



Solus Advanced
Materials

Solus Advanced Materials **4Q20 Earnings & 2021 Earnings Forecast**

March 2021

The information herein is provided for your information purposes only and contains preliminary figures which may be materially different from the final figures.

Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables. We make no guarantees and assume no responsibility for the use of information provided. We trust your decisions will be based on your own independent judgment.

Financial data in this presentation is based on an IFRS-basis consolidated financial statements.

I. 4Q20 Earnings & 2021 Earnings Forecast

II. Summary Financial Statements

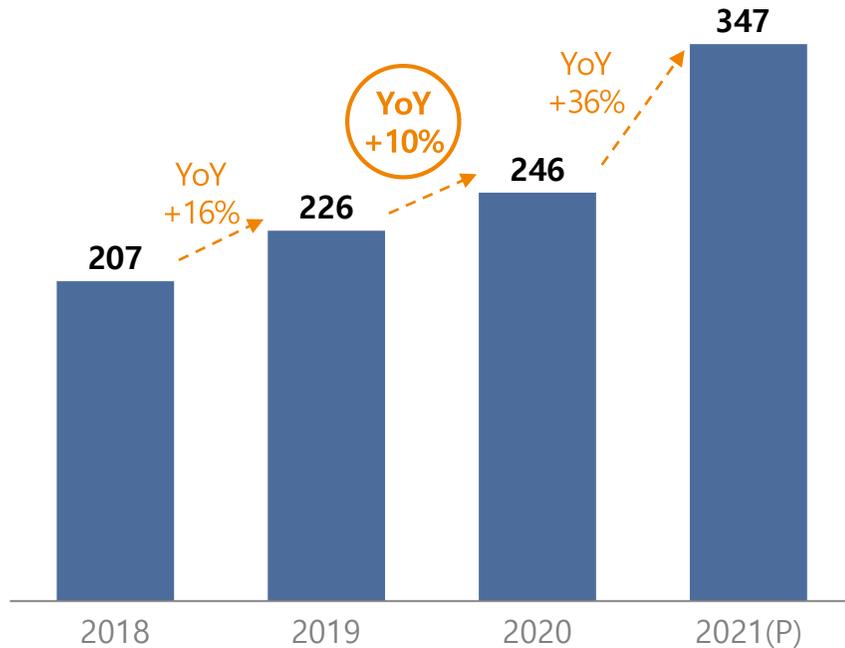
III. Appendix

2020 Annual Earnings & 2021 Annual Earnings Forecast

- FY20 Earnings : Both of annual revenue and annual EBIT increased by 10%(YoY) and 1% respectively due to steady growth of all business areas(Copper foils, OLED, and Bio).
- FY21 Forecast : Both of annual revenue and annual EBIT are expected to increase by 31%(YoY) and 51%(YoY) respectively due to mass production of battery copper foils, increased portion of High-end copper foils, increased sales from OLED-related products, and increased portion of Bio-related higher profitability products.

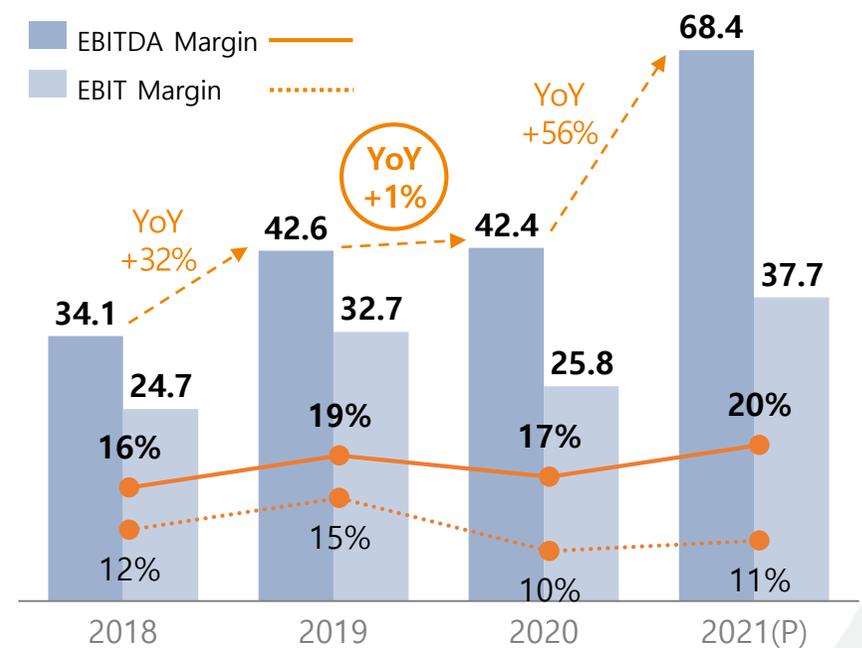
[Annual Revenue Trend]

USD 1M



[Annual EBITDA & EBIT Trend]

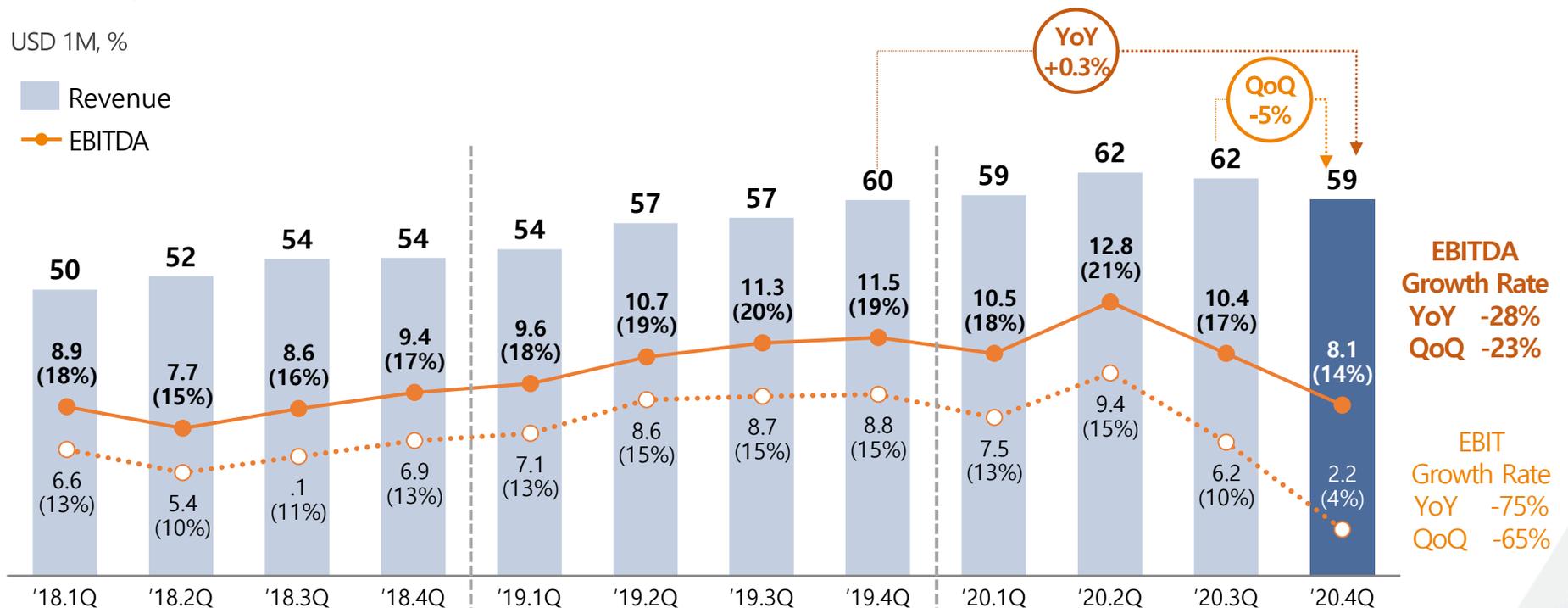
USD 1M



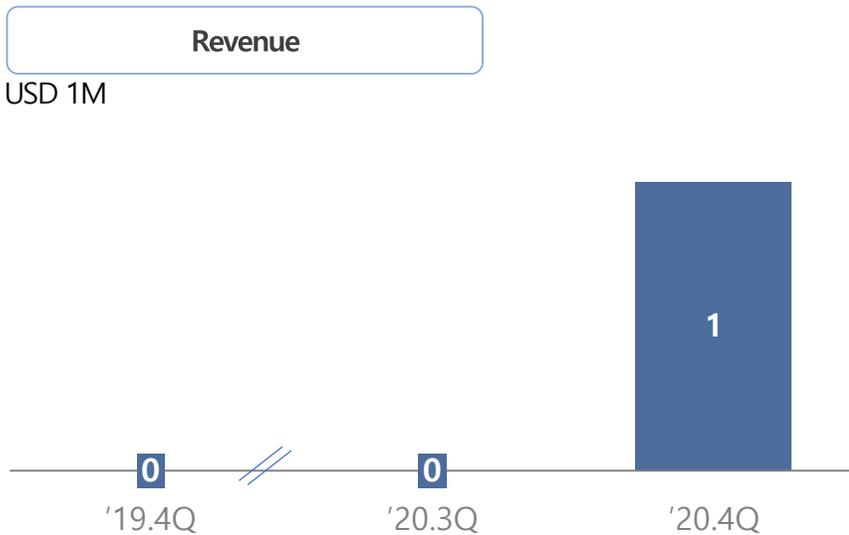
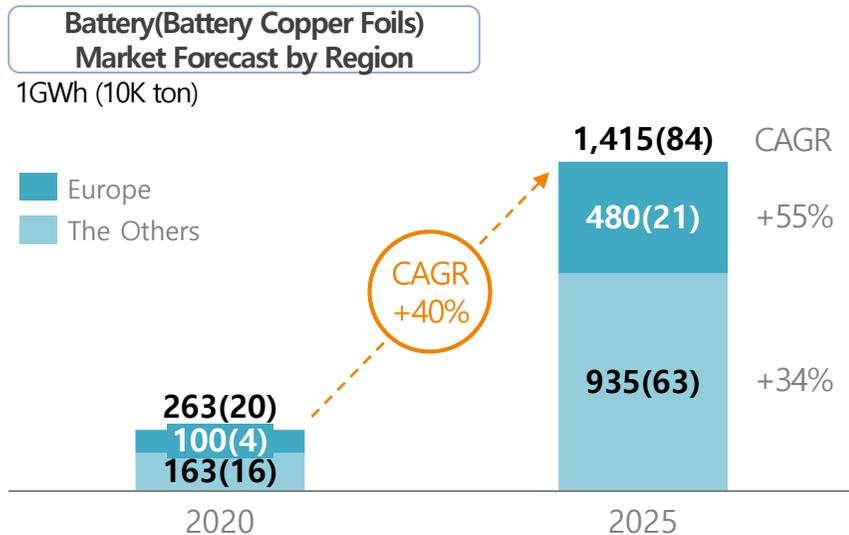
4Q20 Earnings

- Revenue : Quarterly revenue increased by 0.3%(YoY) but decreased by 5%(QoQ). The revenue was increased by initiation of battery copper foils shipments and increased sales from OLED and Bio products, however, 5G investment delays played a significant role to decrease customers' orders for 5G-treated copper foils.
- EBITDA : Quarterly EBITDA increased by 28%(YoY) but decreased by 22%(QoQ). The EBITDA was increased by revenue increase from OLED and Bio products, but was negatively affected by decreased portion of High-end Copper foils

[Quarterly Revenue & EBIT Trend]



Battery Copper Foils – 4Q20 Achievements & 1Q21 Plan



[4Q20 Achievements]

- **1st Plant : Set-up completion & Initiation of first shipments**
 - 4 Line Set-up process and quality approval from major clients were successfully completed.
 - Battery copper foils products shipments started for the first time in November
- **Initiation of 2nd plant Construction in Hungary**
 - Planned to Start groundbreaking to increase 15K ton-cap. in November
 - Completed investment-in-kind for European subsidiaries to fund construction project

[1Q21 Plan]

- **Production Capa. Expansion in Time**
 - 1st plant (Production Capa. 10K t) will obtain the total number of 8 line set-ups by adding 4 additional line set ups until 1H21.
 - 2nd plant(Production Capa. 15K t) will complete construction and prepare for mass production in 2H22.
 - Mass production stabilization process and productivity improvements
- **Supply to Top-tier and the other clients**
 - Supply battery copper foils to not only major battery producers but also global automakers to add more supply contracts

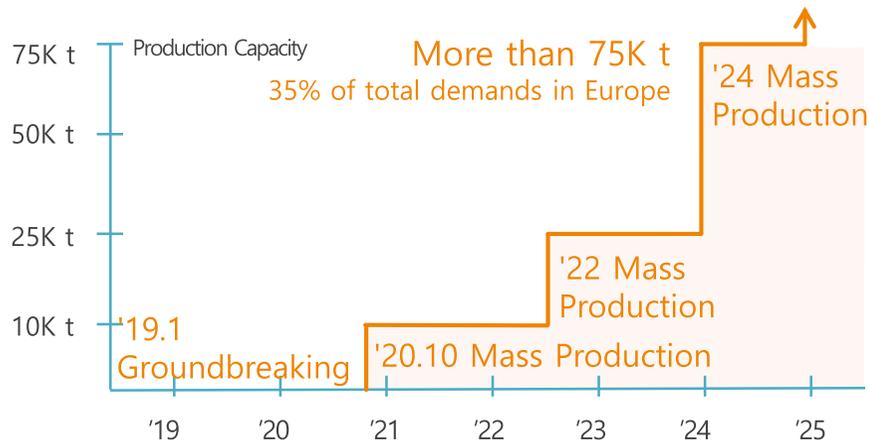
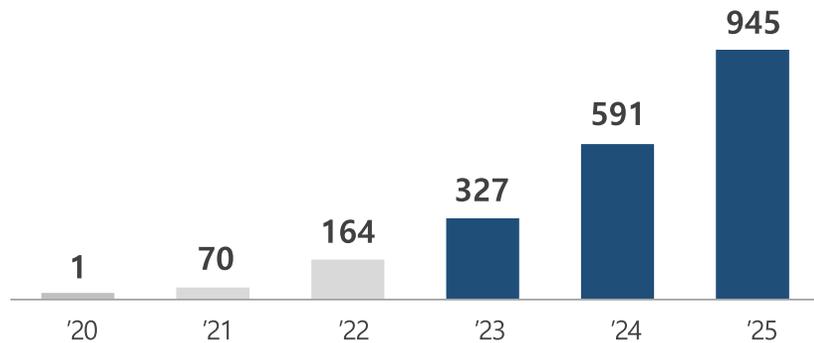
• Source : SNE Research, Regional data is based on the location of battery plants in '19
 • Required battery copper foils volumes per 1GWh : 430ton in '20 →360ton in '25 Based on Top-tier products

Back-up_Long-term Business Plan for Battery Copper Foils

Revenue from battery copper foils is expected to grow to USD 945M in 2025 by several production capa. expansion phases

Revenue Forecast for Battery Copper Foils

USD 1M



Growth Acceleration Strategy

Production capa. will be expanded by several phases to meet the demands in the European battery market

- Secured lands to build 75K t facilities
- Secured priorities of purchasing rights for additional lands



Hungary Plant in May 20



Hungary Plant



Entered long-term supply contracts to major battery production



Copper foils – 4Q20 Achievements & 1Q21 Plan

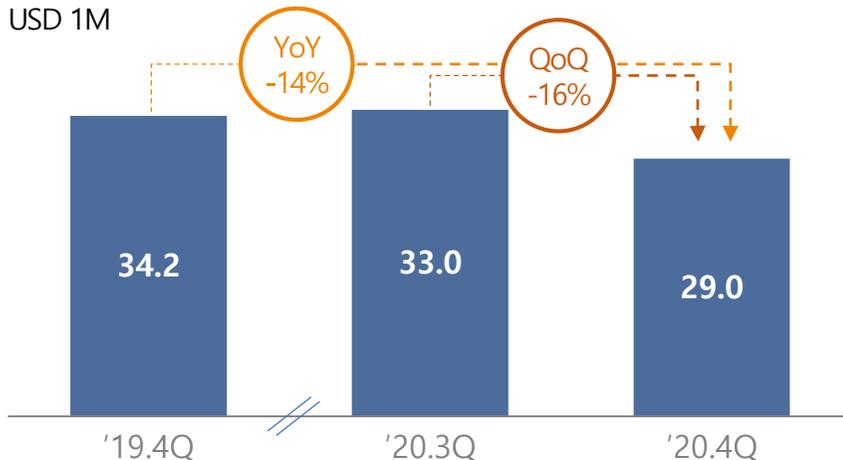
Market Prospects of Specialized Copper-foils for 5G and Semiconductors

1K ton / Yr.



Sales

USD 1M



[4Q20 Achievements]

- **Revenue decrease(16% QoQ) by COVID-led 5G market situation**
 - Global 5G investments delays led the revenue decrease of High-end copper foils such as Low Loss, High Frequency
- **Received ultra-thin copper foils orders for semiconductors**
 - Revenue increased by 2µm ultra-thin copper foils orders for system semiconductors
- **Production Capa. Expansion to supply more High-end Copper-foils**
 - Luxembourg Plant is under construction to increase additional 2.2K ton by the end of 21
(Based on Net Capacity, current capacity: 10K ton)

[1Q21 Plan]

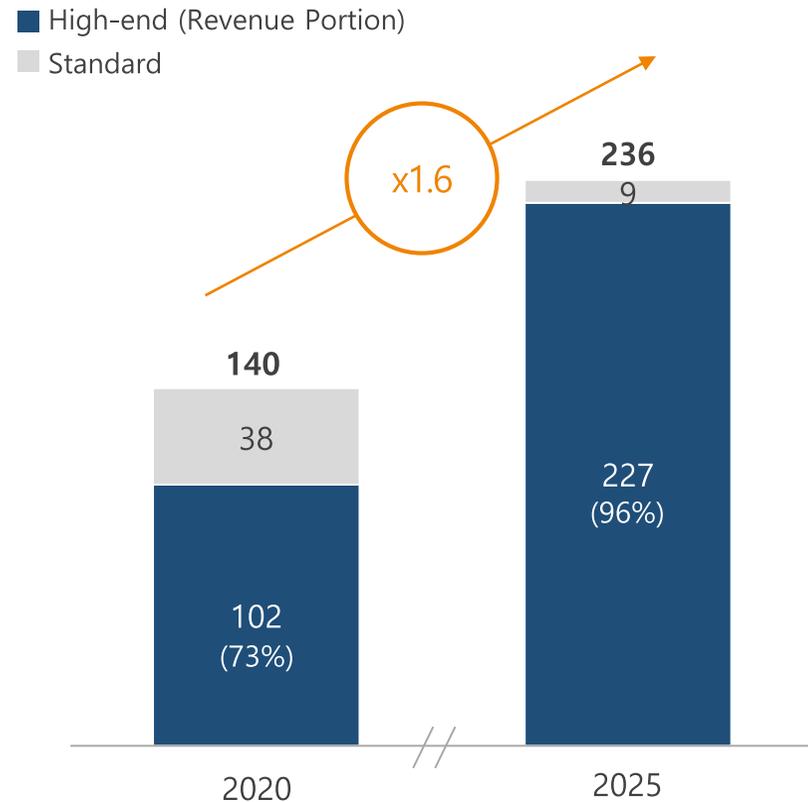
- **Global 5G investment recovery will lead demands increase**
 - Products development and rapid qualification of next generation High-end copper-foils
- **Secure ultra-thin copper foils market for semi-conductors**
 - Top priority is to obtain major client's products approvals for semiconductors package
 - There are active sales promotion activities to supply for new clients

Back-up_Long-term Business Plan for Copper-foils

Revenue from Copper-foils is expected to grow to USD 236M in 2025 by expanding High-end products portfolio

Revenue Forecast for Copper-foils

USD 1M



Growth Acceleration Strategy

Expand 5G-oriented products portfolios

- Specialized Copper-foils for Low-loss
- Copper-foils for Low Loss
- Copper-foils for High-frequency

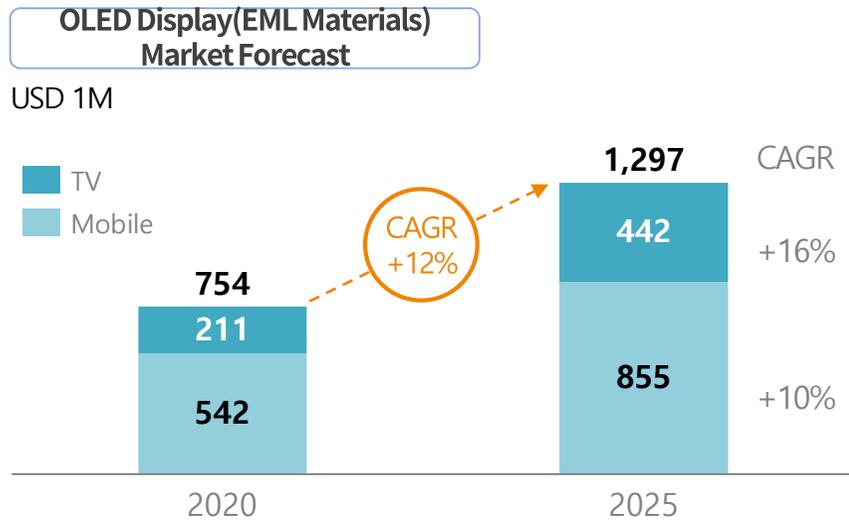


Lead the Market by a less than 2um ultra-thin copper-foils for semi-conductors

- Oct. 2020 : Obtained clients' approval
- 2021 : Started mass-production



OLED, Bio - 4Q20 Achievements & 1Q21 Plan



[4Q20 Achievements]

• **16% Revenue Growth(YoY)**

- OLED : Increased sales from mobile devices
 - Sales from smartphone flagship models continuously increased and the number of mid-to-low price smartphone models increased to adapt OLED display
 - Obtained clients' approval for a new M11-specified aETL
- Bio : Increased sales from Ceramide-related materials, and revenue from cosmetics products by entering the inner-beauty market



[1Q21 Plan]

• **Products portfolio expansion and profitability improvements**

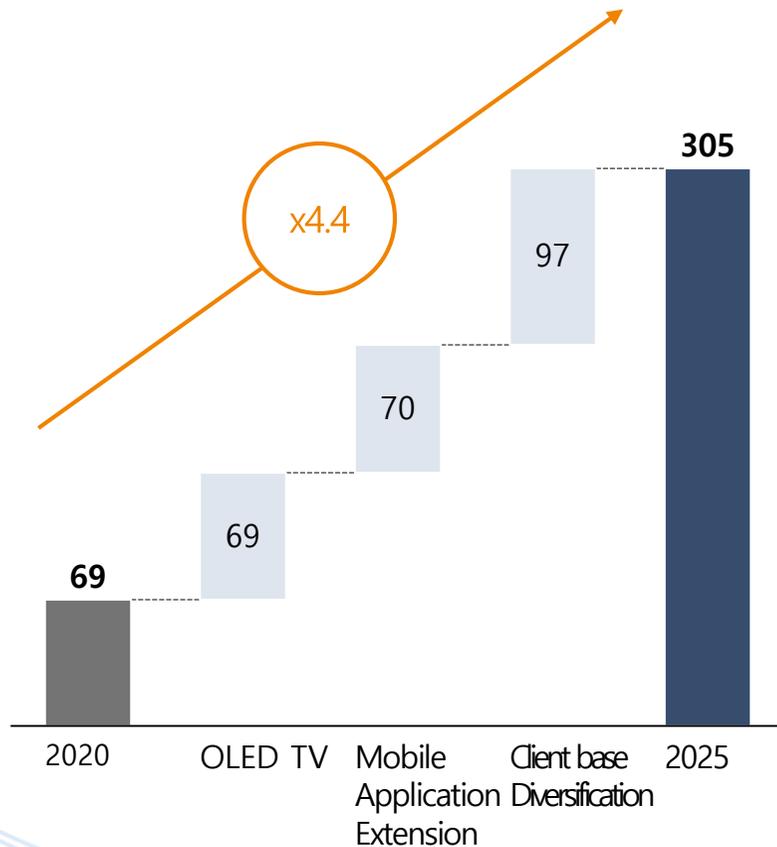
- OLED : products portfolio expansion and new plant construction in China
 - Construction and preparation for mass-production in China
 - Mobile : Supply new materials to clients
 - Developments of aETL-basis TV-specified products
- Bio : Revenue increase by focusing on high-profitable products
 - Supply more high-profitable cosmetics-related materials such as Ceramide, PC

Back-up_Long-term Business Plan for OLED

Revenue from OLED is expected to grow to USD 305M in 2025 due to OLED and clients base diversification & supply expansion

Revenue Forecast for OLED

USD 1M



Growth Acceleration Strategy

Supply more OLED TV-oriented Products
Supply more non-lights emitting materials

Products Diversification for Mobile-oriented Materials
ex) TFE¹⁾, Green/Blue lights-emitting materials, and etc..

Joint products development projects with Chinese display-panel producers
More products supply by providing cohesive-customer services

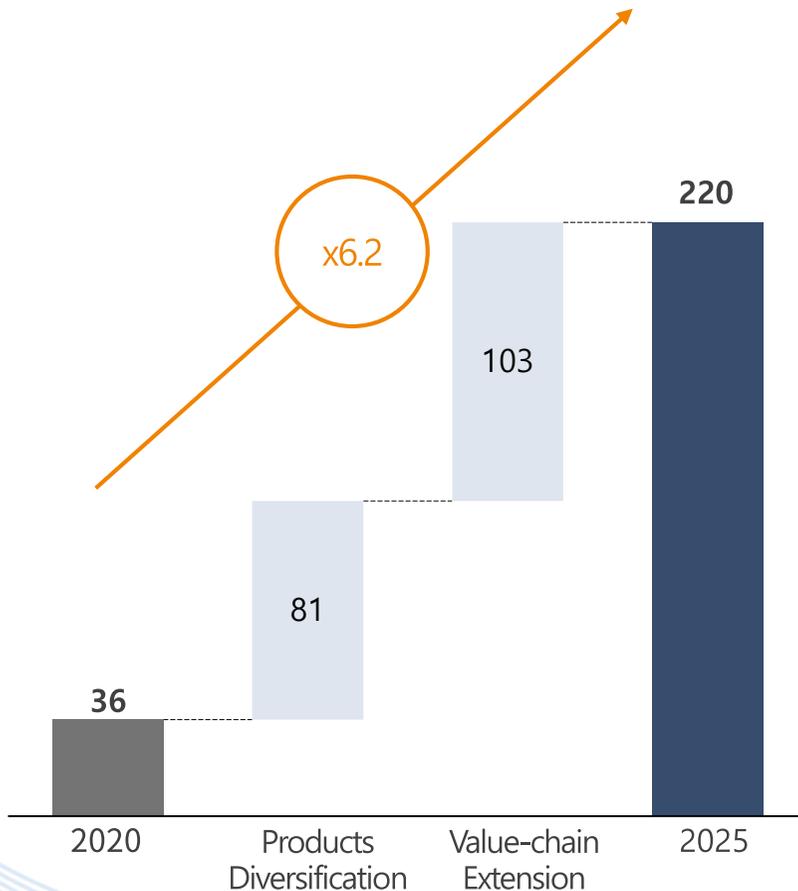
1)Thin Film Encapsulation

Back-up_Long-term Business Plan for Bio

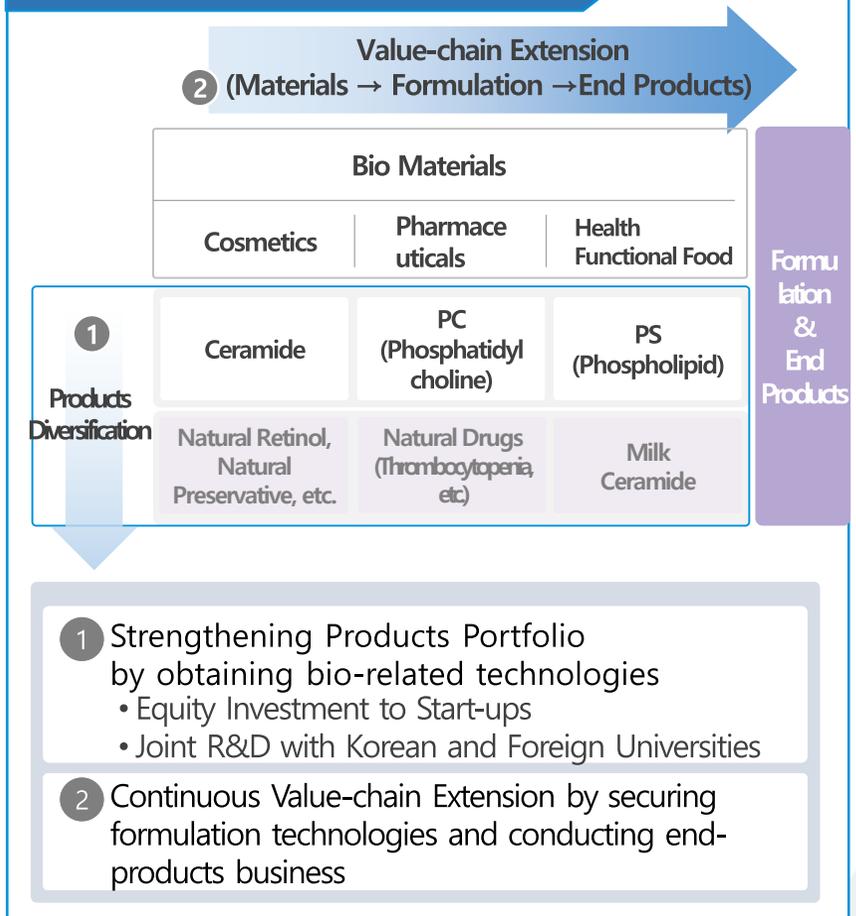
Revenue from Bio is expected to grow to USD 220M in 2025 due to products diversification and value-chain extension

Revenue Forecast for Bio

USD 1M



Growth Acceleration Strategy



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Investor Relations 2021

[Summary : Balance Sheet]

Items	USD 1M				
	'19	1Q20	2Q20	3Q20	4Q20
Current Asset	199	161	151	158	415
Non-Current Asset	228	265	292	305	359
Total Asset	427	425	443	464	774
Current Liabilities	159	138	135	120	150
Non-current Liabilities	146	162	178	212	173
Total Liabilities	305	300	313	331	323
Capital Stock	3	3	3	3	4
Total Equity	121	125	130	132	450
Debt-to-Equity Ratio	251%	240%	241%	250%	72%
[Loan Payable]					
Loans Payable	159	173	207	218	228
Cash	82	45	55	45	281
Net Debt	77	128	151	173	-53

[Summary : Comprehensive Income Statement]

Items	'19	USD 1M				
		1Q	2Q	3Q	4Q	Total
Revenue	60	59	62	62	59	246
COGS	40	40	41	41	164	40
Gross Profit	20	22	20	18	82	20
SG&A	12	13	14	16	56	12
EBIT	9	7	9	6	2	26
EBIT Margin(%)	15%	13%	15%	10%	4%	10%
Gain/Loss on Interest	-1	-1	-1	-1	-2	-5
Gain/Loss on foreign currency transaction	-1	1	0	-1	-6	-6
Gain/Loss on foreign currency translation	-2	1	-3	-4	-8	-14
Earnings before Taxes	6	7	6	-1	-15	-2
Income Taxes	2	3	1	1	3	8
Net Income	4	5	5	-2	-18	-10

- Major reasons of worsening gain and loss on foreign currency translation : Chg. of FX rate(USD/KRW decrease and EUR/USD increase)
- Major reasons of increasing corporate tax : there is a temporary event, which is investment-in-kind activities for foreign subsidiaries
- The financial data for 4Q20 is based on unaudited financial statements

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Company & Business Introduction

[Company Introduction]

[Business Introduction]

<u>Company Name</u>	Solus Advanced Materials Co, Ltd.
<u>CEO</u>	Daeje Chin, YoonSeok Lee
<u>Establishment</u>	1 Oct. 2019
<u>Listing Date</u>	18 Oct. 2019 (KOSPI)
<u>Total Asset</u>	USD 774M (As of Dec. 2020)
<u>No. of Employees</u>	820 (As of Dec. 2020)
<u>Location (HQ)</u>	Jeollabuk-do Iksan, S. Korea
- <u>Battery Copper Foil</u>	Hungary¹⁾
- <u>Copper Foil</u>	Luxembourg¹⁾
- <u>OLED Bio</u>	Yongin²⁾, Iksan³⁾

 <p>Battery Copper Foil Division</p>	<p>Battery Copper Foil</p>	<p>Copper foil for EV batteries</p>	
	<p>Copper Foil</p>	<p>Copper foil for electronic devices (PCB)</p>	
 <p>Advanced Materials Division</p>	<p>OLED</p>	<p>OLED and display materials for smartphone, TV, laptop, etc.</p>	
	<p>Bio</p>	<p>Natural-based materials for cosmeceutical, pharmaceutical and nutraceutical</p>	

1) Development/Production/Sales
 2) Development
 3) Production

Major Sites

Global Presence in 7 Nations : 6 Operation Sites & 1 Branch

-  HQ/Production
-  Corporation



Luxembourg

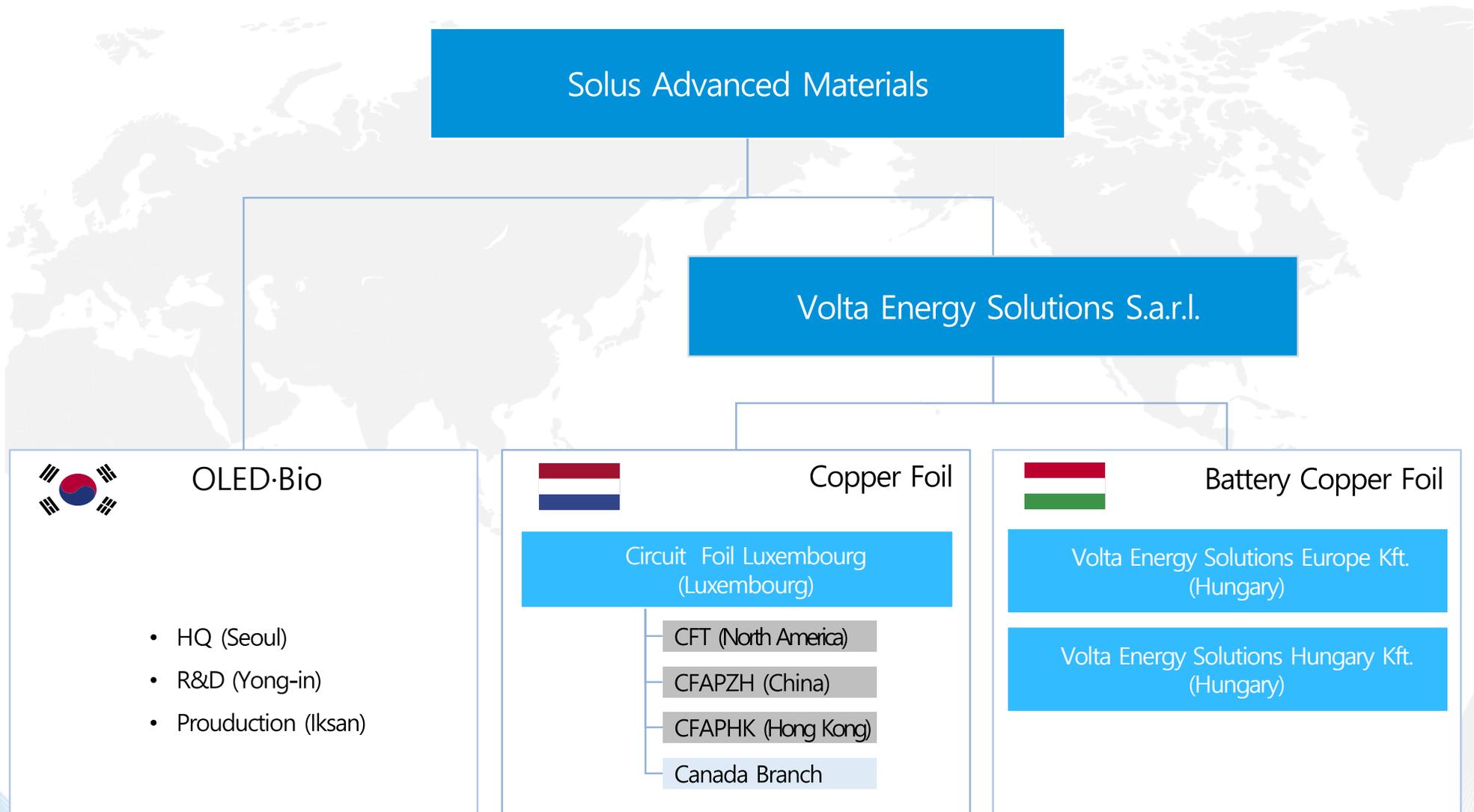


Hungary



South Korea

Company Overview



OLED·Bio

- HQ (Seoul)
- R&D (Yong-in)
- Production (Iksan)



Copper Foil

Circuit Foil Luxembourg
(Luxembourg)

CFT (North America)

CFAPZH (China)

CFAPHK (Hong Kong)

Canada Branch



Battery Copper Foil

Volta Energy Solutions Europe Kft.
(Hungary)

Volta Energy Solutions Hungary Kft.
(Hungary)

FX Rate

Items	'18.1Q	'18.2Q	'18.3Q	'18.4Q	'19.1Q	'19.2Q	'19.3Q	'19.4Q
B/S	1,066.50	1,121.70	1,112.70	1,118.10	1,137.80	1,156.80	1,201.30	1,157.80
I/S	1,072.27	1,075.37	1,090.78	1,100.19	1,124.97	1,145.78	1,161.94	1,165.46

Items	'20.1Q	'20.2Q	'20.3Q	'20.4Q	2021(P)	2022(P)	2023(P)	2024(P)	2025(P)
B/S	1,222.60	1,200.70	1,173.50	1,088.00	1,140.00	1,100.00	1,100.00	1,100.00	1,100.00
I/S	1,193.03	1,206.70	1,200.52	1,179.96	1,140.00	1,100.00	1,100.00	1,100.00	1,100.00

- Source : First notified basic exchange rate from KEB Hana Bank
- Source : Internal materials for projections

Solus Advanced Materials Co., Ltd.
www.solusadvancedmaterials.com