



Solus Advanced
Materials

Solus Advanced Materials Co., Ltd.
2022 2Q EARNINGS REPORT

July 2022

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. 2022 2Q Earnings & Plans

II. Consolidated Financial Statements

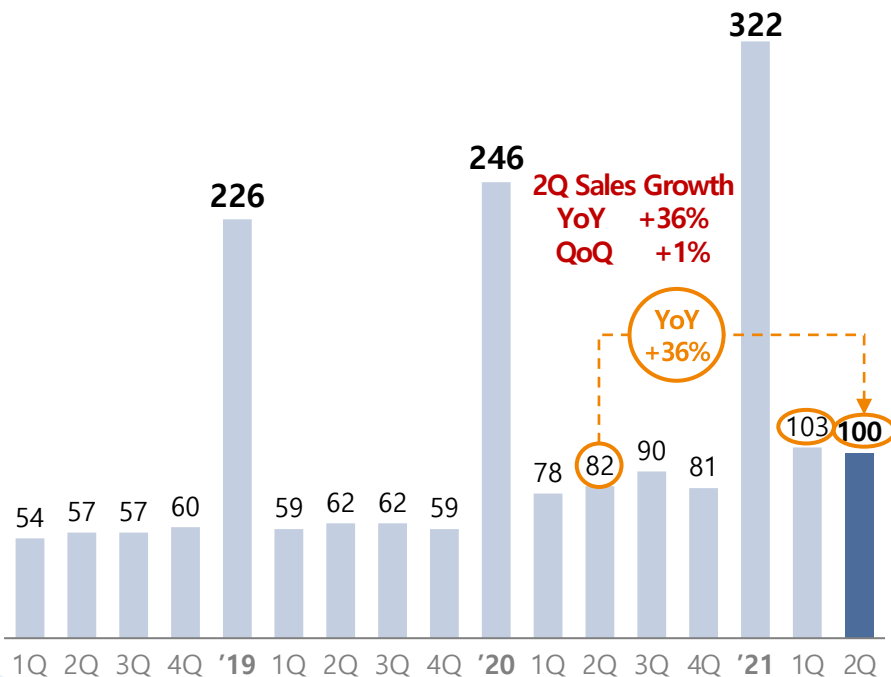
III. Appendix

2022 2Q Earnings

- **2022 2Q Earnings:** Better than feared earnings of the battery foil/copper foil division despite shrinking demand for front-line industries because of disruptions in the global supply chain, such as China's COVID-19- caused lockdown. Sales increased compared to the same period last year as well as last quarter thanks to increased supply of bio-materials due to customer diversification.
- **EBITDA:** Intense global inflation, electricity costs soared due to prolonged Russia-Ukraine war etc. EBITDA decreased compared to the same period last year as well as last quarter because of shrinking demand for front-line industries, Increased manufacturing costs due to increased in the proportion of fixed costs.

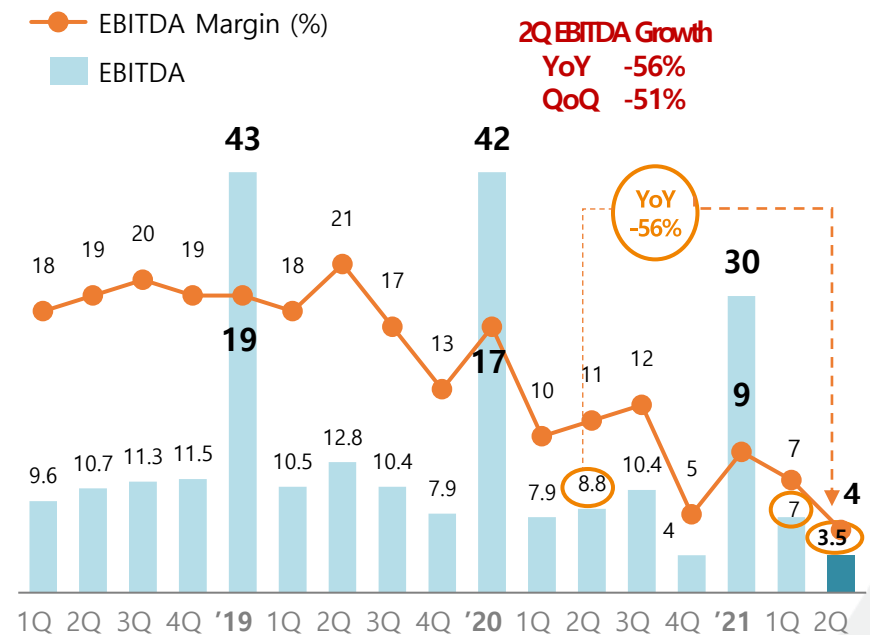
[Revenue Trend]

USD 1M



[EBITDA (%) Trend]

USD 1M, %

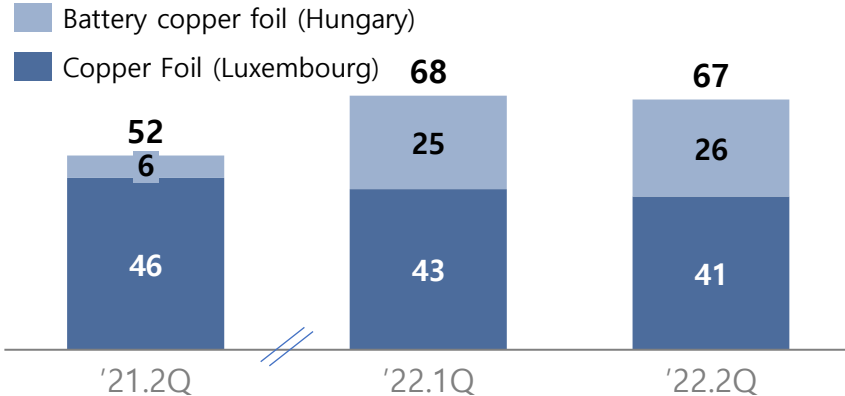


※ Sales & EBITDA growth rate based on KRW

2022 2Q Achievements & Plans by Division

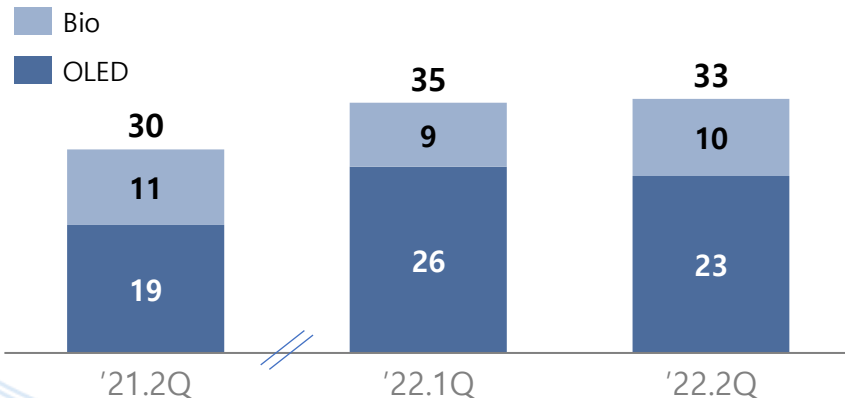
Revenue of Battery Copper Foil Div. (Battery copper foil + Copper foil)

USD 1M



Revenue of Advanced Materials (OLED+Bio) Div.

USD 1M



2022 2Q Achievements & Plans

• Achievements: YoY increased by 43%, QoQ by 1%

- Battery copper foil:** Sales increased slightly despite weak demand from customers due to a decrease in global electric vehicle production. Signed a contract with a European battery manufacturer for long-term supply of batteries (April).
- Copper foil:** Supply volume decreased slightly due to disrupted global supply chains and customers' stock adjustment

• Plans: Respond to increasing demand & customer diversification

- Battery copper foil:** Plans to respond to the expected gradual increase in supplies and sign new/additional supply agreements in the second half this year.
- Copper foil:** Plans to diversify European and North American customers and develop new high-end products such as low-loss high-frequency copper foil.

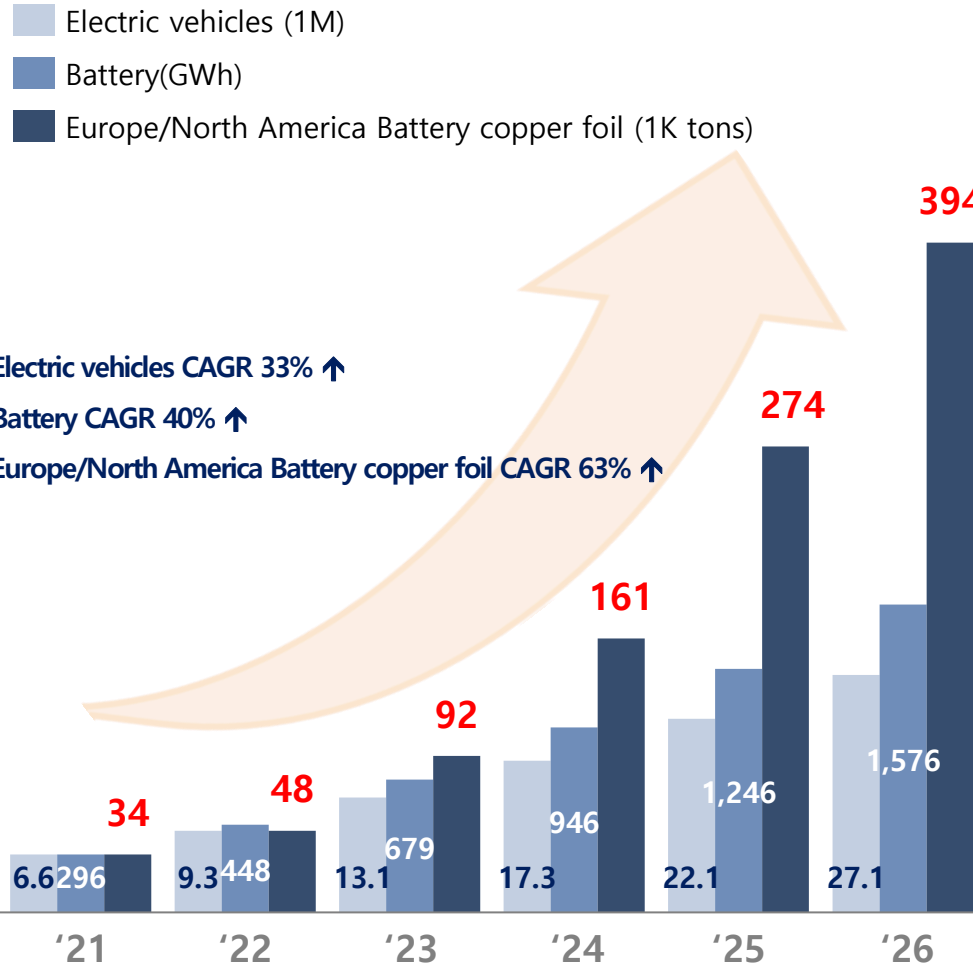
• Achievements: YoY increased by 25%, QoQ by 1%

- Electro-Materials:** The panel industry slowed down in overall, and sales decreased slightly due to the off-season.
- Bio:** Sales increased thanks to diversification of Ceramide customers.

• Plans: Customer expansion and signing supply agreements

- Electro-Materials:** Plans to establish China plant's mass production system. Mass production expected by the second half this year. Plans to continue development of new items.
- Bio:** Plans to diversify material applications and customers.

Electric vehicles/Battery/Battery copper foil Market Forecast



※ Electric vehicles and batteries based on SNE research.
 ※ Europe/North America battery copper foil:
 1) Estimated local production of batteries (SNE research) to 330 tons per 1GWh.
 2) Based on Gross of established plants.

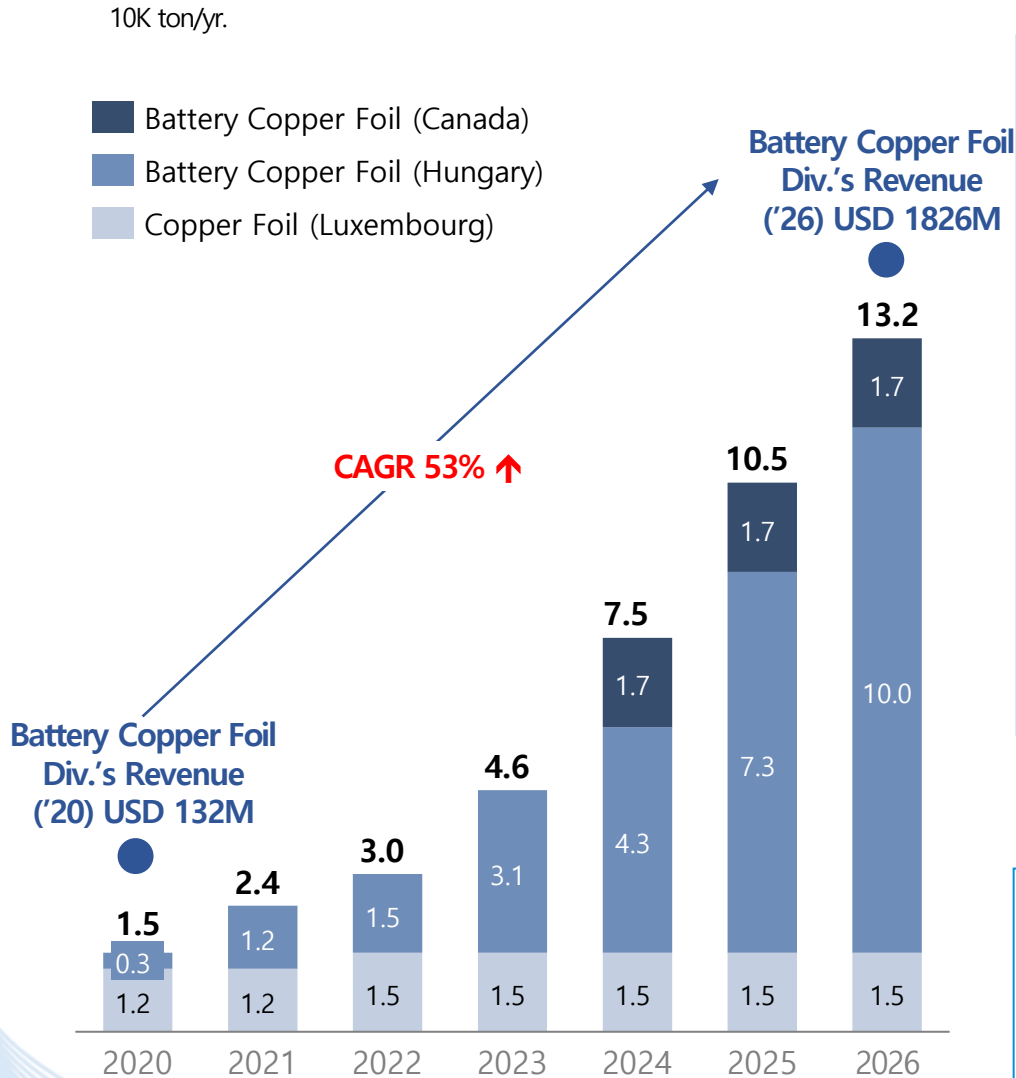
• Electric Vehicles/Battery market forecast

- A short-term impact on the electric vehicle and battery market expected due to the growing uncertainty of the global business environment
- However, **the demand is expected to be solid, because mid-to long-term government policies for electric vehicles in Europe/North America are likely to remain and the battery market will continue to expand.**

• Europe/North America market forecast

- The battery copper foil market in Europe/North America is expected to grow rapidly due to **continuous expansion of battery manufacturers**
- The current expansion of battery copper foil by Solus Advanced Materials is underway as planned.
 - Europe: As the expansion of battery copper foil companies is visible, **M/S will be expected to maintain thanks to local market preoccupation,** although mass-production will begin in the second half of '24.
 - North America: Being the one and only battery copper foil manufacturer in the region, it is expected to **secure preemptive demand** in the North America market.

Mid-to Long-term Plans for Capacity Expansion



※ Based on year-end gross capacity.
 ※ The average monthly exchange rate of 2Q, '22.

Battery Copper Foil Plant Expansion Status & Plan (Hungary & Canada)

• Hungary (Targeting Europe): Total of 100K tons

- Phase 1 (15K tons): First shipment in Nov. '20
- Phase 2 (23K tons): Plans to mass-produce in the 2H of '22
- Phase 3 (62K tons)
 - Phase 3-1: Plans to mass-produce in the 2H of '24
 - Phase 3-2: Plans to mass-produce in the 2H of '25

• Canada (Targeting North America): Phase 1 (17K tons)

- Completed site purchase with an annual production capacity of 60K tons in Quebec, Canada
- Purchased a plant equipped with copper foil infrastructure and renovations will be launched (scheduled to break ground in the 2H of '22)
- Phase 1 (17K tons): Plans to mass-produce in the 2H of '24

Copper Foil Plant Expansion Status & Plan (Luxembourg)

• Copper Foil (for 5G/Semiconductors) plant's production capacity of 15K tons

- Capacity: Total of 15K tons (3K ton capacity increased at the end of '21)
- Plan to respond to supply increase both in high-end copper foil (for 5G) & Ultra-thin copper foil (for semiconductors)

Status and Plans for Battery Copper Foil Production Sites

[Current Status of Battery copper foil business]

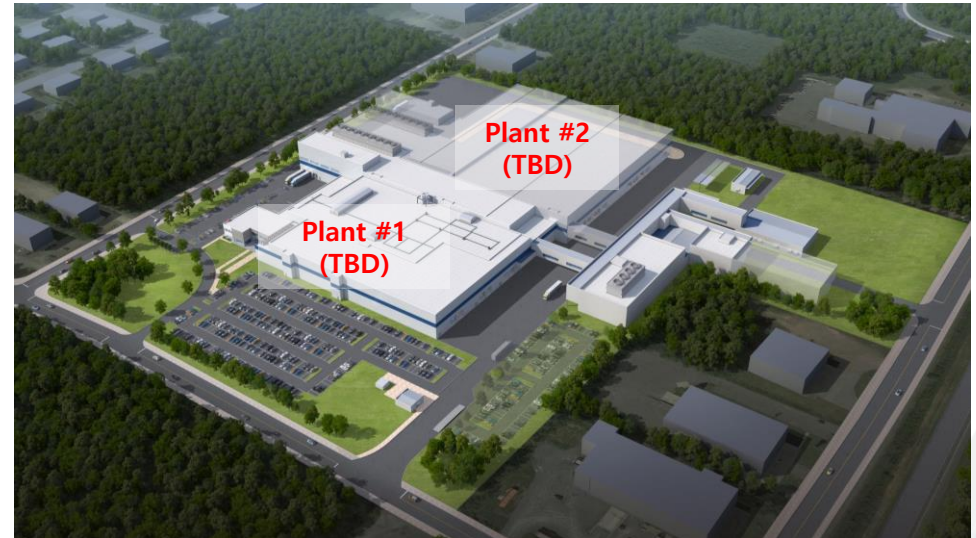
- Production base: Hungary #1 plant (in operation), Hungary #2, #3 plant / Canada #1 plant (plans for step-by-step expansion from 2022 to 2026)
- Product line: Thickness of $8\mu\text{m}/6\mu\text{m}$, has characteristics of high intensity as well as high elongation
- Customers: Supplying to Top-tier battery manufacturer (located in Poland/Hungary), and global automobile company, Europe's biggest battery manufacturer
- Supply contract signed: Order worth approx. 1.3 trillion won (supply period from 2021 to 2028) completed, New and additional supply contracts are to be agreed in the second half of 2022.

[Europe Market Target_Hungary (100K tons)]



Tatabánya, Hungary

[North America Market Target_Canada (62K tons)]



Granby Quebec, Canada

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Consolidated Financial Statements

Investor Relations 2022

	USD 1M								
Items	'20. 06	'20. 09	'20. 12	'21. 03	'21. 06	'21. 09	'21. 12	'22. 03	'22.06
Current Asset	151	158	414	335	331	316	332	347	541
Non-current Asset	292	305	359	380	441	480	520	635	694
Total Asset	443	464	773	715	772	796	852	982	1,235
Current Liabilities	135	120	154	162	211	237	241	349	287
Non-current Liabilities	178	212	169	110	113	113	171	204	200
Total Liabilities	313	331	323	272	324	350	412	553	487
Capital Stock	3	3	4	4	4	3	3	3	3
Total Equity	130	132	450	443	448	446	440	429	748
Debt-to-Equity Ratio	241%	250%	72%	61%	72%	79%	94%	129%	65%
[Loan Payable]									
Loans Payable	207	218	228	139	180	208	253	385	308
Cash	55	45	281	178	166	141	118	85	296
Net Debt	151	173	-53	-39	14	67	135	300	12

※ The above data for 2022 2Q is based on unaudited financial statements.

※ The exchange rate is as of June 30th, 2022.

Consolidated Statements of Comprehensive Income

Investor Relations 2022

Items	USD 1M												
	'20					'21					'22		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	1Q	2Q	1H
Revenue	59	62	62	59	246	80	82	90	81	322	103	100	198
Battery Copper Foil	-	-	-	1	1	4	6	13	10	32	25	26	49
Copper Foil	37	38	34	29	140	48	46	45	39	172	43	41	82
OLED	15	14	20	19	69	20	19	21	24	81	26	23	48
Bio	7	10	8	10	36	8	11	11	8	37	9	10	19
COGS	40	40	41	41	164	63	66	71	65	256	88	88	172
Gross Profit	20	22	20	18	82	16	16	19	16	66	15	12	26
SG&A	12	13	14	16	56	16	14	16	20	64	17	17	33
EBIT	7	9	6	2	26	0.4	2	3	-4	2	-2	-5	-7
(%)	13%	15%	10%	15%	10%	0.5%	2.3%	3.6%	-4.4%	0.5%	-2.0%	-5.6%	-3.8%
Gain/Loss on Interest	-1	-1	-1	-2	-5	-2	-1	-1	-0.3	-4	-1	-2	-3
Gain/Loss on foreign currency transaction	1	0.2	-1	-6	-6	5	2	0.7	-0.2	7	0	7	6
Gain/Loss on foreign currency translation	1	-3	-4	-8	-14	2	-2	2	-0.2	1	2	7	8
Earnings before Interest and Taxes	7	6	-1	-15	-2	3	-0.3	2	-4.4	0.5	-1	5	4
Income Taxes	3	1	1	2	7	4	-3	2	-2.5	0.4	3	6	9
Net Income	5	5	-2	-17	-9	-1	3	0.6	-2	0.1	-4	-1	-5
Income for controlling shareholder	5	5	-2	-17	-9	2	5	2	1	10	0	4	4

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Company & Business Introduction

[Company Introduction]

<u>Company Name</u>	Solus Advanced Materials Co., Ltd.
<u>CEO</u>	Daeje Chin & Kwangpyuk Suh
<u>Established</u>	2019. 10. 01
<u>Listed</u>	2019. 10. 18 (KOSPI)
<u>Total Assets</u>	USD 1,235M (As of 06. 30. 2022)
<u>Employees</u>	1,141 (As of 06. 30. 2022)
<u>Based</u>	627 Seodong-ro, Iksan-si, Jeollabuk-do
- <u>Battery Copper Foil</u>	Hungary, Canada (R&D/Production/Sales)
- <u>Copper Foil</u>	Luxembourg (R&D/Production/Sales)
- <u>Bio</u>	Yongin (R&D/Sales), Iksan (Production)
- <u>OLED</u>	Yongin (R&D/Sales), Iksan (Production), China (Production/Sales)

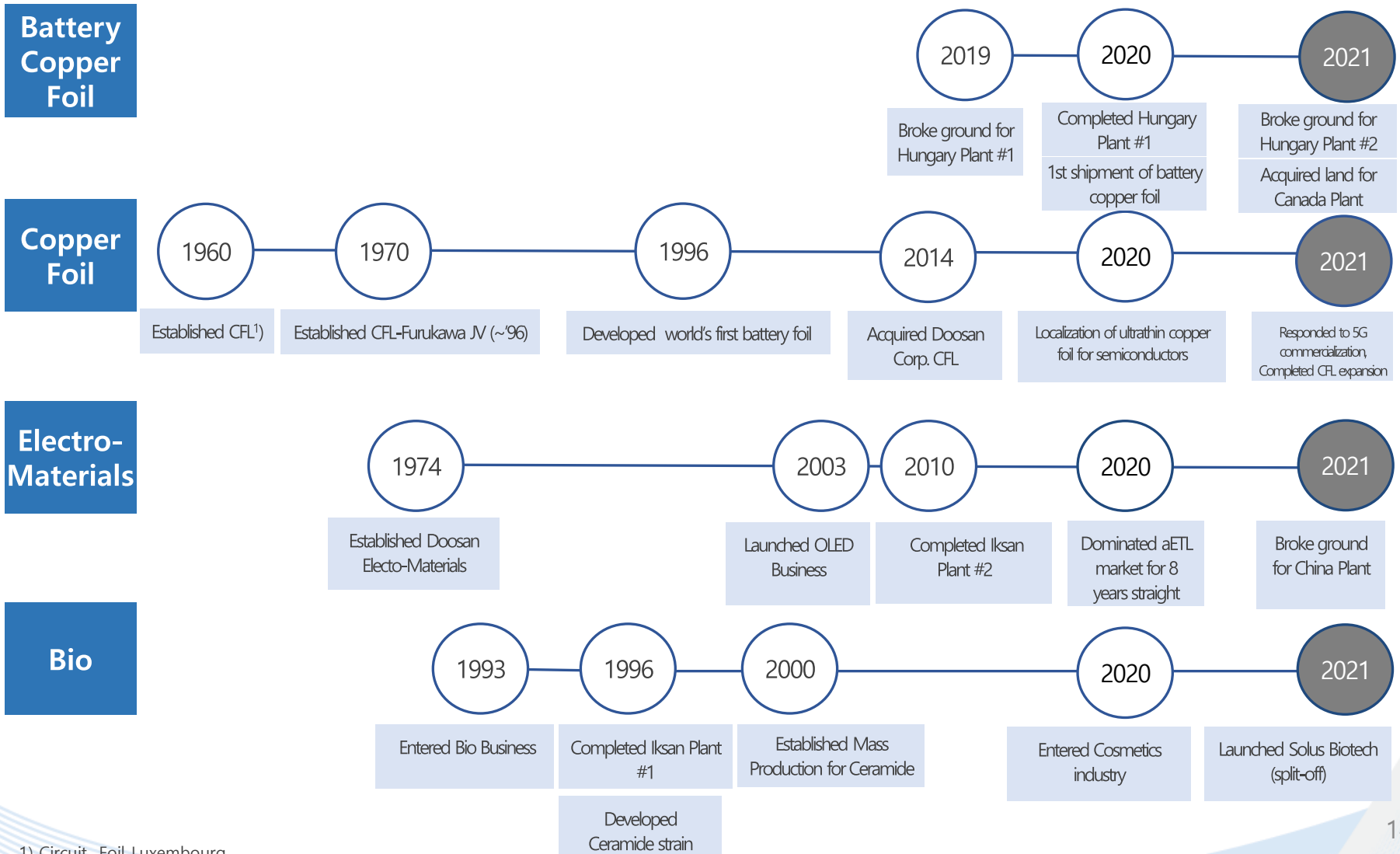
[Business Introduction]

 Battery Copper Foil Division	Battery Copper Foil	Copper foil for EV batteries	
	Copper Foil	Copper foil for 5G Networks & electronic devices (PCB)	
 Electro- Materials	Electro- Materials	OLED and display materials for smartphone, TV, laptop, etc.	
	Bio	Natural-based materials for cosmeceutical, pharmaceutical and nutraceutical	
Advanced Materials Division			

※ The above data for 'Total Assets' (as of end of June '22) is based on unaudited financial statements.

History

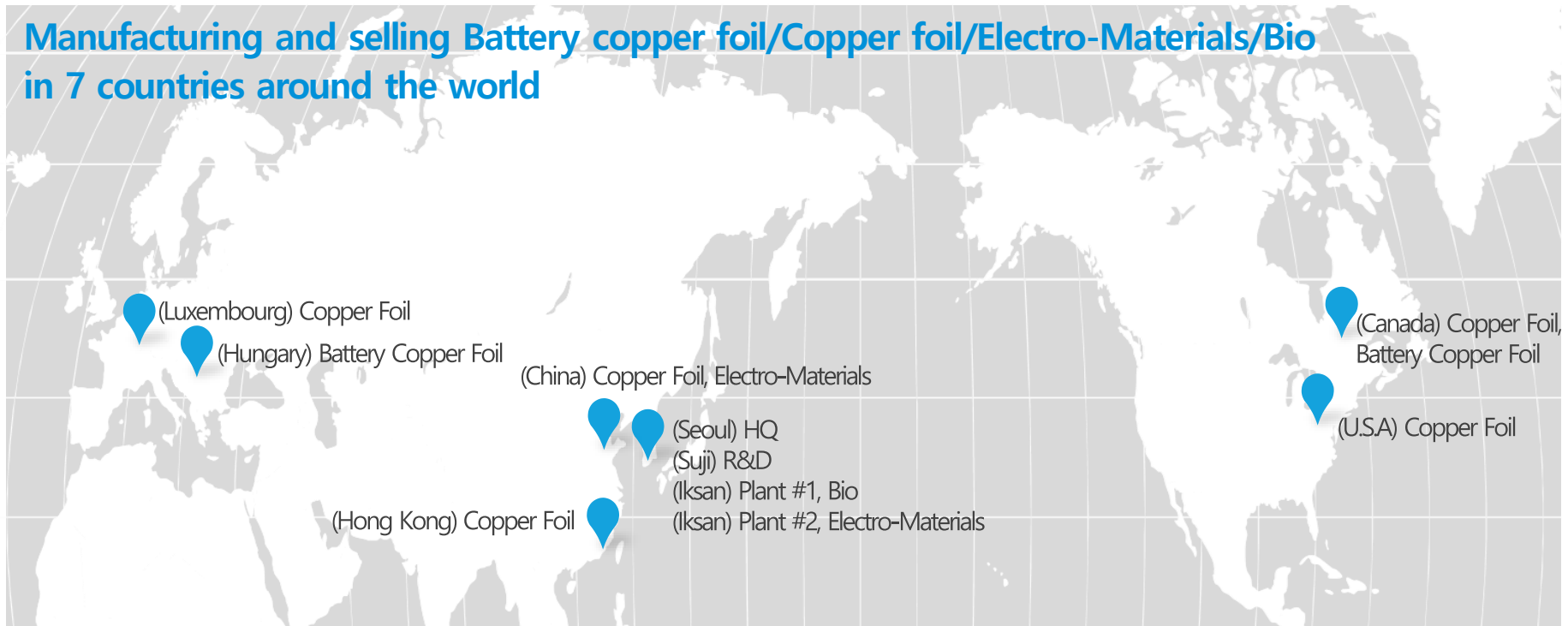
Business expansion & growth into global no.1 material company with over 60 years of experience & know-hows



1) Circuit Foil Luxembourg

Business Sites

Manufacturing and selling Battery copper foil/Copper foil/Electro-Materials/Bio in 7 countries around the world



Iksan, Korea (Electro-Materials & Bio)



Luxembourg (Copper Foil)



Hungary (Battery Copper Foil)



Canada (Battery Copper Foil)

Domestic & Overseas Corporations

Solus Advanced Materials Co., Ltd.

Volta Energy Solutions S.a.r.l.
(LUX)

 Copper Foil

Circuit Foil Luxembourg
(Luxembourg)

CFT* (U.S.A)

CFAPZH* (China)

CFAPHK* (Hong Kong)

Canada Branch

 Battery
Copper Foil

Volta Energy Solutions
Europe Kft. (Hungary)

Volta Energy Solutions
Hungary Kft. (Hungary)

Volta Energy Solutions
Canada Inc. (Canada)

 Electro-
Materials

- R&D (Suji)
- Manufacturing & Production (Iksan)
- Manufacturing & Production (China)**

 Bio

Solus Biotech Co., Ltd.
(Korea)

* CFT(Circuit Foil Trading Inc.) / CFAPZH(Circuit Foil Asia Pacific Zhangjiagang) / CFAPHK(Circuit Foil Asia Pacific Hong Kong)

** Solus Advanced Materials (Changshu) Co., Ltd.

FX Rate

Items	'19.1Q	'19.2Q	'19.3Q	'19.4Q	'20.1Q	'20.2Q	'20.3Q	'20.4Q
B/S	1,137.80	1,156.80	1,201.30	1,157.80	1,222.60	1,200.70	1,173.50	1,088.00
I/S	1,124.97	1,145.78	1,161.94	1,165.46	1,193.03	1,206.70	1,200.52	1,179.96

Items	'21.1Q	'21.2Q	'21.3Q	'21.4Q	'22.1Q	'22.2Q	2022(P)	2023(P)~ 2026(P)
B/S	1,133.50	1,130.00	1,184.90	1,185.50	1,210.80	1,292.90	1,150.00	1,130.00
I/S	1,113.62	1,121.33	1,157.95	1,183.14	1,204.46	1,259.85	1,150.00	1,130.00

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

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