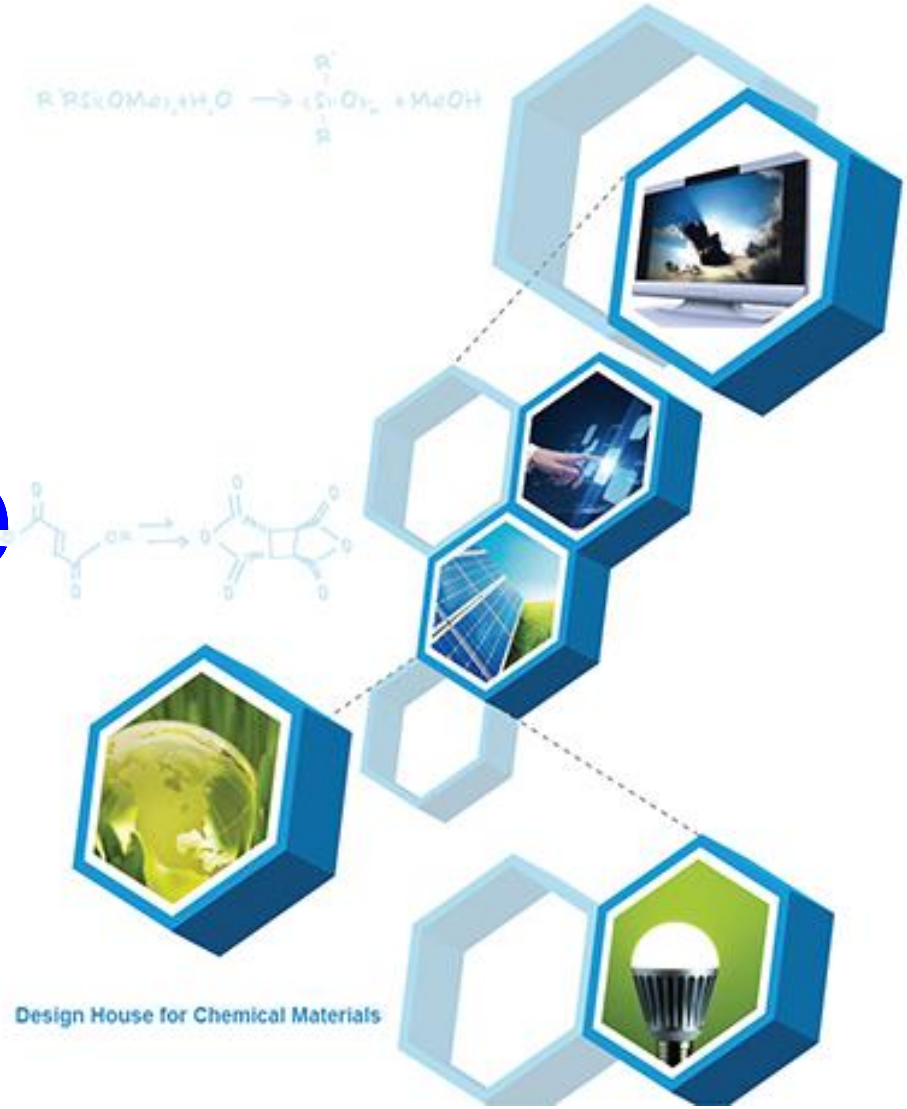
Daxin Materials Corporation

Investor Conference

2024.08.15



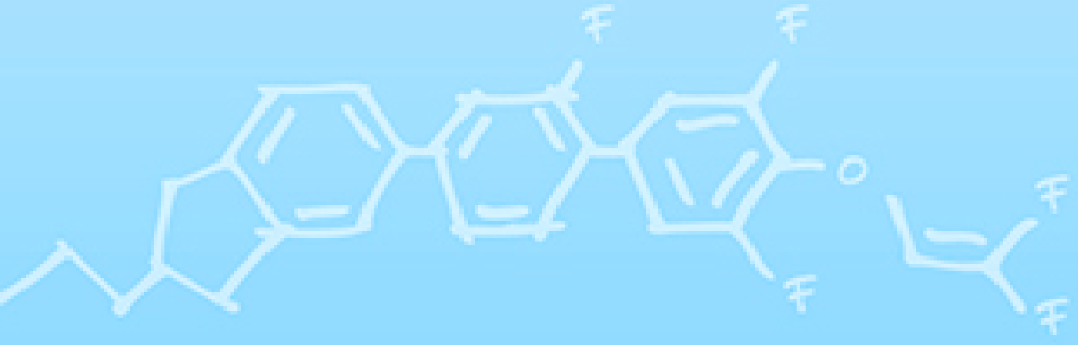
Disclaimer

- DAXIN’s statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

Agenda

- Company Profile
- Operating Result
- Outlook



Company Profile

Company Profile

Foundation	July 12th, 2006 (JV of AUO & Eternal Chemical)
Paid-in capital	1,027 million NTD
Employees	431 (until Feb., 2024) **R&D >50%**
IPO on TAIEX	July, 16th, 2012 (Code：5234)
Revenue	Y2023：4,264 million NTD
Major products	Display Materials Semiconductor Materials Key Raw Materials Other Specialty Chemicals

Major Products

Display materials

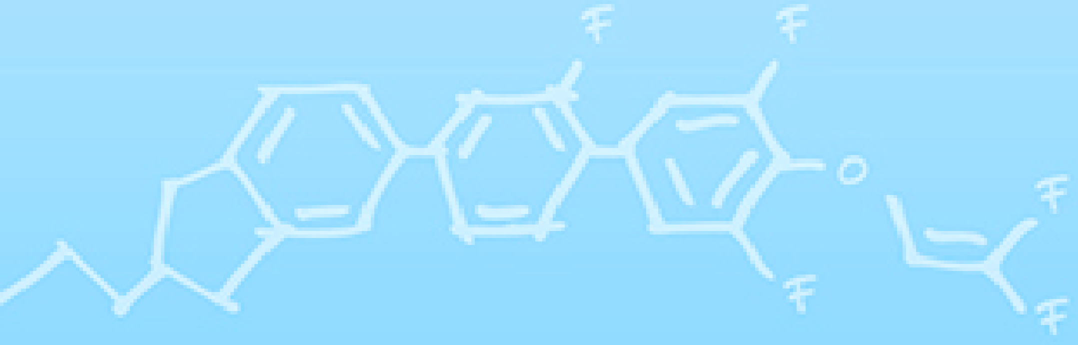
- Functions: Direct materials and indirect materials of processes for LCD array, cell and color filter.
- Products: Photo Resists、Alignment layer、Cu Etchant、Optical Clear Resin、Photo Overcoat、Wet Chemicals

Semiconductor materials

- Functions: Direct materials and indirect materials for wafer fabrication and packaging processes.
- Products: Organic release layer、Photoresist Stripper、High-Purity Solvents、High-Resolution Etchants、Protection materials for specialty processes

Key raw materials

- Functions: Upstream key raw materials for display, green energy industries, chemical-related application industries.
- Products: Functional Monomer、Monoacrylate、Silicon based anode materials of lithium ion batteries



Operation Results

Consolidated Statements of Comprehensive Income-1

Unit：NTD M	2024 Q2		2024 Q1		QoQ	2023 Q2		YoY
Operating revenue	**1,028.2**	**100.0%**	**948.8**	**100.0%**	**8.4%**	**1,130.3**	**100.0%**	**(9.0%)**
Operating costs	645.3	62.8%	614.6	64.8%	5.0%	739.2	65.4%	(12.7%)
Gross profit from operations	**382.9**	**37.2%**	**334.1**	**35.2%**	**14.6%**	**391.1**	**34.6%**	**(2.1%)**
Selling expenses	51.6	5.0%	43.7	4.6%	18.2%	47.4	4.2%	9.0%
Administrative expenses	54.8	5.3%	52.7	5.6%	3.9%	51.1	4.5%	7.1%
Research and development expenses	126.3	12.3%	117.4	12.4%	7.6%	120.9	10.7%	4.5%
Operating expenses	232.7	22.6%	213.9	22.5%	8.8%	219.4	19.4%	6.1%
Operating income	**150.1**	**14.6%**	**120.3**	**12.7%**	**24.8%**	**171.6**	**15.2%**	**(12.5%)**
Non-operating income and expenses	14.0	1.4%	12.9	1.4%	8.8%	4.2	0.4%	230.5%
Income before tax	**164.1**	**16.0%**	**133.1**	**14.0%**	**23.3%**	**175.9**	**15.5%**	**(6.7%)**
Income tax expense	20.4	2.0%	19.1	2.0%	6.6%	25.5	2.3%	(20.1%)
Net income	**143.7**	**14.0%**	**114.0**	**12.0%**	**26.1%**	**150.4**	**13.3%**	**(4.4%)**
Other comprehensive income	-	0.0%	-	0.0%	0.0%	-	0.0%	0.0%
Total comprehensive income	**143.7**	**14.0%**	**114.0**	**12.0%**	**26.1%**	**150.4**	**13.3%**	**(4.4%)**
Basic earnings per share (NT$)	1.40		1.11			1.46		

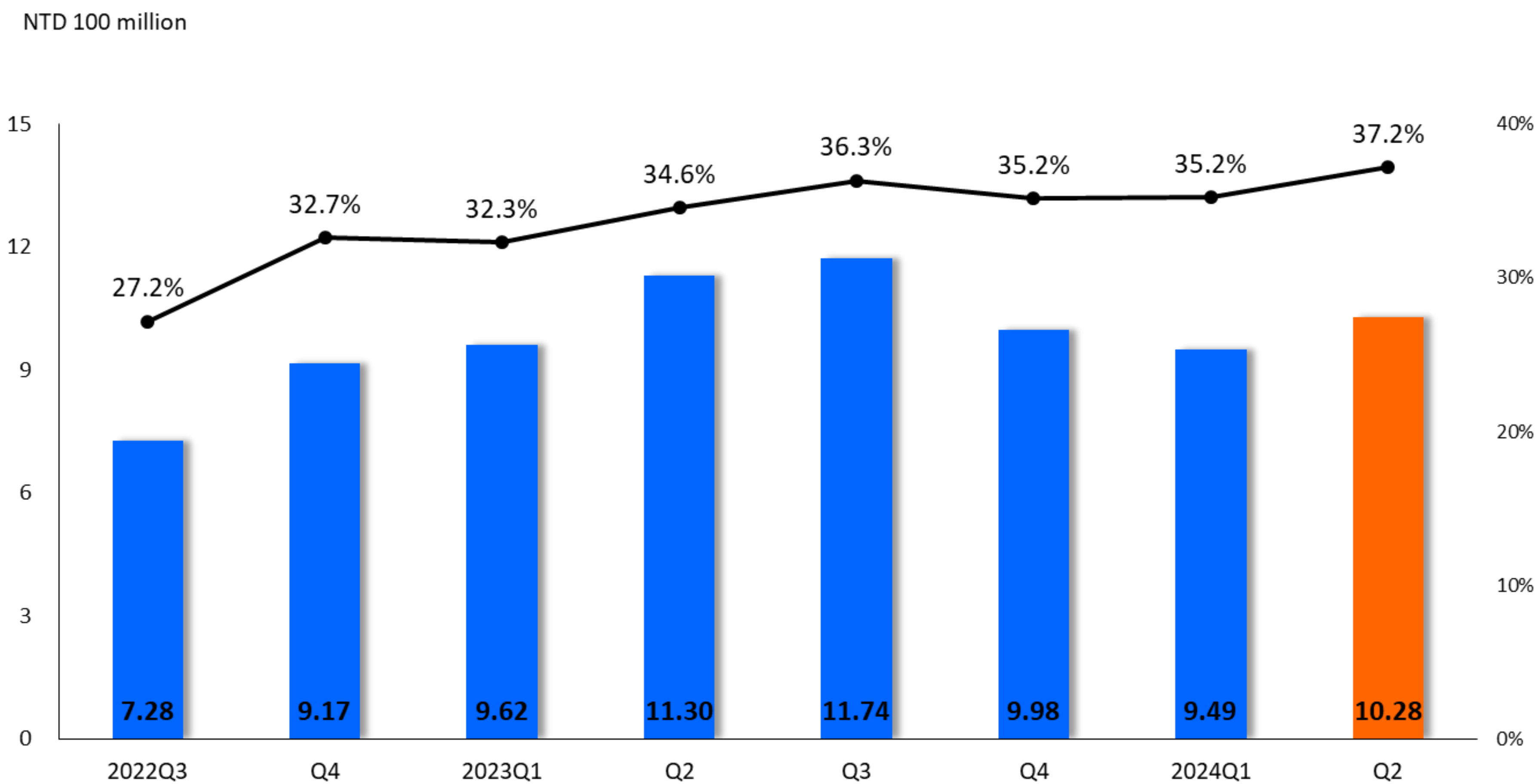
Consolidated Statements of Comprehensive Income-2

DAXIN

Unit：NTD M	2024 H1		2023 H1		YoY
Operating revenue	**1,977.0**	**100.0%**	**2,092.2**	**100.0%**	**(5.5%)**
Operating costs	1,260.0	63.7%	1,390.6	66.5%	(9.4%)
Gross profit from operations	**717.0**	**36.3%**	**701.6**	**33.5%**	**2.2%**
Selling expenses	95.3	4.8%	90.1	4.3%	5.8%
Administrative expenses	107.5	5.4%	96.2	4.6%	11.7%
Research and development expenses	243.8	12.3%	228.8	10.9%	6.6%
Operating expenses	446.6	22.6%	415.1	19.8%	7.6%
Operating income	**270.4**	**13.7%**	**286.5**	**13.7%**	**(5.6%)**
Non-operating income and expenses	26.8	1.4%	2.4	0.1%	1014.7%
Income before tax	**297.2**	**15.0%**	**288.9**	**13.8%**	**2.9%**
Income tax expense	39.5	2.0%	40.1	1.9%	(1.5%)
Net income	**257.7**	**13.0%**	**248.8**	**11.9%**	**3.6%**
Other comprehensive income	-	0.0%	-	0.0%	0.0%
Total comprehensive income	**257.7**	**13.0%**	**248.8**	**11.9%**	**3.6%**

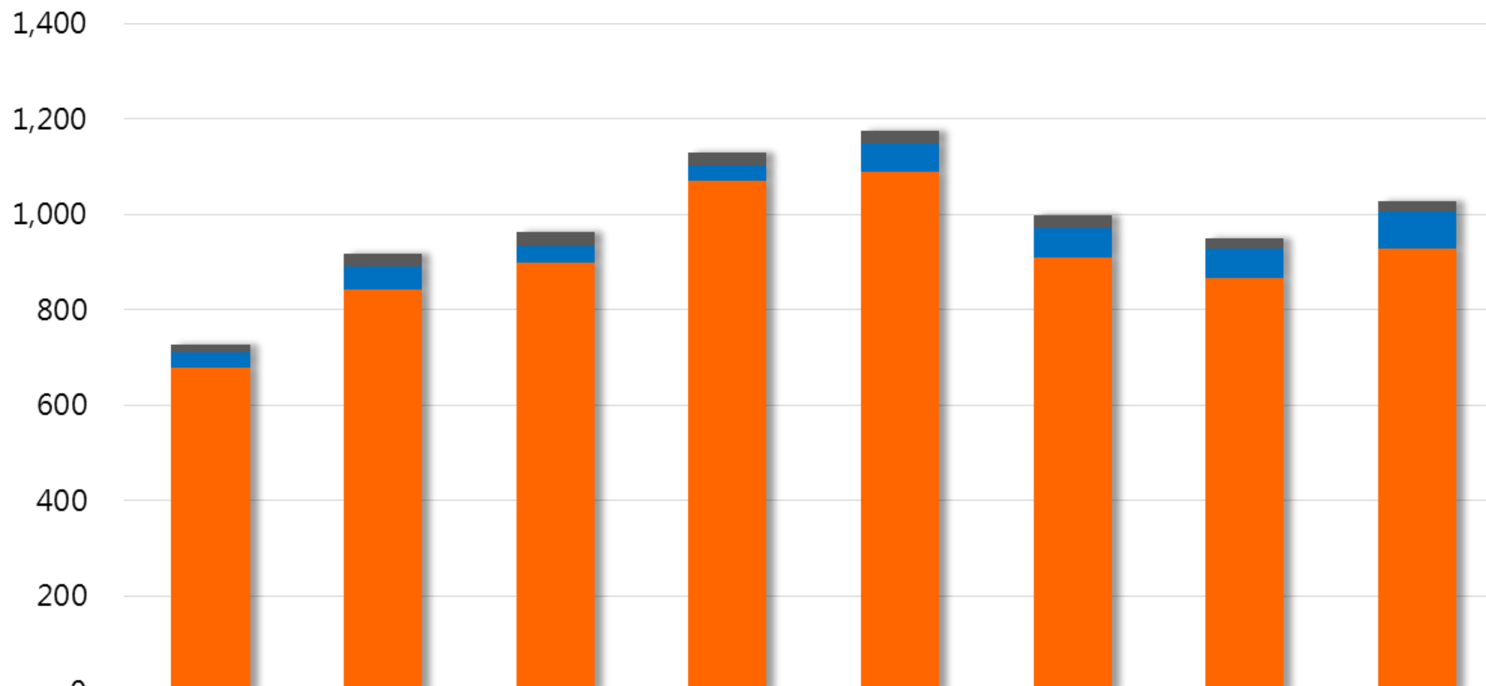
Basic earnings per share (NT$)	2.51	2.42

Revenue & Gross margin



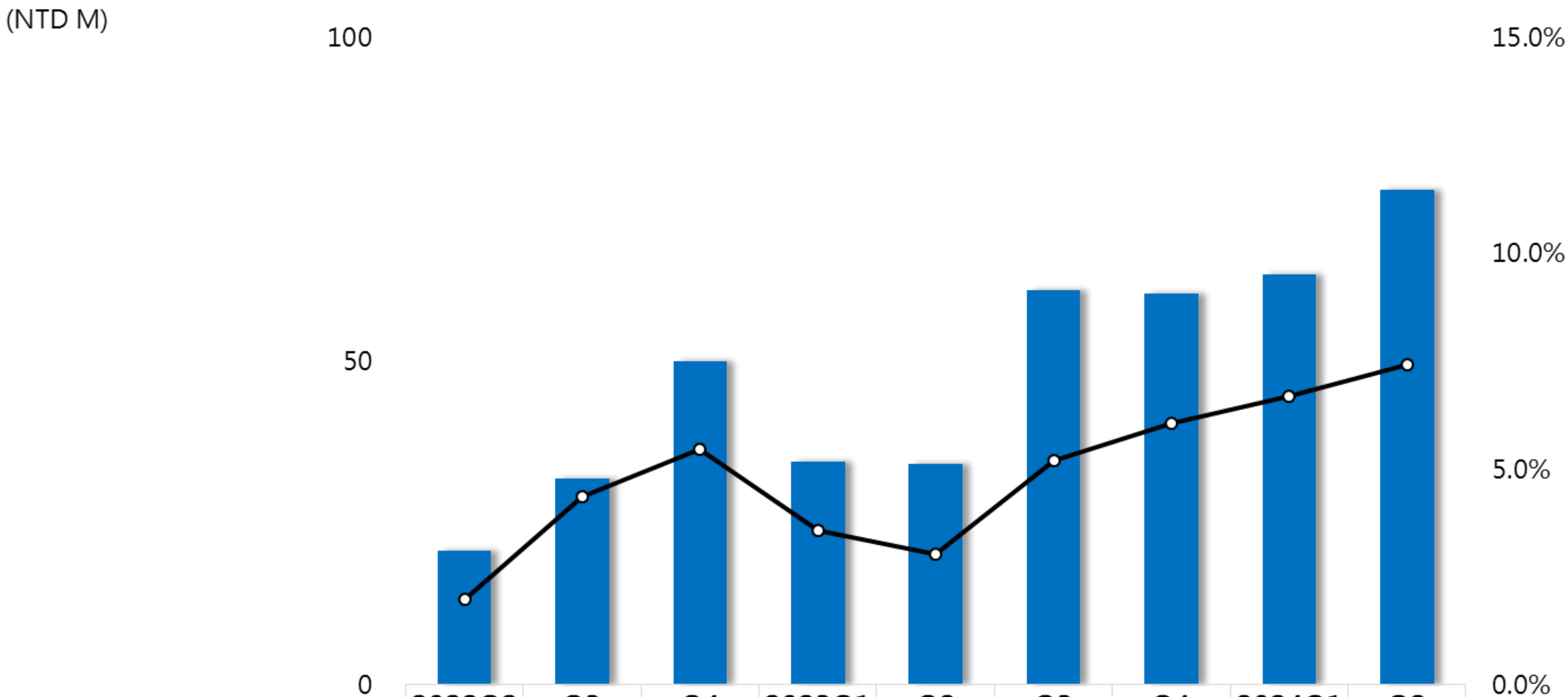
Revenue by Product

(NTD M)



	2022Q3	Q4	2023Q1	Q2	Q3	Q4	2024Q1	Q2
Key raw materials and others	17.4	25.8	27.8	26.6	25.2	26.8	19.3	22.6
Semiconductor materials	31.8	50.0	34.4	34.1	61.0	60.4	63.5	76.4
Display materials	678.4	841.5	899.7	1,069.6	1,088.1	910.4	866.0	929.2
TOTAL	727.6	917.3	961.9	1,130.3	1,174.3	997.6	948.8	1,028.2
Semiconductor materials%	4.4%	5.5%	3.6%	3.0%	5.2%	6.1%	6.7%	7.4%
Key raw materials and others%	2.4%	2.8%	2.9%	2.4%	2.1%	2.7%	2.0%	2.2%

Revenue of Semiconductor materials



	2022Q2	Q3	Q4	2023Q1	Q2	Q3	Q4	2024Q1	Q2
Semiconductor materials	20.8	31.8	50.0	34.4	34.1	61.0	60.4	63.5	76.4
Semiconductor materials%	2.0%	4.4%	5.5%	3.6%	3.0%	5.2%	6.1%	6.7%	7.4%

Consolidated Balance Sheets Highlights

Unit：NTD M	2024/6/30		2023/6/30		YoY	YoY %
Cash and cash equivalents	202	4.2%	137	2.9%	65	47.2%
Current financial assets at amortized costs	1,342	28.2%	1,039	21.7%	303	29.2%
Accounts receivable	1,105	23.2%	1,364	28.5%	(259)	(19.0%)
Inventories	360	7.6%	375	7.8%	(14)	(3.9%)
Property, plant and equipment	1,525	32.0%	1,578	33.0%	(53)	(3.4%)
Right-of-use assets	159	3.3%	168	3.5%	(9)	(5.4%)
Total assets	**4,763**	**100.0%**	**4,783**	**100.0%**	**(20)**	**(0.4%)**
Current liabilities	1,424	29.9%	1,566	32.7%	(142)	(9.1%)
Non-current liabilities	368	7.7%	358	7.5%	10	2.7%
Total liabilities	**1,791**	**37.6%**	**1,924**	**40.2%**	**(133)**	**(6.9%)**
Total equity	**2,971**	**62.4%**	**2,859**	**59.8%**	**112**	**3.9%**

Key financial highlights

Current ratio	**214%**	**192%**
Inventory Turnover (Days)	**51**	**48**

Consolidated Cash Flows Highlights

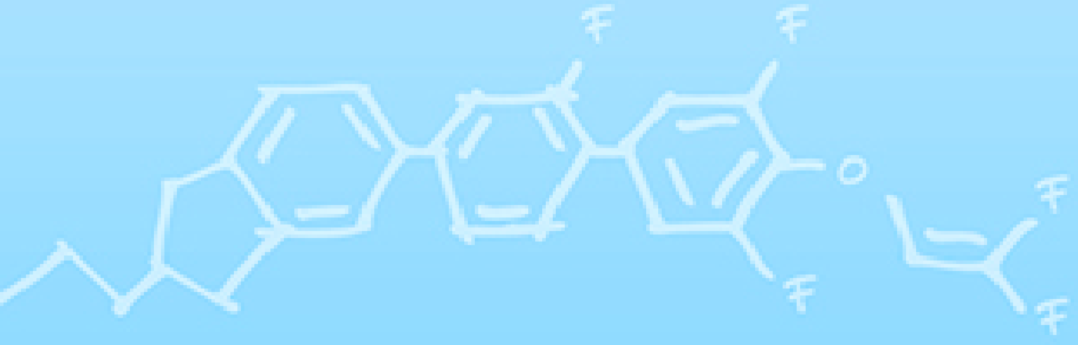
DAXIN

Unit：NTD M	2024 H1	2023 H1
Income before tax	297	289
Depreciation and amortization	136	129
Other operating activities	(50)	(367)
Net cash flows from operating activities	**304**	**(22)**
Acquisition of property, plant and equipment	(111)	(122)
Disposal of (Acquisition of) financial assets at amortized cost	(181)	15
Net cash flows used in investing activities	**(294)**	**(109)**
Increase in short-term loans	-	95
Repayments of long-term debt	(48)	(34)
Net cash flows used in financing activities	**(52)**	**57**
Net decrease in cash and cash equivalents	**(42)**	**(74)**
Cash and cash equivalents at end of period	**202**	**137**

Dividend Policy

■ High Payout Ratio Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
2023	5.10	4.1	0.0	80%
2022	4.15	3.3	0.0	80%
2021	6.62	5.3	0.0	80%
2020	6.15	5.0	0.0	81%
2019	6.33	5.0	0.0	79%



Outlook

Industry Overview

Display

- The global high-generation LCD panel industry maintained a high average utilization rate (>80%) in the second quarter. Due to earlier panel shipments and weak sales in China and Western markets in the first half of the year, brands began to adjust their inventories. In July, panel manufacturers started controlling production to stabilize prices, adjusting the utilization rate to around 80%, which is expected to continue throughout the third quarter. They hope for a turnaround with the arrival of the seasonal peak in the fourth quarter.

Semiconductor

- After more than a year of inventory adjustments in the semiconductor industry, the rise of AI has driven the growth of various applications. In the second half of the year, TSMC's advanced 3nm/5nm processes are still in high demand, and the supply of advanced packaging CoWoS is unable to meet demand. With the recovery in demand for mature processes and the expected increase in U.S. tariffs on Chinese semiconductors from 25% to 50% in 2025, related semiconductor companies are anticipated to benefits.

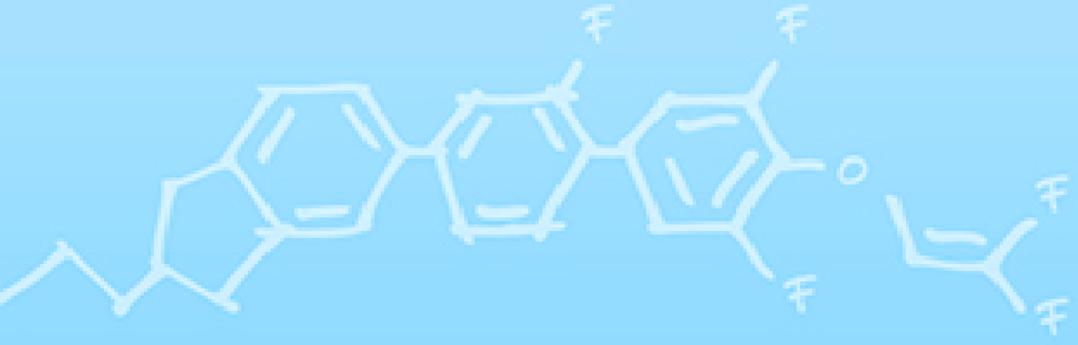
2024 Business Outlook

DAXIN

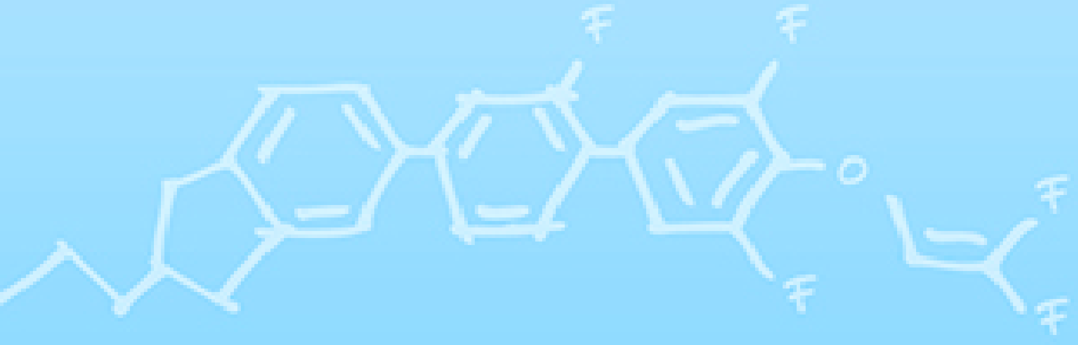
Based on our current business outlook, the Company expects a prudent and stable year in 2024:

- **In terms of display materials**
  - Accelerate the mass production timeline for key product, alignment layer of liquid crystal
  - Enhance quality and price competitiveness to maintain the advantage and expand market share
  - Develop higher-specification, low-temperature, and low-carbon new materials that align with ESG sustainability trends
- **In terms of semiconductors and key raw materials**
  - Increase the revenue share from semiconductors by advancing three business models simultaneously
    (1. Independent research and development; 2. Collaboration with major international material companies ; 3. Joint development with leading international semiconductor companies.)
  - Improve the speed and capability in addressing and resolving new product development and validation issues
  - Extend product reach into the upstream and downstream sectors of diversified application fields

**The above represents the Company's forecast based on the current business outlook. Actual outcomes may vary depending on real market supply and demand conditions.*



Q & A



Thank you