



**Solus Advanced
Materials**

Solus Advanced Materials 2Q '21 Earnings Report

August 2021



Disclaimer

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. 2Q '21 Earnings

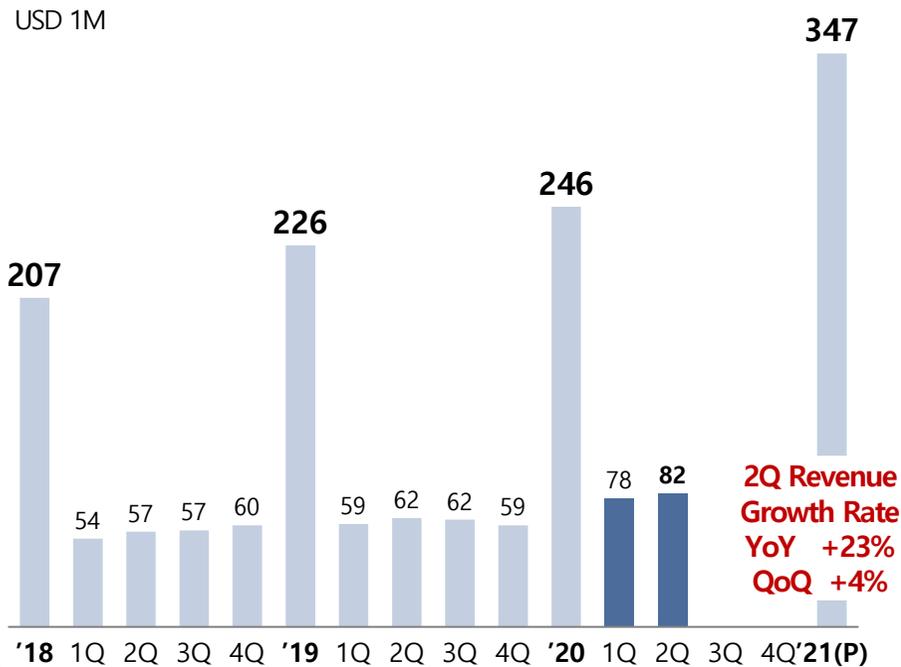
II. Summary Financial Statements

III. Appendix

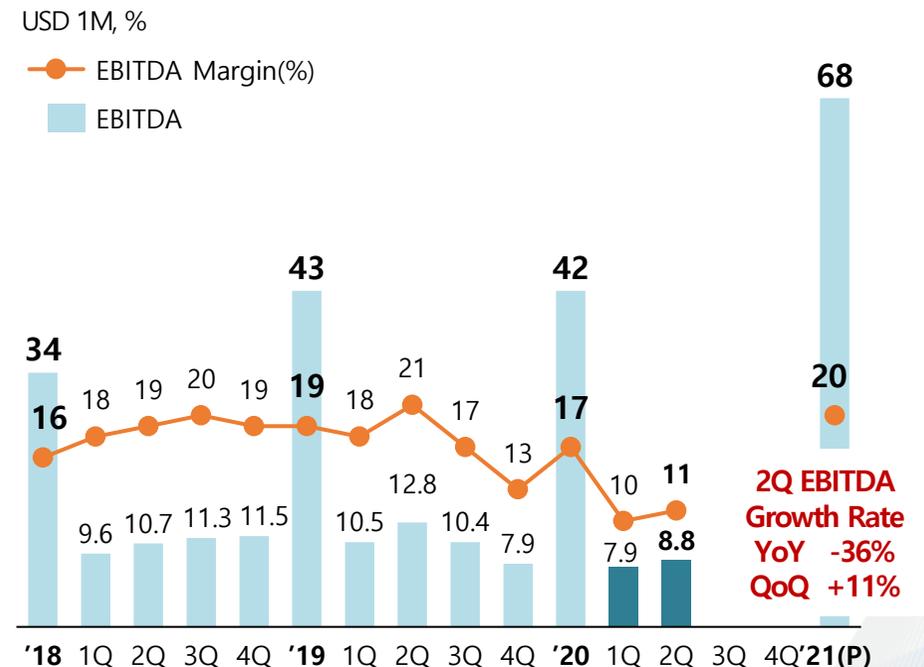
2Q '21 Earnings

- Revenue : Quarterly revenue increased by 23%(YoY) and 4%(QoQ)
 - Battery Copper Foil Div. (Battery Copper Foil & Copper Foil) : Sales continue to grow to 52 million USD
 - Advanced Materials Div.(OLED & Bio) : Sales of USD 30 million despite the seasonal off-season
- EBITDA : Quarterly EBITDA decreased by 36%(YoY), increased by 11%(QoQ)
 - Reducing the burden of fixed costs associated with sales of Battery Copper Foil

[Revenue Trend]



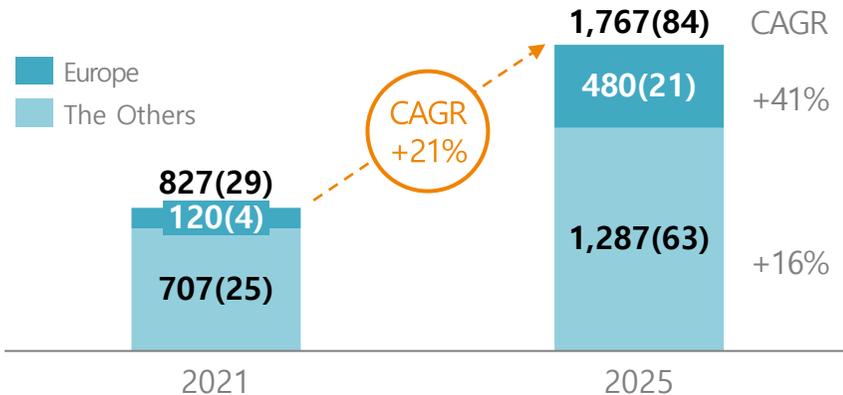
[EBITDA & EBITDA Margin Trend]



Battery Copper Foil Div.(Battery Copper Foil & Copper Foil) 2Q21 Achievements & Plan

Regional Market Forecast of Battery Copper Foil

GWh(10K ton)/ Yr.



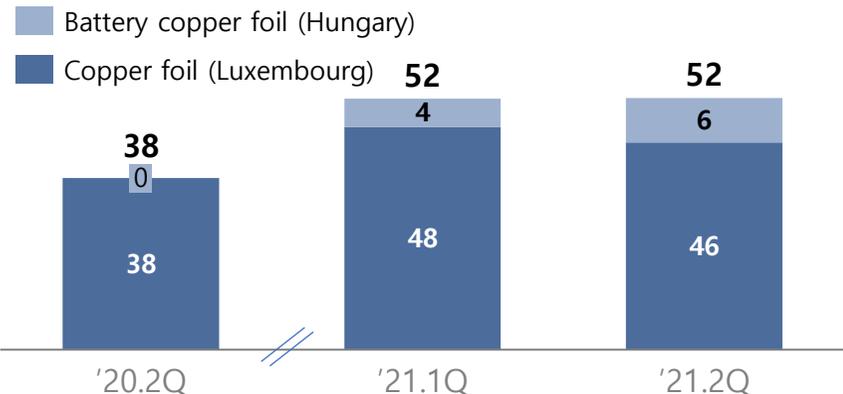
Market Forecast of Specialized Copper-foils for 5G and Semiconductors

10K ton / Yr.



Revenue

USD 1M

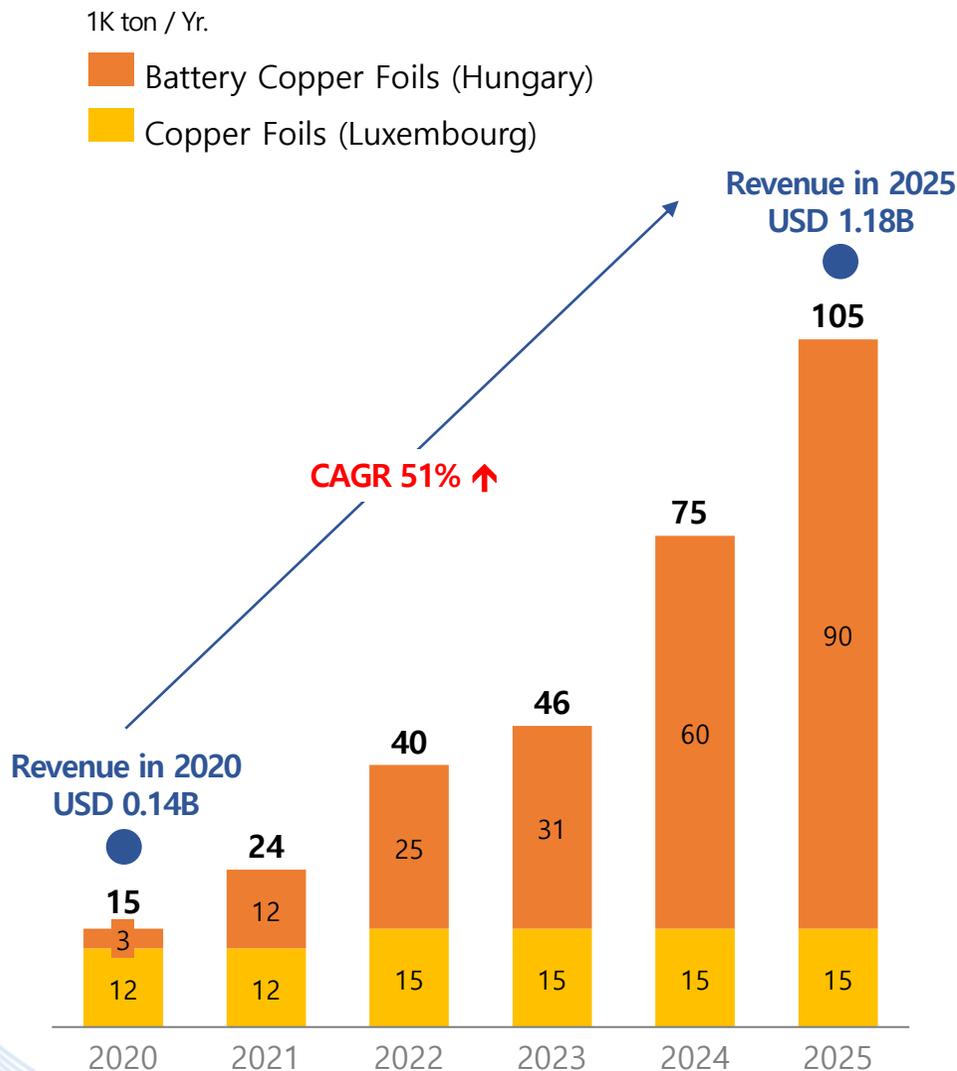


[2Q '21 Achievements & Plan]

- **Financials: Continue to expand sales (YoY +27%, QoQ +0.1%)**
 - Battery Copper Foils: Line Set-up in the process of finalizing, mass production and products shipments in progress
 - Copper Foils: Standard proportion increased due to delay in 5G investment of China
- **Plan: Stabilization of mass production, Response to demand increase, Diversification of clients-base**
 - Battery Copper Foils: Increased mass production volume by completing line set-up and customer approval, Drive new and additional supply contracts
 - Copper Foils: Demand for high-end copper foil for 5G is expected to increase due to resumption of investment in China and orders from major customers

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

Battery Copper Foil Div.(Battery Copper Foil & Copper Foil) Long-term Capa. Expansion Plan



※ Gross capacity is based on the end of period data

Battery Copper Foils(Hungary) Production Capa. Expansion Status & Plan

- **1st Plant(12K ton): Started mass-production in Oct. 2020**
 - First shipments of battery copper foils (Nov. 2020)
 - 80% of total annual production volume will be provided to 2 global major battery providers in the next 4, 5 years
- **2nd Plant(18K ton): Expected to start mass-production in 2H 2022**
 - Started groundbreaking in Nov. 2020
 - In discussion with 3~4 global major clients to supply battery copper foils
- **3rd Plant(60K ton): Expected to start mass-production in 2H 2024**
 - Expected to start groundbreaking in 2H 2022
 - Expected to start mass-production in 2H 2024(Target Schedule)
- **90K ton: Expected production capa. of Hungary Plant in 2025**

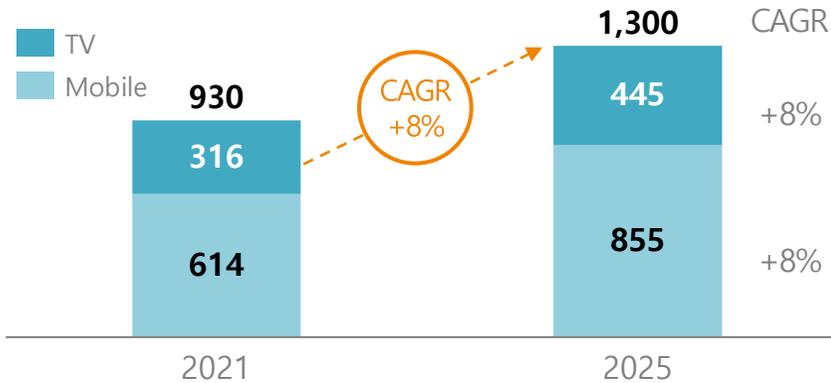
Copper Foils(Luxembourg) Production Capa. Expansion Status & Plan

- **Copper Foils Plant to add 15K ton production capa. (for 5G and semiconducts)**
 - Current production capa: 12K ton (Luxembourg)
 - 3K ton production capa. expansion will be completed in the end of 2021
 - Estimated production capa. in 2022: 15K ton

Advanced Materials Div.(OLED & Bio) 2Q21 Achievements & Plan

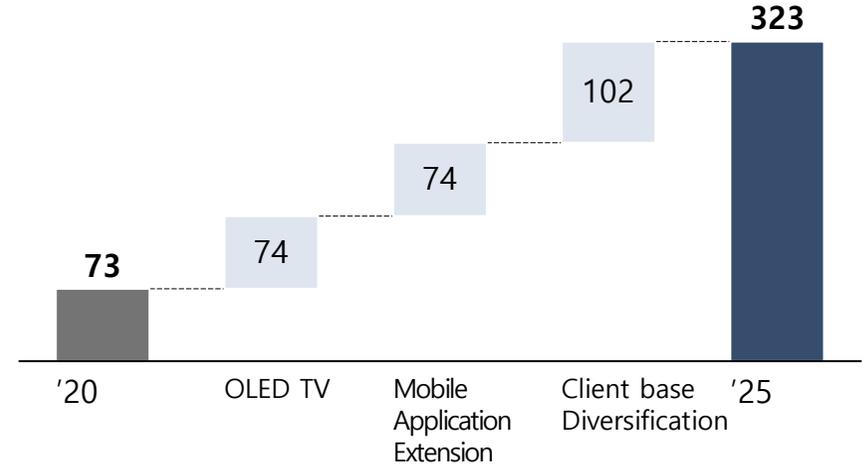
Market Forecast
of OLED Display(EML Materials)

USD 1M



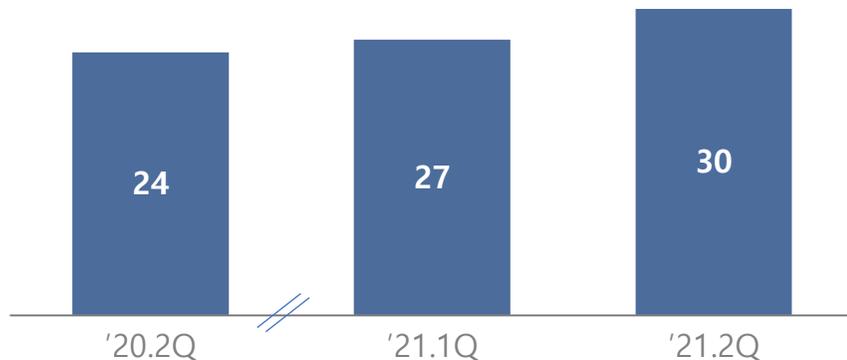
Market Forecast
of OLED Materials

USD 1M



Revenue

USD 1M



[2Q '21 Achievements & Plan]

- **Financials: Despite of seasonality issue, YoY +17%, QoQ +11%**
 - OLED: Growing demand for OLED for mobile, Mass production supply from the end of June by entering the TV supply chain (HTL)
 - Bio: Increased sales from Ceramide, Securing new demand for PL95(natural emulsifier)
- **Plan: Expand product portfolio and overseas sales**
 - OLED: Product portfolio expansion and customer diversification
 - Bio: Cosmetics and natural emulsifiers, Accelerated entry into major overseas customers

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Summary Balance Sheet

Investor Relations 2021

								USD 1M
Items	'19. 12	'20. 03	'20. 06	'20. 09	'20. 12	'21. 03	'21. 06	
Current Asset	199	161	151	158	414	335	332	
Non-current Asset	228	265	292	305	359	380	442	
Total Asset	427	425	443	464	773	715	774	
Current Liabilities	159	138	135	120	154	162	213	
Non-current Liabilities	146	162	178	212	169	110	113	
Total Liabilities	305	300	313	331	323	272	326	
Capital Stock	3	3	3	3	4	4	4	
Total Equity	121	125	130	132	450	443	448	
Debt-to-Equity Ratio	251%	240%	241%	250%	72%	61%	73%	
[Loan Payable]								
Loans Payable	159	173	207	218	228	139	180	
Cash	82	45	55	45	281	178	166	
Net Debt	77	128	151	173	-53	-39	14	

※ The financial data for 2Q21 is based on unaudited financial statements

Summary Comprehensive Income Statement

Investor Relations 2021

USD 1M

Items	'19	'20					'21		
		1Q	2Q	3Q	4Q	Total	1Q	2Q	1H
Revenue	60	59	62	62	59	246	80	82	162
COGS	40	40	40	41	41	164	63	66	129
Gross Profit	20	20	22	20	18	82	16	16	33
SG&A	11	12	13	14	16	56	16	14	31
EBIT	9	7	9	6	2	26	0.4	2	2
(%)	15%	13%	15%	10%	15%	10%	0.5%	2.3%	1.4%
Gain/Loss on Interest	-1	-1	-1	-1	-2	-5	-4	-1	-5
Gain/Loss on foreign currency transaction	-1	1	0.2	-1	-6	-6	5	2	7
Gain/Loss on foreign currency translation	-2	1	-3	-4	-8	-14	2	-2	-0.3
Earnings before Interest and Taxes	6	7	6	-1	-15	-2	3	-0.3	3
Income Taxes	2	3	1	1	2	7	4	-3	1
Net Income	4	5	5	-2	-17	-9	-1	3	2
Income for controlling shareholder	4	5	5	-2	-17	-9	2	5	7

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Company & Business Introduction

[Company Introduction]

[Business Introduction]

<u>Company Name</u>	Solus Advanced Materials Co., Ltd.	 Elec-foil Division	Elec-foil	Copper foil for EV batteries		
<u>CEO</u>	Daeje Chin, Kwangpyuk Suh		Elec-foil Division	Copper Foil	Copper foil for 5G Networks & electronic devices (PCB)	
<u>Establishment</u>	1 Oct. 2019					
<u>Listing Date</u>	18 Oct. 2019 (KOSPI)	 Advanced Materials Division	OLED	OLED and display materials for smartphone, TV, laptop, etc.		
<u>Total Asset</u>	USD 715M (As of Mar. 2021)					
<u>No. of Employees</u>	891 (As of June. 2021)					
<u>Location (HQ)</u>	Jeollabuk-do Iksan, S. Korea	Advanced Materials Division	Bio	Natural-based materials for cosmeceutical, pharmaceutical and nutraceutical		
- <u>Battery Copper Foil</u>	Hungary¹⁾					
- <u>Copper Foil</u>	Luxembourg¹⁾					
- <u>OLED Bio</u>	Yongin²⁾, Iksan³⁾					

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

Major Sites

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

-  HQ/Production
-  Corporation



Luxembourg

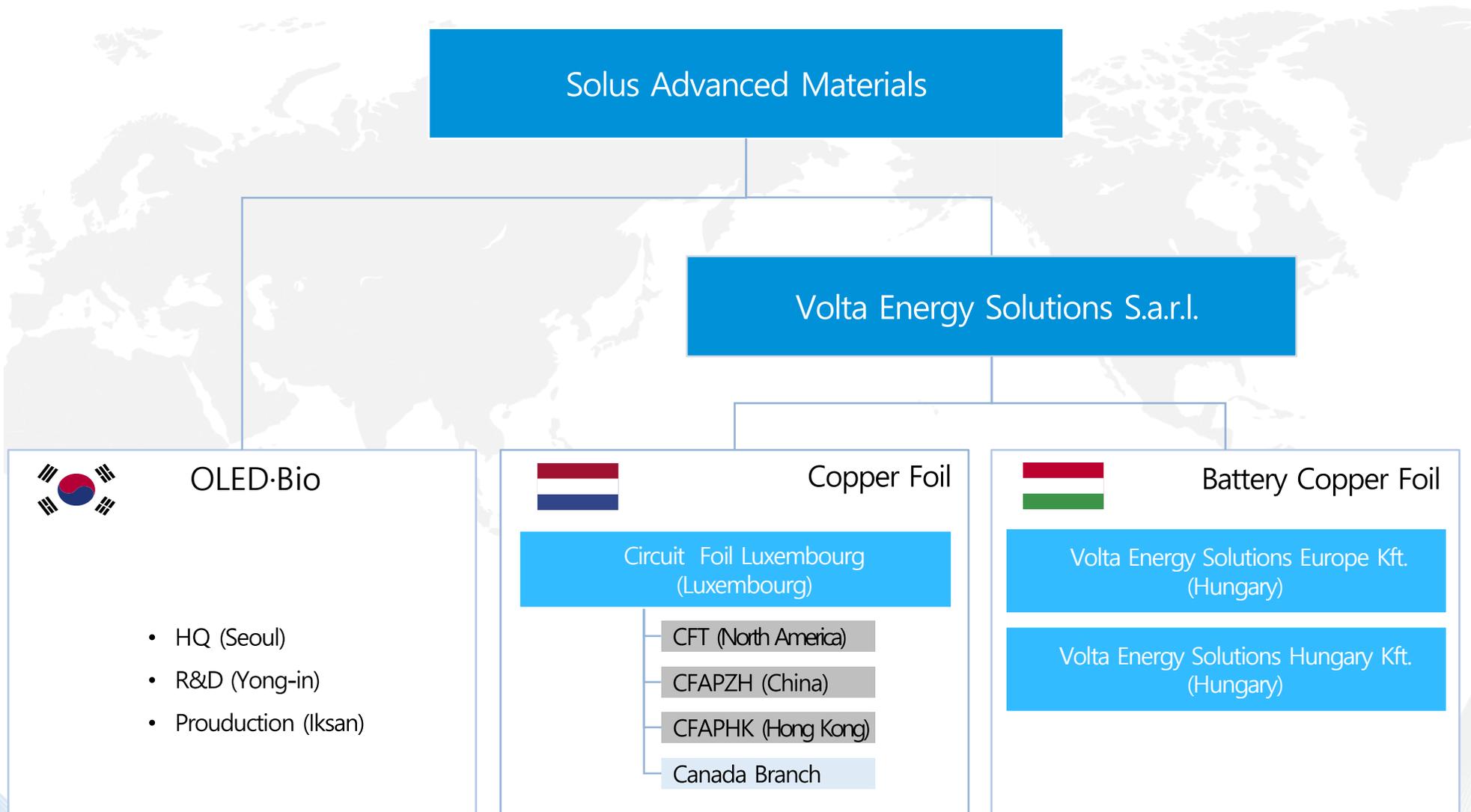


Hungary



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	'21.1Q	'21.2Q	2021(P)~ 2025(P)
B/S	1,222.60	1,200.70	1,173.50	1,088.00	1,133.50	1,130.00	1,100.00
I/S	1,193.03	1,206.70	1,200.52	1,179.96	1,113.62	1,121.33	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

