DAXIN

Daxin Materials Corporation

Investor Conference

2025.02.26

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

DAXIN

- 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	424 (until Jan., 2025) **R&D >50%**
IPO on TAIEX	July, 16th, 2012 (Code：5234)
Revenue	Y2024：4,118 million NTD
Major products	Semiconductor Materials Display Materials Key Raw Materials Other Specialty Chemicals

Major Products

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

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

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

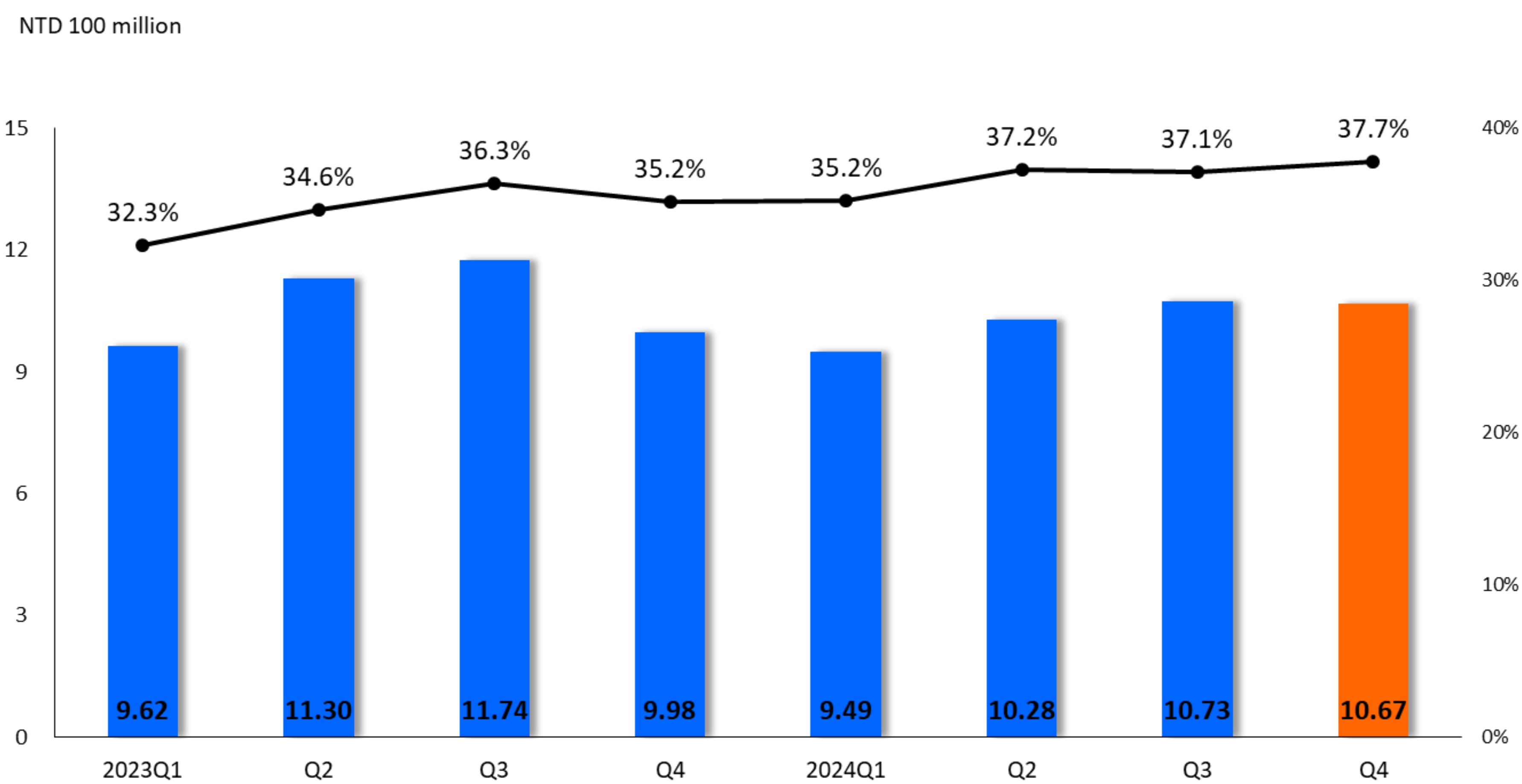
Unit：NTD M	2024 Q4		2024 Q3		QoQ	2023 Q4		YoY
Operating revenue	**1,067.4**	**100.0%**	**1,073.5**	**100.0%**	**(0.6%)**	**997.6**	**100.0%**	**7.0%**
Operating costs	664.6	62.3%	675.5	62.9%	(1.6%)	646.9	64.8%	2.7%
Gross profit from operations	**402.9**	**37.7%**	**398.0**	**37.1%**	**1.2%**	**350.7**	**35.2%**	**14.9%**
Selling expenses	49.5	4.6%	51.4	4.8%	(3.6%)	45.1	4.5%	9.8%
Administrative expenses	55.8	5.2%	53.2	5.0%	5.0%	51.6	5.2%	8.2%
Research and development expenses	130.6	12.2%	123.6	11.5%	5.6%	119.6	12.0%	9.1%
Expected credit losses	-	0.0%	-	0.0%	0.0%	(3.0)	(0.3%)	(100.0%)
Operating expenses	235.9	22.1%	228.2	21.3%	3.4%	213.3	21.4%	10.6%
Operating income	**166.9**	**15.6%**	**169.8**	**15.8%**	**(1.7%)**	**137.4**	**13.8%**	**21.5%**
Non-operating income and expenses	38.7	3.6%	(14.1)	(1.3%)	(374.5%)	(14.7)	(1.5%)	(363.5%)
Income before tax	**205.6**	**19.3%**	**155.7**	**14.5%**	**32.0%**	**122.7**	**12.3%**	**67.5%**
Income tax expense	25.9	2.4%	22.6	2.1%	14.7%	13.9	1.4%	86.1%
Net income	**179.7**	**16.8%**	**133.1**	**12.4%**	**35.0%**	**108.8**	**10.9%**	**65.1%**
Other comprehensive income	-	0.0%	-	0.0%	0.0%	1.3	0.1%	(100.0%)
Total comprehensive income	**179.7**	**16.8%**	**133.1**	**12.4%**	**35.0%**	**110.1**	**11.0%**	**63.2%**
Basic earnings per share (NT$)	**1.75**		**1.30**			**1.06**		

Consolidated Statements of Comprehensive Income-2

Unit：NTD M	2024		2023		YoY
Operating revenue	**4,117.8**	**100.0%**	**4,264.1**	**100.0%**	**(3.4%)**
Operating costs	2,600.0	63.1%	2,785.0	65.3%	(6.6%)
Gross profit from operations	**1,517.8**	**36.9%**	**1,479.1**	**34.7%**	**2.6%**
Selling expenses	196.2	4.8%	185.8	4.4%	5.6%
Administrative expenses	216.5	5.3%	204.7	4.8%	5.7%
Research and development expenses	498.0	12.1%	480.8	11.3%	3.6%
Expected credit losses	-	0.0%	(3.0)	(0.1%)	(100.0%)
Operating expenses	910.7	22.1%	868.3	20.4%	4.9%
Operating income	**607.2**	**14.7%**	**610.8**	**14.3%**	**(0.6%)**
Non-operating income and expenses	51.4	1.2%	(5.3)	(0.1%)	(1063.1%)
Income before tax	**658.6**	**16.0%**	**605.4**	**14.2%**	**8.8%**
Income tax expense	88.0	2.1%	82.1	1.9%	7.2%
Net income	**570.6**	**13.9%**	**523.4**	**12.3%**	**9.0%**
Other comprehensive income	-	0.0%	1.3	0.0%	(100.0%)
Total comprehensive income	**570.6**	**13.9%**	**524.7**	**12.3%**	**8.8%**

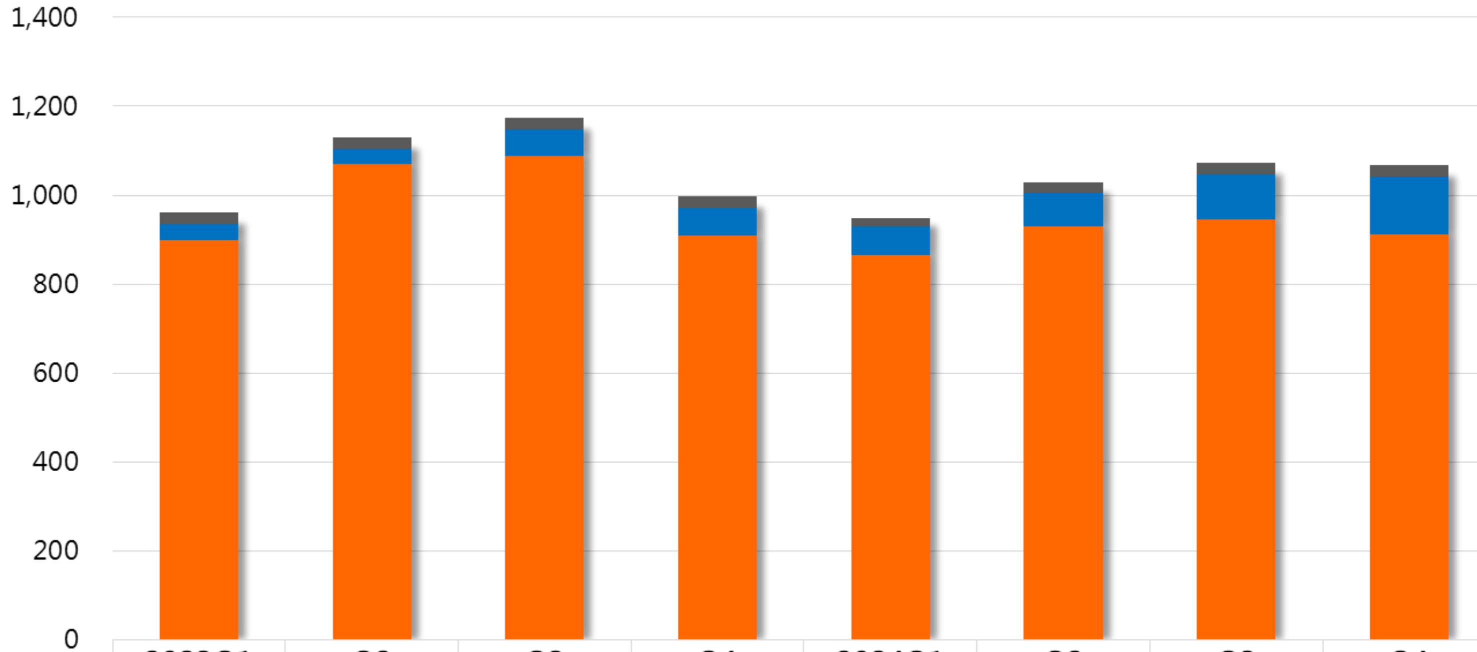
Basic earnings per share (NT$)	**5.56**	**5.10**

Revenue & Gross margin



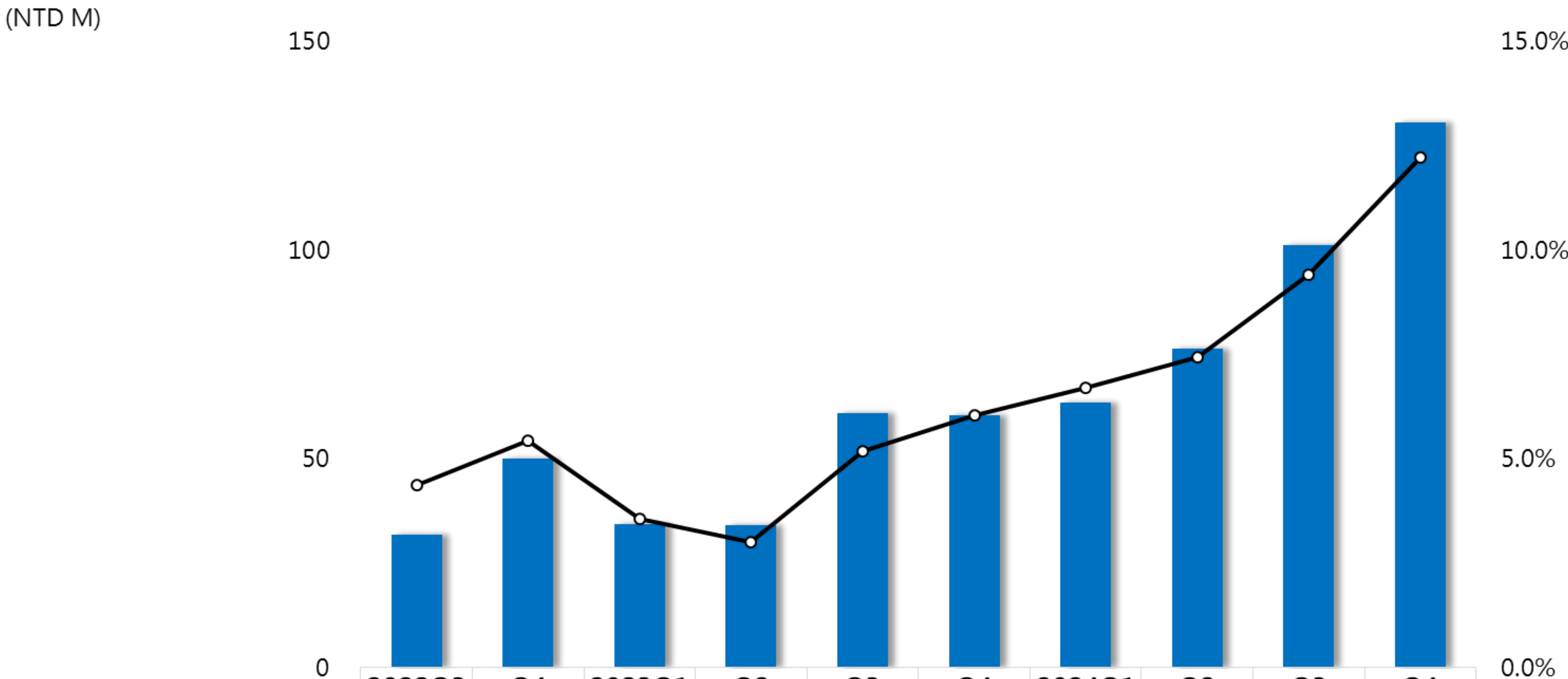
Revenue by Product

(NTD M)



	2023Q1	Q2	Q3	Q4	2024Q1	Q2	Q3	Q4
Key raw materials and others	27.8	26.6	25.2	26.8	19.3	22.6	27.6	25.7
Semiconductor materials	34.4	34.1	61.0	60.4	63.5	76.4	101.1	130.5
Display materials	899.7	1,069.6	1,088.1	910.4	866.0	929.2	944.7	911.2
TOTAL	961.9	1,130.3	1,174.3	997.6	948.8	1,028.2	1,073.5	1,067.4
Key raw materials and others%	2.9%	2.4%	2.1%	2.7%	2.0%	2.2%	2.6%	2.4%
Semiconductor materials%	3.6%	3.0%	5.2%	6.1%	6.7%	7.4%	9.4%	12.2%

Revenue of Semiconductor materials



	2022Q3	Q4	2023Q1	Q2	Q3	Q4	2024Q1	Q2	Q3	Q4
Semiconductor materials	31.8	50.0	34.4	34.1	61.0	60.4	63.5	76.4	101.1	130.5
Semiconductor materials%	4.4%	5.5%	3.6%	3.0%	5.2%	6.1%	6.7%	7.4%	9.4%	12.2%

Consolidated Balance Sheets Highlights

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Unit：NTD M	2024/12/31		2023/12/31		YoY	YoY %
Cash and cash equivalents	195	3.9%	244	5.7%	(49)	(20.1%)
Current financial assets at amortized costs	1,424	28.8%	1,161	19.0%	263	22.7%
Accounts receivable	1,133	22.9%	1,069	26.3%	64	6.0%
Inventories	380	7.7%	338	8.2%	41	12.2%
Property, plant and equipment	1,480	29.9%	1,545	33.6%	(65)	(4.2%)
Right-of-use assets	155	3.1%	164	3.6%	(9)	(5.5%)
Total assets	**4,949**	**100.0%**	**4,642**	**100.0%**	**307**	**6.6%**
Current liabilities	1,266	25.6%	1,088	25.7%	178	16.4%
Non-current liabilities	399	8.1%	420	9.5%	(20)	(4.9%)
Total liabilities	**1,665**	**33.6%**	**1,507**	**35.3%**	**158**	**10.5%**
Total equity	**3,284**	**66.4%**	**3,135**	**64.7%**	**150**	**4.8%**

Key financial highlights		
Current ratio	**257%**	**267%**
Inventory Turnover (Days)	**50**	**46**

Consolidated Cash Flows Highlights

Unit：NTD M	2024	2023
Income before tax	659	605
Depreciation and amortization	271	260
Other operating activities	27	(70)
Net cash flows from operating activities	**865**	**725**
Acquisition of property, plant and equipment	(190)	(218)
Acquisition of financial assets at amortized cost	(280)	(107)
Acquisition of Current financial assets at fair value through profit or loss	(46)	-
Net cash flows used in investing activities	**(518)**	**(329)**
Net change of bank loans	34	7
Cash dividends paid	(421)	(339)
Net cash flows used in financing activities	**(396)**	**(365)**
Net decrease in cash and cash equivalents	**(49)**	**33**

Dividend Policy

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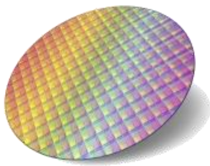
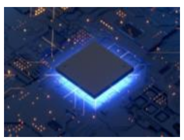
■ High Payout Ratio Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
2024	5.56	5.0	0.0	90%
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%

Outlook

Product Domains





Semiconductor

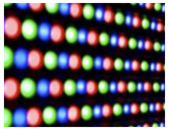
Materials for

- Wafer Process
- Advanced Packaging (Fan-out, 2.5D, 3D)

Display

Materials for

- LCD
- MicroLED



Green & Key Raw Materials

SEMI Achievements & Operation Plans

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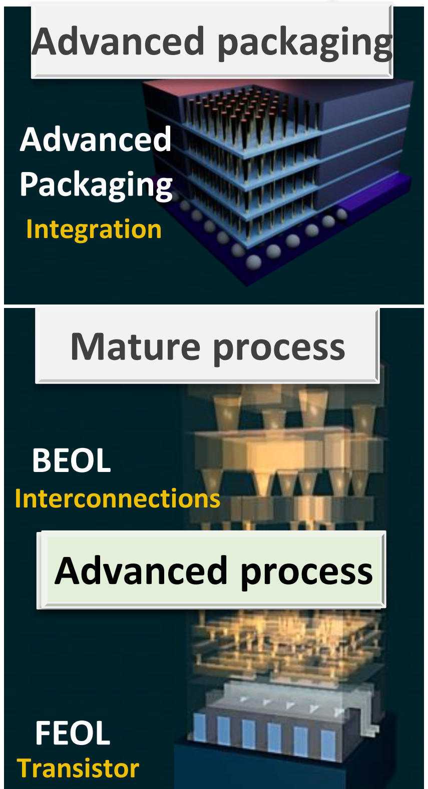
HVM
Verification

Operational Focus	Independent Development	Co-Development with Leading SEMI Companies	Co-Development with Leading SEMI Chemical Companies
Advanced packaging	Laser release layer Highly-selective etchant Transfer bonding layer Photosensitive dielectrics Permanent adhesive	Bevel sealant PR ancillary materials	PR stripper A PR stripper B
Mature process	BARC Stripper Topcoat TARC PR rinse		High-purity polymer A High-purity polymer B
Advanced process	High-purity solvent Highly-selective etchant PARRs	PARRs A PARRs B Dielectric surface treatment Metal surface protection Specialty etchant Green rinse	PR stripper



Source: 2023 Applied Materials, Yole

- **A total of 25 SEMI-related products: 9 in high volume manufacturing, 16 in testing and verification, with 3 to 5 more expected in 2025. Several others are under evaluation and development.**
- **Co-Development with Leading SEMI Chemical Companies: In 2024, collaboration with 4 major companies resulted in 4 products. In 2025, new customers and products are expected to be added.**

*PARRs: Post-Ash Residue Removers ; *TARC: Top Antireflective Coatings ; *BARC: Bottom Antireflective Coatings ; *PR: Photoresist

Display Achievements & Operation Plans

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1 Development of New Specifications & LCD Products

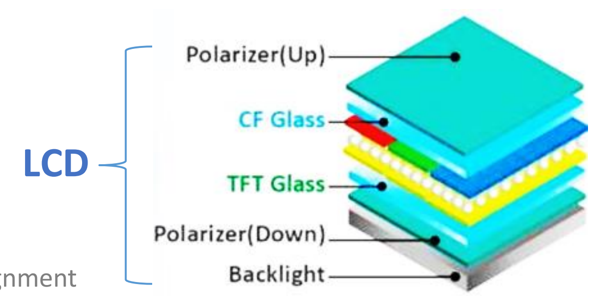
Low-temp curing materials (ESG), Cu stripper, FFS PI, ChLC PI

2 Market Focus – Liquid Crystal Alignment Layer PI

Expand PSA PI adoption to new customers & mass production sites

3 Enhance Cost Competitiveness & Increase Market Share

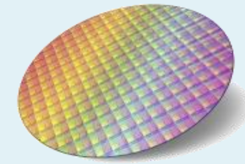
Optimize production processes; Increase in-house raw material production; Maintain PS & Cu Etchant advantages; Expand PI market share



*FFS : Fringe-field switching
*PSA : Polymer Stabilized Alignment
*ChLC: Cholesteric Liquid Crystal

2025 Business Outlook

Based on our current business outlook, the Company expects to continue investing and achieving steady growth in 2025.



◆ In terms of semiconductor materials

- Three business models advancing in parallel, driving significant semiconductor revenue growth.
  1. Independent Development;
  2. Co-Development with Leading SEMI Chemical Companies;
  3. Co-Development with Leading SEMI Companies
- Expand collaboration projects and models with top semiconductor chemical companies.
- Build new production lines and expand capacity to meet advanced process and advanced packaging demands.
- Develop specialty chemicals for AI related applications.

◆ In terms of display materials

- Accelerate volume expansion of key product – liquid crystal alignment layer PI at new customers and production sites.
- Enhance quality and price competitiveness to maintain advantages and expand market share.
- Develop higher-spec materials and ESG-compliant low-temperature new materials.

**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