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**FOR IMMEDIATE RELEASE**

**PROFITABILITY STILL ACHIEVED DESPITE SLUGGIST MARKET DEMAND AND HIGHER INPUT COST**

**Hanoi, 28<sup>th</sup> April, 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 first quarter (“1Q2023”) of FY2023.

On the back of lower demand for our tungsten products, MHT delivered 1Q2023 revenue of VND3,787 billion, a VND143 billion reduction over the same period of last year. Some further 1Q2023 key points as compared to 1Q2022 include:

- EBITDA of VND786 billion, reduced by 10% as compared with 1Q2022 due to lower sales and continuing pressure on input costs.
- NPAT pre-MI of VND14 billion – a reduction of 89% over 1Q2022 (VND126 billion) mainly due to lower EBITDA and higher financial expenses.
- 14% decrease in WO3 revenue to third party customers mainly coming from temporary lower market demand for the H.C.Starck (“HCS”) midstream products – Tungsten carbides and powders.

HCS recorded a revenue decrease of 20% over 1Q2022 due to temporary lower demand in NAFTA and EMEA as customers reduced inventories. At the same time, HCS business continues to see ongoing cost pressure on energy prices and other input production costs in 1Q2023 relative to 1Q2022, which negatively impacted the EBITDA and bottom line. On the positive side costs have improved relative to Q42022 and are expected to continue to improve as negotiations are concluded with suppliers over the coming quarter and the benefits of various initiatives for cost saving and improving plant efficiency deliver improvement. Positive signs are also being seen from market demand with increasing orders being received in Q2, particularly in China and increasing prices being seen in the China market as a result of the increasing demand. This is also expected to flow into the rest of the world business. The Vietnam based businesses, Nui Phao Mining Company (“NPMC”) and Masan Tungsten Company (“MTC”), performed well during 1Q2023 with revenue increase by 31% comparing with 1Q2022. This mainly came from stable revenue for Tungsten and continuing strong demand for Fluorspar and Bismuth products. Noticeably, the Company started to realize the value of Copper inventory with total Copper revenue of VND146 billion in 1Q2023 (1Q2022: nil). Management is continuing to discuss with potential customers and expecting to deliver further Copper sales in later months of the year. Besides, management is still focusing on controlling cost through optimization and improvement of plant efficiency.

**MARKET DEVELOPMENT: CHINA STIRS AND BUSINESS CONFIDENCE STARTS TO BUILD**

**Tungsten:**

1Q2023 saw a repeat of the annual seasonal supply side tightness caused by the Lunar New Year holidays, which this year fell early at the end of January and saw prices creep up to a high of US\$340/MTU before they softened throughout March to close the quarter back where they started at US\$330/MTU. Many mines and smelters in China use the holiday to undertake annual maintenance thereby curtailing output, and the effect was compounded by workers across industry taking extended holiday for the first time since the COVID lockdowns. Domestic demand remained sluggish throughout Jan-Feb but started to show signs of recovery in March with the National Bureau of Statistics posting GDP growth of 4.5% (the highest since 1Q2022) and the Manufacturing PMI leaping to 52.6 in February and staying in firmly positive territory for the quarter.

Market participants in rest of the world (“ROW”) continue to be more cautious through the quarter but with increasing optimism towards the rest of the year in the belief that a strong Chinese economy reduces the risk of a Global recession. HCS experienced 1<sup>st</sup> quarter weakness in demand YOY for its products across NAFTA and EMEA as consumers continued to reduce inventories during the first quarter. . Sticky inflation has forced central banks to continue their restrictive monetary policies for longer than anticipated and manufacturing PMI across the developed economies has remained in contraction territory through 1Q2023. Industrial output dropped significantly in the key tungsten consuming countries of Japan and Korea (whose economies are both heavily reliant on exports to China), and consumers across Europe and the US warned of the loss of new orders with concern that current output is only being sustained via backlogs that accumulated during the pandemic. In terms of segment splits the picture remained consistent with 4Q2022 with relative strength in Energy, Aerospace, Defense, Infrastructure and headwinds for Electronics, and Semiconductor.

Despite the comparative weakness of 1Q2023 there are positive sign with easing supply chain bottlenecks, normalized delivery times, alongside lower prices for industrial and energy commodities which have contributed to a modest improvement in global demand outlook. From a pricing perspective the current levels in spite of slowing demand in Q1 reflect the relative undersupply of primary tungsten and continued elevated secondary tungsten prices. Management retains its optimistic position for 2023 as business confidence returns with a resurgent Chinese economy..

#### **Cobalt:**

Cobalt prices continued to decline throughout 1Q2023 as demand in the China market remains lackluster with prices finishing the quarter down 20% at \$17.20/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. Sales of NEV’s in China were slow to recover in the first quarter with March bearing the first signs of a return to growth as Sales rose 35% YOY and 25% compared to February. The removal of NEV subsidies in China for 2023 will likely slow domestic sales growth but globally sales are expected to surge to a forecast 14.4mio units, representing 17% of all vehicle sales up from 13% in 2022. Second to battery chemical usage in NEV’s the portable electronics sector is an important consumer of battery chemicals and also remained weak in the first quarter thanks to a slow 4Q2022 for smartphone and laptop sales as consumers cut discretionary spending in view of surging CPI.

Management have adjusted guidance to reflect a slower recovery of the Cobalt chemicals market pushing any pricing upside into the later part of the year, with potential upside driven by resurgent demand from the superalloy sector as global aerospace recovers, and the potential for the SRB and other government stockpiles to add more volume for reasons of security of supply in times of increased geopolitical uncertainty. 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 price forecast.

#### **Fluorspar:**

Fluorspar prices remained stable in the range of \$450-500/dmt through 1Q2023. Chinese Fluorspar production output dropped during the Lunar New Year holiday and operating rates remained low through March as capacity has been slow to ramp up again whilst domestic producers held a wait and see attitude. China exports dropped in 1Q YOY and the market expectation is that China will return to a net importer within 2Q2023 as domestic demand recovers.

AHF demand remained stable with multiple capacity expansion projects underway in the ROW, and peak season for refrigerant demand (the main application for AHF) is about to start as temperatures increase into the summer season. AlF3 demand is still sluggish as high power prices have curtailed primary Aluminium smelting in Europe and the US; Aluminium production is forty times more energy intensive than Copper. Over 50% of primary capacity has been taken out in Europe or approx.. 2% of global production. The Aluminium market is forecast to return to deficit by 2Q2023 and the resultant price increase, coupled with

globally declining energy prices should be supportive of capacity being brought back online which in turn should see ALF3 demand recover into the 2H2023.

The MHT Acidspar order book is fully sold for 2023 and Management retains an optimistic view towards price development throughout the year.

#### **Bismuth:**

The Bismuth price ended its ~20month consecutive period of sideways trading with a small rally starting in mid-February up from \$3.60 to \$4.00/lb to close the quarter. Reduced availability of raw materials through the Lunar New Year holiday, and generally low levels of inventory across the supply chain helped the price rebound to levels last seen in September 2018. Market participants point to further upside potential as the price movement has triggered renewed stockpiling interest from trading houses and investors, and producers continue to test prices supported by active buying.

Chinese Bismuth Ingot production rebounded in March but still remained low with < 50% capacity utilization down 16% YOY, and the export market was slow as many overseas consumers had restocked in advance of the Lunar holidays. Demand from the pharmaceutical and alloying sectors has been stable, with weakness in the electronics segment. Management maintains its guidance of a positive forward curve throughout FY2023 as demand continues to recover in the automotive sector and supply remains constrained.

<b>AVERAGE COMMODITY PRICES</b>	Unit	<b>Average 1Q2023</b>	Average 1Q2022	% change	<b>At 31.03.2023</b>	At 31.03.2022
APT European Low*	USD/mtu	<b>336</b>	337	0%	<b>330</b>	345
Bismuth Low*	USD/lb	<b>3.8</b>	3.9	-3%	<b>4.0</b>	3.8
Copper*	USD/t	<b>8,929</b>	9,983	-11%	<b>8,933</b>	10,337
Fluorspar Acid Grade**	USD/t	<b>458</b>	439	4%	<b>431</b>	408
Cobalt*	USD/lb	<b>18.8</b>	33.2	-43%	<b>18.0</b>	37.1

\* Metals Bulletin, \*\* Industrial Minerals

#### **1Q2023 FINANCIAL HIGHLIGHTS: PROFITABILITY STILL ACHIEVED DESPITE SLUGGISH MARKET DEMAND AND HIGHER INPUT COST**

- **Net revenue down 4%** – MHT posted net revenue of VND3,787 billion for 1Q2023, a 4% reduction compared to VND3,930 billion recorded in 1Q2022. Tungsten revenues were at VND3,013 billion - 14% lower comparing with 1Q2022 on the back of lower volumes for Tungsten Carbides and Powders in HCS business. Fluorspar revenues were up by 56% at VND614 billion with increased sales volumes and higher realized pricing due to higher market demand. Bismuth revenues were at VND77 billion (1Q2022 VND69 billion) – a slight increase due to higher sale quantity. Copper revenues were at VND146 billion as the Company continued to deliver Copper sale to a local smelter in 1Q2023. Management expects to continue to realize further benefit from copper sales throughout FY2023.
- **EBITDA of VND786 billion** – EBITDA decreased by 10% to VND786 billion for 1Q2023. EBITDA margin was at 21% - similar to 4Q2022 but slightly reduced compared with same period of last year (1Q2022: 22%). EBITDA margin continued to be impacted by increasing energy and input production cost flowed through to both Vietnam and HCS business which initiated from 2H2022 mainly caused by the Russian and Ukraine conflict. Recently, there were some positive signals in terms of price reduction for major reagents and consumables and management expects that this impact will deliver cost improvements progressively from 2Q2023.
- **VND4 billion NPAT Post-MI** – The Company delivered an NPAT Post-MI profit of VND4 billion for 1Q2023, a VND118 billion decrease over the same period last year. Profitability for the period was somewhat impacted by rising input material and production costs caused by the inflationary factors being felt throughout the world, which continued from FY2022. Besides, the overall NPAT level for

1Q2023 was also negatively contributed by higher financial expense caused by rising cost of capital in Vietnam.

VND Billion	1Q2023	1Q2022	Growth
<b>Masan High-Tech Materials Consolidated Financial Results<sup>(1)</sup></b>			
Net Revenue	<b>3,787</b>	3,930	-4%
EBITDA <sup>(2)</sup>	<b>786</b>	878	-10%
NPAT Pre-MI	<b>14</b>	126	-89%
NPAT Post-MI	<b>4</b>	123	-96%

<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 31% over 1Q2022, mainly due to lower Tungsten carbides and powders production within HCS business, as a result of lower Q1 demand. MHT expects rebound in Tungsten demand as China economy opens up, and is seeing increasing orders in its China business supporting this expectation. Despite the reduction in overall Tungsten products, MHT still focused on maintaining 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 21% higher than the same period of last year, mainly due to the lower recovery offset by higher feed grade.
- Copper production was 63% lower than 1Q2022 due to lower feed grades. Bismuth production reduced by 69% to 163 tons (1Q2022: 522 tons) primarily due to lower feed grade and recovery.
- Cobalt production slightly increase to 91 tons contained, 7% higher compared with 1Q2022.

SUMMARY PRODUCTION DATE	Unit	1Q2023	1Q2022	Growth
Ore processed	kt	<b>796</b>	901	-11.6%
Tungsten Products (Contained) – inclusive HCS	t	<b>3,658</b>	5,308	-31.1%
Copper in Copper Concentrate (Contained)	t	<b>687</b>	1,840	-62.7%
Acid Grade Fluorspar (Dry)	t	<b>41,768</b>	53,150	-21.4%
Bismuth in Bismuth Cement (Contained)	t	<b>163</b>	522	-68.8%
Cobalt (Contained)	t	<b>91</b>	85	7.3%

## 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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