



Solus Advanced
Materials

Solus Advanced Materials Co., Ltd.
2023 3Q Earnings Report

October 2023



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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. 2023 3Q Earnings & Plans

II. Consolidated Financial Statements

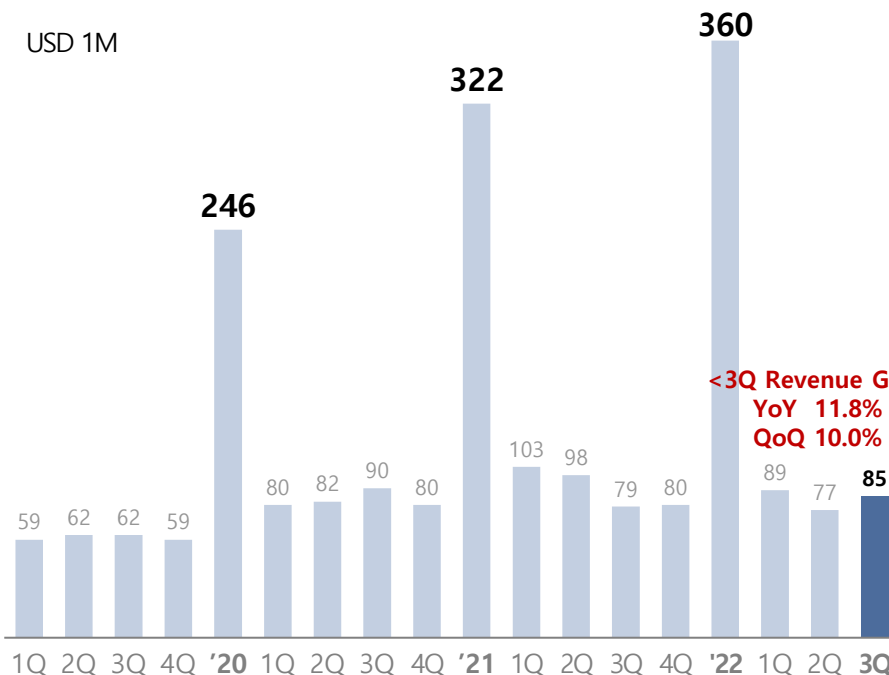
III. Appendix

2023 3Q Earnings

- **Revenue:** Due to the consolidated sales related to the influence of some improvement in the order volume of battery copper foil customers and increased sales, an increased sales proportion of high-end copper foil amid sluggish downstream markets such as semiconductors, and slow improvement in conditions in the electro-materials market, etc., sales were increased by 10.0% compared to the previous quarter, and by 11.8% compared to the same period last year.
- **EBITDA:** Due to the downward stabilization of power costs and the decline in electronic material production costs amid an increase in fixed costs resulting from preparations for mass production of PH2 in Hungary, EBITDA was increased by 37.7% compared to the previous quarter, and by 34.6% compared to the same period last year.

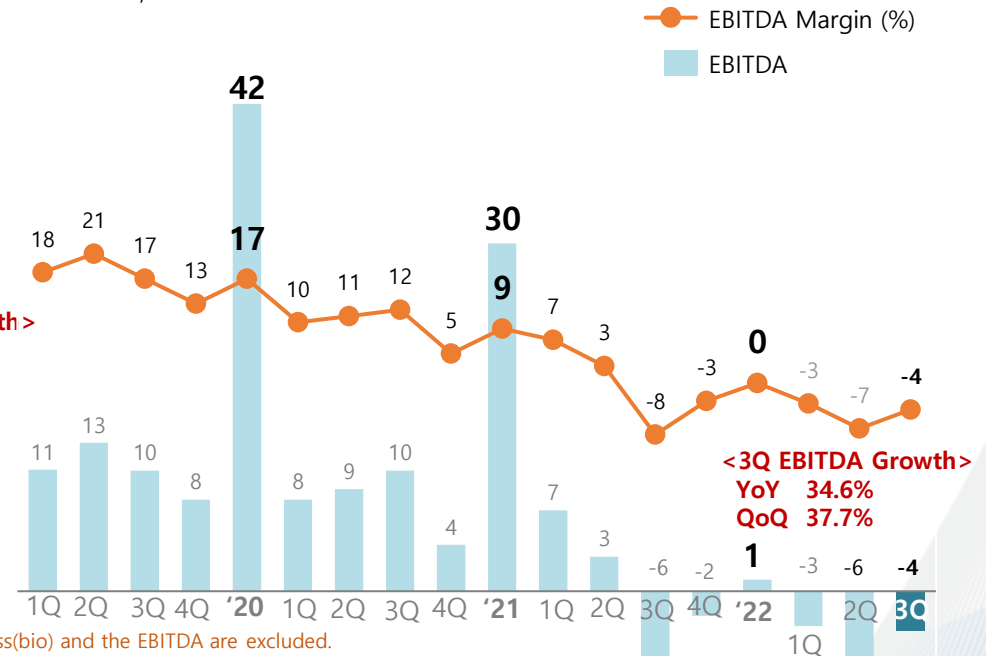
[Revenue Trend]

USD 1M



[EBITDA(%) Trend]

USD 1M, %



※ As Solus Biotech was sold out('23.07.04), starting in '23.1Q, revenues from the terminated business(bio) and the EBITDA are excluded.

※ 3Q revenue change rates and EBITDA change rates exclude the effects from the terminated business(bio).

(If we exclude the terminated business, the quarter of the previous year('22.3Q) has a revenue of 74M USD / EBITDA of -5M USD)

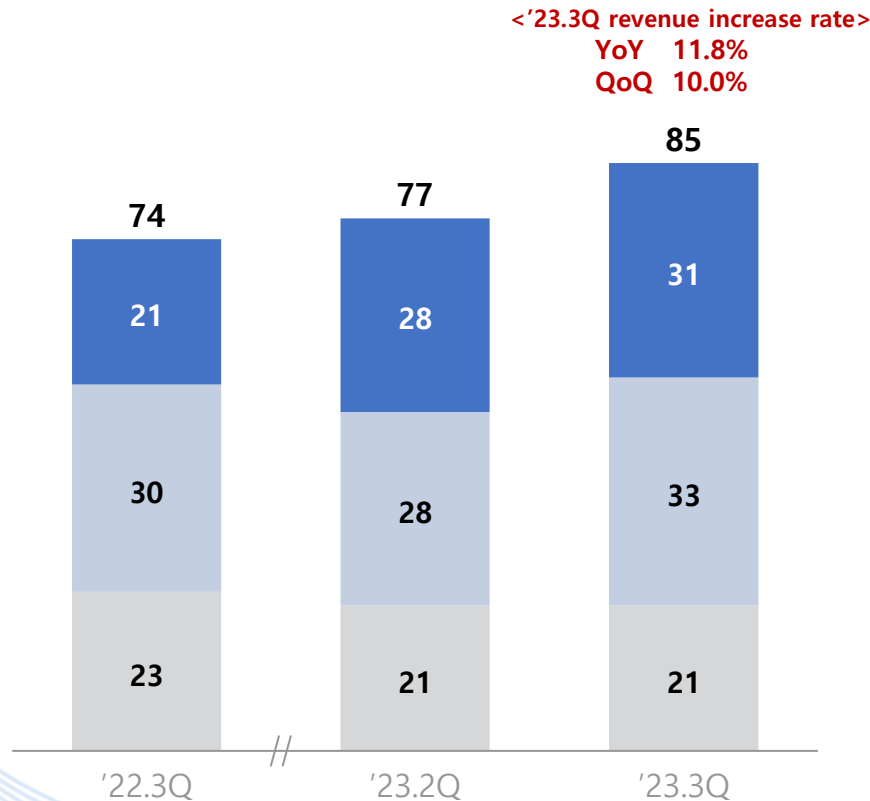
※ The rate of change(%) is based on KRW

2023 3Q Achievements and Plans by Division

Status of Revenue for battery copper foil/ copper foil/electro-materials

(USD 1M)

- Battery Copper foil
- Copper foil
- Electro-materials



[2023 3Q Achievements and Plans]

• Achievements: YoY 11.8% increase, QoQ 10.0% increase

- Battery copper foil: Sales were increased compared to the previous quarter due to an increased order quantity from some customers in the previous quarter.
- Copper foil: Despite the downturn in the downstream industry, profitability was improved due to increased sales of high-end copper foil, and sales were increased compared to the previous quarter.
- Electro-materials: Despite the peak season, sales were slightly decreased due to improvement in downstream industry conditions proceeding slowly.

• Plans:

- Battery copper foil: To start mass production of PH2 in Hungary within the year, and continue to pursue additional supply contracts with existing customers
- Copper foil: To promote the full-fledged supply of ultra-thin copper foil to semiconductors, and strengthen the sales of various high-end copper foils, such as special foil
- Electro-materials: To increase the sales of light-emitting materials such as aETL in line with the peak season, and the start production of non-luminous materials by Solus ITech

※ As Solus Biotech was sold out('23.07.04), '22.3Q, revenues from the terminated business(bio) are excluded (Including terminated business revenue 79M USD)

※ The rate of change(%) is based on KRW. The above data calculated based on the corresponding each quarterly FX rate

Battery Copper Foil/Copper Foil_Production Capacity Status & Plan

Hungary (Battery Copper Foil)



- Plan to hold 100K tons of capacity in Hungary (Targeting Europe)
- PH1 (15K tons) : First shipment in Nov '20
- PH2 (23K tons) : Start the mass production in the 2H of '23
- PH3 (62K tons) : Mass production to start in the '26

[Business Status]

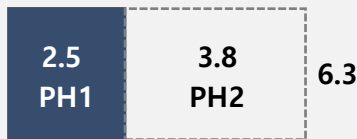
Products

- To provide customized battery copper foils
- To produce a variety of battery copper foils with different thicknesses (8μm/6μm, etc.) and characteristics (high strength/high elongation, etc.)

Status and plans related to production

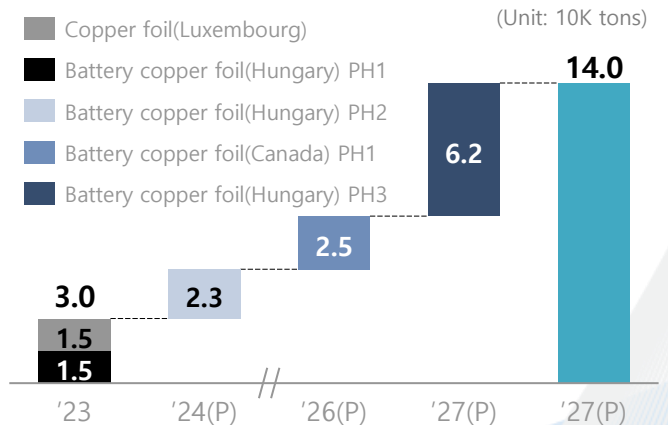
- Optimize production manpower for each line in progress
- Reduce production costs due to reduced power costs and active hedging compared to the previous year
- Hungary PH2 mass production scheduled to start within the year

Canada (Battery Copper Foil)



- To secure a site capable of producing 63K tons per year in Canada (North America)
- PH1 (25K tons): Mass production to start in 2025
- To maximize manufacturing efficiency/profitability by expanding the scope of application of existing planning cost automation

[Annual production Full- Capa. status and expansion plan]



Luxembourg (Copper Foil)



- 15K tons of capacity in Luxembourg
- Manufacturing copper foil for 5G communication equipment and semi-conductor PCB
- Plan to expand supply of ultrathin copper foil

(Unit : 10K ton, Gross Capa.)

Battery copper foil – Continuous expansion of orders

Securing a variety of customers

- Top-tier domestic battery manufacturers
- Local European battery manufacturers
- Global OEM companies

Continue to expand mid to long-term battery copper foil supply contracts

- Complete additional supply contracts with existing customers (orders for approximately 1,500M USD completed as of 2023)
- Strengthen profitability by expanding the supply of high-end battery copper foils
- Promote additional supply contracts with existing customers
- Continue to pursue new supply contracts with local battery manufacturers in Europe and North America

Responding to increasing demand in the North American market and securing a competitive advantage

- Increasing Canada PH1 capacity by 34% (25K tons)
- Maximizing manufacturing efficiency and profitability by expanding the scope of production automation

Reinforcing the portfolio of high-end products, such as copper foil & ultra thin foil

Investor Relations 2023

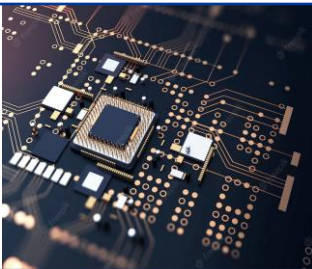
- **Mass production of a variety of high-end copper foils, utilizing the copper foil technology developed over years of manufacturing experience**
 - Low loss/high frequency copper foil: Copper foil with minimal signal loss and high frequency, used in various communication equipment, etc.
 - Ultra thin foil: Copper foil less than 2 μ m, applied to various IT fields such as semiconductor chips such as various DRAMs, CPUs, and GPUs
 - Special foil: High-end copper foil that has undergone special surface treatment and is widely applied to high value-added industries such as the aerospace market

Solus Copper Foil's main high-end product portfolio



Low Loss & High Frequency

- **Minimizing signal loss and manufacturing/mass production of high-end copper foil for high frequencies**
 - As an existing flagship product of high-end copper foil, it is maintaining a high market share by leveraging its excellent illuminance (roughness) technology.



Ultra Thin Foil

- **Manufacturing/mass production and localization of ultrathin foils for semiconductors using the next-generation microcircuit manufacturing method (MSAP)**
 - Obtaining material/product approval from global semiconductor manufacturers and contributing to the realization of semiconductor miniaturization, integration, and high performance
 - Helping domestic electronics companies enter the wearable products market given the miniaturization and lightweight trends in the IT market
 - Contributing to the local production of advanced materials by reorganizing the structure of the ultrathin foil market, now monopolized by Japanese manufacturers



Special foil

- **Holding copper foil manufacturing/mass production technology for special purposes such as the aerospace industry**
 - Special copper foil in mass production for the aerospace industry, a first in Korea, and supply of special foil to global aircraft manufacturers in progress
 - Supplying to various downstream markets with differentiated technology, including the ability to realize optimized physical properties tailored to special purposes

Enhancing sales mix and strengthening profitability with various high-end products

Electro-materials – Diversification of business areas into non-luminous materials

Completion of Solus iTech - Internalization of non-luminous material business

- **Full-fledged expansion of business areas beyond luminous materials such as existing aETL to non-luminous materials**
 - Strengthening dominance in the non-luminous market through production/sales of filler (high refractive index filler) and Encapsulation materials
 - Strengthening the competitiveness of the electro-materials business and securing mid- to long-term growth potential by gaining the ability to directly produce non-luminous materials



Solus iTech's main products to be produced

Filler (high refractive index filler)	Improves the luminous performance of displays using polymer OLED materials (Supplied to premium large TVs)
Encapsulation Materials	Encapsulation materials that protect OLED devices from the outside (Supply to IT companies such as premium smartphones/tablets)

	Major changes
Existing	Materials research, technology development Production through outsourcing and supply to customers
Changes	Solus Advanced Materials Internalization the entire process, from development to production

Directly responsible for all steps, from raw materials sourcing to final product

Strengthening the quality competitiveness of non-luminous materials and improving cost efficiency

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Consolidated Financial Statements

Investor Relations 2023

(Unit: USD 1M)

Classification	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022	Sep. 2023
Current assets	199	414	332	409	461
Non-current assets	211	359	520	745	872
Total assets	410	773	852	1,154	1,333
Current liabilities	128	154	241	270	368
Non-current liabilities	176	169	171	162	127
Total liabilities	304	323	412	432	495
Capital stock	4	4	3	4	3
Total shareholders' equity	106	450	440	722	838
Debt ratio	251%	72%	94%	59%	59%
[Borrowings]					
Borrowings	159	228	253	277	289
Cash	82	281	118	128	213
Net borrowings	77	-53	135	149	76

- ※ The above data for Sep.2023 is based on unaudited financial statements.
- ※ Sep. 2023 classifies Non-Current Assets/Liabilities due to Solus Biotech was sold ('23.07.04)
- ※ The above date calculated based on the corresponding each end of the year FX rate.

Consolidated Statement of Comprehensive Income

Investor Relations 2023

(Unit: USD 1M)

Classification	2019	2020	2021	2022					2023			
				Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Total
Sales	60	246	322	103	98	79	80	338	89	77	85	248
Battery copper foil	-	1	32	25	26	21	16	83	32	28	31	90
Copper foil	34	140	172	43	39	30	29	132	35	28	33	95
Electro-materials	15	69	81	26	23	23	25	92	22	21	21	63
Bio	11	36	37	9	10	5	10	31	-	-	-	-
Cost of sales	40	164	256	88	84	73	77	305	85	80	83	245
Net sales income	20	82	66	15	14	6	3	33	4	-3	2	3
SG&A	12	56	62	17	19	20	14	67	19	15	17	51
Operating profit	9	26	4	-2	-5	-14	-11	-34	-15	-18	-16	-48
(%)	14.6%	10.5%	1.3%	-2.0%	-6.2%	-18.5%	-14.3%	-9.8%	-16.9%	-23.5%	-18.3%	-19.4
Gains/losses on interest	-1	-5	-4	-1	-1	-1	-2	-5	-3	-5	-3	-10
Gain/losses on foreign currency transactions	-1	-6	7	0	7	4	1	8	0	0	0	0
Gain/losses on foreign currency transactions	-2	-14	1	2	7	2	-6	4	0	1	7	8
Earnings before interest and taxes	6	-2	3	-1	5	-11	-20	-26	-18	-24	224	184
Income taxes	2	7	0.7	3	6	2	-2	9	-1	-2	60	56
Profit/loss from continuing operations	-	-	2.3	-4	-1	-13	-18	-35	-17	-22	164	128
Profit/loss from discontinued operations	-	-	-2.1	-	-	-	-2	-2	0	1	-	1
Net income	4	-9	0.2	-4	-1	-13	-20	-37	-17	-21	164	128
Income for controlling shareholder	4	-9	10	0	4	-7	-7	-10	-9	-11	172	154

※ The above data for 2023 3Q is based on unaudited financial statements.

※ The above data calculated based on the corresponding each quarterly, year FX rate

※ Operating profit rate(%) based on KRW

※ The total amount for each business year was calculated based on the FX rate for the 4Q of each year.

※ Following the sale of Solus Biotech, it is classified as discontinued business (bio) sales excluded from 23.1Q and discontinued operating profit or loss

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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 1,333M (As of end of Sep '23)
<u>Employees</u>	1,243 (As of end of Sep '23)
<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>Electro-Materials</u>	Sungnam (R&D/Sales), Iksan (Production), China (Production/Sales)

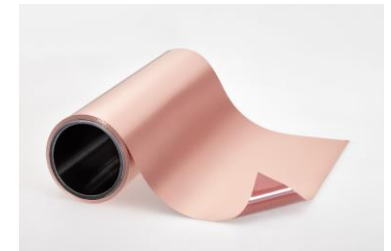
[Business Introduction]



Copper foil for EV batteries



Copper foil for 5G Networks & Electronic devices (PCB)



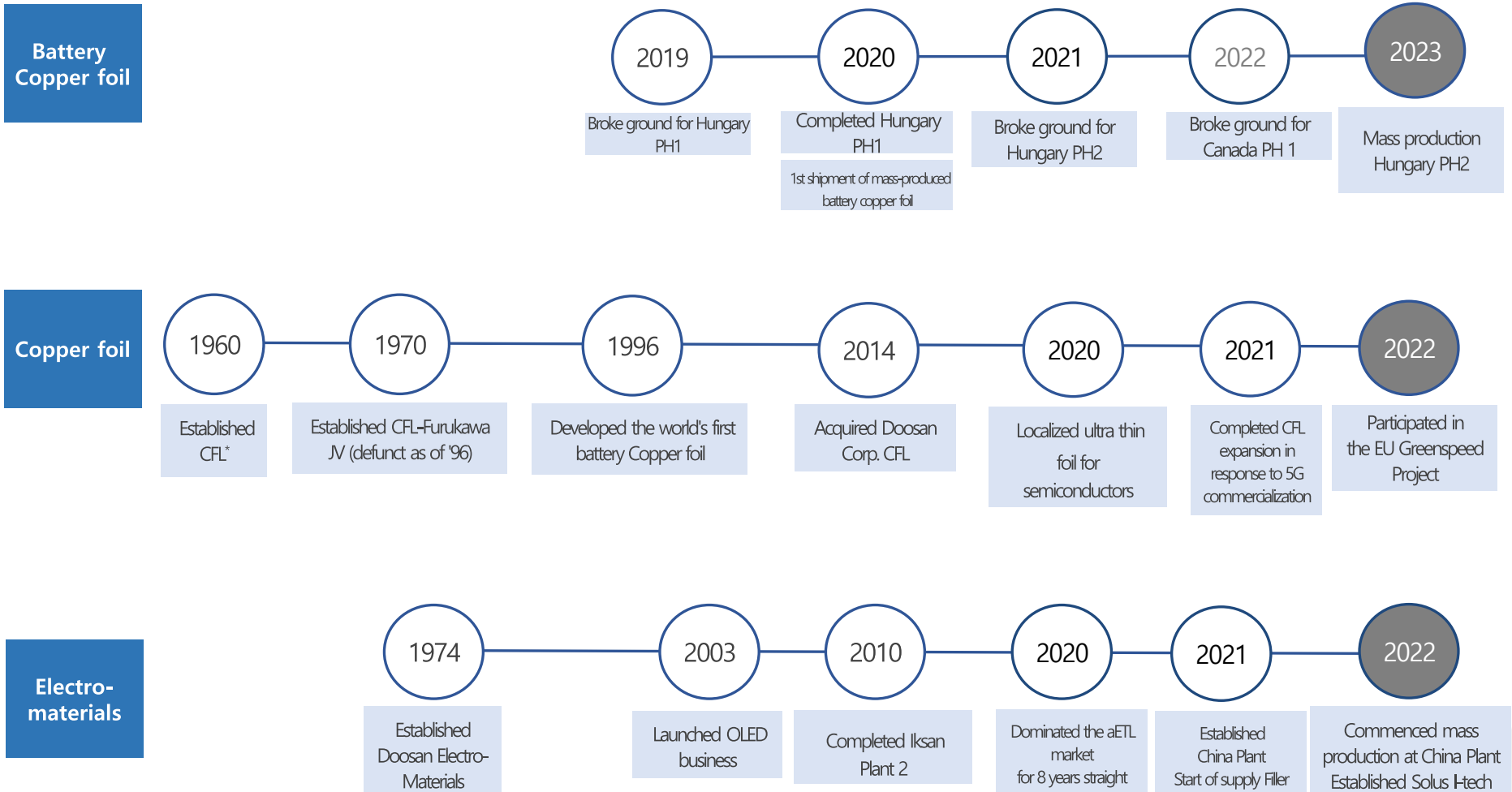
OLED and display materials for smartphone, TV, laptop, etc.



※ The above data for 'Total Assets' (As of end of Sep '23) is based on unaudited financial statements.
 ※ Excluding the number of bio employees as the sale process finished.

History

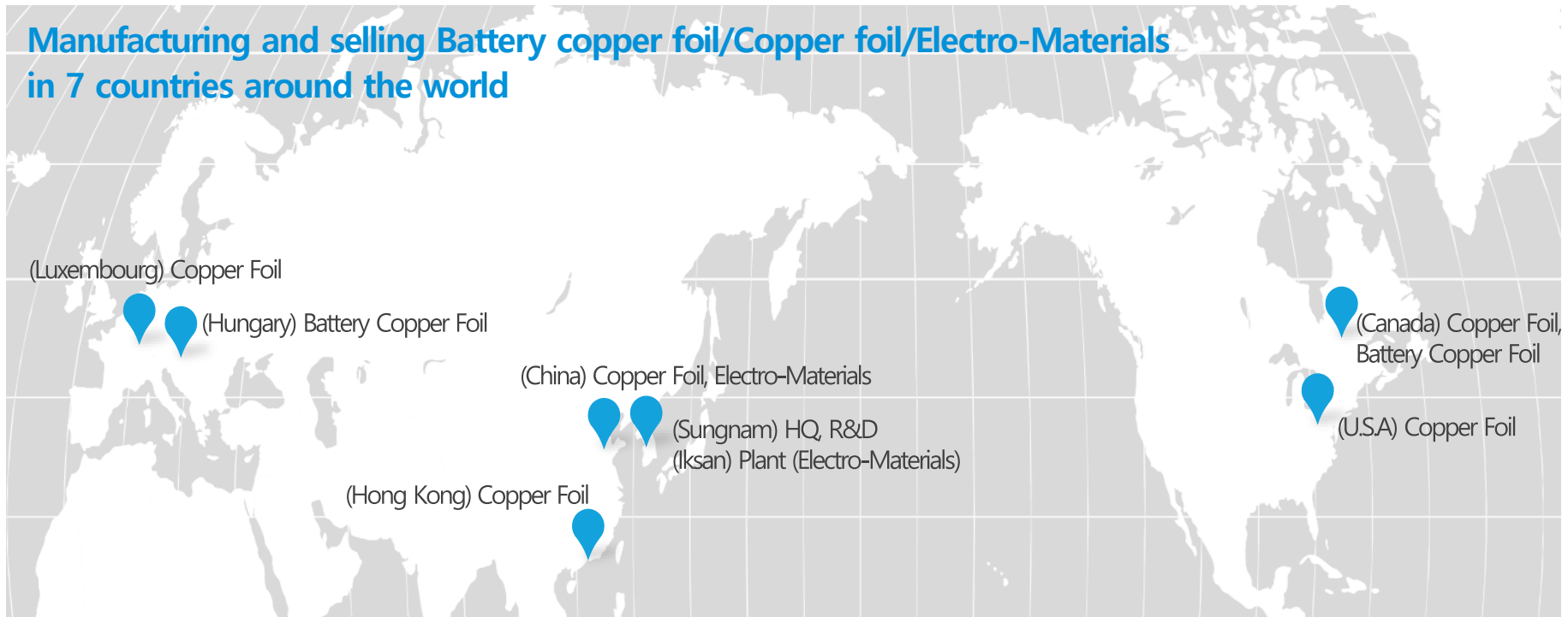
Business expansion & growth into global no.1 material company with over 60 years of experience & know-hows



* Circuit Foil Luxembourg

Business Sites

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



Iksan, Korea (Electro-Materials)



Luxembourg (Copper Foil)

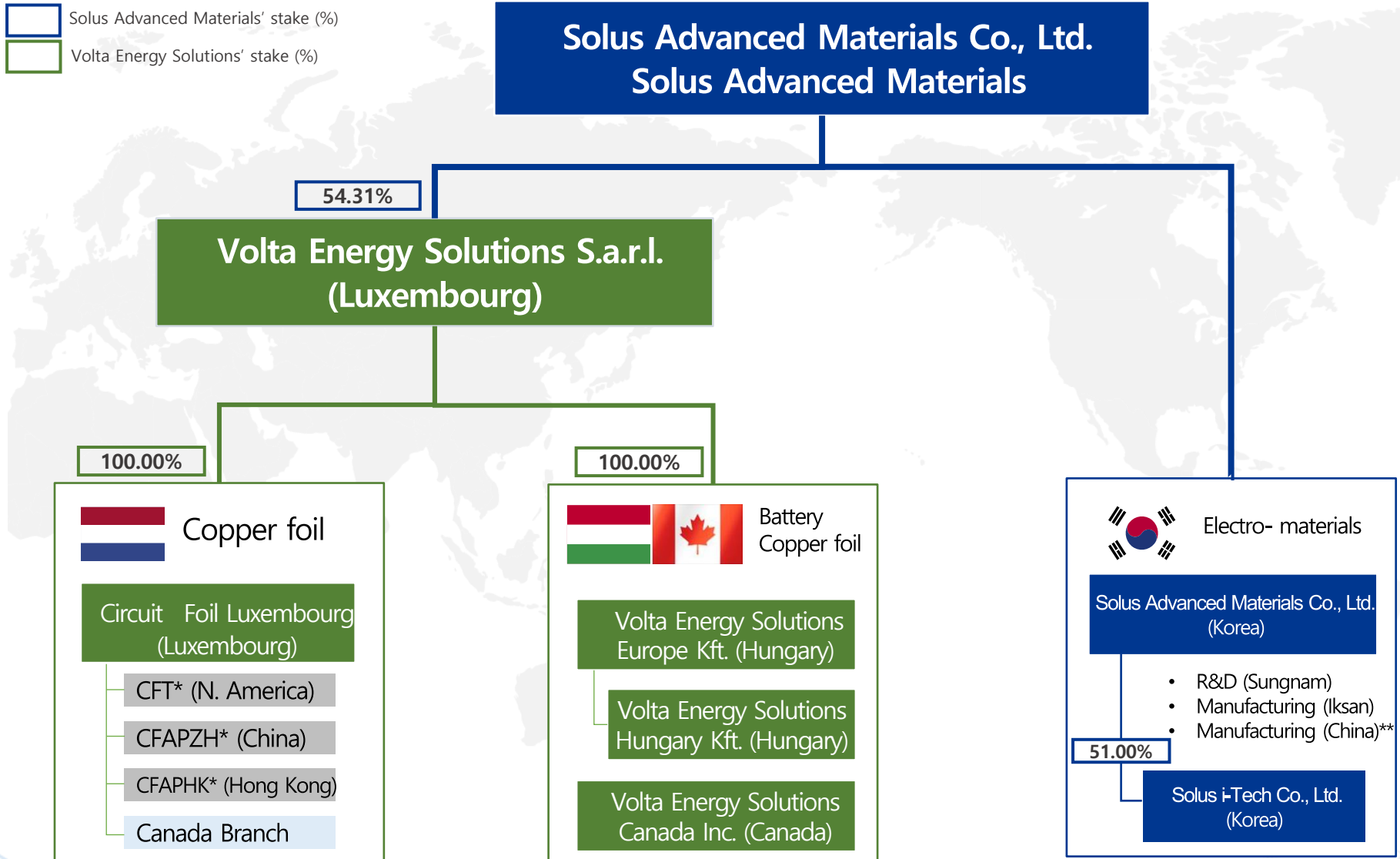


Hungary (Battery Copper Foil)



Canada (Battery Copper Foil)

Domestic & Overseas Corporations



* 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	'21.1Q	'21.2Q
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	1,133.50	1,130.00
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	1,113.62	1,121.33

Items	'21.3Q	'21.4Q	'22.1Q	'22.2Q	'22.3Q	'22.4Q	'23.1Q	'23.2Q	'23.3Q	2023(P)
B/S	1,184.90	1,185.50	1,210.80	1,292.90	1,434.80	1,267.30	1,303.80	1,312.80	1,344.80	1,330.00
I/S	1,157.95	1,183.14	1,204.46	1,259.85	1,339.14	1,362.33	1,274.57	1,315.00	1,311.42	1,330.00

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

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