Solus Advanced Materials

Solus Advanced Materials Co., Ltd.
3Q25 Earnings Report

2025.10.28

Disclaimer

The information herein has been prepared based on unaudited financial statements for your information purposes only and contains preliminary figures which may change depending on the external audit results.

All information about the company's financial performance contained in this material is based on consolidated financial statements in accordance with Korean IFRS.

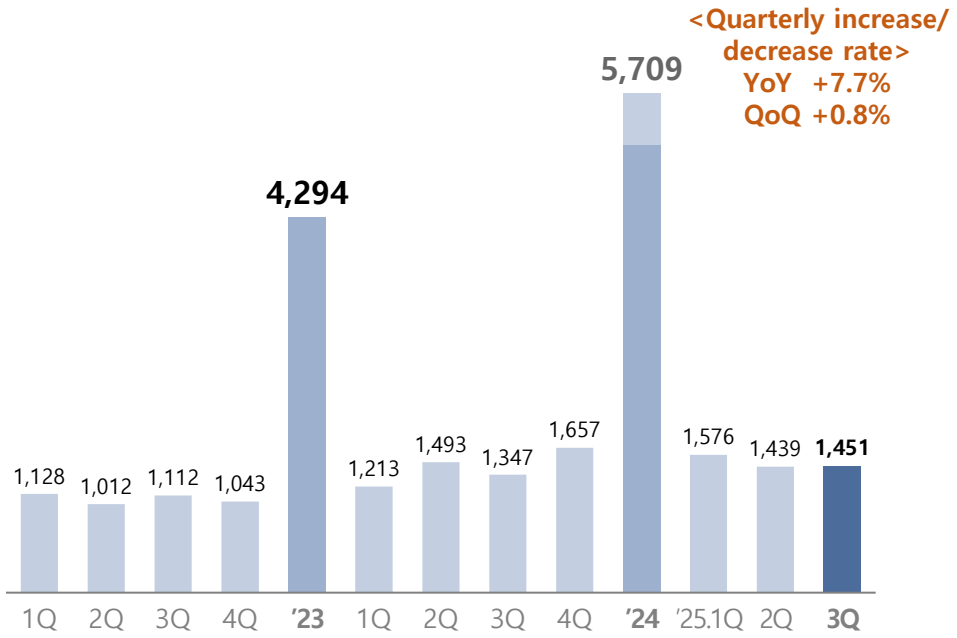
This material also contains “forecasts” based on predictions, forecasts, plans and expectations for the future, and these “forecasts” may differ significantly from the company’s actual performance to be provided in the future due to their uncertain nature.

Consolidated Financial Performance of Q3 2025

- **Sales:** Despite the impact of a sales decline due to inventory adjustments by battery copper foil customers, sales increased by 7.7% year-on-year and 0.8% quarter-on-quarter to 145.1 billion won, driven by increased supply of copper foil for AI accelerators and OLED light-emitting materials.
- **EBITDA :** EBITDA decreased by 253.3% year-on-year and turned into a deficit compared to the previous quarter to 5. 3 billion won, due to increased fixed costs resulting from decreased supply to major battery copper foil customers a mid the operation of task force programs to improve yields and reduce costs.

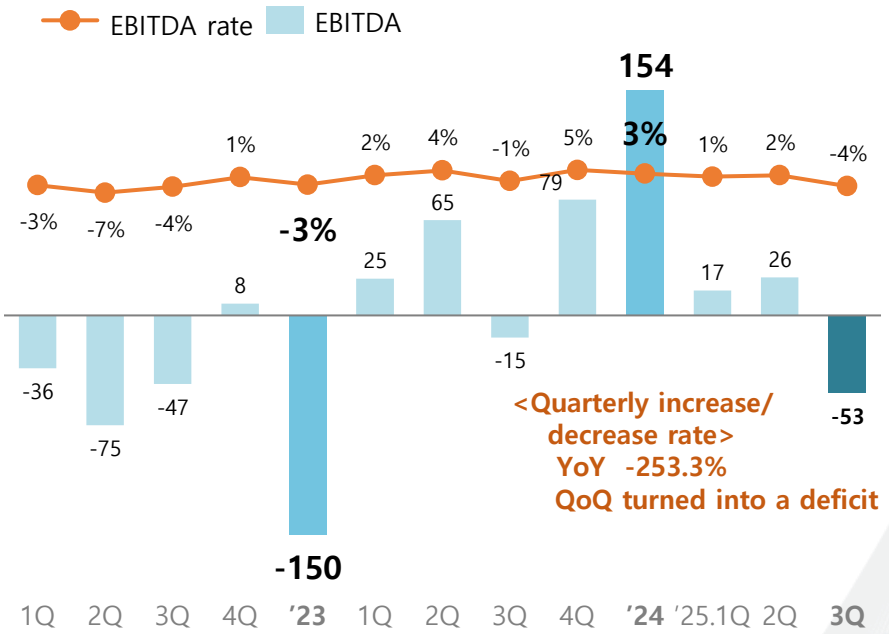
Sales Trends

(Unit: KRW 100 million)



EBITDA (%) Trends

(Unit: KRW 100 million)



Q3 2025 Performance and Plans by Business Division

Performance for Q3 2025

- **Battery copper foil :** Sales decreased by 20.9% QoQ and 33.8% YoY due to customer inventory adjustments and delayed ramp-up.
- **Copper foil :** Sales increased 15.9% QoQ and 55.4% YoY, driven by robust demand for high-end products for AI accelerators.
- **OLED :** Sales increased by 0.9% QoQ and 5.6% YoY due to increased supply of mobile products and new OEM mass production.

Plan for Q3 2025

- **Battery copper foil business:** To pursue a strategy to diversify customer base in Europe, improve profitability by expanding high-end product volumes, and strengthen fundamentals for strategic marketing and systematic customer service.
- **OLED business :** To expand OEM supply of mobile/IT development products and luminescent materials, and spur the development and mass production of new materials

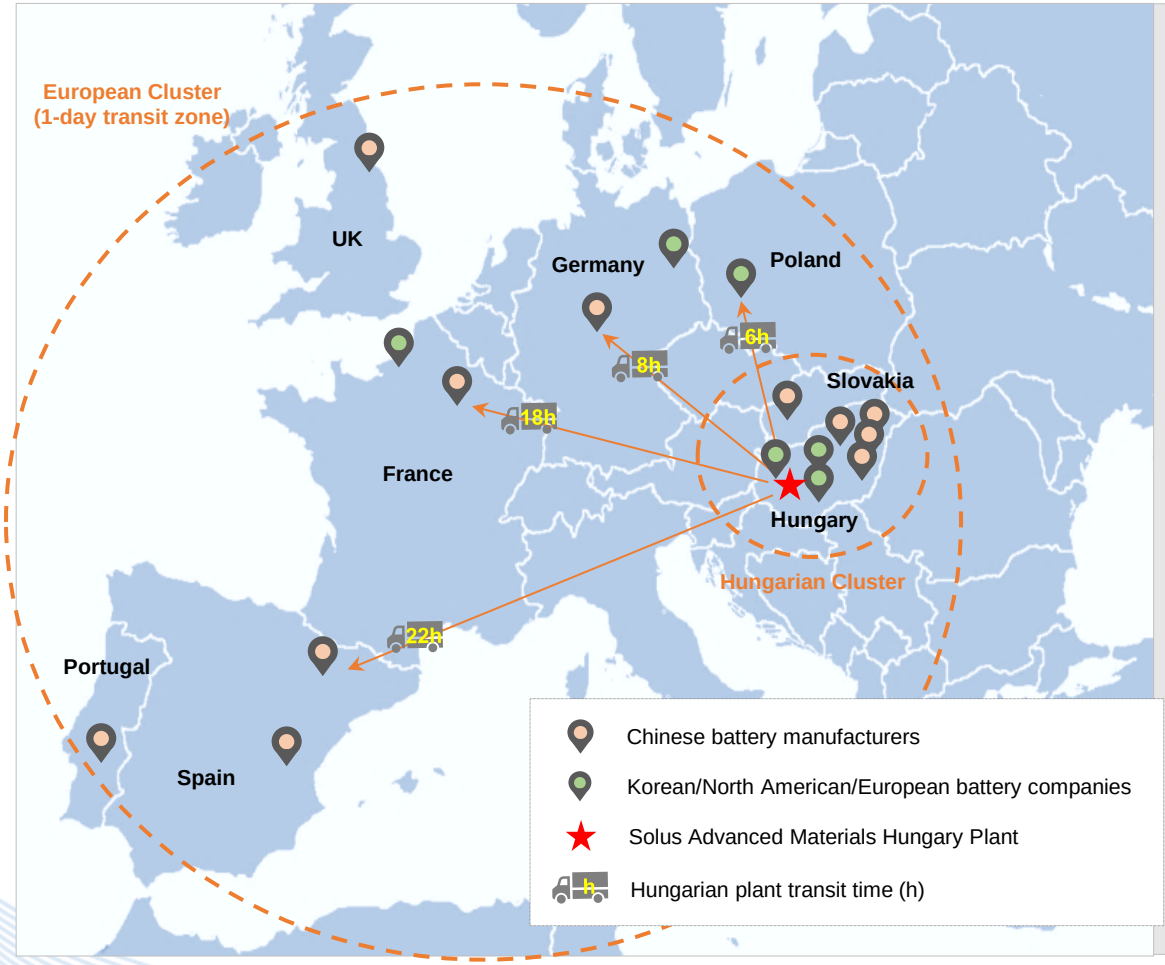
(Unit: KRW 100 million)

Division	Q3 2025	QoQ		YoY	
		Q3 2025	Increase/ Decrease rate	Q3 2024	Increase/ Decrease rate
Sales	**1,451**	1,439	**+0.8%**	1,347	**+7.7%**
Battery copper foil	**364**	460	-20.9%	550	-33.8%
Copper foil	**766**	661	+15.9%	493	+55.4%
OLED	**321**	318	+0.9%	304	+5.6%
EBITDA (%)	**-53 (-3.7%)**	26 (1.8%)	**turned into a deficit**	-15 (-1.1%)	**-253.3%**
Operating Profit (%)	**-211 (-14.5%)**	-150 (-10.4%)	**-40.7%**	-187 (-13.9%)	**-12.8%**

Benefiting from the European Electric Vehicle Cluster

Europe, with its expanding national support policies, is emerging as a strategic market for electric vehicles. A "European Electric Vehicle Cluster" is formed centering around Hungary.
→ The strategic location of Europe's only battery copper foil plant is used to expand supply.

Location of major battery manufacturers that entered Europe and transit time from the Hungary plant



Strategic Location Benefits

① European Cluster

- Global battery manufacturers forming a European cluster centered around Hungary
- Chinese battery companies such as CATL, AESC, BYD, and Gotion accelerating their expansion into Europe.

- Construction of a new production base under review.
- Accelerated expansion of European market share.

② Strengthening the local supply system (efficiency + quality)

- Continuing expansion into Europe, securing top-tier customers.
- Expected to meet growing demand and benefit from strategic locations by supplying directly from Europe's only plant.

Transit time of 1-2 days
(vs. 5 weeks in Korea/Southeast Asia)

Strength in quality/inventory response
(Battery copper foil shelf life is typically 3 months.)

Expected Growth based on European Market Policies

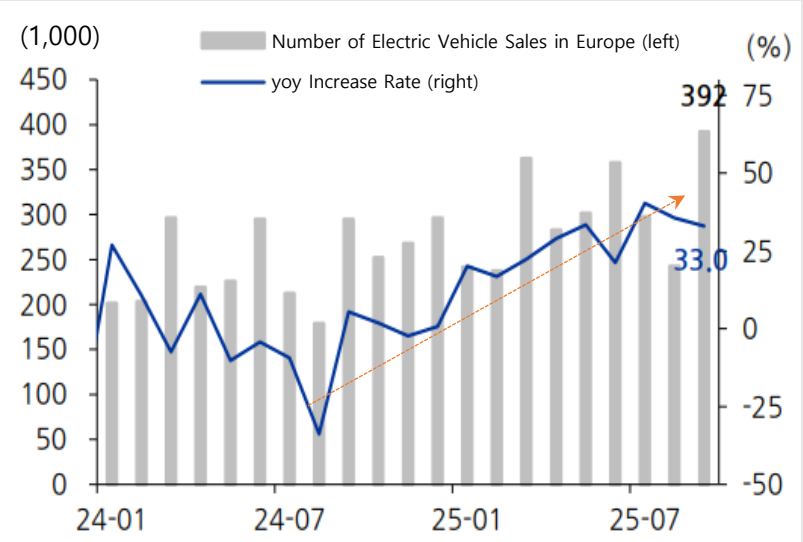
Demand for electric vehicles is gradually expanding due to the activation of local support policies in Europe.
→ This is together with market growth expected thanks to the revival of major government subsidies, and benefits from local supply chain and ESS development policies.

[Growth of European Market]

- European EV sales reached 3 million units between January and September 2025 (+32% year-on-year)*
- As of September, EV sales reached 392,000 units (+33% year-on-year), a record high**
  - UK +37%, Germany +48%, Spain +114%, Italy +69%

*rhomotion.com/news, Rhomotion,
** Electric Vehicle/Battery Industry, Eugene Investment & Securities

< Monthly Electric Vehicle Sales Trends in Europe * >



* Electric vehicle/battery industry, Eugene Investment & Securities

Policy Benefit Factors

Subsidy Revival

- **Subsidies for electric vehicles in major European countries**

UK	Germany	Italy
Up to 10% subsidy (1.2 trillion won) given to purchases	75% tax credit on purchases Support for low-Income families (5 trillion won)	Up to €11,000 in purchase subsidies (worth 960 billion won)

Strengthening Local Supply Chains

- **Europe's CRMA**
  - Reducing dependence on specific countries outside of Europe for strategic raw materials to 65% or less and strengthening the use of local electric vehicle supply chains.
- **EU pushes for industrial acceleration law**
  - Laws mandating technology transfer and localization for Chinese companies (including the use of European components and local labor, and the establishment of joint ventures)

ESS Market Growth

- **Expanding the European ESS market**
  - CAGR of 22.3% expected through 2030 (19.1 GWh in 2024 → 83 GWh in 2030)
- **Promoting ESS adoption through governme nt incentives**
  - UK: Up to 50% discount on ESS installation costs for home use
  - Germany: 30% subsidy on residential ESS investment

Customer Diversification Effect

Pursuing a diversification strategy by securing eight new customers within 25 years, laying the foundation for expanding supply.

→ Full-scale supply expansion expected from 2026, future volume/profitability stabilization and expansion strategies to be implemented.

Customer Diversification Strategies

- ✓ Pursuing a diversification strategy, targeting a total of eight clients by the end of the year
  → Securing six of the top 10 global clients
- ✓ Supply volume expected to increase explosively as new customers begin supplying goods and ramping up operations.

※ Global battery manufacturer market share*
(based on cumulative usage as of August 2025)

Rank	Company	Share
1	CATL	36.8%
2	BYD	18.0%
3	LG Energy Solution	9.7%
4	CALB	4.6%
5	SK On	4.2%
6	Panasonic	3.7%
7	Gotion	3.6%
8	Samsung SDI	2.9%
9	EVE	2.9%
10	SVOLT	2.5%
	Other	10.9%
	Total	100.0%

2025 Plan

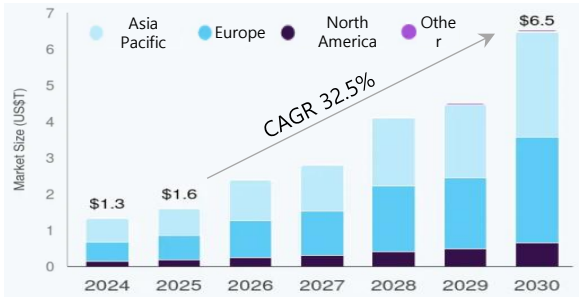
Secured 6 customers, including CATL, among the top 10 global battery manufacturers

+

Secured 2 customers, including ACC

* September 2025 Global EV and Battery Monthly Tracker, SNE Research

< Electric Vehicle Market (Size, by Region, 2018-2030) >



* Electric Vehicle Market (2025-2030), GRANDVIEWRESEARCH

Sales Scale

2025

Step. 1
Establishing Foundation

- Expanding customer base (8 companies)
- Strengthening partnerships

2026

Step. 2
Supply Expansion

- Full-scale supply to new customers and ramp-up for existing customers
- Increased supply to improve profitability

2027~

Step. 3
Stabilization + Area Expansion

- Stabilizing supply and profitability
- Expanding supply to the North American market

Profitability

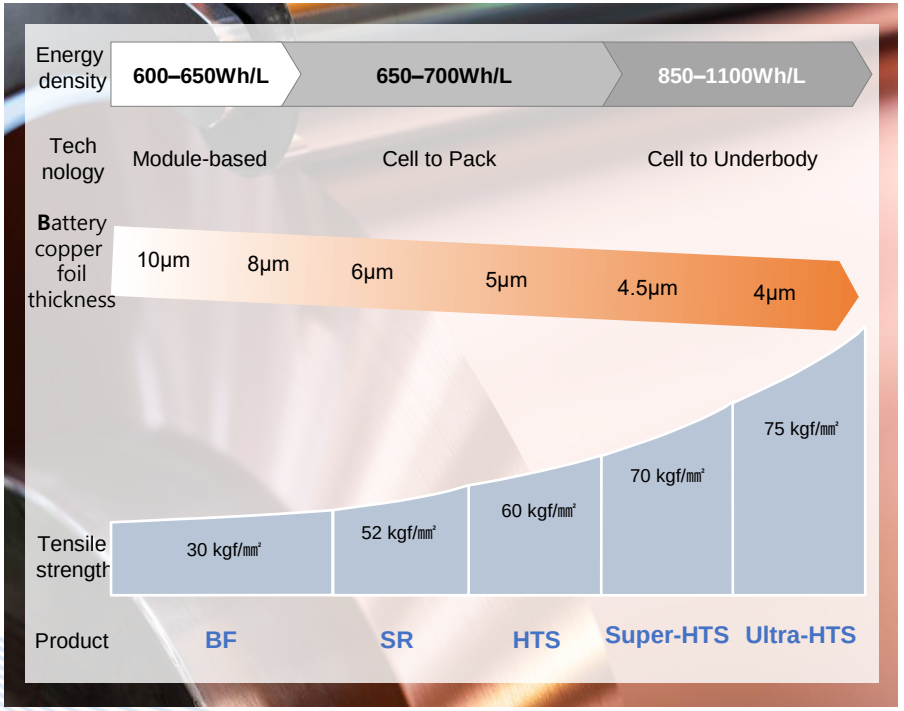
Advancing top-of-the-world high-end battery copper foil manufacturing technology

With the trend toward lighter electric vehicle batteries, demand is increasing for high-end battery copper foil that maintains performance even in extreme environments.

→ Acquired approval for Europe's only high-strength, high-end product based on advanced battery copper foil technology.

High-End Battery Copper Foil Technology Trends

- **Improved Mileage**
  - As the battery foil becomes thinner (thinner), weight is reduced, the active material loading space is expanded, and energy density is improved.
- **Securing Lifetime Stability**
  - It is necessary to relieve the stress of volume shrinkage and expansion that occurs during battery charging/discharging.



[Advancement of Solus Advanced Materials Technology]

Min. thickness	Max. strength	Highest elongation rate
4.5㎛	70 kgf/㎟	15%

1 Battery performance improvement

- **Thin film product supply (8um → 6~4.5um)**
  - Energy density improvement
  - Expanding battery capacity by expanding the active material loading space

2 Ensuring coating fairness

- **Supply of high-strength products**
  - Improved process issues (wrinkles, tears) due to thinning.
  - Minimized the impact of roll press pressure when increasing the amount of active material applied.

3 Long-life stability Improvement

- **Supply of high-strength/high-elongation products**
  - Improved battery life by preventing electrode deformation

✔ **Exclusive approval for high-strength products from France's ACC (Automotive Cells Company)**

✔ **Acquiring Europe's only high-end product approval, enhancing product competitiveness.**

Patent Litigation Status

Gaining an upper hand in US litigation based on the technological prowess and leading products of CFL (Circuit Foil Luxembourg), a company with 65 years of experience.

→ Europe: Plans to actively respond using the response to the US lawsuit.
Korea: Claims of infringement of essential copper foil process technology for batteries (4 remaining cases).

Litigation Response Status

Region	Response	Progress status
US (ED Texas)	• Claims of fundamental limitations in the patent (invalid as a simple parameterized patent) • Pre-existing products exist prior to filing (CFL battery copper foil and numerous other products currently under development)	**Aug. 2025** Company S Attempts to Exclude Evidence Regarding CFL Products (Dismissed) ▶ **CFL's predecessors are strong evidence of invalidity.** **Sep. 2025** Company S Attempts to Merge Trade Secret Infringement Claims (Dismissed) ▶ **Separate matter from patent infringement lawsuit, lack of legal basis** **Oct. 2025** In the preliminary hearing, the claim that S Company failed to attract customers and that the sample testing of infringing products was insufficient was prohibited. (Dismissed) ▶ **Elimination of restrictions on key issues that are advantageous during the main hearing**
Europe (UPC, (Munich/Mannheim)	• All evidence collected in the US lawsuit (prior products, etc.) is presented as is.	**Aug. 2025** Company S Files UPC Lawsuit in Europe (targeting two identical U.S. patents) ▶ **We plan to submit a formal response.**
Korea (Seoul District Court, Korean Intellectual Property Office)	• Claims of infringement of essential process technology in the manufacture of copper foil for batteries (8 cases total*) • Destruction energy 4, grain size 2, chrome rust prevention 2	**From end of 2025** Four patents related to grain size and chrome corrosion prevention are scheduled for review. ▶ **S Company's products are included in the scope of technology as it is an essential technology in the manufacturing process.**

Business Impact

✓ Stable supply to major customers → No contractual disruption due to litigation

✓ Establishing an alternative production system and technical response measures
→ No risk of business interruption

OLED Business Strategy

We will continue to develop OLED materials by leveraging our existing R&D capabilities and strengthen our supply capacity for mid- to long-term growth.

→ **Expected synergy from expanding new product lineup and revitalizing supply.**

OLED Materials Development

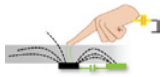
- **Technological innovation and market leadership based on over 740 patented technologies.**
  - Advancing OLED luminescent and non-luminescent product lineups.

- **Driven by market trends, we are developing materials for various applications.**
  - Including green phosphorescent hosts, low-k new materials, and QD ink.

R&D Capabilities

Product Development	Process Development / Process Optimization	Future Technologies	Device Development
· IP Analysis · Customization	· Scale-up	· Post-OLED · Polymer Materials	· Evaluation/Combination · Structural Matching

High efficiency / low voltage / long life + polymer functional material / QD

Luminescent	G	Greenhost	· Low voltage operation, high-efficiency, long life
Non-luminescent		Encap. Materials	· Improved touch precision
Post OLED		Quantum Dot	· Optimized luminescence characteristics/dispersibility · Improved high-temperature/ high-humidity reliability

Strengthening Supply Capabilities

- **Expansion of the plant (Iksan) to secure production capacity for mid- to long-term growth.**
  - Additional facilities due to existing factory relocation and product line expansion.
  - Synergy expected through the use of adjacent locations with SolusiTech (subsidiary).

- **Expansion is on track for completion in early 2026.**

Solus Itech Iksan plant

Polymer Materials

Solus Advanced Materials Iksan Plant (scheduled for completion)

Organic Chemical Materials

"Expanding product lineup and revitalizing production/supply, and strengthening production and management systems by using the advantage of adjacent locations"

Summary Consolidated Statement of Financial Position

(KRW 100 million)

Classification	'21. 12	'22. 12	'23. 12	'24. 12	'25. 09
Current assets	3,945	5,080	5,643	5,972	4,481
Non-current assets	6,171	9,530	11,424	14,822	15,918
Total assets	**10,116**	**14,610**	**17,067**	**20,794**	**20,399**
Current liabilities	2,926	4,221	5,680	8,236	8,397
Non-current liabilities	1,968	1,208	805	1,643	2,359
Total liabilities	**4,894**	**5,429**	**6,485**	**9,879**	**10,756**
Capital stock	40	45	45	91	91
Total shareholders' equity	**5,222**	**9,181**	**10,582**	**10,915**	**9,643**
Debt ratio	94%	59%	61%	91%	112%
[Borrowings]					
Borrowings	2,995	3,520	3,746	7,645	7,929
Cash	1,396	1,628	2,741	1,751	769
Net borrowings	**1,599**	**1,893**	**1,006**	**5,894**	**7,161**

※ The current quarter data is based on unaudited financial statements.

Summary Consolidated Comprehensive Income Statement

(KRW 100 million)

Classification	2021	2022	2023	2024					2025		
				1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q
Sales	**3,803**	**4,612**	**4,294**	**1,213**	**1,493**	**1,347**	**1,657**	**5,709**	**1,576**	**1,439**	**1,451**
Battery foil	378	1,127	1,546	463	668	550	802	2,483	598	460	364
Copper foil	2,036	1,805	1,636	437	502	493	531	1,962	681	661	766
Electronic materials	950	1,251	1,112	313	323	304	324	1,264	297	318	321
Bio	440	429	-								
Cost of sales	3,028	4,158	4,122	1,108	1,379	1,286	1,535	5,307	1,460	1,331	1,378
Gross profit	775	454	172	105	114	61	123	402	116	108	74
SG&A	725	906	904	245	218	248	236	946	269	258	285
Operating profit	**50**	**-452**	**-732**	**-140**	**-105**	**-187**	**-113**	**-544**	**-153**	**-150**	**-212**
(%)	**1.3%**	**-9.8%**	**-17.0%**	**-11.5%**	**-7.0%**	**-13.9%**	**-6.8%**	**-9.5%**	**-9.7%**	**-10.4%**	**-14.6%**
Gains (losses) on interest	-45	-67	-163	-41	-50	-43	-61	-194	-49	-59	-58
Gain (losses) on foreign currency transactions	81	113	-3	-5	2	-3	22	16	-10	-31	9
Gain (losses) on foreign currency translation	15	58	-7	121	82	-184	404	423	-91	-423	130
Net income before corporate tax	36	-367	1,884	-73	-81	-423	204	-374	-293	-630	-179
Corporate tax	9	71	625	17	18	-60	77	53	27	-107	112
Profit (losses) from continuing operations	27	-438	1,259	-91	-99	-363	126	-427	-319	-523	-291
Profit (losses) from discontinued operations	-25	-34	9	-	-	-	-				
Net income	**2**	**-472**	**1,268**	**-91**	**-99**	**-363**	**126**	**-427**	**-319**	**-523**	**-291**
Net Income of controlling shareholders	**119**	**-113**	**1,875**	**17**	**3**	**-217**	**244**	**46**	**-157**	**-410**	**-101**

※ The above data for 2025 3Q is based on unaudited financial statements.
※ Due to the disposal of Solus Biotech, discontinued business (bio) was excluded from sales from 1Q 2023 and classified as discontinued operating profit (losses).

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