



**Solus Advanced
Materials**

**Solus Advanced Materials Co., Ltd.
2023 2Q Earnings Report**

July 2023

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. 2023 2Q Earnings & Plans

II. Consolidated Financial Statements

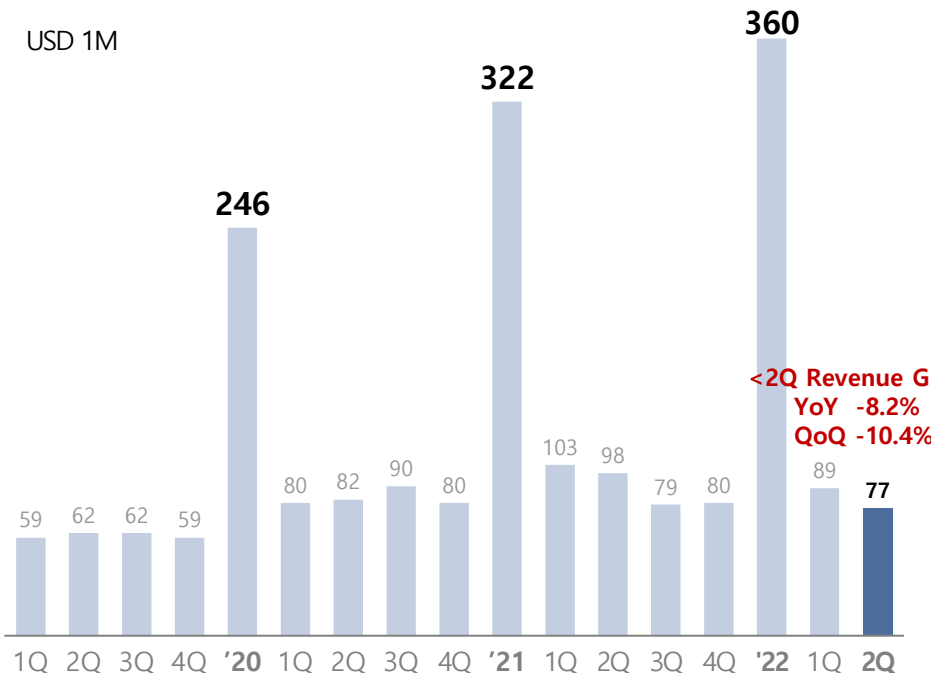
III. Appendix

2023 2Q Earnings

- Revenue:** Despite the low season for the electro-materials supply, due to the excellent business record of IP products, revenue was slightly increased. As the battery copper foil customers adjusted their order amount, revenue was decreased. With sustained global economic downturns, demand dwindled, the production amount of copper foil was reduced, and consolidated revenue was lowered by 10.4% compared to the previous quarter. Additionally, there was an 8.2% decrease when compared to the same quarter from last year.
- EBITDA:** Due to lowering electricity costs, the cost of battery copper foil production was reduced, however due to preparations for the mass production for Hungary PH2, fixed costs rose and the production costs for electro-materials went up, etc. Thus, compared to the previous quarter, EBITDA was reduced by 108.3% and we entered a deficit phase when compared to the same quarter from last year.

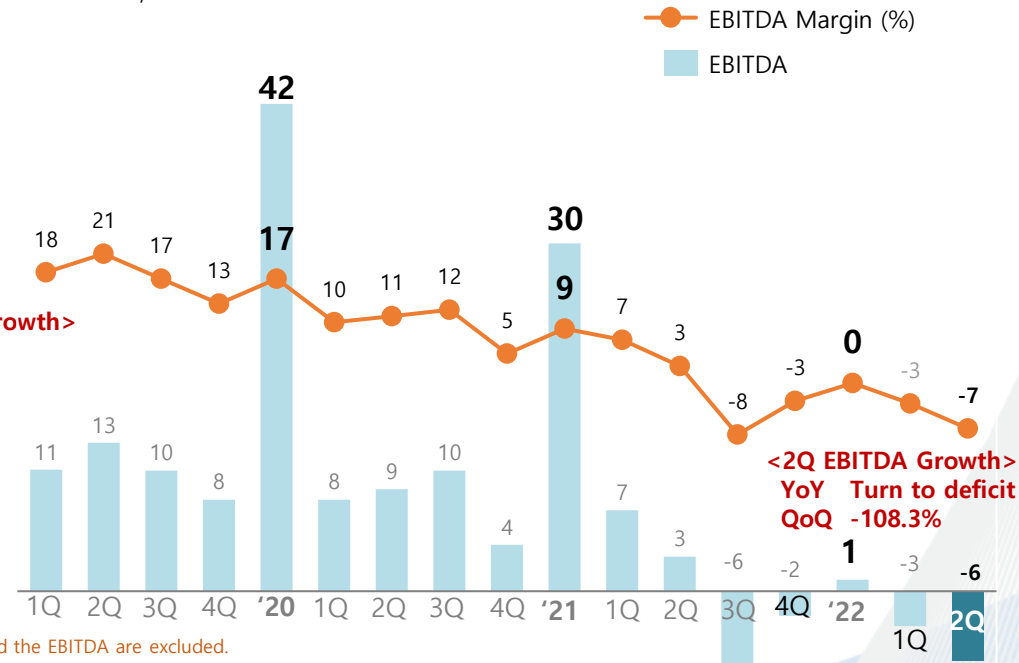
[Revenue Trend]

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.

※ 2Q 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('22.2Q) has a revenue of 88M USD / EBITDA of 2M USD)

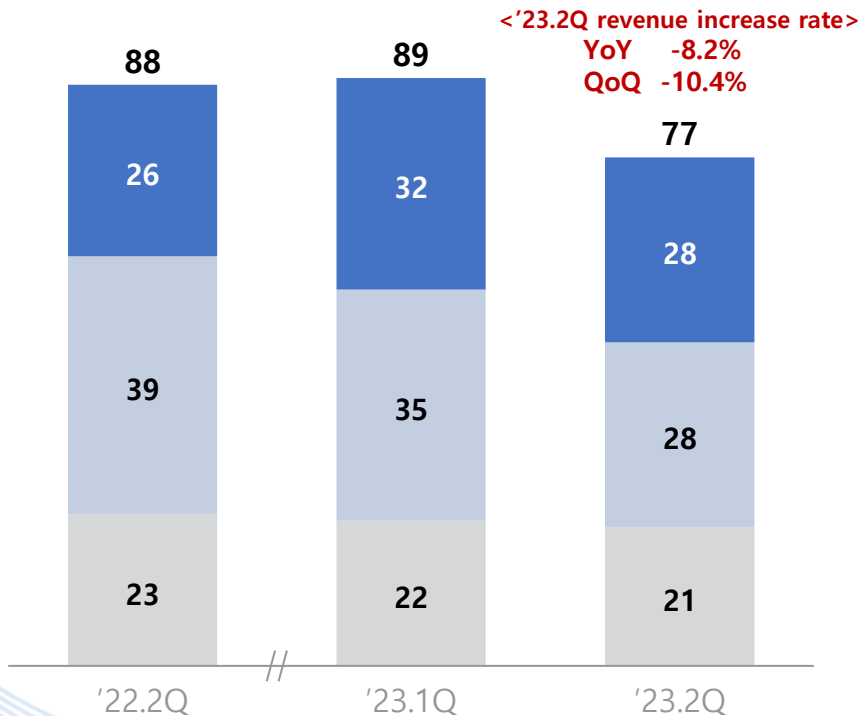
※ The rate of change(%) is based on KRW

2023 2Q 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



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

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

[2023 2Q Achievements and Plans]

• Achievements: YoY 8.2% reduction, QoQ 10.4% reduction

- Battery copper foil: Production was expanded compared to the same quarter of last year, but as some customers reduced their order amount, the revenue was decreased compared to the previous quarter.
- Copper foil: Due to poor frontier industry performance, customer demands dwindled, thus the revenue decreased compared to the previous quarter.
- Electro-materials: Despite the dwindling display market, expanded mass production of IP products lead to an increase in revenue when compared to the previous quarter.

• Plans:

- Battery copper foil: Mass production PH2 starts in Hungary('23 2nd half) leading to higher Capa. which in turn leads to increased production.
- Copper foil: AI server/semiconductor applied high-end product group with expanded mass production and new trade partner discovery.
- Electro-materials: Product diversification for the main partner companies leads to higher supply of IP products

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

[Battery copper Foil Div. - Overview]

• Products

- Manufacture of battery copper foil products to individual customer specifications
- Manufacture of a wide range of battery copper foil products, (e.g, thickness of 8μm or 6μm, high-strength or high-elongation characteristics)

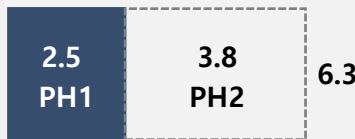
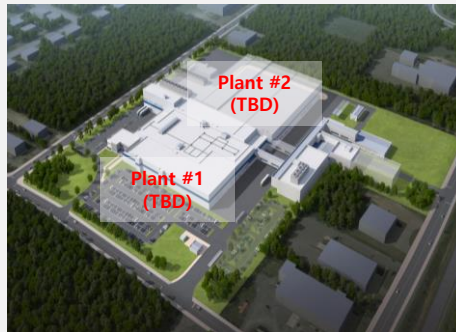
• Customers

- Global top-tier battery manufacturer
- Global OEM company

• Product supply status and plans

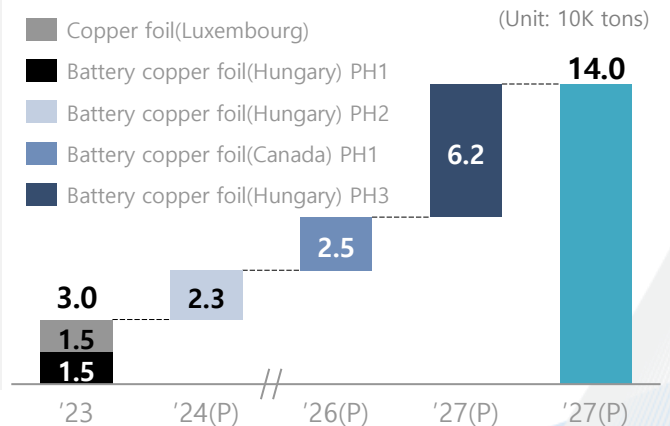
- Start the mass production for Hungary PH2 in the 2nd half of '23.
- Pursue additional supply contracts with existing clients
- Currently pursuing supply contracts for battery makers in EU and North America.

Canada (Battery Copper Foil)



- Expanded Capa. for aggressive response to demands in North America.
- **Canada PH1 will be expanded by 34% compared to the existing forecasted Capa.** (PH1 18K tons → 25K tons)
- PH1 (25K tons Capa.): '24 2H mass production starts

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



Luxembourg (Copper Foil)



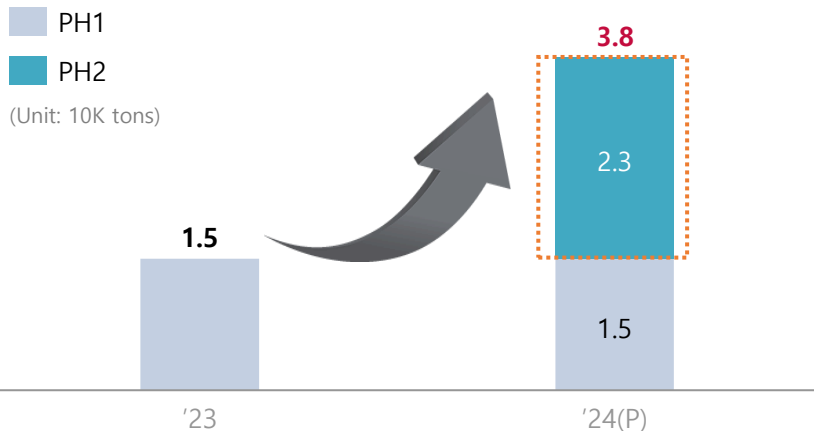
- 15K tons of capacity in Luxembourg
- Manufacturing copper foil for 5G communication equipment and semi-conductor PCB
- Plan to expand supply of ultrathin copper foil

(Unit : 10K ton, Gross Capa.)

Battery copper foil_ Expansion of the battery copper foil production capacity in North America and the EU

- **Start mass production for Hungary PH2 in the 2nd half of '23 & Determined to expand the Canada PH1 capacity by 34% compared to the existing plan**
 - Hungary PH2: Completion of approval from the customer, and mass production will start in the 2nd half of '23 and expand the manufacturing line.
 - Canada PH1: After the USA IRA announcement, North American demands for EV batteries soared, thus we must prepare to cope with such changes and conquer the local markets and maintain close relations with customers to gain a competitive edge.

Start mass production in Hungary PH2



- **Hungary PH2 operation plans - Maximal efficiency of production processes**
 - Increase operation capacity to secure the leadership as the only European battery copper foil maker.
 - PH1 operation knowledge and lessons learned are aggressively reflected in our business.
 - With consistent processes and optimization of production facilities, we can expect to stabilize the production line in a shorter time than PH1.
 - With expanded lines, we will develop new products and expand profitability.

Canada PH1 Capa. expanded

	Capacity	Automation introduction	Mass production period
Existing	Annual amount of 18K tons	Partial automation	'24 2nd half
Change	Annual amount of 25K tons (Existing value + 34%)	Expanded the scope of automation	'24 2nd half

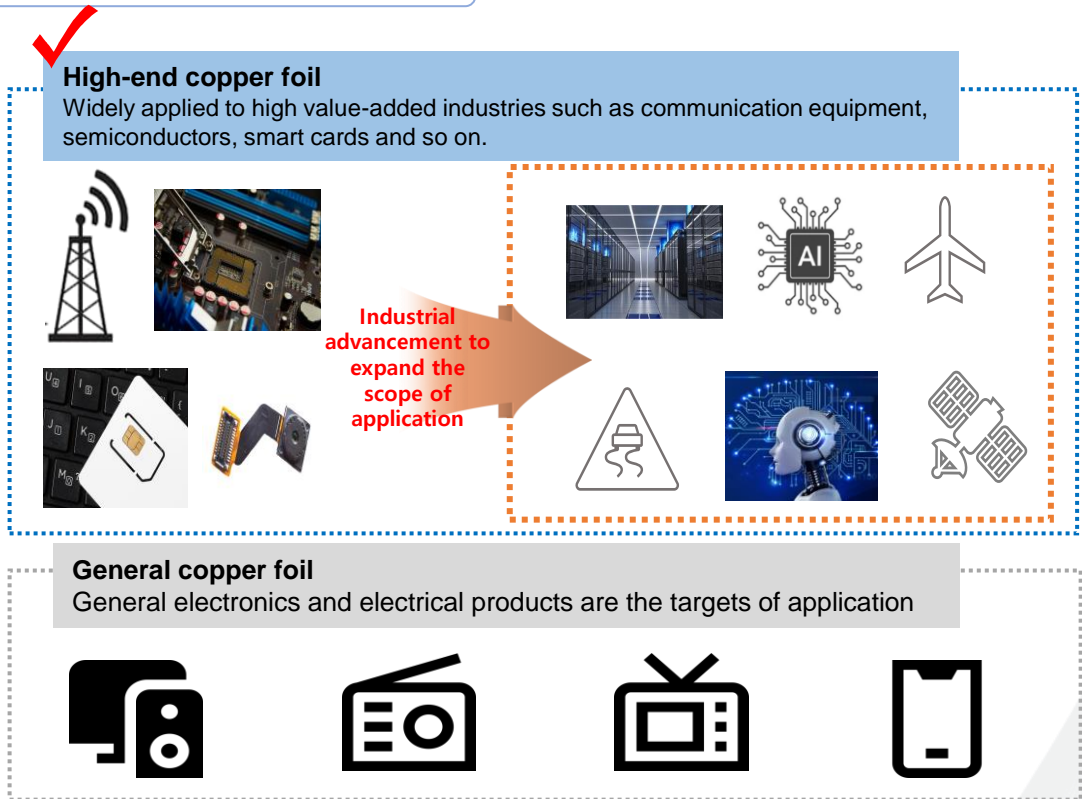
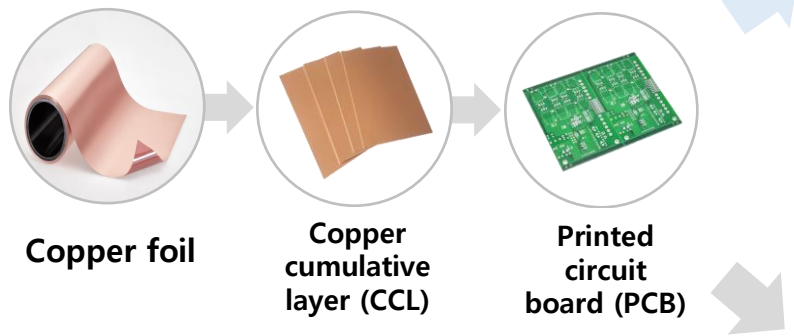
Capa. and automated area expansion for maximum manufacturing efficiency/profitability

Respond to increased demands in North America and secure the initiatives in competition.

Copper foil_High-end product supply expansion

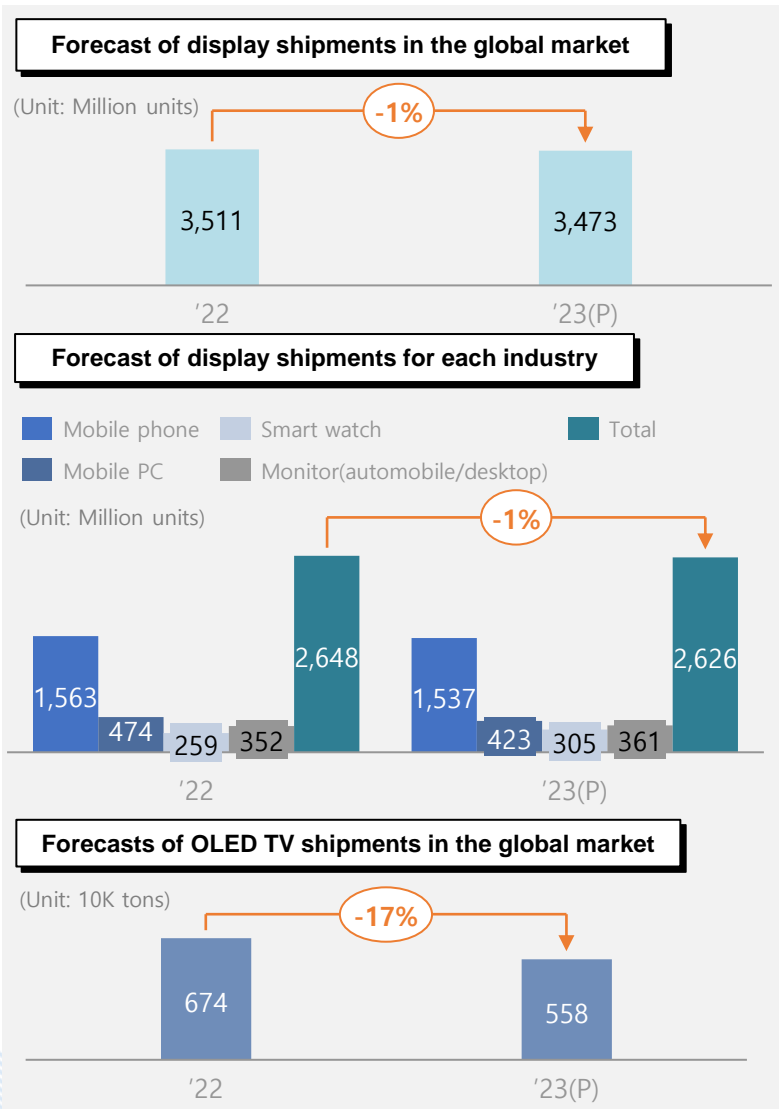
- 60 years of experience in copper foil development and mass production for high-end product supplies in accordance with the new market trends.
 - Distinct technological power for copper foil production customized to customers and markets, which can be applied to advanced products with $1.5\mu\text{m} \sim 210\mu\text{m}$.
 - Industrial advancement to supply high-end copper foil with high profits suitable for various advanced industries such as AI, robotics, aerospace, autonomous driving and data centers, etc. which are rapidly developing.

High-end copper foil from Solus with a great reputation of advanced industry development



Electro-materials Secure the firm driving force despite difficulties in the frontier industry of electronic materials

Display market forecasts



2H forecasts for the electro-materials environment and goals

- **Deteriorating frontier business_display market to decrease in size**
 - Due to a sluggish global economy, display demands are low.
 - A decrease can be expected in the mobile/TV market compared to last year.
- **Strengthening market competitiveness to minimize effects from the dwindling frontier business.**
 - Despite the decrease in the frontier industry in size, the annual revenue is expected to remain the same as last year.
 - **① IP product M/S expansion:** Expand the scope of various IP applied products supplied to domestic and overseas customers.
 - **② Consistent R&D:** Phosphorescent green light emission material, TFE, QD Ink, etc. are developed to create a firm business structure that can enable a flexible response to the evolving market environment.

I. 2023 2Q Earnings & Plans

II. Consolidated Financial Statements

III. Appendix

Consolidated Financial Statements

Investor Relations 2023

(Unit: USD 1M)

Classification	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022	Jun. 2023
Current assets	199	414	332	409	347
Non-current assets	211	359	520	745	845
Total assets	410	773	852	1,154	1,192
Current liabilities	128	154	241	270	450
Non-current liabilities	176	169	171	162	58
Total liabilities	304	323	412	432	508
Capital stock	4	4	3	4	3
Total shareholders' equity	106	450	440	722	684
Debt ratio	251%	72%	94%	59%	74%
[Borrowings]					
Borrowings	159	228	253	277	340
Cash	82	281	118	128	78
Net borrowings	77	-53	135	149	262

- ※ The above data for Jun.2023 is based on unaudited financial statements.
- ※ Jun. 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	1H
Sales	60	246	322	103	98	79	80	338	89	77	162
Battery copper foil	-	1	32	25	26	21	16	83	32	28	58
Copper foil	34	140	172	43	39	30	29	132	35	28	62
Electro-materials	15	69	81	26	23	23	25	92	22	21	42
Bio	11	36	37	9	10	5	10	31	-	-	-
Cost of sales	40	164	256	88	84	73	77	305	85	80	162
Net sales income	20	82	66	15	14	6	3	33	4	-3	1
SG&A	12	56	62	17	19	20	14	67	19	15	33
Operating profit	9	26	4	-2	-5	-14	-11	-34	-15	-18	-32
(%)	14.6%	10.5%	1.3%	-2.0%	-6.2%	-18.5%	-14.3%	-9.8%	-16.9%	-23.5%	-20.0%
Gains/losses on interest	-1	-5	-4	-1	-1	-1	-2	-5	-3	-5	-7
Gain/losses on foreign currency transactions	-1	-6	7	0	7	4	1	8	0.2	-0.2	0
Gain/losses on foreign currency transactions	-2	-14	1	2	7	2	-6	4	0.1	0.5	0.5
Earnings before interest and taxes	6	-2	3	-1	5	-11	-20	-26	-18	-24	-41
Income taxes	2	7	0.7	3	6	2	-2	9	-1	-2	-3
Profit/loss from continuing operations	-	-	2.3	-4	-1	-13	-18	-35	-17	-22	-38
Profit/loss from discontinued operations	-	-	-2.1	-	-	-	-2	-2	-0.1	0.6	0.6
Net income	4	-9	0.2	-4	-1	-13	-20	-37	-17	-21	-37
Income for controlling shareholder	4	-9	10	0	4	-7	-7	-10	-9	-11	-19

※ The above data for 2023 2Q 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, 1H 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

I. 2023 2Q Earnings & Plans

II. Consolidated Financial Statements

III. Appendix

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 1,192M (As of end of June '23)
<u>Employees</u>	1,277 (As of end of June '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)

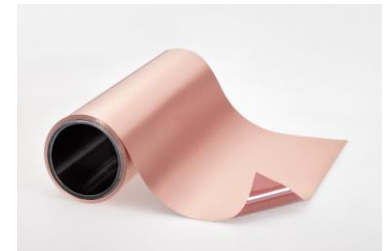
[Business Introduction]



**Copper foil for
EV batteries**



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

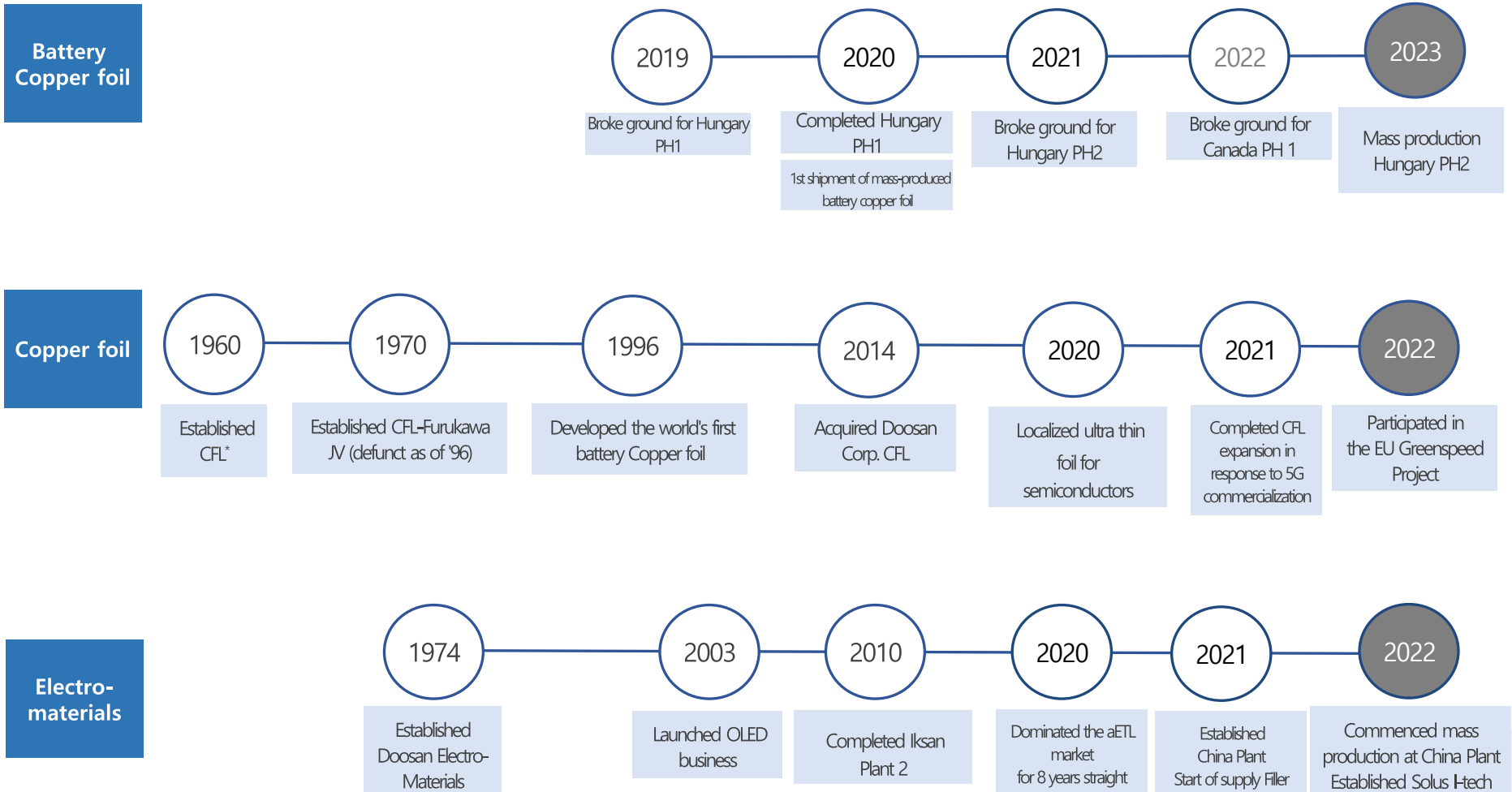


**OLED and display
materials for
smartphone, TV,
laptop, etc.**



History

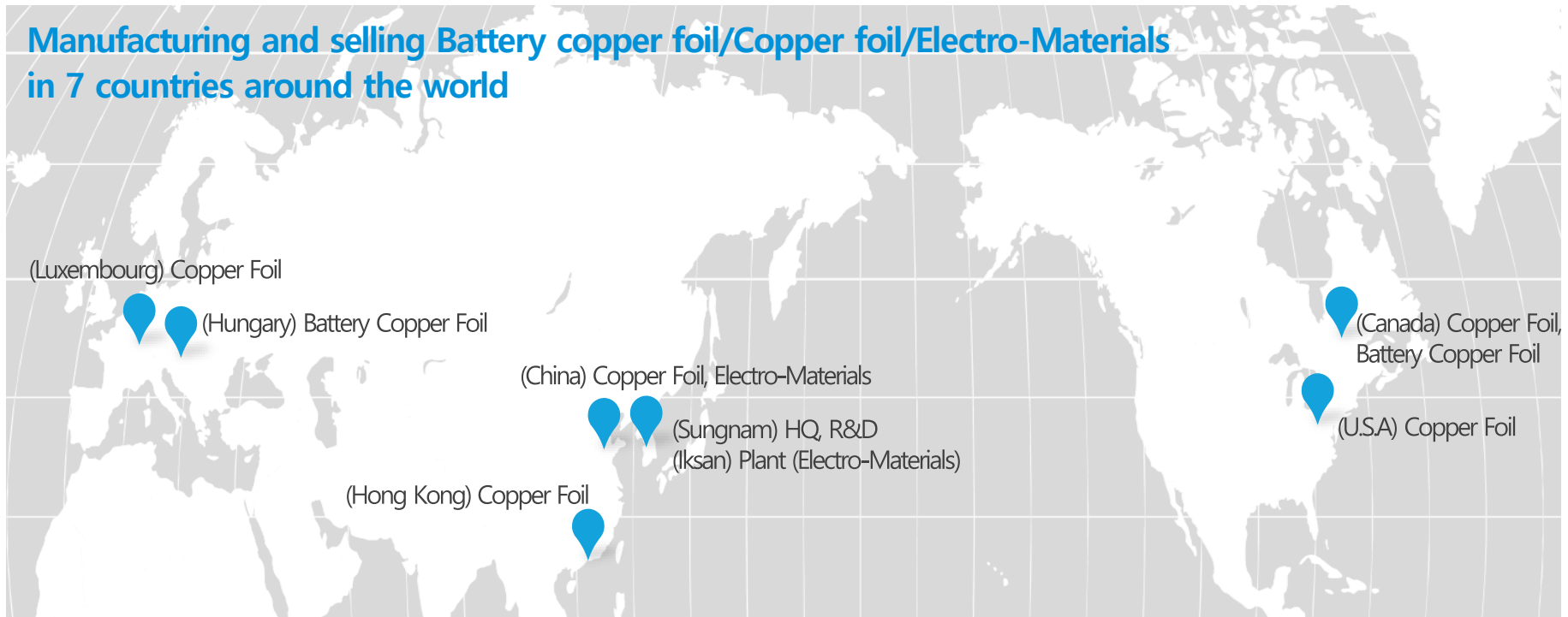
Business expansion & growth into global no.1 material company with over 60 years of experience & know-hows



* 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)

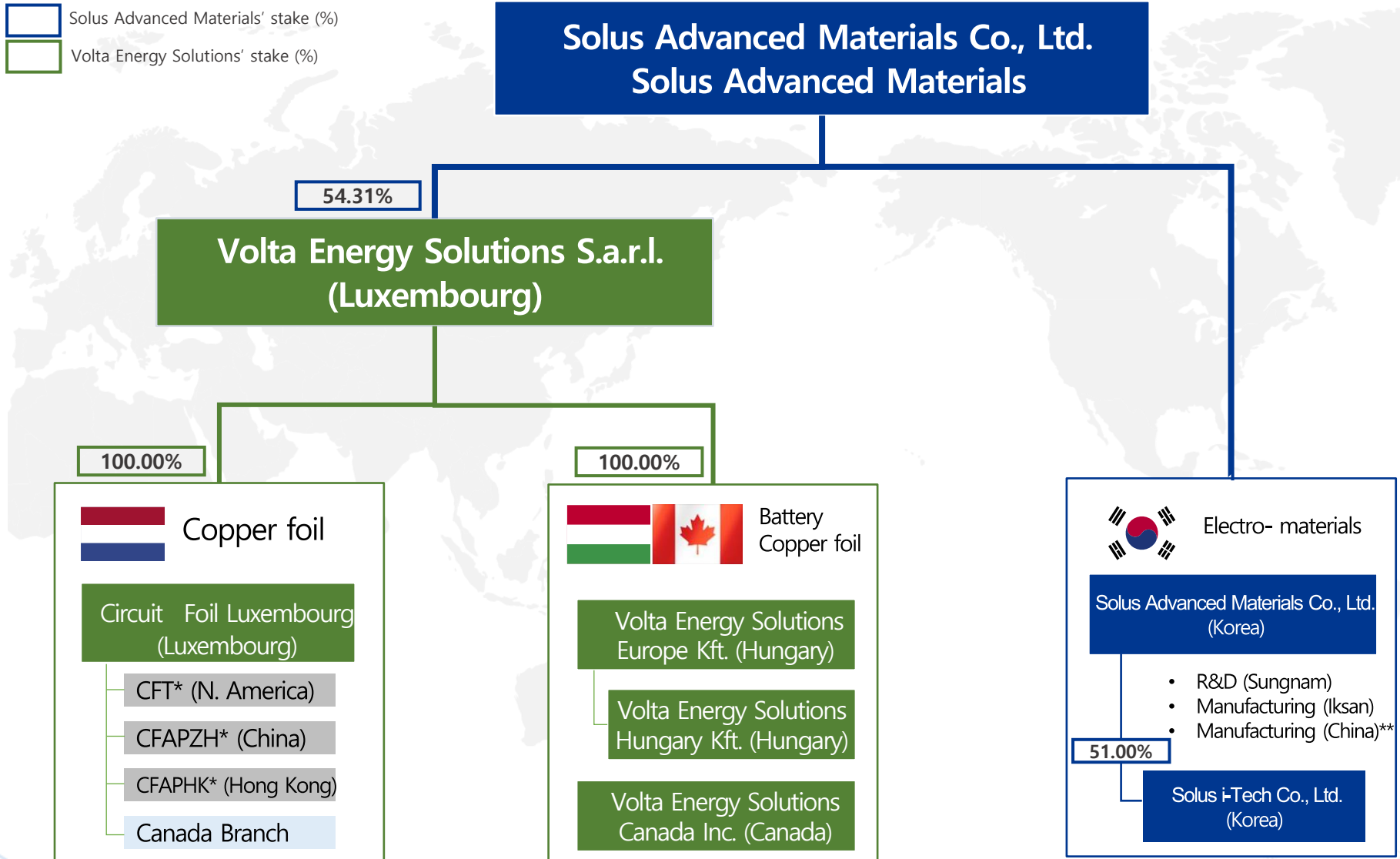


Hungary (Battery Copper Foil)



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	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	1,330.00
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	1,330.00

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

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