

**FOR IMMEDIATE RELEASE**

**STABLE GROWTH ACHIEVED ON REVENUE HOWEVER PROFITABILITY IMPACTED BY HIGHER INPUT COST AND FINANCIAL EXPENSES**

**Hanoi, 3<sup>rd</sup> February 2023** – Masan High-Tech Materials (**HNX-UpCOM: “MSR”**) (“Masan High-Tech Materials”, “MHT” or the “Company”), one of Vietnam’s largest integrated industrial mineral and chemical producers, is pleased to report its results of the fourth quarter (“4Q2022”) and financial year of 2022 (“FY2022”).

On the back of ongoing continued strong demand and pricing for our Tungsten products, MHT delivered FY2022 record revenue of VND15,550 billion, a VND1,985 billion improvements over FY2021. Some further FY2022 key points as compared to FY2021 include:

- 5% increase in EBITDA to VND3,203 billion – second highest EBITDA ever achieved.
- NPAT pre-MI of VND105 billion – a reduction of 60% over FY2021 (VND261 billion) mainly due to impact of higher input cost and financial expenses. This is in line with management expectation in 3Q2022 Earning Release.
- 13% increase in WO3 revenue to third party customers in which 70% coming from the H.C. Starck (“HCS”) midstream products – Tungsten carbides and powders.

HCS order book for EMEA and NAFTA remains robust for the year but 2H2022 saw some headwinds for demand in China and APAC mainly due to sluggish market consumption with customers reducing inventories heading into year end and concerns over global economic conditions and China zero COVID policy. Despite these challenges, HCS recorded a revenue increase of 12% over FY2021 due to strong realized prices. Dec 2022 slowly saw the improvement in market with China started to reopen the boundary and this is expected to continue into FY2023. HCS business continue to see the increasing pressure on energy prices and other input production cost in 4Q2022, mainly caused by the Russia – Ukraine conflict and negatively impacted the 4Q2022 profit. HCS management is continuing to implement various initiatives for cost saving and improving plant efficiency to mitigate the impact of raising input cost as mentioned above in particular in energy, gas and chemicals.

As was reported in 1H2022, on 15<sup>th</sup> July 2022 HCS executed definitive agreements to invest £45m (approx. €52m) into Nyobolt Limited (“Nyobolt”), a fast-charging Li-ion battery solutions company. Since the signing of the agreement, management has been collaborating continuously with Nyobolt to advance the product offering and look for opportunities to partner in the manufacturing and commercialization of the battery products as part of its strategy to go into higher value-added tungsten applications.

The Vietnam based businesses, Nui Phao Mining Company (“NPMC”) and Masan Tungsten Company (“MTC”), were also negatively impacted by rising fuel, explosives and chemical prices during FY2022. Besides, higher financial expense caused by rising cost of capital in Vietnam in 2H2022 also negatively contributed to the overall profitability of the business. This was mitigated by a strong order book for Tungsten, Fluorspar, and higher realized price for all the products. Management team is continuing to control costs through optimization and to increase the production efficiency of the plant.

## **MARKET DEVELOPMENT: WORLD WATCHES CHINA AS UNCERTAINTY PREVAILS, BUT DEMAND REMAINS RESILIENT**

### **Tungsten:**

4Q2022 saw the macro narrative change from one of increasing pessimism to renewed optimism as the zero COVID regime in China finally unraveled. The Chinese National congress in October 2022 passed without any major policy changes heightening the fear that China's domestic market would remain sluggish and would weigh on the global economy. By December 7<sup>th</sup> the central government announced a full rollback of the zero COVID policies whilst announcing new stimulus focused on infrastructure and a rescue package for the embattled property sector, lifting sentiment for the start of 2023. Throughout the quarter the Tungsten price corrected only slightly moving down from US\$335/MTU at the start of October to US\$330/MTU by the year end.

Demand across the China domestic market softened considerably through the quarter as lockdowns curtailed manufacturing and consumer activity, but elsewhere remained resilient especially with continued strength across Energy and Aerospace, and Defense. Heightened geopolitical tensions between the U.S. and China, continued tightness in the upstream raw materials markets, and the ongoing de-risking and reshoring of supply chains helped to insulate the tungsten price and the MHT sales book from China's 4Q2022 domestic woes. Boeing announced gross orders of 935 in 2022 vs. 771 in 2021, and Airbus booked 1,078 orders in 2022 vs. 909 in 2021 with both companies ramping up production into 2023 to tackle a combined backlog of over 12,000 airframes. The Baker Hughes global rig count increased by 28% in 2022 YOY and by 3% from 3Q22 to 4Q22 despite slightly weaker oil prices with volatility expected to remain high as geopolitical tensions build between the U.S. and China and the conflict in the Ukraine moves into its second year. Automotive demand remained stable but lackluster with global light vehicle production increasing 6.4% YOY but still down on pre-COVID levels; automakers are predicting that global production will not reach the 2019 level until 2024. The consumer electronics and semiconductor sectors came under pressure in 4Q2022 as slowing demand and decreasing lead times have contributed to excess inventory, with weaker PMI numbers across the APAC electronics powerhouses of South Korea, Taiwan, and Japan vs. 3Q2022.

As we move into FY2023 the tungsten price is likely to remain stable as market activities slow into the lunar new year but management are forecasting upside as economic activity picks up in China towards the end of 1Q2023, and business confidence builds again in EMEA and NAFTA. Welcome signs of softening inflation have begun to appear; U.S. inflation has fallen for six consecutive months, supply chains are mostly debottlenecked, wage growth is slowing, and energy prices have returned to levels present before Russia's invasion of Ukraine. Actual economic activity as measured by unemployment, industrial output, and retail sales are still indicating growth and as central banks ease off on interest rate hikes into 2Q2023 we expect a return to growth and anticipate another solid year for Tungsten.

### **Cobalt:**

MHT is a producer of Cobalt via its recycling operations at HCS in Goslar, with Cobalt units being recovered from the Tungsten scrap that makes up the majority of the raw material feed. Cobalt prices continued to decline throughout 4Q2022 as demand in the Chinese market remained lackluster and finished the quarter at \$18.60/lb down over 50% from a 2Q2022 high of \$39.50/lb. China is the largest consumer of Cobalt raw materials, predominantly for the production of Li-ion battery precursor chemicals both for the domestic market and export to the ROW. Estimates for Global NEV sales were revised to 7.8mio for FY2022 down from a forecast of 10.6mio NEVs as of the end of 1H2022. Nevertheless, this represented a 13% increase YOY and helped NEV's achieve a roughly 10% share of global light vehicle sales. China is scheduled to withdraw government subsidies for NEV's on December 31<sup>st</sup> 2022 which will likely weigh on demand in 1H2023 but the sector is forecast to grow by 35% in 2023. Consumer electronics represents the second largest market after NEV's for cobalt in the form of Lithium Cobalt Oxide (LCO) batteries, and sales have slowed considerably from COVID peaks when homebound consumers were buying tech aggressively. Smartphone

shipments declined by 18.3% in 4Q vs. 3Q and shipments of PC's fell by 28% over the same period, as vendors sought to manage weakened demand and high inventory levels, and COVID lockdowns impacted production across China. Management expects prices to trend sideways throughout 1Q2023 as the China market returns to growth and inventories are run down but maintain an optimistic outlook for Cobalt price into the remainder of FY2023 as the traditional metallurgical sectors such as Aerospace and Defense continue to outperform, and the battery precursor markets recover. The majority of MHT's Cobalt production is returned to customers under fixed margin conversion contracts, and the balance is actively managed to maximize returns against market forecasts.

### **Fluorspar:**

Fluorspar prices remained stable in the range of \$450-500/dmt throughout 4Q2022 despite a slowdown in the Chinese economy and increased availability of China origin cargoes on the seaborne market.

MHT hosted the 2022 INFORMED Fluorspar conference in Hanoi between 11-14<sup>th</sup> October and welcomed 200 international delegates to tour the Nui Phao mine and share opinions about the future direction of the Fluorspar and Fluorine markets. The response to the conference and the MHT operations was overwhelmingly positive and Management was able to capitalize on the upbeat mood and tight market fundamentals to renew long term contracts for FY2023. Existing customers and potential partners alike were concerned by market developments in 2022 particularly the scarcity of non-China supply due to the drop off in output from Mexico and closure of the St. Lawrence mine, with a dearth of high-quality new projects in the pipeline. Demand for non-China supply of Acid grade Fluorspar has been given a strong boost by the U.S. CHIPS act and IRA which strongly favor supply for strategic raw materials such as Fluorine Chemicals for semiconductor process gases from partner nations with free trade agreements, as a result of which MHT has grown its market share to account for approximately 30% of the supply into Japan and is actively engaged with customers in Korea. Significant demand growth is also forecast to come in the near to mid-term to facilitate the energy transition with HF used to produce high value fluorinated products such as LiPH<sub>6</sub> and other electrolyte additives to Lithium-Ion batteries. As a result of the optimistic demand outlook many MHT customers are pursuing capacity expansions and business development activities and are strongly focused on surety and origin of supply to fuel this growth.

The MHT Acidspar order book is fully sold for 2023 at a ~20% premium to the FY2022 average and Management retain an optimistic outlook toward price development through FY2023.

### **Bismuth:**

Bismuth prices lifted slightly through November reaching a high of US\$3.90/lb as consumers increased inventory to counter supply disruption due to China's renewed lockdowns, before dropping back off to US\$3.60/lb to close the year. FY2022 average was US\$3.75/lb with a standard deviation of \$0.11/lb continuing an 18-month run of relative stability and rangebound trading. Exports from China to ROW rose by 47.6% in the 2H2022 YOY as demand continues to recover in the Automotive sector and supply remains constrained and well balanced. Vital Materials, the World's largest consumer and producer of Bismuth products continued its market consolidation with the acquisition of the Tilly smelter in Belgium in December, strengthening its position in higher value Bismuth derivatives. Management forecast a slightly positive forward curve throughout FY2023 with some downside risk in 1Q23 as the consumer electronics and semiconductor sectors remain weak whilst they work through excess inventory.

<b>AVERAGE COMMODITY PRICES</b>	Unit	<b>Average FY2022</b>	Average FY2021	% change	<b>At 31.12.2022</b>	At 31.12.2021
APT European Low*	USD/mtu	<b>338</b>	286	18%	<b>330</b>	320
Bismuth Low*	USD/lb	<b>3.8</b>	3.6	4%	<b>3.7</b>	4.0
Copper*	USD/t	<b>8,814</b>	9,319	-5%	<b>8,387</b>	9,691
Fluorspar Acid Grade**	USD/t	<b>421</b>	419	0%	<b>465</b>	448
Cobalt*	USD/lb	<b>27.9</b>	22.6	24%	<b>23.5</b>	31.9

\* Metals Bulletin, \*\* Industrial Minerals

## **FY2022 FINANCIAL HIGHLIGHTS: PROFITABILITY IMPACTED BY HIGHER INPUT COST AND FINANCIAL EXPENSES**

- **Net revenue up 15%** – MHT posted net revenue of VND15,550 billion for FY2022, a 15% increase compared to VND13,564 billion recorded in FY2021. Tungsten revenues were 13% higher on the back of increased volumes and pricing. Fluorspar revenues were up by 30% at VND1,948 billion with increased sales volumes and higher realized pricing due to higher market demand. Bismuth revenues were at VND291 billion (FY2021 VND261 billion) – slightly increase due to higher pricing and sale quantity. Copper revenue were at VND48 billion on sales to a local smelter in 4Q2022. Management expects to continue realize further benefit from copper sales throughout FY2023.
- **EBITDA of VND3,203 billion** – EBITDA increased by 4% to VND3,203 billion for FY2022. EBITDA margin were at 21% - slightly reduce comparing with last year (FY2021 23%) due to increasing energy and input raw material cost flowed through to both Vietnam and HCS business – mainly cause by the Russian and Ukraine conflict and zero COVID policy of China throughout 2022 which led to lower supply of reagents and raw material in the market.
- **VND69 billion NPAT Post-MI** – The Company delivered an NPAT Post-MI profit of VND69 billion for FY2022, a VND127 billion decrease over the same period last year. Despite higher revenue achieved, profitability for the year was somewhat negatively impacted by rising input material and production costs caused by the inflationary factors being felt throughout the world. Besides, higher financial expense caused by rising cost of capital in Vietnam in 2H2022 also negatively contributed to the overall NPAT level for the year.

<b>VND Billion</b>	<b>FY2022</b>	<b>FY2021</b>	<b>Growth</b>
<b>Masan High-Tech Materials Consolidated Financial Results<sup>(1)</sup></b>			
Net Revenue	<b>15,550</b>	13,564	15%
EBITDA <sup>(2)</sup>	<b>3,203</b>	3,070	4%
NPAT Pre-MI	<b>105</b>	261	-60%
NPAT Post-MI	<b>69</b>	196	-65%

<sup>(1)</sup> Financial numbers are based on management figures.

<sup>(2)</sup> Earnings before interest, taxation, depreciation, and amortization (EBITDA) excludes other income and other expenses.

## **OPERATIONAL HIGHLIGHTS**

- Overall Tungsten production decreased by 2% over FY2021, mainly due to slight reduction of Tungsten feed grade in Nui Phao mine, partly offset by the increase in Tungsten carbides and powders production within HCS business. Out of that, production from recycling of tungsten scraps increased by 13%. MHT is focused on increasing the share of production coming from secondary supply (scrap), in line with the company's strategy and philosophy of reduce, reuse, recycle.
- Fluorspar production was 1.4% higher than the same period of last year, mainly due to the unplanned machinery breakdown which occurred in 3Q2021.
- Copper production was 25% lower than FY2021 due to lower feed grades, Bismuth production reduce by 6% to 1,938 tons (FY2021 2,067 tons) primarily due to lower feed grade and recovery.
- Cobalt production was in line with FY2021 at 278 tons contained.

<b>SUMMARY PRODUCTION DATE</b>	<b>Unit</b>	<b>FY2022</b>	<b>FY2021</b>	<b>Growth</b>
Ore processed	kt	<b>3,794</b>	3,737	1.5%
Tungsten Products (Contained) – inclusive HCS	t	<b>19,517</b>	19,997	-2.4%
Copper in Copper Concentrate (Contained)	t	<b>6,953</b>	9,208	-24.5%
Acid Grade Fluorspar (Dry)	t	<b>217,975</b>	215,027	1.4%
Bismuth in Bismuth Cement (Contained)	t	<b>1,938</b>	2,067	-6.2%
Cobalt (Contained)	t	<b>278</b>	288	-3.6%

## **2023 PRELIMINARY FINANCIAL AND STRATEGIC OUTLOOK**

- Based on the FY2022 results, MHT expects net revenue of VND16,500 billion to VND18,200 billion, increased by 6% to 17% compared to previous period. These forecasted figures are subject to change and customary corporate approvals.
- Management also continues to remain focused on cost optimization, integration with Nyobolt, and ongoing preparation for tungsten scrap and black-mass recycling. MHT will continue to explore international and domestic options to sell copper inventory.

## **ABOUT MASAN HIGH-TECH MATERIALS**

Masan High-Tech Materials is a leading supplier of critical minerals including tungsten, fluorspar, and bismuth. Masan High-Tech Materials is currently operating the world-class polymetallic mineral resource and chemical processing plant in Northern Vietnam, and with the acquisition of the HCS business now also has operations in Germany, Canada and China as well as marketing offices located in USA and Japan. Masan High-Tech Materials' vision is "To be the leading integrated supplier of high-tech advanced materials critical to global innovation".

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