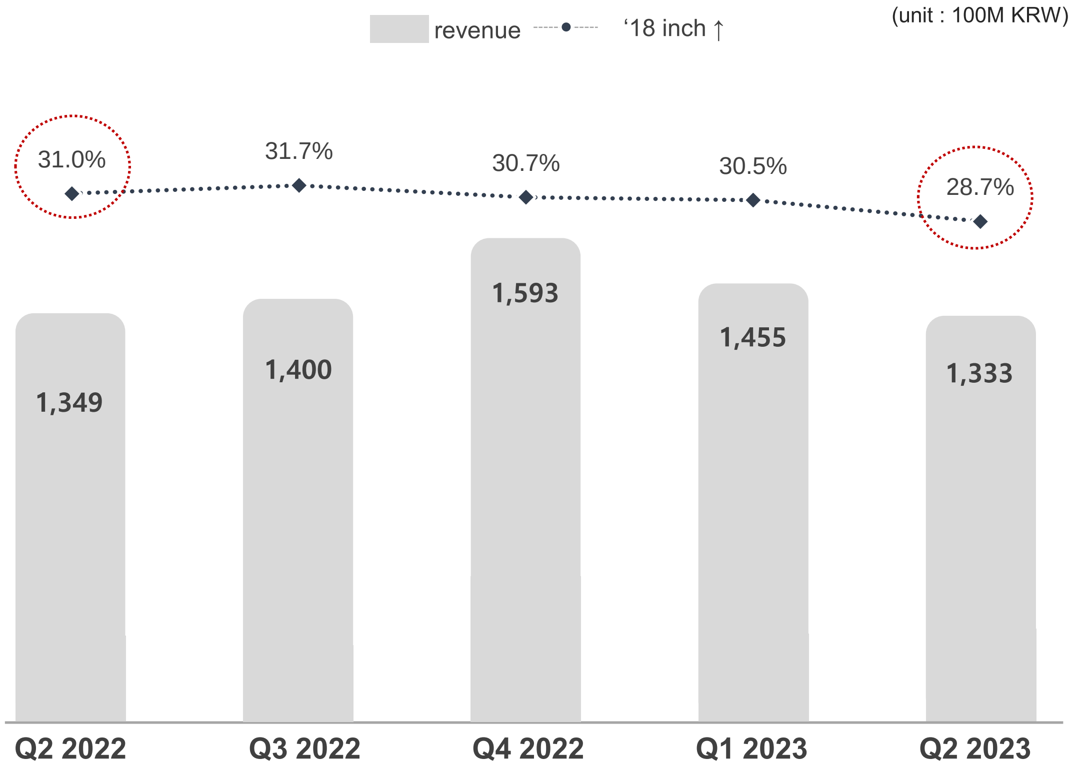
Korea YoY 5% ↑ / QoQ 1% ↑



(RE) The sales proportion of premium tires continues to expand.

(OE) Volume zone : The increase in production of Tucson Sportage & Kona vehicle drives the demand for new car tires.

Others YoY 1% ↓ / QoQ 9% ↓



(RE) Expanding sales in each region through new distribution & online channels.

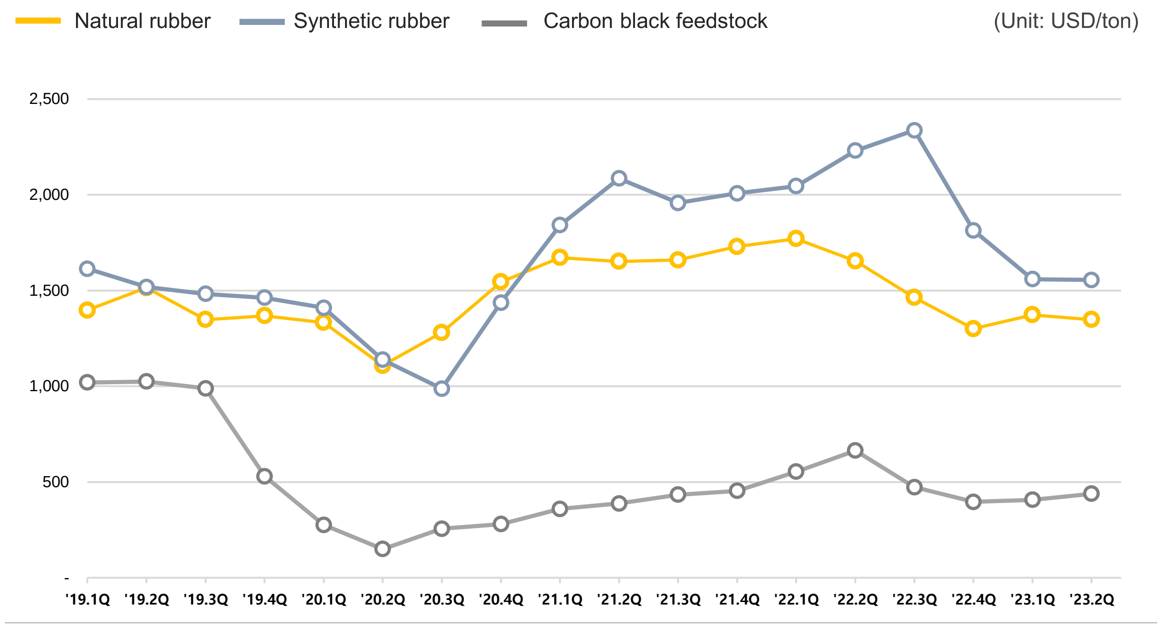
(OE) Supply to BMW X1 and U12[1] commenced in the China.

→ Improvement in brand awareness

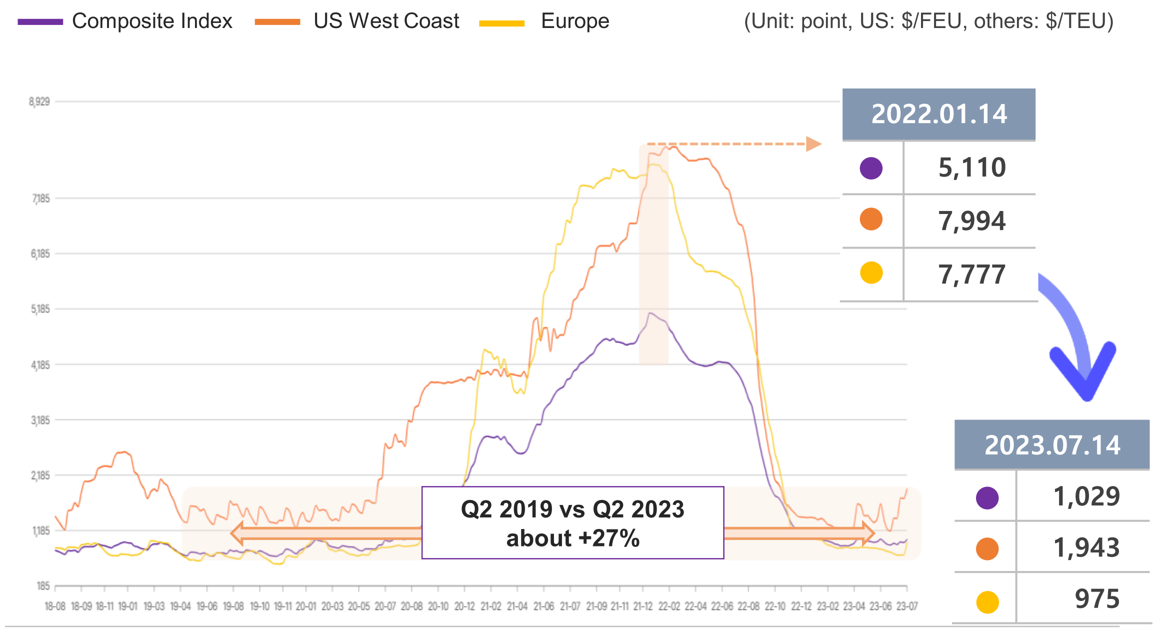
[1] U12 : X1 long-wheelbase model

Q2 2023 Global Market Status

Trends in raw materials



Shanghai Containerized Freight Index (SCFI)



(Natural Rubber) Continued concern over overall weak demand including China, a major consumer (vs.) Low production possibility due to the spread of leaf disease and bad weather in Southeast Asia.

(Synthetic Rubber) Some intermittent price increases in Q1 due to raw material price rise (vs.) Weak price continues due to sluggish demand from the automotive and rubber industries since Q2.

(Carbon Black) The price of both carbon black oil and carbon black continued to be weak due to falling oil price (vs.) Rising oil demand forecasts and production cuts.

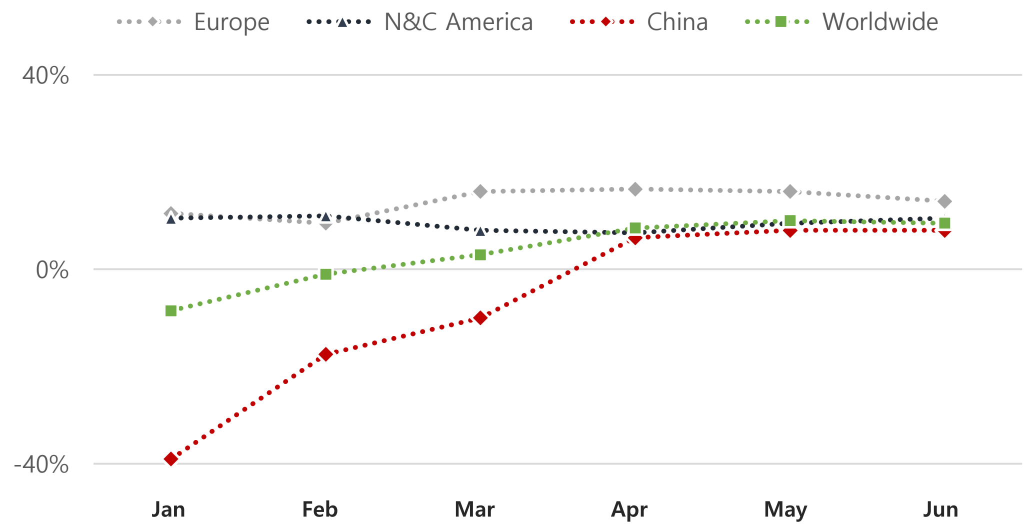
- The average SCFI stood at 983pt during Q2 2023, stabilizing to about +27% level compared to Q2 2019.
- Container volume remains sluggish as consumption slump amid tightening policies in major economies.
- Oversupply expected by the delivery of large-scale new ships ordered during the boom period (Q2 2023 to 2024)

※ Source: Natural Rubber(TSR20, SICOM), Synthetic Rubber(Butadiene Rubber, ICIS CFR NE/SE Asia), Carbon Black Oil(Means of Platts Singapore)

Q2 2023 Global Market Status

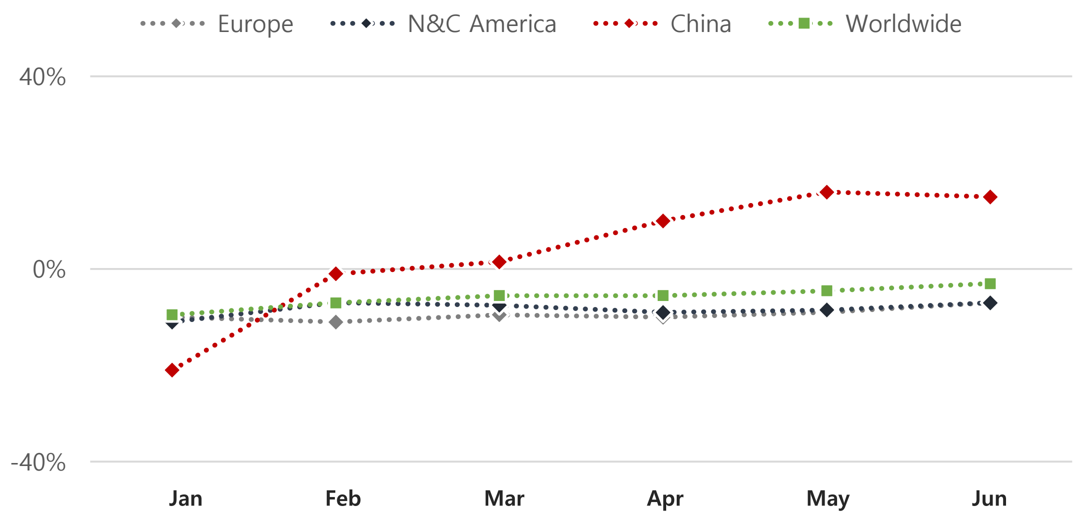
- **[OE] Demand for OE tires rebounded (base effect) YoY due to increased global new car sales, but growth in 2H is gradually decreasing**
- **[RE] Reduced demand and overstocking continues due to the prolonged war and inflation.**
  However, the YoY drop in demand (main region including Europe) is on the decline

OE YTD_2023



OE	1월	2월	3월	4월	5월	6월
Europe	12%	10%	16%	17%	16%	14%
N.America	11%	11%	8%	8%	10%	11%
China	△39%	△18%	△10%	7%	8%	8%
Worldwide	△9%	△1%	3%	9%	10%	10%

RE YTD_2023



RE	1월	2월	3월	4월	5월	6월
Europe	△10%	△11%	△10%	△10%	△9%	△7%
N.America	△11%	△7%	△7%	△9%	△8%	△7%
China	△21%	△1%	2%	10%	16%	15%
Worldwide	△10%	△7%	△6%	△6%	△5%	△3%

※ Source: PC & LT only, Estimation based on data provided by regional tire manufacturers' associations and research firms

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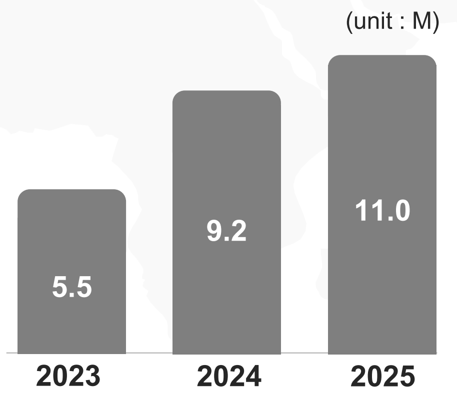
Q&A

Appendix 1. Global Production Capacity

Y2025 Total Capacity 52M

Europe Plant 11M

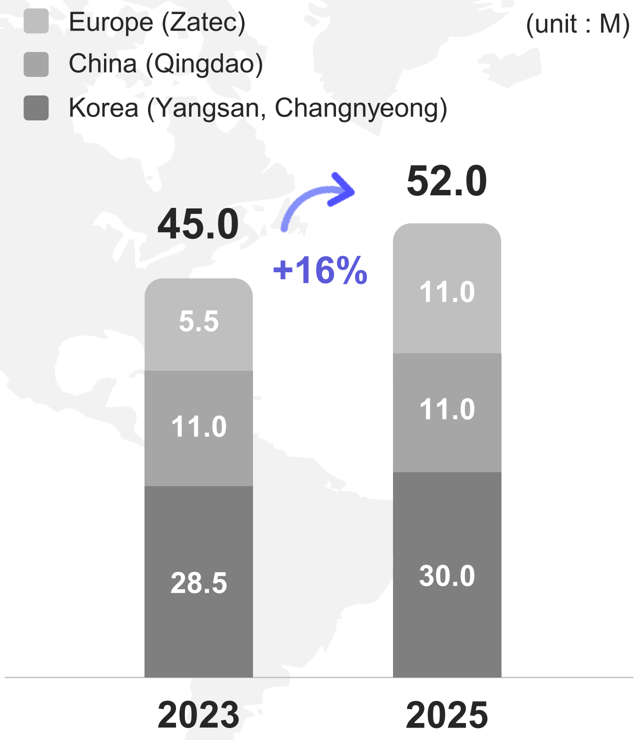
2nd Phase Ramp-up Schedule



Korea Plant 30M

China Plant 11M

The Capacity Expansion Plan



Appendix 2. Consolidated Balance Sheet

unit:100 M KRW	2020	2021	2022	Q1 2023	Q2 2023
Assets	**35,411**	**38,234**	**39,446**	**41,068**	**42,215**
Current assets	**12,003**	**14,760**	**14,421**	**14,850**	**15,588**
Cash equivalents	2,601	3,223	2,584	2,113	2,101
Trade accounts and notes receivable	3,456	3,975	3,822	4,495	5,350
Inventories	3,465	4,971	6,492	6,453	6,467
Non-current Assets	**23,408**	**23,474**	**25,022**	**26,218**	**26,627**
Tangible assets	20,967	20,688	21,350	22,385	22,559
Liabilities	**19,941**	**22,235**	**23,481**	**24,765**	**25,698**
Current Liabilities	7,668	10,417	14,317	13,260	13,704
Non-Current Liabilities	12,274	11,818	9,164	11,505	11,994
(Debt)	13,768	13,558	16,396	17,973	18,881
Equity	**15,470**	**15,999**	**15,962**	**16,303**	**16,517**
Net Debt	**11,167**	**10,335**	**13,813**	**15,860**	**16,780**

Appendix 3. Consolidated Income Statement

unit:100 M KRW	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Revenue	**6,534**	**7,092**	**7,018**	**6,396**	**6,915**
COGS	**5,557**	**5,802**	**5,643**	**4,975**	**5,159**
rate of sales cost (%)	85.1%	81.8%	80.4%	77.8%	74.6%
Gross Profit	**976**	**1,290**	**1,375**	**1,420**	**1,755**
profit rate(%)	14.9%	18.2%	19.6%	22.2%	25,4%
SG&A	**1,209**	**1,279**	**1,267**	**1,259**	**1,384**
(%)	18.5%	18.0%	18.1%	19.7%	20.0%
Operating Profit	**△233**	**11**	**108**	**162**	**371**
(%)	△3.6%	0.2%	1.5%	2.5%	5.4%
Non-operating / Other income	**534**	**909**	**△30**	**498**	**358**
Non-operating / Other expense	**436**	**736**	**308**	**472**	**436**
Income before income taxes	**△135**	**183**	**△232**	**187**	**292**
Profit rate(%)	△2.1%	2.6%	△3.3%	2.9%	4.2%