

## IS Dongseo Q1 2025 Earnings Presentation

### Page 7 - Opening Remarks

Hello, this is Taekkyun Kim, IR Manager at IS Dongseo.

Thank you for joining us for the earnings presentation for the first quarter of 2025.

IS Dongseo is a comprehensive company operating across four core business segments: Construction, Concrete, Environmental Services, and Secondary Batteries.

Rather than operating in isolation, these segments function synergistically, forming a business structure that enables both stable profitability and sustainable growth even amid an uncertain market environment.

On a consolidated basis for the first quarter of 2025, the Construction segment accounted for 39.6% of total revenue, followed by Environmental Services at 25.3%, Concrete at 21.2%, and Secondary Batteries at 10.2%.

Let me begin with the Construction segment.

As our core business, Construction centers around highly profitable in-house development projects such as the Eileen's Garden apartment series, the W mixed-use complexes, and knowledge industry centers.

Rather than pursuing scale for its own sake, we prioritize profitability and financial soundness, consistently delivering operating margins well above industry averages over the long term.

Next is the Concrete segment.

We manufacture PHC piles, architectural and civil PC (precast concrete), and segment products. In particular, we are enhancing our portfolio by focusing on high-value-added PC products used in advanced facilities such as semiconductor plants.

This enables us to respond flexibly to market demand and continue improving our business structure toward profitability.

Moving on to Environmental Services.

Our subsidiary Insun ENT maintains a market-leading position in waste treatment, including construction waste processing, incineration, landfill, and vehicle recycling.

Meanwhile, Environmental Energy Solution is expanding its eco-friendly infrastructure business through environmental facility EPC and O&M.

We place sustainability at the core of our ESG values, and the Environmental segment plays a pivotal role in realizing this vision.

Lastly, the Secondary Batteries segment.

Through IS Eco Solution and BTS Technology, we engage in pre- and post-processing of waste batteries.

Our presence is growing not only in Korea but also in Europe, where we are building a foundation for long-term growth aligned with tightening recycling regulations.

Through this diversified and complementary business structure, IS Dongseo is well-positioned to weather different economic cycles. Even if one segment faces temporary headwinds, others can compensate, ensuring overall stability and balance in our operations.

## **Page 9 - Q4 2024 Financial Performance**

In the first quarter of 2025, IS Dongseo recorded revenue of KRW 299.1 billion and operating profit of KRW 32.4 billion.

While revenue remained largely flat compared to the previous quarter, operating profit saw a significant improvement, with the operating margin rising from 3.1% to 10.8%.

This increase in profitability was mainly driven by normalized profitability in the Construction segment and a rise in sales of high-value-added PC products in the Concrete segment.

We will go over each segment's performance in more detail shortly.

EBITDA for the quarter came in at KRW 44.4 billion, with an EBITDA margin of 14.9%. Operating cash flow also entered a recovery phase.

Net profit stood at KRW 300 million, reflecting financial expenses of KRW 26.3 billion and equity-method losses of KRW 6.6 billion.

## Page 10 - Financial Position & Key Ratios

Next, I would like to provide an overview of our financial position and key financial ratios as of the first quarter of 2025.

Total assets stood at KRW 3.5572 trillion, maintaining a similar level compared to the previous year.

Cash and cash equivalents amounted to KRW 344.2 billion, reflecting a slight year-over-year decrease due to temporary cash outflows related to construction project expenditures.

As of the end of Q1, the DMC IS Biz Tower Central Blocks 8 and 9 in Goyang Deogeun were completed.

Beginning in the second quarter, we expect a full-scale inflow of final payments, which should drive a swift recovery in our cash position.

Total liabilities increased slightly to KRW 2.0317 trillion, resulting in a debt-to-equity ratio of 133.2%.

Total borrowings decreased marginally to KRW 1.4026 trillion, leading to a slight decline in the borrowing ratio to 91.9%.

The net debt ratio rose modestly to 69.4% compared to the previous year, due to temporary cash outflows prior to final payment inflows.

However, we expect this metric to improve in the second quarter as the inflows materialize.

Equity amounted to KRW 1.5255 trillion, slightly down from the previous year.

Net asset value per share came to KRW 51,060, reflecting the impact of the goodwill impairment recognized in the fourth quarter of last year.

## **Page 11 - Construction Division Performance**

Now, let me walk you through the performance of our Construction segment.

In the first quarter of 2025, the Construction segment recorded revenue of KRW 118.7 billion and operating profit of KRW 31.7 billion, resulting in an operating margin of 26.7%.

This marks a significant improvement from the previous quarter.

The improvement in profitability was primarily driven by contributions from high-margin in-house sales and the resolution of one-off adjustments that impacted construction contract revenue in 2024.

In both the third and fourth quarters of 2024, no revenue was recognized from construction contracts, yet certain adjustments were reflected, which weighed directly on profitability.

In contrast, such temporary factors were no longer present in the first quarter, allowing profitability to return to normalized levels.

Additionally, the DMC IS Biz Tower Central Blocks 8 and 9 in Goyang Deogeun were completed in March, and move-ins are scheduled to begin in April.

Revenue from the officetel units in this project will be recognized upon delivery.

As some projects have reached completion, topline growth has temporarily entered a period of adjustment.

However, we remain firmly committed to our profitability-oriented, selective project strategy.

Once large-scale in-house projects such as the Gyeongsan Jungsan District move into full swing, we expect to see further upside in both revenue and profitability.

## Page 12 - New Orders & Backlog

Next, let me provide an update on new orders and the order backlog.

In the first quarter of 2025, new orders totaled KRW 212.0 billion, marking a 694.0% increase year-over-year.

This sharp rise was driven by a KRW 151.5 billion cost adjustment for the Ulsan Nam-gu B-14 District housing redevelopment project, along with approximately KRW 60.5 billion in additional contracts related to the Ulsan New City Phase 2 and Goyang Deogeun Blocks 6 and 7.

As of the end of Q1, our order backlog stood at KRW 1.9069 trillion, up 5.0% compared to the same period last year.

We continue to maintain a selective order-taking strategy that prioritizes profitability, while also taking into account financial stability in response to evolving market conditions.

On a separate basis, total borrowings amounted to KRW 1.2058 trillion, consisting of KRW 875.2 billion in short-term debt, KRW 176.7 billion in long-term debt, and KRW 153.9 billion in corporate bonds.

Our debt structure is primarily secured by company-owned assets, which enables stable refinancing even amid market volatility.

As we currently have no third-party contract-based construction projects underway, our exposure to contingent liabilities remains limited.

As of Q1, contingent liabilities totaled KRW 634.4 billion, of which KRW 403.9 billion were mid-payment loan guarantees for in-house presales, and the remainder related to payment guarantees for projects not yet under construction.

Going forward, we will continue to uphold our conservative financial management approach, reinforcing both stability and flexibility through a sound capital structure.

### Page 13 - Construction Project Updates

Now, let me provide an update on our ongoing and upcoming construction projects.

Starting with the current projects:

For Eileen's Garden Phase 2 in Ulsan New City, additional contracts are steadily being signed. Revenue recognized from this project in the first quarter amounted to KRW 32.3 billion.

The DMC IS Biz Tower Central Blocks 8 and 9 in Goyang Deogeun were completed in March, and the project contributed KRW 40.8 billion in revenue during the first quarter.

Move-ins began in April, and revenue from the officetel units will be recognized upon delivery, starting in the second quarter.

For DMC IS Biz Tower Central Block 10, revenue is being recognized based on unit delivery. The project contributed KRW 39.9 billion in the first quarter.

Meanwhile, construction for the DMC IS Biz Tower Hangang Blocks 6 and 7 is progressing smoothly, with completion scheduled for November 2025.

Moving on to upcoming projects:

The Ulsan Nam-gu B-14 District Housing Redevelopment Project underwent a cost adjustment in February 2025, bringing the total contract value to KRW 450.2 billion.

Presales and construction commencement are expected within the year, subject to final scheduling by the client.

One of the most highly anticipated projects is the Gyeongsan Jungsan District, a large-scale in-house development encompassing 3,443 residential units.

This project is expected to be a key driver of our mid- to long-term performance.

While the presale schedule has not yet been finalized, we are evaluating the optimal timing based on feasibility and market demand analysis.

As always, we will continue to apply rigorous feasibility reviews and pursue only projects with solid profitability, aiming to ensure both stable top-line growth and strong margins.

## Page 14 - Concrete Division Performance

Next, let me walk you through the performance of the Concrete segment.

In the first quarter of 2025, the Concrete segment recorded revenue of KRW 63.6 billion and an operating loss of KRW 2.5 billion.

While the segment remained in the red, the loss was narrowed compared to the previous quarter, and revenue increased by approximately 33% from KRW 47.8 billion in Q4.

In the PILE business, the overall industry faced reduced production due to a sluggish construction market.

However, new demand—particularly from the Yongin Semiconductor Cluster—helped lift average selling prices.

We are continuing to restructure the business through flexible capacity management, asset optimization, and cost reductions.

In the first quarter, we incurred a one-off expense of approximately KRW 4.0 billion related to retirement benefits following the closure of our PHC pile plant in Changnyeong.

Excluding this non-recurring item, the Concrete segment would have turned a profit.

The plant closure was part of our broader strategy to enhance asset efficiency and reduce fixed costs, which we expect will lead to structural improvements in our cost base moving forward.

Meanwhile, in the PC (precast concrete) business, increased deliveries to the SK hynix M15X site in Cheongju contributed to higher revenue.

The greater share of high-value-added products also played a meaningful role in improving the segment's profitability.

Going forward, we will focus on enhancing production efficiency and cost structure in the PILE business,

while continuing to grow our pipeline of high-value-added orders in the PC business, particularly those tied to semiconductor-related projects.

## **Page 15 - Environmental Division Performance**

Now, let's take a look at the performance of the Environmental Services segment.

In the first quarter of 2025, the segment posted revenue of KRW 75.8 billion and operating profit of KRW 3.3 billion.

Compared to the previous quarter, revenue declined by approximately 24% from KRW 100.3 billion, and the operating margin fell from 9.9% to 4.4%.

Insun ENT was affected by a decline in waste inflows, driven by a slowdown in both the construction and manufacturing sectors.



Environmental Energy Solution also saw a temporary drop in topline performance as several projects reached completion and revenue recognition ended, with a gap before follow-up orders are secured.

Nevertheless, all business units within the segment remained profitable, and we believe profitability was preserved to a reasonable degree considering the fixed cost burden.

Notably, Environmental Energy Solution recently secured new orders, which are expected to drive a recovery in performance starting in the second half of the year.

Going forward, we will continue to focus on expanding new order intake within the Environmental segment, while simultaneously reducing costs to drive further improvements in profitability.

## **Page 16 - Secondary Battery Division Performance**

Finally, let me walk you through the performance of our Secondary Batteries segment.

In the first quarter of 2025, the segment recorded revenue of KRW 30.6 billion and operating profit of KRW 100 million.

During the quarter, the government of Congo implemented a ban on cobalt exports, leading to a sharp spike in cobalt prices.

As a result, metal prices rebounded, driving a 29% increase in revenue compared to the previous quarter and a turnaround to operating profit.

However, since the start of the second quarter, metal prices have begun to decline again, adding short-term uncertainty to the segment's profitability.

In response, we are continuing to optimize our cost structure and reduce expenses, with a strong focus on process efficiency and operational stability to defend margins.

The new plant of BTS Technology in Poland, which was initially scheduled to begin operations in the second quarter, is now expected to commence full-scale operations in the second half of the year following process checks and pre-treatment feedstock preparations.

Looking ahead, we will pursue a balanced approach that focuses on stabilizing short-term earnings while securing long-term profitability, with the goal of building a resilient and sustainable business model even amid ongoing market uncertainties.

## **Page 25 - Closing Remarks**

That concludes our review of IS Dongseo's performance and business outlook for the first quarter of 2025.

Before we close, let me summarize our key messages in terms of profitability, stability, and growth.

### **Profitability**

Our company-wide operating margin recovered to a double-digit level in the first quarter, supported by normalized profitability in the Construction segment and increased sales of high-value-added products in the Concrete segment.

This result reaffirms the effectiveness of our selective project strategy, which prioritizes profitability over sheer volume.

### **Stability**

Despite a market slowdown, the Environmental segment remained profitable and contributed to stable earnings.

At the corporate level, we continued to maintain a conservative financial management approach, ensuring sound liquidity and a stable capital structure.

### **Growth**

Although the Secondary Batteries segment continues to face short-term industry headwinds, the upcoming ramp-up of BTS Technology's Poland plant in the second half of the year is expected to serve as a growth catalyst.

In Construction, the Gyeongsan Jungsan District project is poised to become a major driver of revenue and earnings growth once it gets fully underway.

IS Dongseo remains committed to protecting profitability while steadily securing new growth opportunities based on a stable foundation.

We also continue to enhance shareholder value through active share buybacks and a progressive dividend policy.

Notably, we are introducing a tax-exempt dividend beginning with the 2025 year-end dividend, enabling shareholders to receive full distributions without withholding tax.

We will do our utmost to ensure that more of our shareholders can enjoy real after-tax benefits.

That concludes our presentation.

Thank you for your attention.