



**Solus Advanced
Materials**

Solus Advanced Materials 3Q '21 Earnings Report

November 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. 3Q '21 Earnings

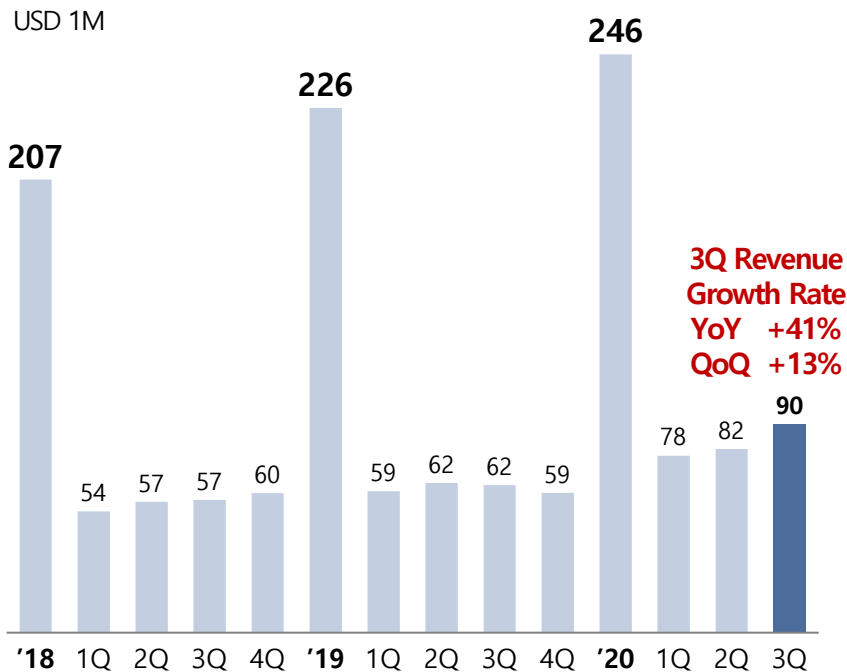
II. Summary Financial Statements

III. Appendix

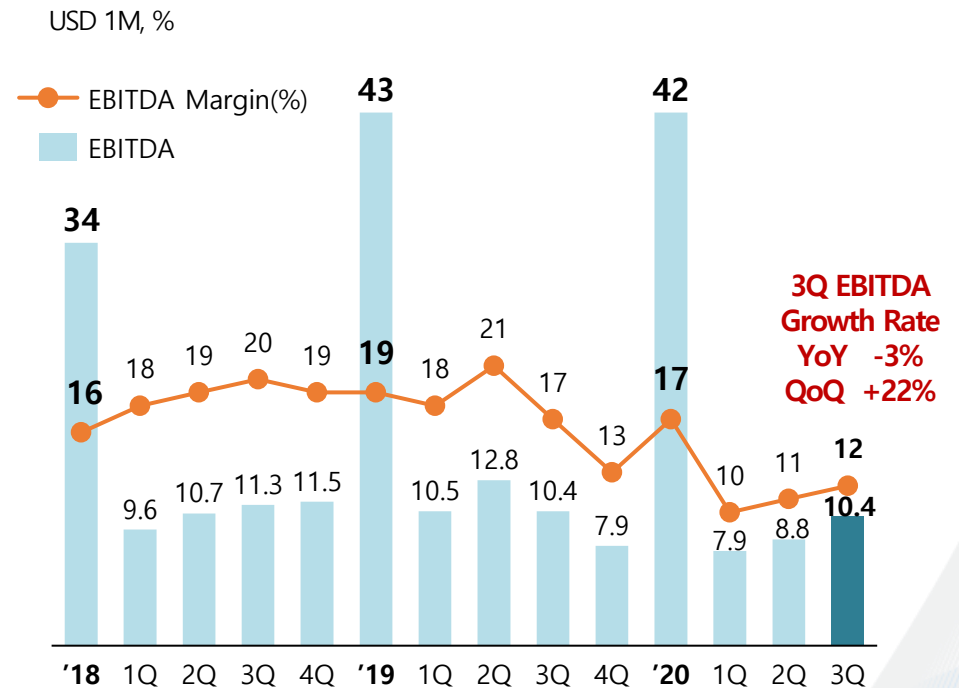
3Q '21 Earnings

- Revenue : Sales continue to grow 90 million USD, Quarterly revenue increased by 41%(YoY) and 13%(QoQ)
 - Battery Copper Foil Div. (Battery Copper Foil & Copper Foil) : 58 million USD
 - Advanced Materials Div. (OLED & Bio) : 32 million USD
- EBITDA : 10.4 million USD, similar to 3Q '20
 - Quarterly EBITDA decreased by 3%(YoY), increased by 22%(QoQ)

[Revenue Trend]



[EBITDA & EBITDA Margin Trend]



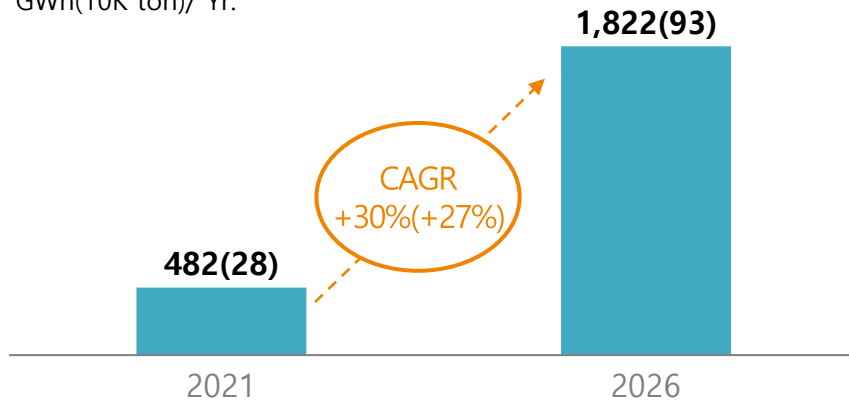
Battery Copper Foil Div.(Battery Copper Foil & Copper Foil)

3Q21 Achievements & Plan

Investor Relations 2021

Regional Market Forecast of Battery Copper Foil

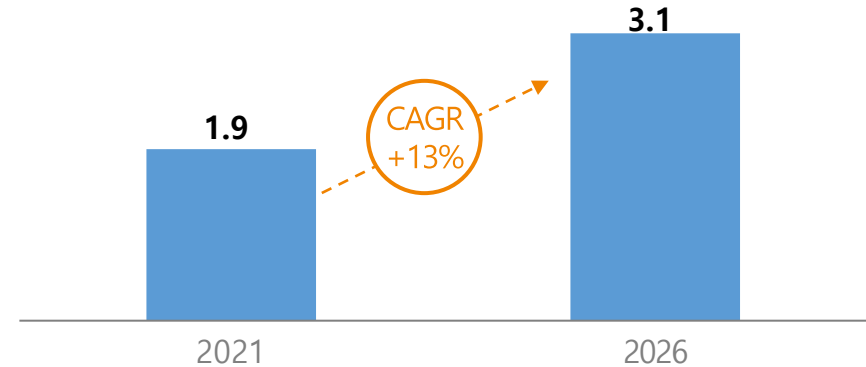
GWh(10K ton)/ Yr.



※ Sources: IHS Markit, Company data

Market Forecast of High-end Copper-foil for 5G and Semi-conductor

10K ton / Yr.

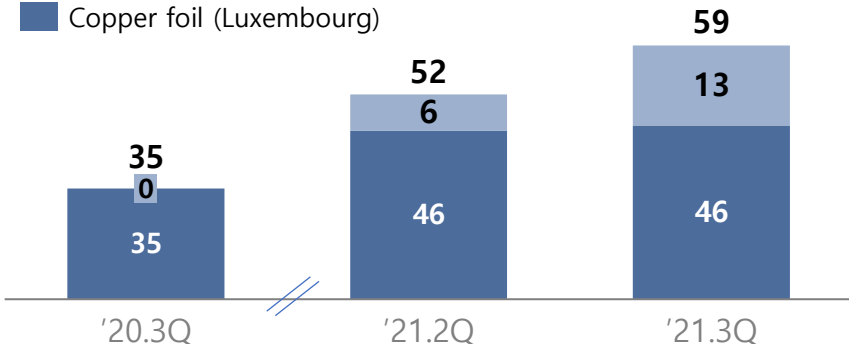


※ Sources: Prismark Report_IDTechEx 5G Technology Marketand

Revenue

USD 1M

■ Battery copper foil (Hungary)
■ Copper foil (Luxembourg)

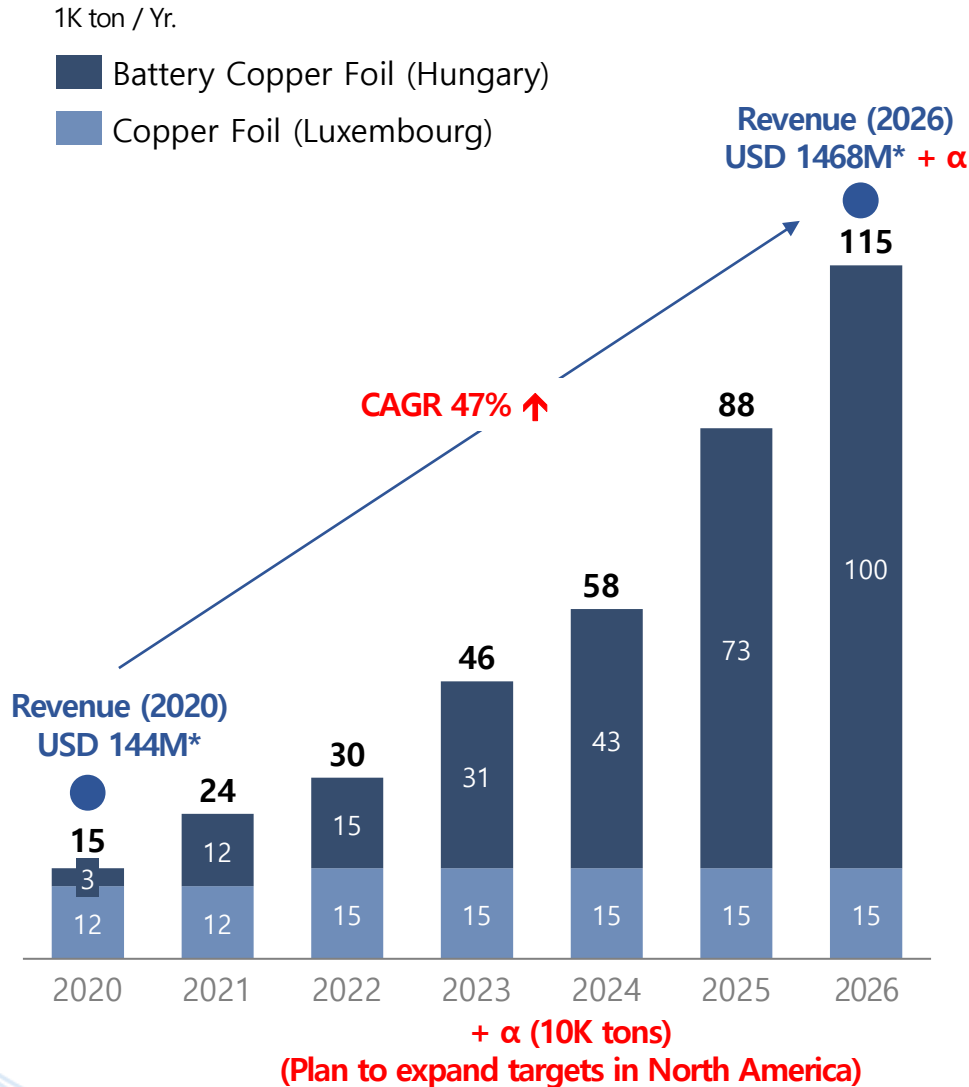


[3Q '21 Achievements & Plan]

- **Financials: Continue to expand sales (YoY +66%, QoQ +16%)**
 - Battery Copper Foil: Line Set-up is completed, Increasing mass production and products shipments step by step
 - Copper Foil: High-end copper foil's stable sales and increase in the proportion of high profits among the standards
- **Plan: Stabilization of mass production, Response to demand increase, Diversification of customers**
 - Battery Copper Foil: Stabilize mass production and expand supply, new and additional contracts
 - Copper Foil: Demand for high-end copper foil for major customers are expected to increase and development of new materials for high-end copper foil

Battery Copper Foil Div._Long-term Capa. Expansion Plan

Battery Copper Foil (Hungary, Canada) Production Capa. Expansion Status & Plan



• Hungary (Targets in Europe) : Total 100K tons

- 10K tons more than plan (90K tons→100K tons)
- Phase 1 (15K tons)
 - Mass production started Oct. 2020
 - 1st shipment of battery foil: Nov. 2020
- Phase 2 (23K tons)
 - Scheduled to be mass-produced in the 2H of 2022
- Phase 3 (62K tons)
 - Phase 3-1(33K tons): Plan to mass-produce in the 2H of 2024
 - Phase 3-2(29K tons): Plan to mass-produce in the 2H of 2025

• Plan to expand capa. to enter North America market (+ α 10K tons)

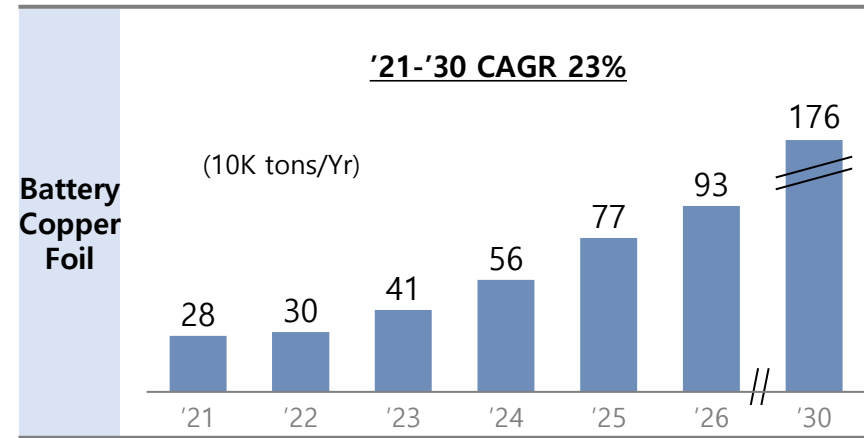
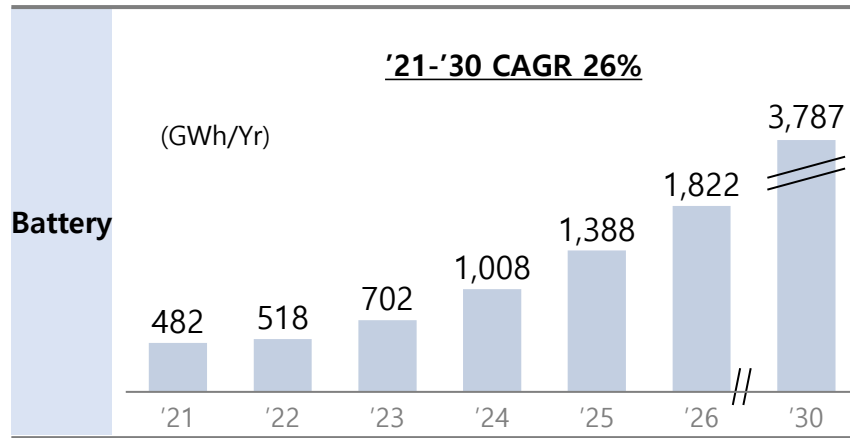
Copper Foil (Luxembourg) Production Capa. Expansion Status & Plan

• Copper Foil Plant to add 15K ton production capa. (for 5G and semi-conductor)

- 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

Battery Copper Foil Div._Plans to enter North America market

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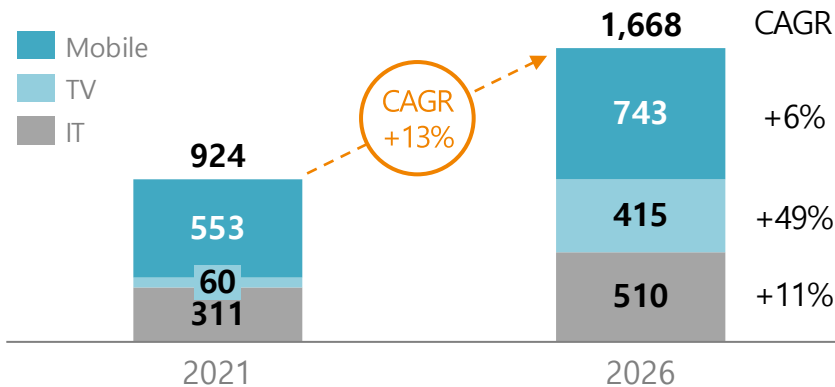
- **In preparation for the continuous increase in battery demand, not only the expansion of battery production capa. but also the preoccupation of local supply is very important**
 - As the demand for EV batteries continues to increase, the shortage of battery copper foil supply is expected to continue until 2030
 - Major customers are in Europe and US. In the case of Europe and US, the demand for local procurement increases (According to the USMCA ('20.7), Automobiles must have 75% of their components manufactured in Mexico, the US, or Canada to qualify for '0' tariffs)
 - The European market is already dominated. With the rapidly increasing demand for battery copper foil in the US, it is important to preemptively expand local factories
- **Solus Advanced Materials, North America market entry will go hand in hand with Hungary plant expansion**
 - By 2025, a plant in North America will be expanded. (Plant site review scheduled to be confirmed in Nov. 2021)
 - **With preoccupying the North America battery copper foil market,** Solus can grow into a global leader (Goal of mass-production in 2024)

Advanced Materials Div.(OLED & Bio)_3Q21 Achievements & Plan

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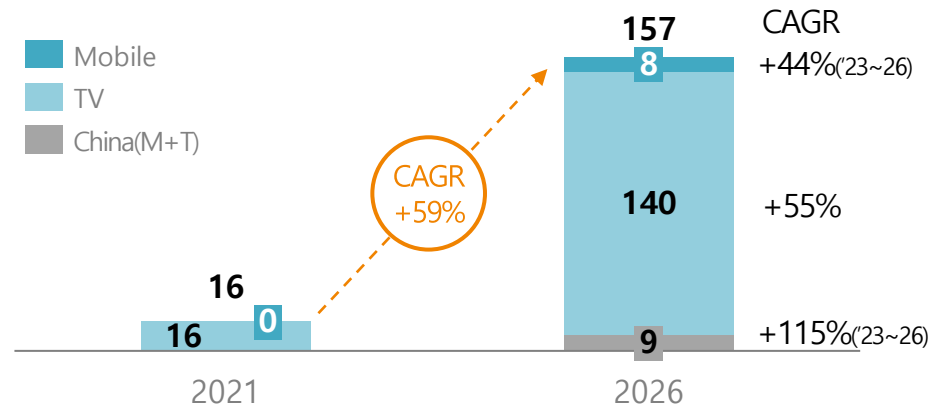
Market Forecast of OLED Display (EML Materials)

USD 1M



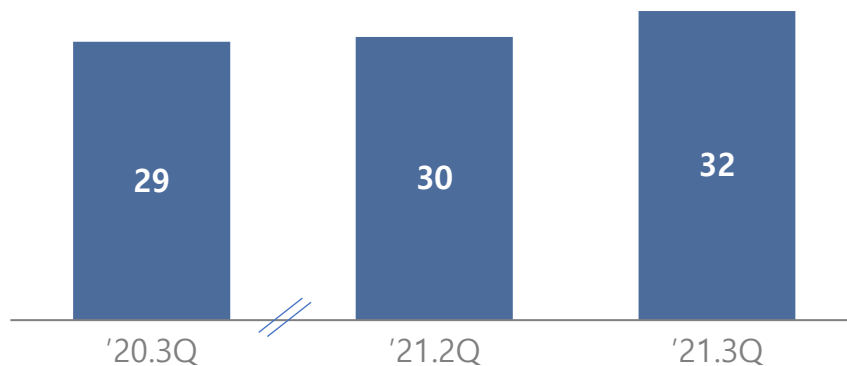
Market Forecast of OLED Materials (Non-EML Materials)

USD 1M



Revenue

USD 1M



[3Q '21 Achievements & Plan]

• Financials: YoY +13% and QoQ +11%

- OLED: LGD HTL has entered mass production. and supply of evaluation samples to expand the line
- Bio: Increased sales from materials (e.g., Ceramide) and product portfolio improvement

• Plan: Expand product portfolio and Customer diversification

- OLED: Expanding the product portfolio (e.g., Non-EML Materials for QD Display), customer diversification, plant in China will be set up (4Q. '21)
- Bio: Split-Off to Solus Biotech Co., Ltd. (Oct. 1st, 2021) and portfolio diversification (e.g., mRNA vaccine materials)

※ Based on sales of Advanced Materials Div., sales of OLED account for 60~65%

OLED: Supply of new materials / Bio: Split-Off to Solus Biotech

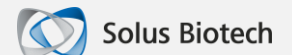
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[OLED– New materials for QD display]

- **New materials for QD display: 'Enter the supply of High refraction filler'**
 - High refraction filler (Non-EML Materials)
 - To maximize the light extraction rate of QD OLED panels, high refraction fillers are used to improve luminous efficiency
 - Increased high adhesion and reliability of OLED panels and QD Color Filter (High refractive and high reliability is required)
 - **Securing stable sales growth engines through market preoccupation of QD OLED high refraction filler**
- **Expanding the product portfolio: 'Non-EML Materials'**
 - As **Non-EML Materials has a relatively longer replacement cycle than EML Materials** such as a-ETL/HTL, **revenues can expand stably.**
 - **In addition to the continuous growth of the EML business, the business area will be expanded to Non-EML.**
 - **Advanced technology and high R&D expenses are required**

[Bio – Split-Off to Solus Biotech Co., Ltd.]

- **Split-Off to Solus Biotech Co., Ltd.: 'The birth of Innovative Bio Company'**
 - Split-off on October 1st, 2021
 - The purpose of strengthening expertise in the bio-business sector according to the government's growth trend of the bio-industry
 - **It can create JV opportunities with global customers and attract investments**
 - **Plan: Expansion of production facilities, R&D**
 - **Goal of sales: 104M USD* in 2025**
 - Based on its own technology, it supplies functional lipids for cosmetics, food, and medicine to major global customers
 - Representative product: Naturally fermented ceramide (Unrivaled competitiveness, 95% market share in Korea)
 - Initiated development of structure phospholipid, an mRNA vaccine carrier (From 29th Sep. 2021)
 - Biotech will turn into a bio-specialized company with portfolio diversification
- * The average monthly exchange rate of 3Q. '21



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Summary Balance Sheet

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									USD 1M
Items	'19. 12	'20. 03	'20. 06	'20. 09	'20. 12	'21. 03	'21. 06	'21. 09	
Current Asset	199	161	151	158	414	335	331	316	
Non-current Asset	228	265	292	305	359	380	441	480	
Total Asset	427	425	443	464	773	715	772	796	
Current Liabilities	159	138	135	120	154	162	211	237	
Non-current Liabilities	146	162	178	212	169	110	113	113	
Total Liabilities	305	300	313	331	323	272	324	350	
Capital Stock	3	3	3	3	4	4	4	3	
Total Equity	121	125	130	132	450	443	448	446	
Debt-to-Equity Ratio	251%	240%	241%	250%	72%	61%	72%	79%	
[Loan Payable]									
Loans Payable	159	173	207	218	228	139	180	208	
Cash	82	45	55	45	281	178	166	141	
Net Debt	77	128	151	173	-53	-39	14	67	

※ The financial data for 3Q21 is based on unaudited financial statements

※ The exchange rate is based on the quarter-end exchange rate.

Summary Comprehensive Income Statement

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USD 1M

Items	'19	'20					'21			
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Revenue	60	59	62	62	59	246	80	82	90	247
COGS	40	40	40	41	41	164	63	66	71	196
Gross Profit	20	20	22	20	18	82	16	16	19	51
SG&A	11	12	13	14	16	56	16	14	16	46
EBIT	9	7	9	6	2	26	0.4	2	3	5
(%)	15%	13%	15%	10%	15%	10%	0.5%	2.3%	3.6%	2.2%
Gain/Loss on Interest	-1	-1	-1	-1	-2	-5	-4	-1	-1	-6
Gain/Loss on foreign currency transaction	-1	1	0.2	-1	-6	-6	5	2	0.7	7
Gain/Loss on foreign currency translation	-2	1	-3	-4	-8	-14	2	-2	2	2
Earnings before Interest and Taxes	6	7	6	-1	-15	-2	3	-0.3	2	5
Income Taxes	2	3	1	1	2	7	4	-3	2	3
Net Income	4	5	5	-2	-17	-9	-1	3	0.6	2
Income for controlling shareholder	4	5	5	-2	-17	-9	2	5	2	9

※ The financial data for 3Q21 is based on unaudited financial statements

※ The exchange rate is based on the average quarterly exchange rate

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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, Kwangpyuk Suh
<u>Establishment</u>	1 Oct. 2019
<u>Listing Date</u>	18 Oct. 2019 (KOSPI)
<u>Total Asset</u>	USD 772M (As of Jun. 2021)
<u>No. of Employees</u>	1,002 (As of Sep. 2021)
<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⁾

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

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

Major Sites

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

-  HQ/Production
-  Corporation



Luxembourg

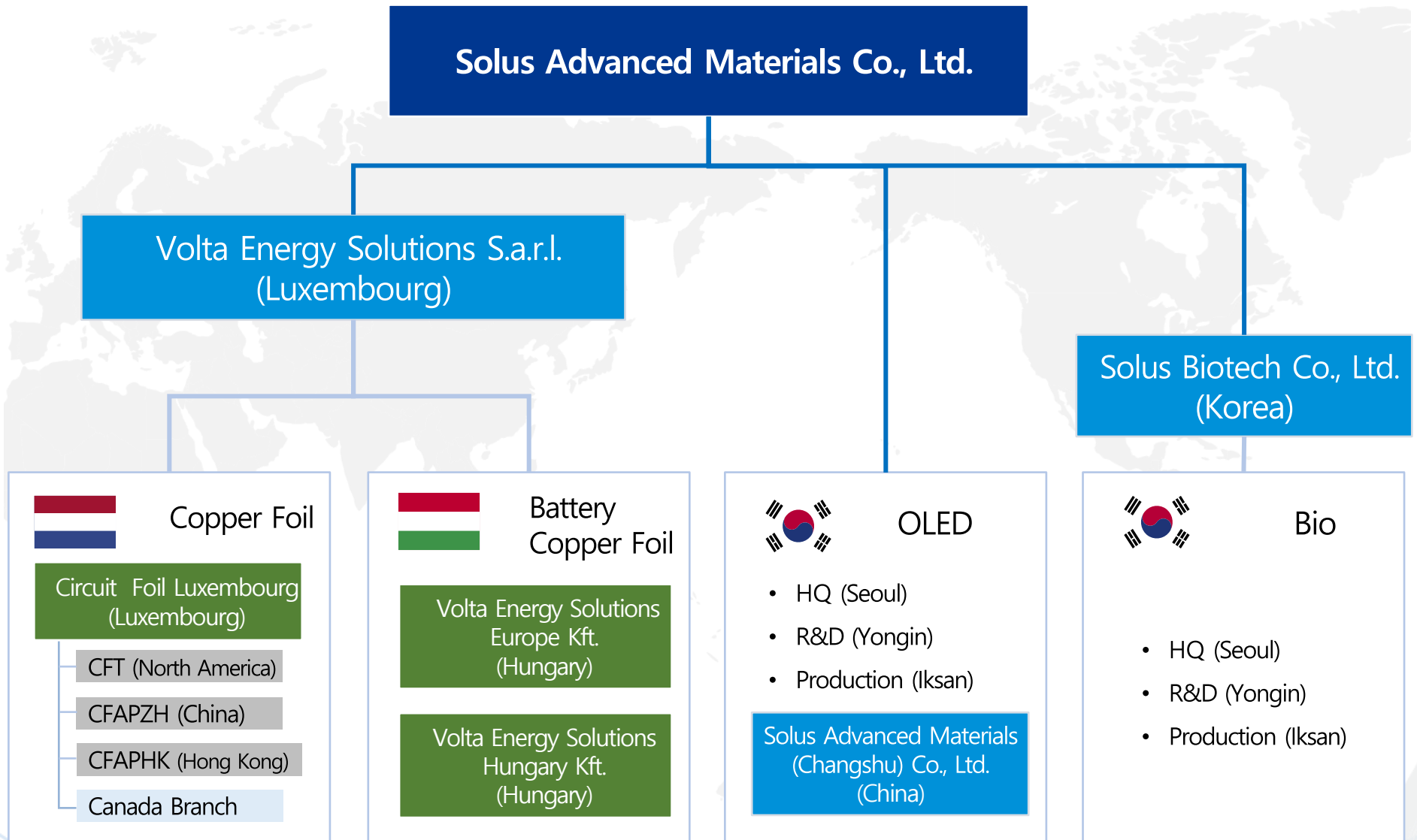


Hungary



South Korea

Company Overview



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	'21.3Q	2021(P)~ 2025(P)
B/S	1,222.60	1,200.70	1,173.50	1,088.00	1,133.50	1,130.00	1,184.90	1,100.00
I/S	1,193.03	1,206.70	1,200.52	1,179.96	1,113.62	1,121.33	1,157.95	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

