

NICKEL ASIA CORP.

1Q-24 EARNINGS

05/14/2024

NAC
NICKEL ASIA CORP.



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NIKL AND EPI 1Q-24 HIGHLIGHTS

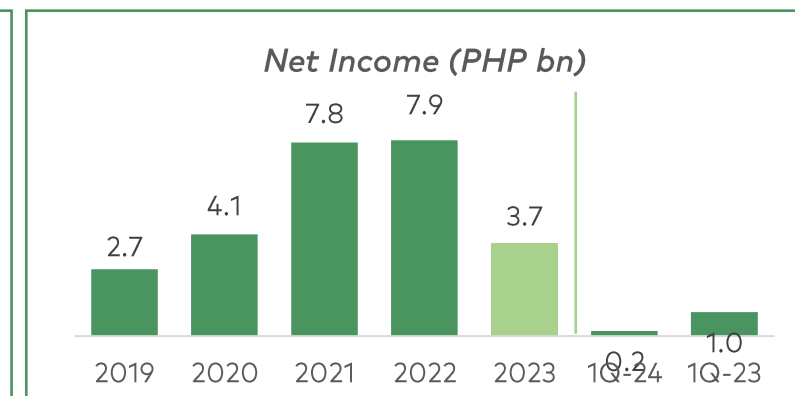
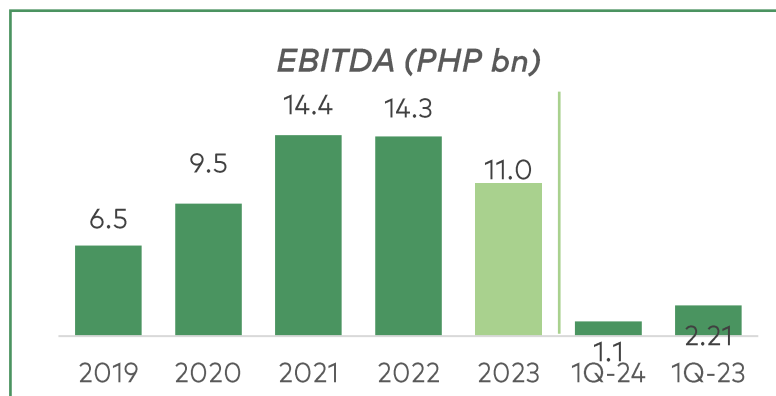
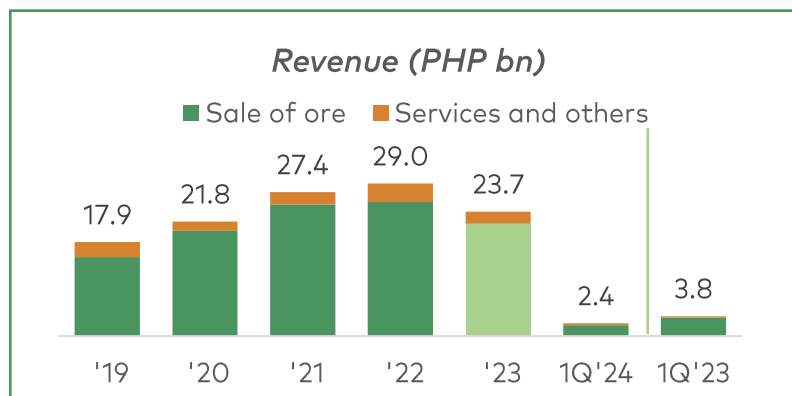
NICKEL MINING

- **Revenues** from ore sales declined by 41 percent to P2.09 billion from P3.55 billion last year, due to lower ore prices.
- The Company's operating mines sold a combined 2.61 million wet metric tons (WMT) of nickel ore during the period, slightly higher than last year's 2.39 million WMT.
- The weighted average nickel ore sales price during the period decreased by 48% percent to \$13.84 per WMT against \$26.80 per WMT in the same period last year.
- The group's consolidated **Earnings before interest, taxes, depreciation, and amortization (EBITDA)** totaled P1.05 billion against P2.21 billion from the prior year.
- NAC recognized losses from its combined equity share in investments in the two HPAL plants in the amount of P193.90 million against P252.12 million income in the prior year.
- Reported attributable **net income** of P202 million for 1Q-2024, which was down 79% YoY due to a reduction in ore revenues by 34% year-on-year and losses incurred from our HPAL operations.

RENEWABLE ENERGY (EMERGING POWER INC.)

- **EPI's operating asset Jobin-SQM Inc. (JSI) is presently operating at a total capacity of 172-MW** with the new additional capacity achieved last February 28, 2024 from 100 MW YoY (began in July 2022); generation for 1Q24 is up 19.3% YoY to 44,881-megawatt hours.
- **JSI's EBITDA up 3.6% YoY to P160.1 million.**
- **145-MW plant pre-development activities underway** with EPI's other long-term lease agreement with the Subic Bay Metropolitan Authority (SBMA). Preliminary studies and application of permits are ongoing.
- **Leyte Phase 1 - 120 MW project under Greenlight Renewables (JV with Shell) - notice to proceed (NTP)** was issued in September 2023. The Project is on schedule with its construction and for COD in April 2025.
- For **Biliran Geothermal 2 MW pilot project**, the turbines have been installed and energized since February 17, 2024. This paves the way to expand the development plan of up to 10MW, which supports the goal of achieving its full potential of 50 MW.

FINANCIAL HIGHLIGHTS (1Q-24 VS 1Q-23)



	2019	2020	2021	2022	2023	1Q2024	1Q2023
EBITDA Margin ⁽¹⁾	36%	43%	53%	51%	46%	40%	54%
Net Income Margin	21%	26%	39%	38%	24%	14%	24%
Ave. Ni LME price per pound (US\$)	6.32	6.25	8.39	11.21	9.49	7.57	11.79
Average Price in US\$/WMT	Ore Exports	23.52	33.99	40.40	39.39	30.59	25.57
	HPAL Deliveries	8.19	8.33	12.03	18.72	14.66	10.27
Effective Ni Pay factor ⁽²⁾	Ore Exports	16.94%	25.18%	24.11%	18.02%	16.54%	21.11%
	HPAL Deliveries	8.21%	8.33%	8.81%	9.63%	9.73%	10.65%
Dividend Yield ⁽³⁾	2.4%	10.8%	8.2%	7.2%	4.0%	N/A	N/A
Cash dividend payout ratio of PY earnings	32%	152%	151%	79%	50%	N/A	N/A

Source: Company Data

Notes: (1) EBITDA is from Mining operations

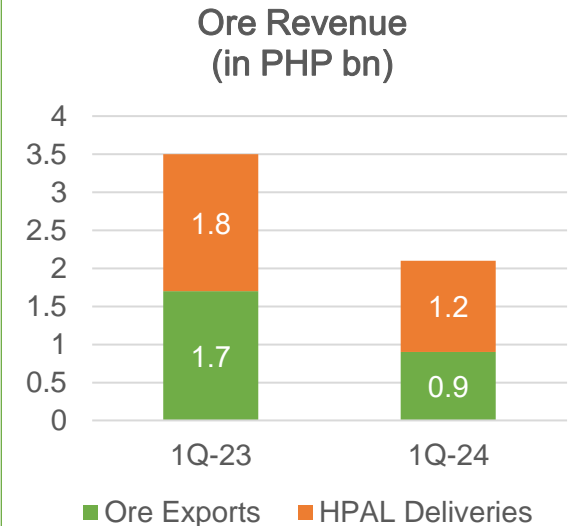
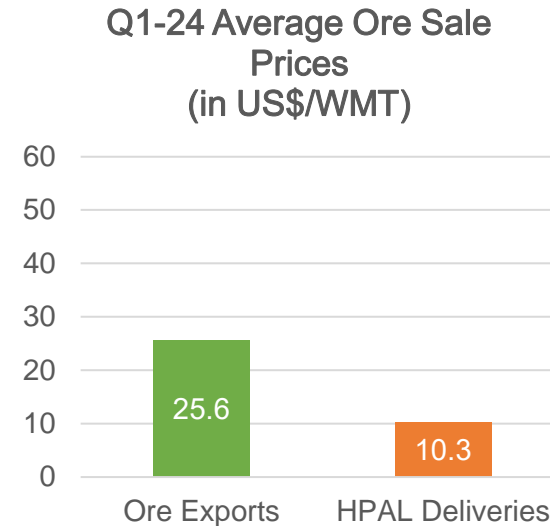
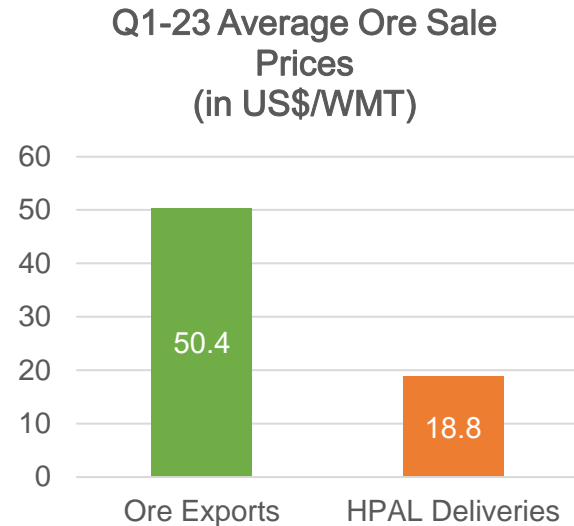
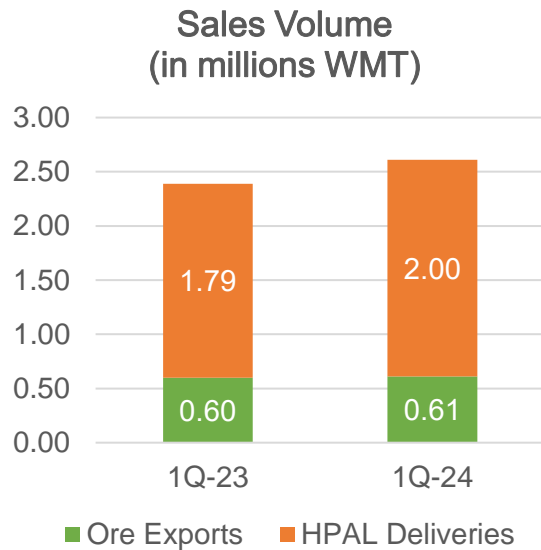
(2) Ni Pay factor is the ratio of revenue to LME price for each unit of contained nickel sold.

(3) Dividend yield is computed as dividend per share divided by average NIKL price per share

*Using NIKL's average share price as of FY-2023

SHIPMENTS AND REVENUES BY ORE TYPE

First Quarter Period Comparison



- +11.8% YoY ore exports
- +1.5% YoY limo HPAL

- 49% YoY ore exports
- 46% YoY limo HPAL

- 43% YoY change in total revenue
- 37% YoY change in limo HPAL revenues
- 47% YoY change in ore exports revenues

REVENUE – VARIANCE ANALYSIS

First Quarter Period Comparison

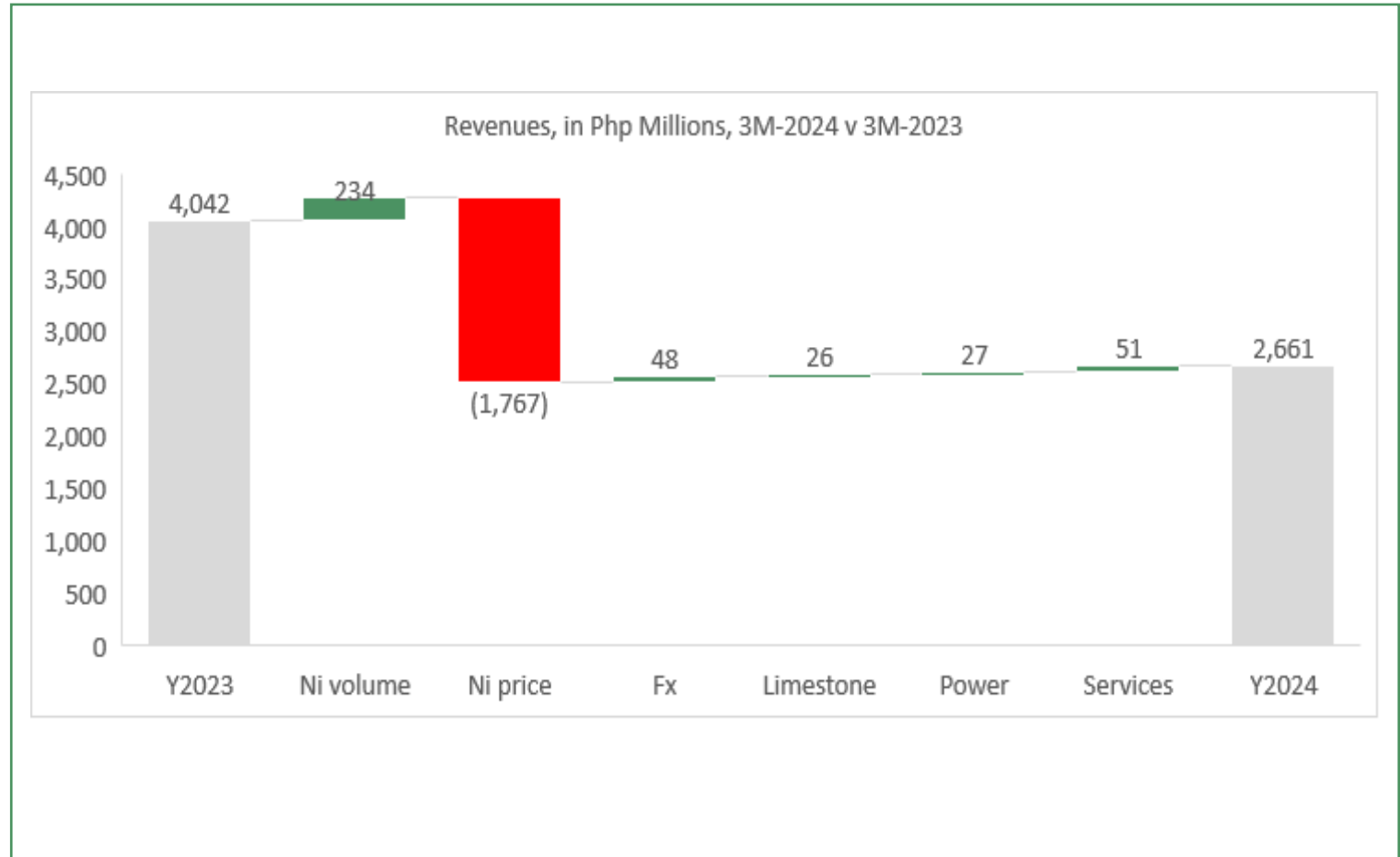
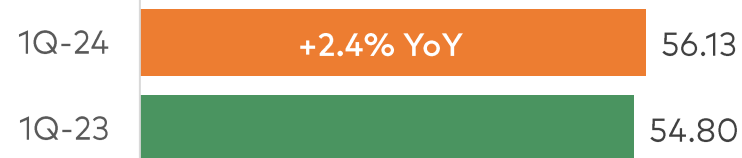
Sales Volume (in millions WMT)



Sales Price (in USD\$ per WMT)



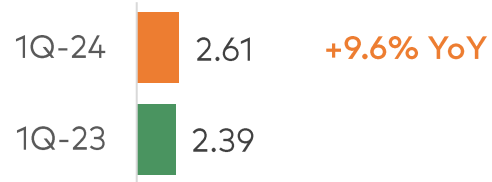
FX Rate (PHP/USD)



COST & EXPENSES – VARIANCE ANALYSIS

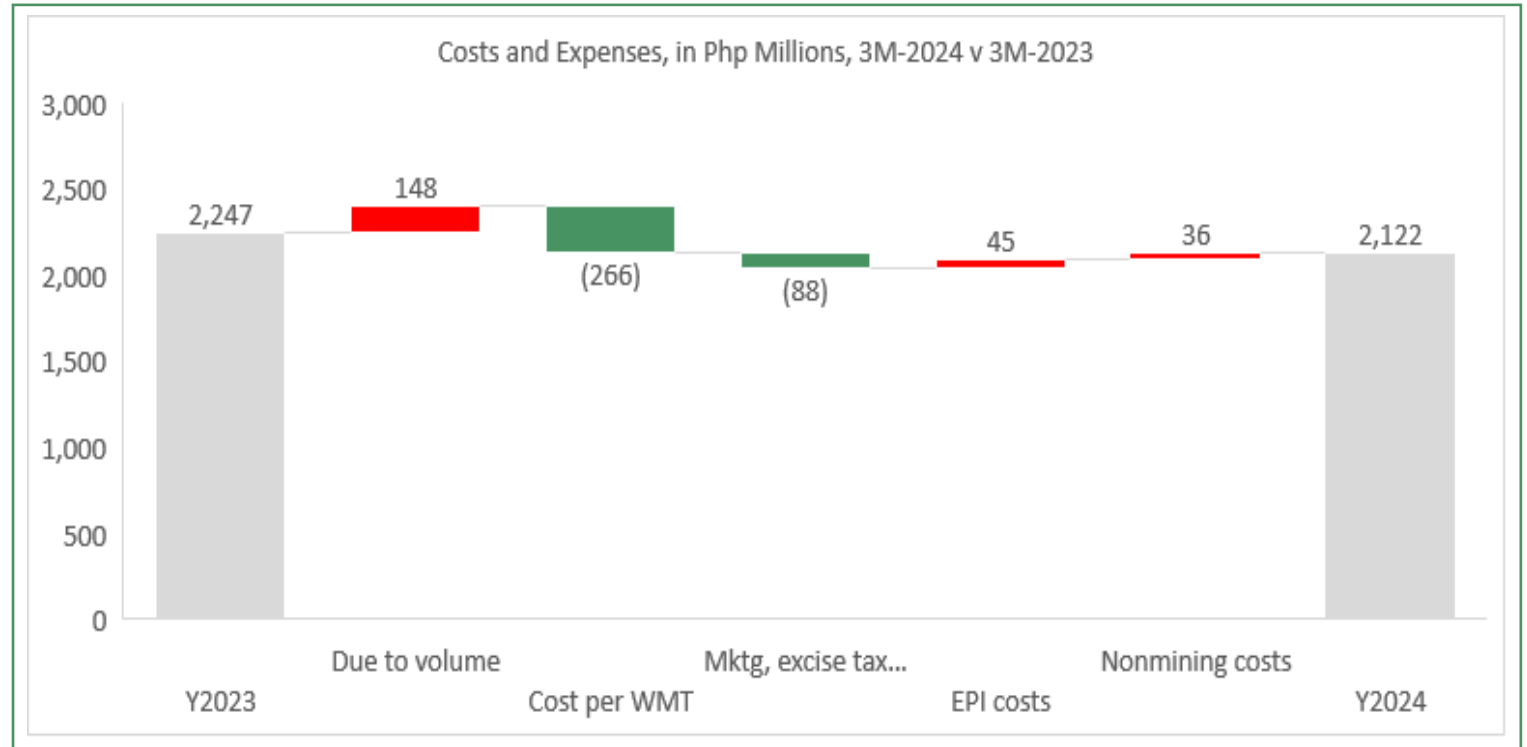
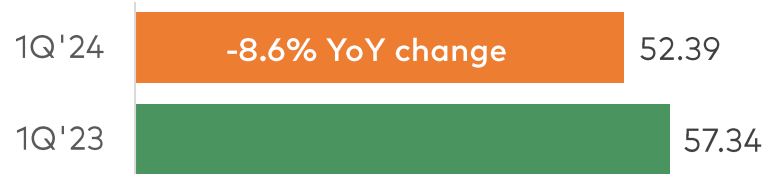
First Quarter Period Comparison

Sales Volume (in millions WMT)



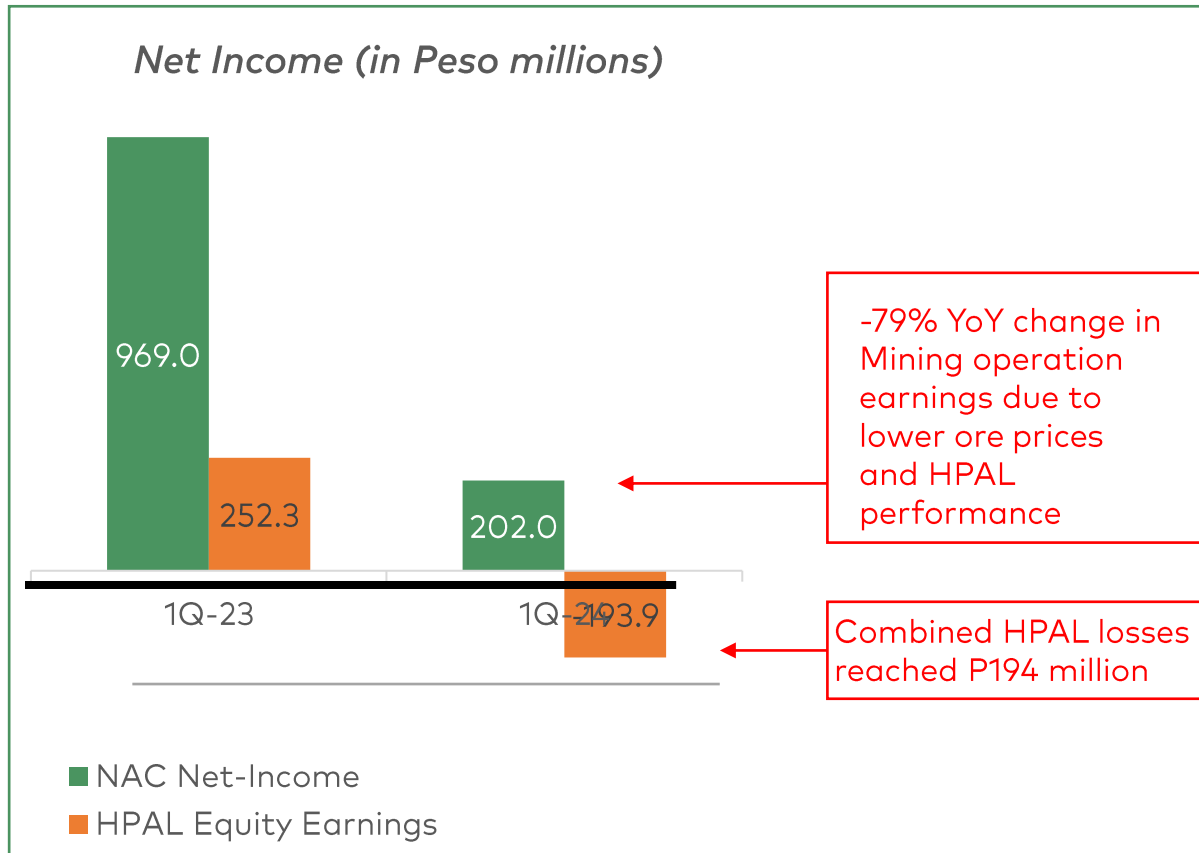
▪ +9.6% YoY

Fuel Prices (P/Liter)



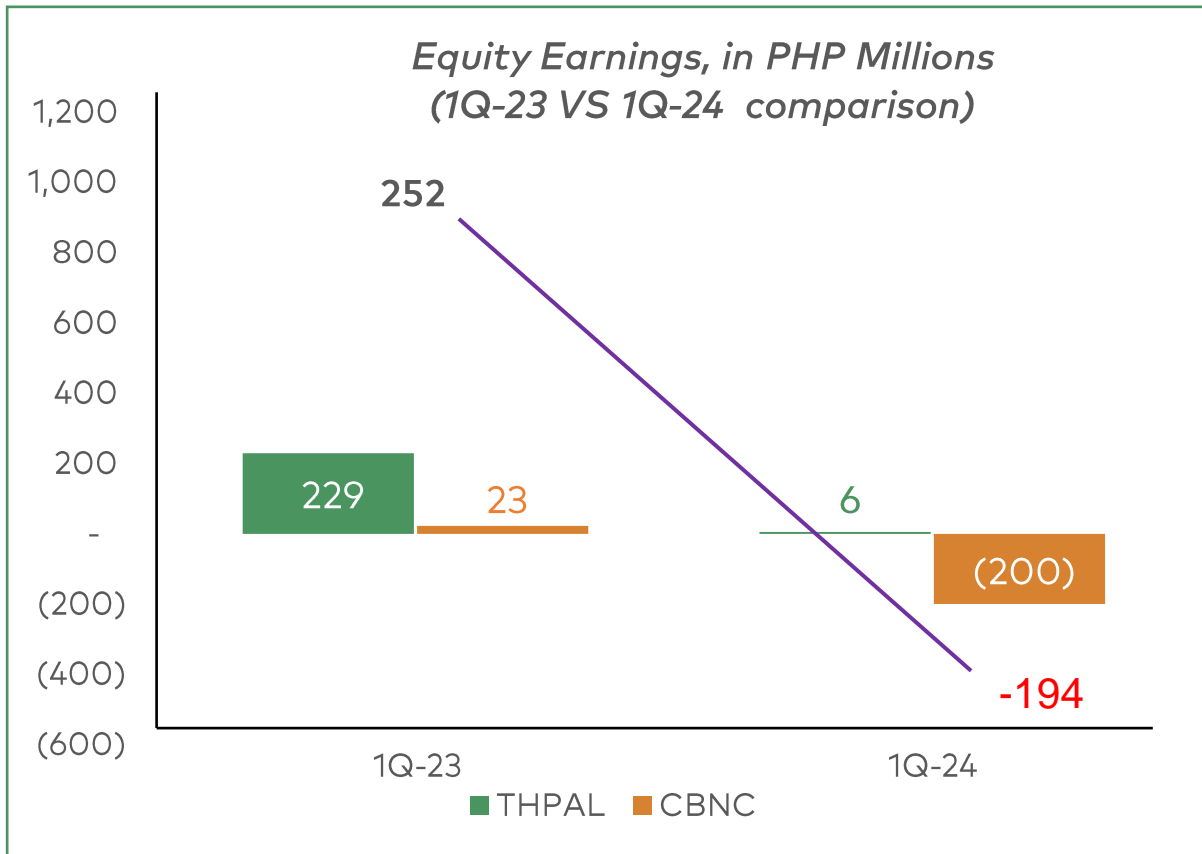
NET INCOME VARIANCE

First Quarter Period Comparison



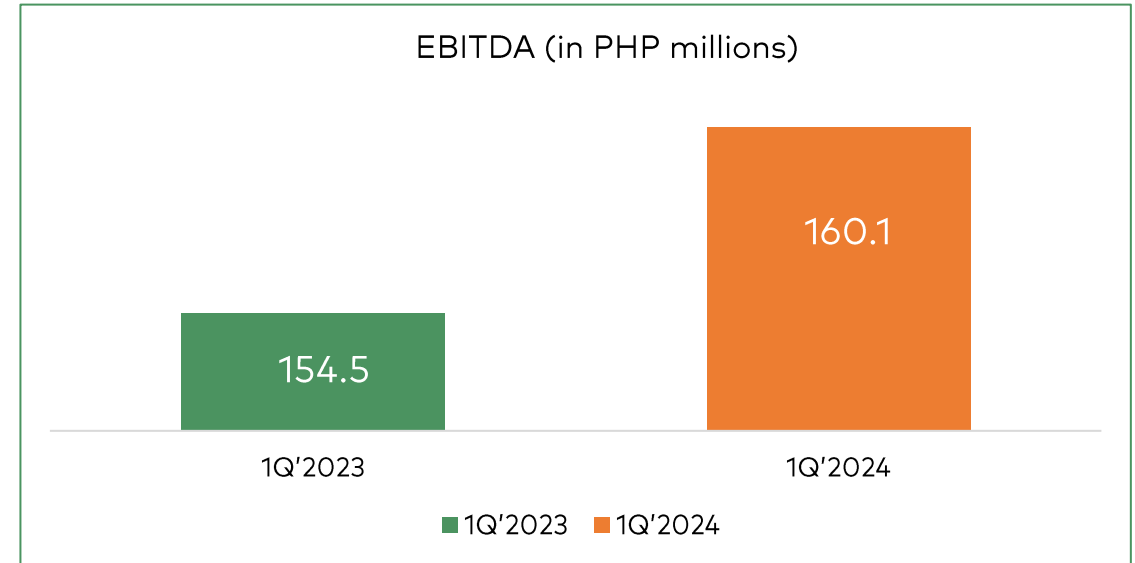
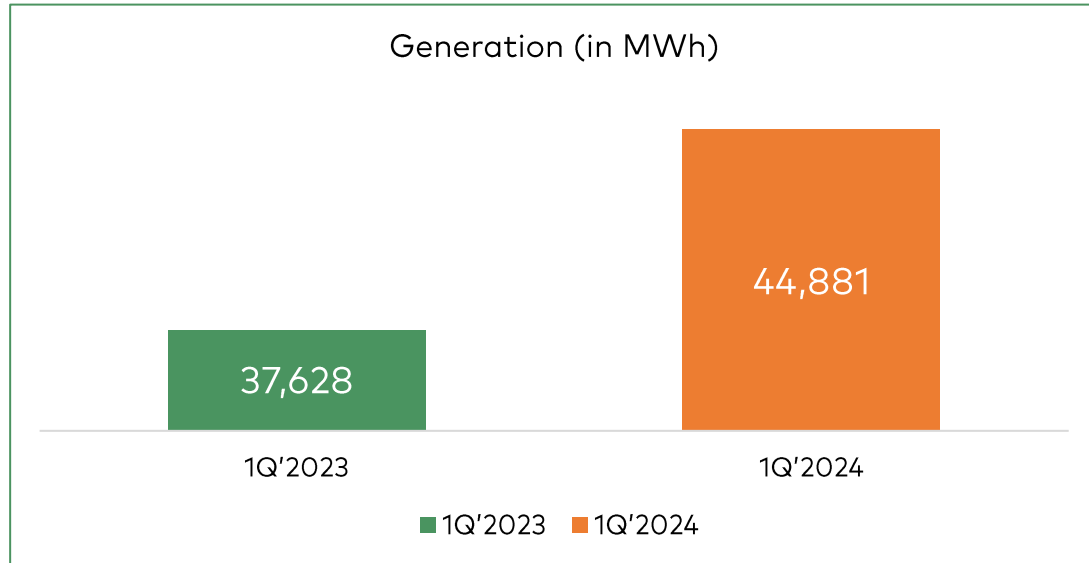
- NAC's Reported attributable net income at P202 million, down 79% YoY due to lower ore prices impacting our ore revenues and the losses incurred from the HPAL Plants.
- HPAL operations registered loss of P194 million due to lower nickel and cobalt prices, a reversal from 1Q-23's P252 million net income.

INVESTMENT IN HPAL EQUITY EARNINGS



- The reduced Nickel and Cobalt prices had impacted Equity earnings from investments in the HPAL operations

JSI FINANCIAL HIGHLIGHTS (1Q'2023 to 1Q'2024)



	1Q'2023	1Q'2024	YoY% change	
Generation (in MWh)	37,628	44,881	19.3% ↑	Due to energization of Phase 4A
EBITDA (Php in Millions)	154.5	160.1	3.6% ↑	Achieved positive growth despite additional maintenance costs
EBITDA Margin	85%	79%	-6.9% ↓	Within 80-85% target range

Source: Company Data

THE NEW MINES & RE PIPELINE



THE NEW MINES.

	DINAPIGUE	BULANJAO	MANICANI
Total Resources as of 12/31/2022	129 M WMT @ 1.12% Ni	56 M WMT @1.38% Ni	43 M WMT @1.59% Ni
Saprolite resources	41 M WMT @ 1.35% Ni	20 WMT @ 1.54% Ni	25 M WMT @ 1.77% Ni
Limonite Resources	88 WMT @ 1.02% Ni	36 WMT @ 1.30% Ni	18 M WMT @ 1.35% Ni
Target Annual Production	2.5M WMT	2M WMT	3M WMT
Target Start Date	2022	2024	2024

EPI'S SOLAR PROJECTS UNDER CONSTRUCTION

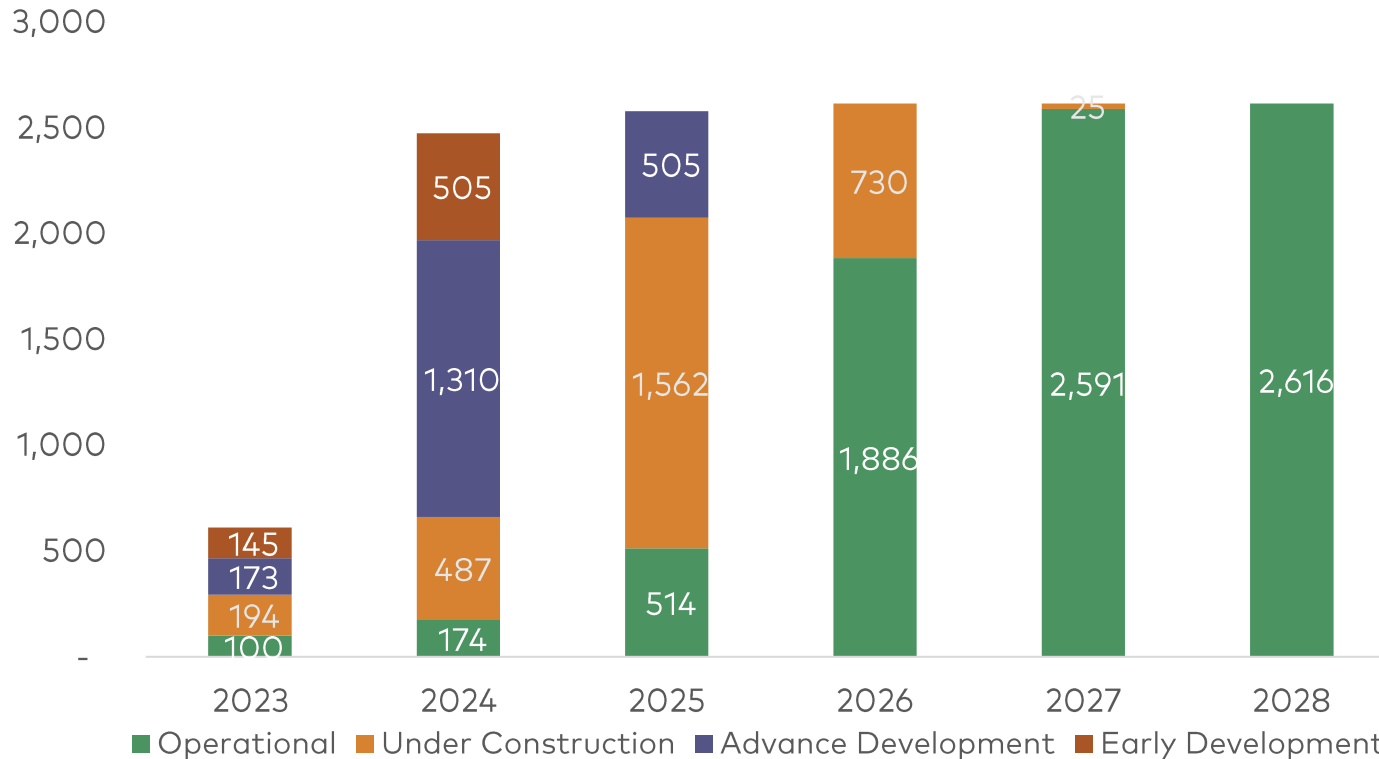
	JSI	Subic Cawag	Leyte Project
Operating Capacity	172 MW	Developing.	Constructing.
Capacity Under Construction or For Construction	Already completed.	145 MW	240 MW
The incremental Attribute capacity under construction to EPI (in MW)	153 MW	145 MW	144 MW
Pre-development	Completed Jan 2023	Ongoing, Target completion: 1Q2024	Completed in June 2023
Construction	Completed	Start 3Q2024	Started September 2023
Commercial Operations Date "COD"	2Q2024, energized since FEB 28 2024	4Q2025	2Q2025 (120MW-Phase 1)

EPI'S GEOTHERMAL PIPELINE

	BILIRAN (BGI)
Capacity	Initially 50 MW (P50 of 200 MW+)
Attributable MW to EPI	22MW
Proof of Concept Pilot Project	Energized since Feb 17, 2024
Development	Next phase: Finalizing development plan for 10 MW, leading to 50 MW
Commercial Operations Date "COD"	2Q2024 for 2 MW 2025-2027 for 10 MW

EPI'S PROJECTED CAPACITY BUILDUP OF GENERATION ASSETS

(Gross Capacity, MW)



- **Load profile** being developed to serve solar peak and night peak hours.
- **PSAs and GEAP participation** for offtake.
- Does not yet include upside in **geothermal expansion**.

APPENDIX



REGULATORY UPDATES

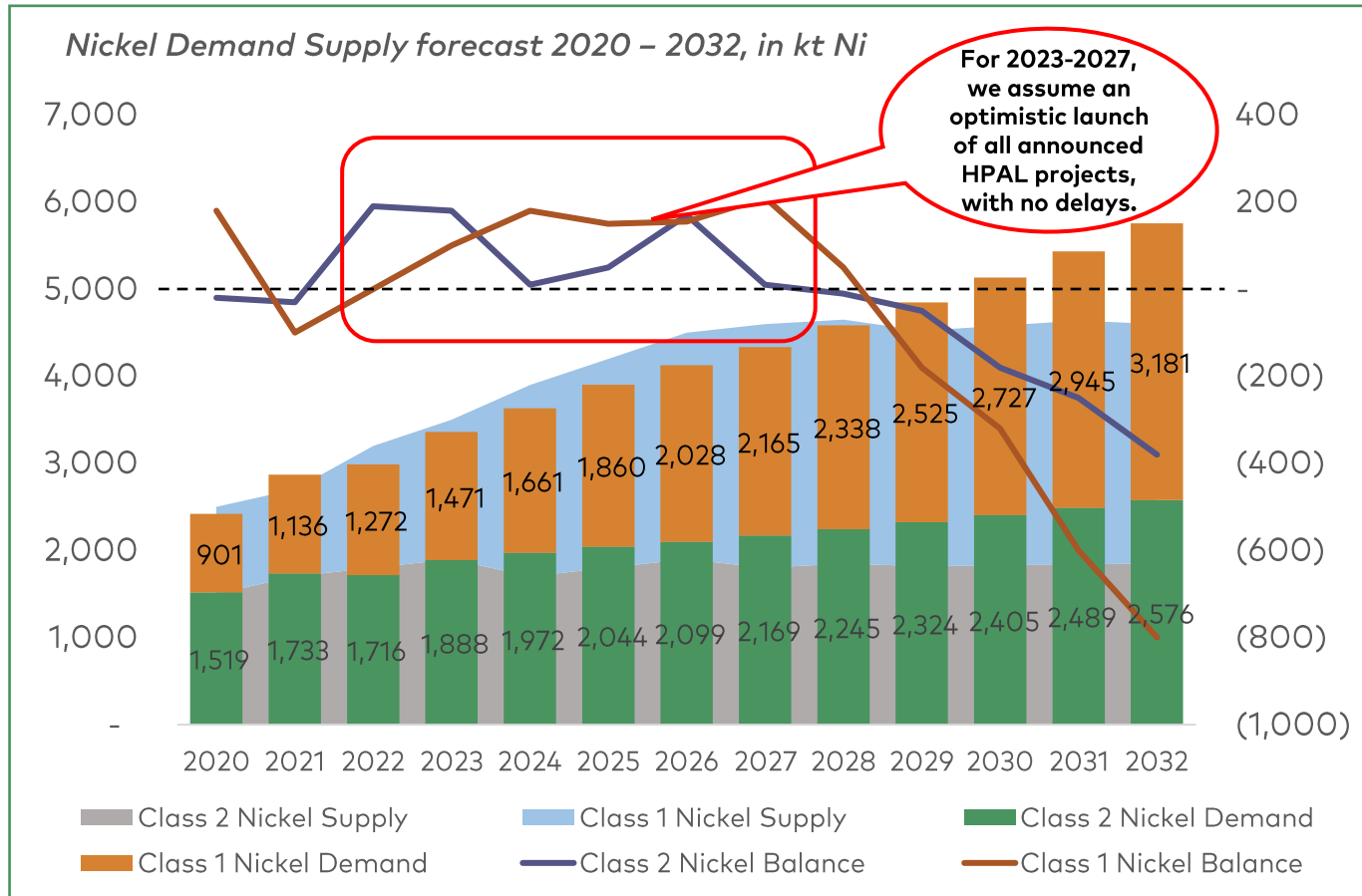
DOF proposes to simplify mining tax last March 7, 2024.

Legislative features	“Philippine Mining Fiscal Regime Act” or House Bill No. 8937 Sept 18, 2023	DOF Proposals March 7, 2024	Comments																						
<p>1. Margin-based royalty rate not exceeding 5% of taxable income (before corporate tax) for operations outside of mineral reservations</p>	<table border="1"> <thead> <tr> <th>MARGIN</th> <th>RATE</th> </tr> </thead> <tbody> <tr><td>1% UP TO 10%</td><td>1.00%</td></tr> <tr><td>ABOVE 10% UP TO 20%</td><td>1.50%</td></tr> <tr><td>ABOVE 20% UP TO 30%</td><td>2.00%</td></tr> <tr><td>ABOVE 30% UP TO 40%</td><td>2.50%</td></tr> <tr><td>ABOVE 40% UP TO 50%</td><td>3.00%</td></tr> <tr><td>ABOVE 50% UP TO 60%</td><td>3.50%</td></tr> <tr><td>ABOVE 60% UP TO 70%</td><td>4.00%</td></tr> <tr><td>ABOVE 70%</td><td>5.00%</td></tr> </tbody> </table>	MARGIN	RATE	1% UP TO 10%	1.00%	ABOVE 10% UP TO 20%	1.50%	ABOVE 20% UP TO 30%	2.00%	ABOVE 30% UP TO 40%	2.50%	ABOVE 40% UP TO 50%	3.00%	ABOVE 50% UP TO 60%	3.50%	ABOVE 60% UP TO 70%	4.00%	ABOVE 70%	5.00%	<ul style="list-style-type: none"> • Reduce to four-tiers instead • Change the tier range to 1.5% to 5.0% 	<p>Government benefits. NAC’s two mine sites, RTN and DMC, will face additional royalty taxes on their taxable income.</p>				
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<p>2. Margin-based windfall profits tax on mining operations assuming taxable income margin before tax</p>	<table border="1"> <thead> <tr> <th>MARGIN</th> <th>RATE</th> </tr> </thead> <tbody> <tr><td>MORE THAN 35% UP TO 40%</td><td>1.00%</td></tr> <tr><td>MORE THAN 40% UP TO 45%</td><td>2.00%</td></tr> <tr><td>MORE THAN 45% TO 50%</td><td>3.00%</td></tr> <tr><td>MORE THAN 50% TO 55%</td><td>4.00%</td></tr> <tr><td>MORE THAN 55% TO 60%</td><td>5.00%</td></tr> <tr><td>MORE THAN 60% TO 65%</td><td>6.00%</td></tr> <tr><td>MORE THAN 65% TO 70%</td><td>7.00%</td></tr> <tr><td>MORE THAN 70% TO 75%</td><td>8.00%</td></tr> <tr><td>MORE THAN 75% TO 80%</td><td>9.00%</td></tr> <tr><td>MORE THAN 80%</td><td>10.00%</td></tr> </tbody> </table>	MARGIN	RATE	MORE THAN 35% UP TO 40%	1.00%	MORE THAN 40% UP TO 45%	2.00%	MORE THAN 45% TO 50%	3.00%	MORE THAN 50% TO 55%	4.00%	MORE THAN 55% TO 60%	5.00%	MORE THAN 60% TO 65%	6.00%	MORE THAN 65% TO 70%	7.00%	MORE THAN 70% TO 75%	8.00%	MORE THAN 75% TO 80%	9.00%	MORE THAN 80%	10.00%	<ul style="list-style-type: none"> • Reduce to four-tiers and adjust range from 1.5% to 10% • For example, the minimum rate under the DOF proposal is 1.5 percent for a margin of 26 to 45 percent. 	<p>Government benefits. All of NAC’s mine sites will be subject to the new windfall tax scheme.</p>
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Sources:

1. <https://www.philstar.com/business/2024/03/07/2338585>
2. https://malaya.com.ph/news_business/simplified-mining-tax-promotes-good-governance
3. Source: HB 8937

NICKEL DEFICIT IS INEVITABLE BEYOND 2027 IMPLIED UPSIDE TO NICKEL PRICES



1. Mass adoption of NEVs and increase in nickel demand will continue into the next decade.
2. Nickel supply visibility beyond 2027 is limited considering the availability of ore supply, regulatory challenges, and execution risks of processing projects.

Our view: Upside to nickel prices given the inevitable scarcity of the commodity to fill the demand from stainless steel and NEV sectors.

Source: CRU and NAC

SUSTAINABILITY

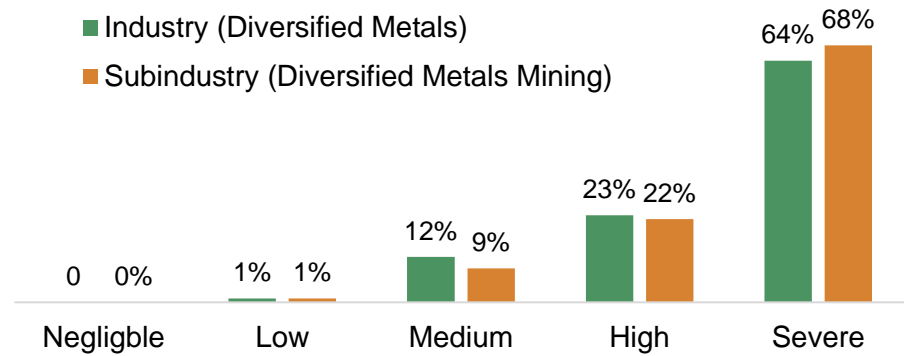


ESG SCORE IMPROVED TO 34.8 FROM 43.7

Nickel Asia Corp. Rating Report

Score and Risk Category				
34.8 High Risk				
Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+
The company is at high risk of experiencing material financial impacts from ESG factors, due to its high exposure and strong management of material ESG issues. Notably, its overall risk is higher since it is materially exposed to more ESG issues than most companies in our universe. The company has experienced a moderate level of controversies.				

ESG Risk Rating Distribution



Material ESG Issues

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Community Relations	8.1 High	41.2 Average	5.1 Medium	14.7%
Emissions, Effluents, and Waste	8.6 High	45.7 Average	5.0 Medium	14.5%
Corporate Governance	9.0 High	47.2 Average	4.8 Medium	13.7%
Resource Use	7.2 Medium	48.5 Average	4.4 Medium	16.0%
Carbon – Own Operations	5.6 Medium	50.6 Strong	3.3 Low	9.6%
Occupational Health and Safety	8.1 High	71.9 Strong	2.9 Low	8.2%
Human Capital	4.5 Medium	39.9 Average	2.8 Low	8.0%
Bribery and Corruption	5.4 Medium	60.0 Strong	2.3 Low	6.7%
Land Use and Biodiversity	3.8 Low	53.4 Strong	1.8 Negligible	5.1%
Business Ethics	2.7 Low	57.0 Strong	1.2 Negligible	3.6%
Overall	63.0 High	49.2 Strong	34.8 High	100%

Rank | Percentile
 (1st = Top Score)
 60/223 | 27th
 40/184 | 22nd





FINANCEASIA ASIA'S BEST COMPANIES

NAC received a **Gold citation** and **was one of only four companies** in the Basic Materials Company sector recognized this year by FinanceAsia, the premier capital markets publication in the region.

ASIAMONEY

ASIAMONEY

NAC has been recognized as the **MOST OUTSTANDING Company in the Philippines** within the Materials Sector during the 2022 Asiamoney's Outstanding Companies Poll.



PHILIPPINE STOCK EXCHANGE

Nickel Asia Corporation (PSE:NIKL) joins **Philippine Stock Exchange Index (PSEi)** Effective October 4, 2023



WORLD BUSINESS OUTLOOK 2023

- Best CSR Program in Mining Industry, Philippines
- Best Sustainable Business Practices, Philippines
- Martin Antonio Zamora: CEO of the Year in Mining Industry, Philippines
- Best Mining Company to Work For, Philippines



INSTITUTE OF CORPORATE DIRECTORS

NAC received **two GOLD Arrows** for its ASEAN Corporate Governance Scorecard (ACGS) which is used to measure the performance of companies in the areas of governance, transparency, and accountability.



PRESIDENTIAL MINERAL INDUSTRY ENVIRONMENT AWARD

- Taganito Mining Corporation (6, 3/3)
- Hinatuan Mining Corporation (3, 3/3)
- Cagdianao Mining Corporation (3)

TITANIUM ACHIEVEMENT AWARD

- Dinapigue Mining Corporation
- Rio Tuba Nickel Mining Corp-Gotok Limestone

PLATINUM ACHIEVEMENT AWARD

- Rio Tuba Nickel Mining Corporation-Nickel

TAGANITO MINING CORPORATION

- Best Mining Corporation (5, 2/2)

RIO TUBA NICKEL MINING CORPORATION-NICKEL

- Most Improved Safety Performance
- Safest Surface Mining Operation

RIO TUBA NICKEL MINING CORP – GOTOK LIMESTONE

- Safest Quarry Operation
- Overall Winner, Safest Mining Operation

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