



Daxin Materials Corporation

Investor Conference

2021.12.15

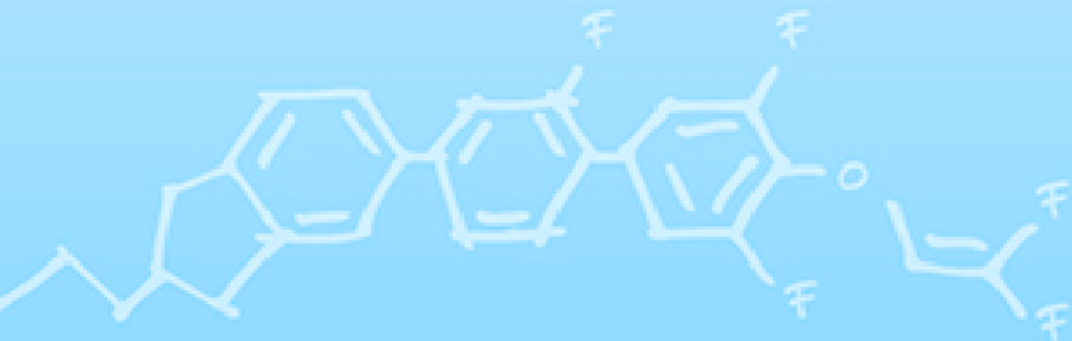


Disclaimer

- 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
- ◆ Operational Highlights & Outlook



Company Profile

Company Profile



Foundation

July 12th, 2006
(JV of AUO & Eternal Materials)

Paid-in capital 1,027 million NTD

Employees

381 (as of Nov., 2021)
R&D 50%

IPO on TAIEX July, 16th, 2012 (Code : 5234)

Revenue

2021/1~11 : 4,118 million NTD

Major products

Display Materials,
Semiconductor Materials
Key Raw Materials
Other Specialty Chemicals

Locations



Headquarters / R&D Center



AMC II – LCD Materials Factory



AMC II – SEMI Materials Factory



***AMC I – Taichung **CTSP**



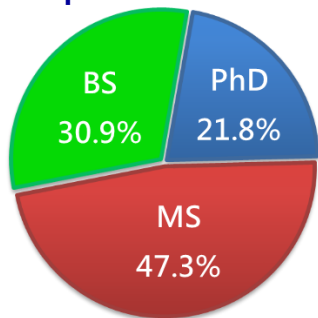
- * AMC : Advanced Manufacturing Center
- ** CTSP : Central Taiwan Science Park

Invest in R&D

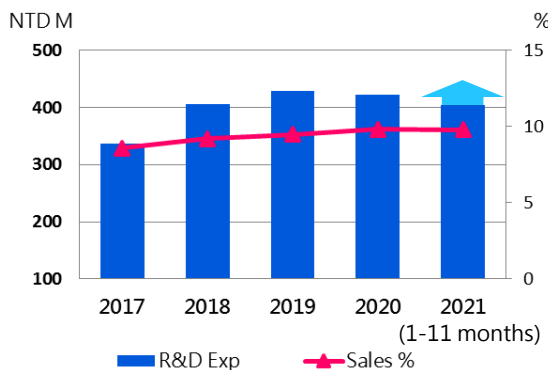
By 11/30/2021

R&D 50%

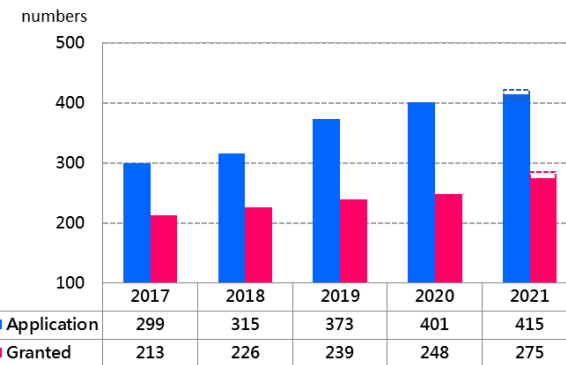
Top R&D Team



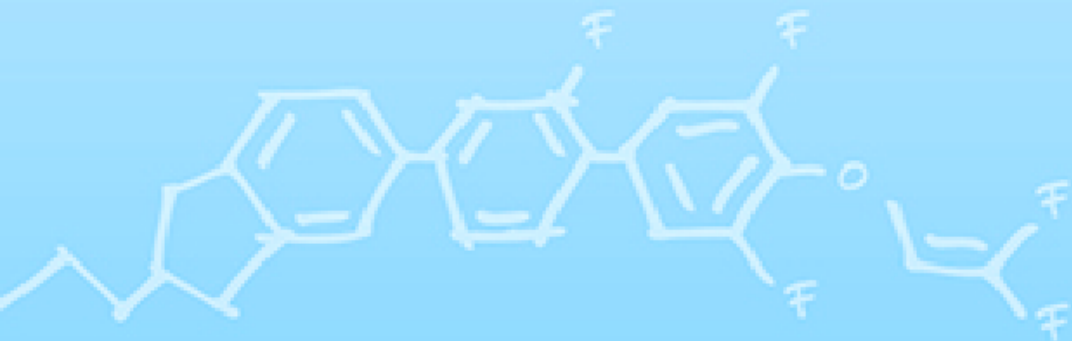
R&D Expenses
10% of Sales



PI is the core concept
Multiple applications



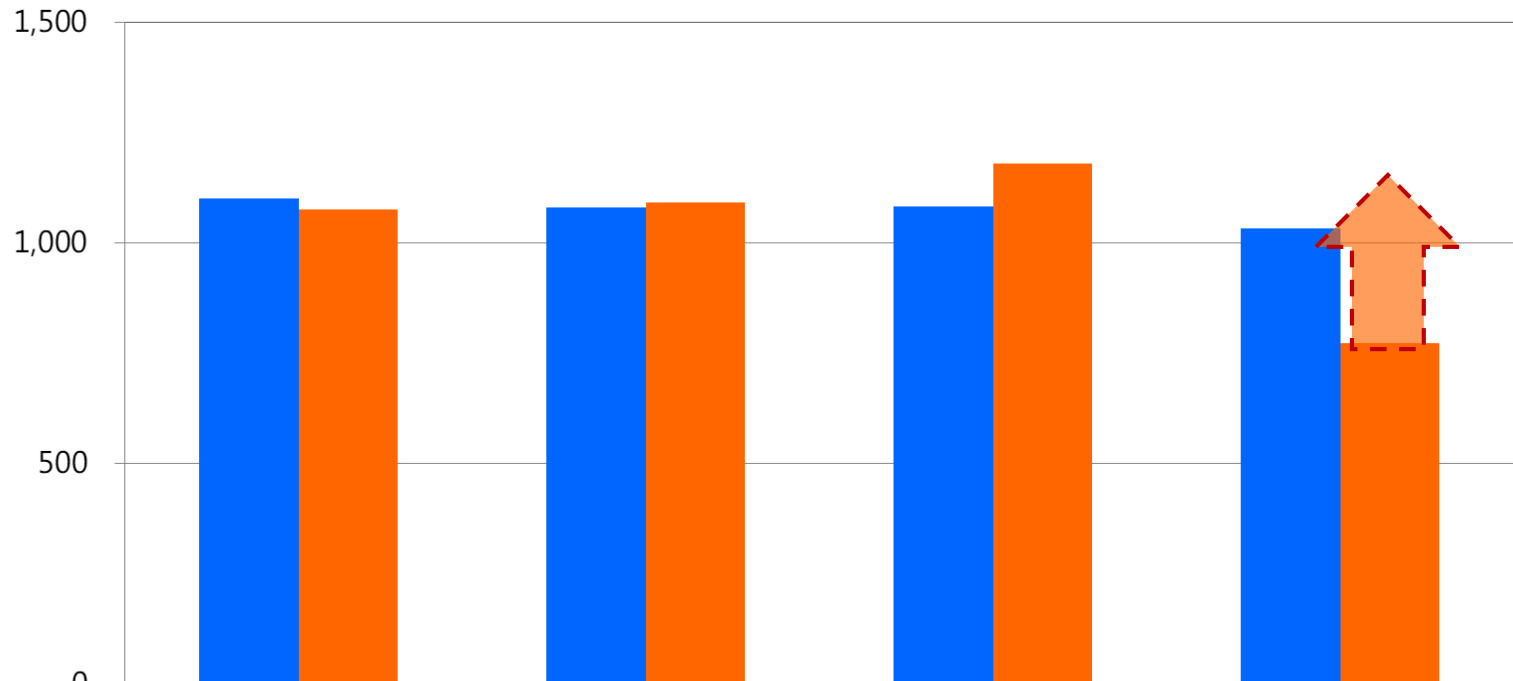
- Provide world-leading, innovative, and high performance LCD materials
- Join government's national project – Angstrom (Å) Semiconductor Initiative
- Develop purification processes at the ppt level
- Over 50% of R&D focus on Semiconductor and Key Raw Materials



Operation Results

Sales by Quarter

Unit: NTD M



■ 2020 Sales	Q1	1,101	Q2	1,080	Q3	1,082	Q4	1,033
■ 2021 Sales	Q1	1,075	Q2	1,091	Q3	1,180	Q4	772*

*2021/10-2021/11

Consolidated Statements of Comprehensive Income

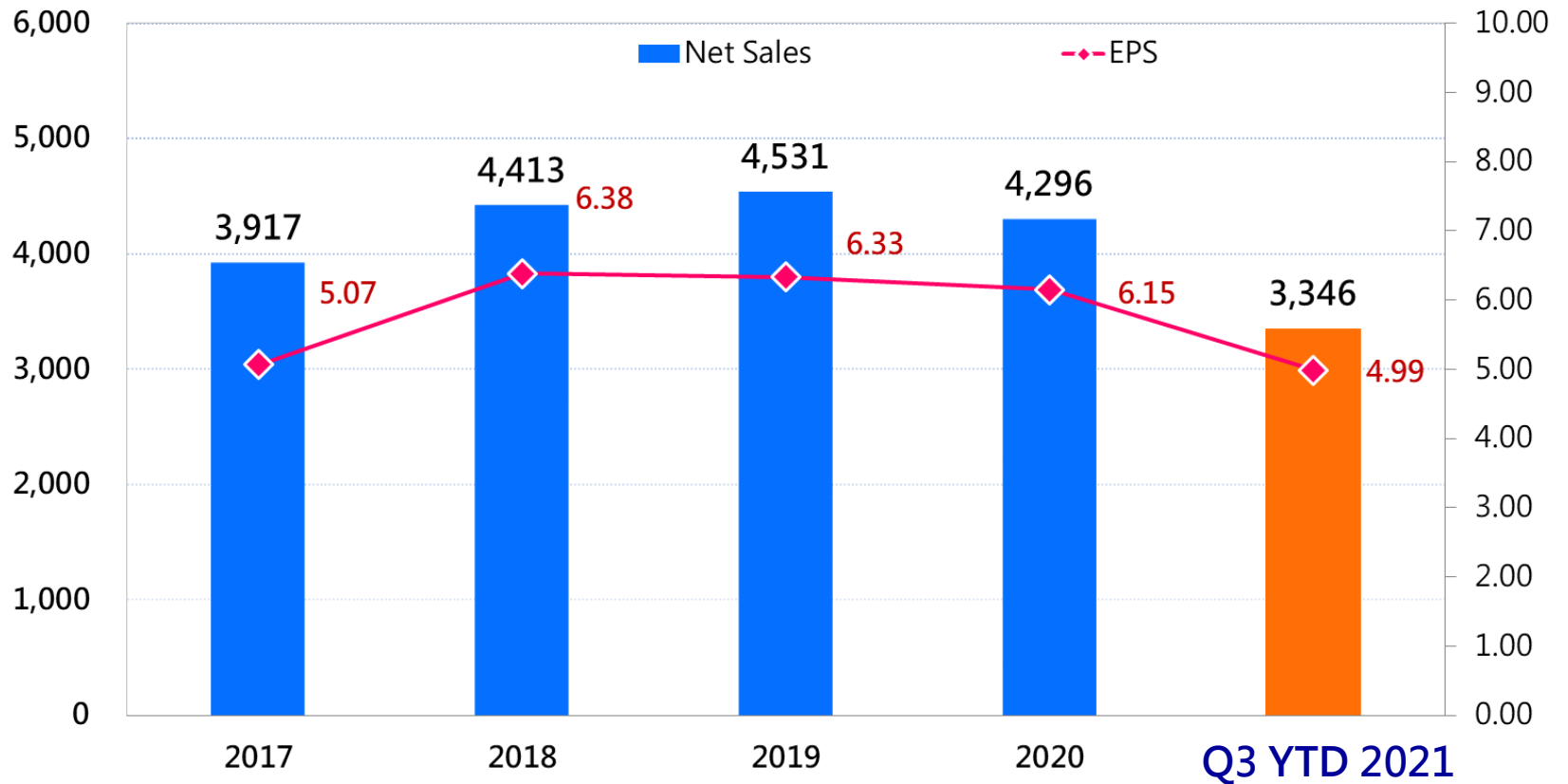


(In NT\$ millions unless otherwise noted)	Nine months ended Sep. 30										
	2021 Q1		2021 Q2		2021 Q3		2021		2020		YoY%
Operating revenue	1,075	100.0%	1,091	100.0%	1,180	100.0%	3,346	100.0%	3,263	100.0%	2.5%
Operating costs	684	63.6%	699	64.0%	752	63.8%	2,135	63.8%	2,095	64.2%	1.9%
Gross profit from operations	391	36.4%	392	36.0%	428	36.2%	1,211	36.2%	1,168	35.8%	3.7%
Operating expenses	206	19.2%	205	18.8%	219	18.6%	631	18.9%	610	18.7%	3.4%
Operating income	185	17.2%	187	17.1%	208	17.6%	580	17.3%	558	17.1%	4.0%
Non-operating income and expenses	(6)	(0.5%)	(3)	(0.3%)	9	0.7%	0	0.0%	(5)	(0.2%)	(97.6%)
Income before tax	179	16.7%	184	16.9%	217	18.4%	580	17.3%	552	16.9%	5.0%
Comprehensive income	162	15.1%	161	14.8%	190	16.1%	513	15.3%	483	14.8%	6.1%
Basic earnings per share (NT\$)	1.58		1.57		1.85		4.99		4.71		

Sales and EPS

Unit: NTD M

Unit: NTD



Consolidated Balance Sheets Highlights



(In NT\$ millions)	Sep. 30, 2021		Sep. 30, 2020		YoY	YoY %
Cash and cash equivalents	199	4.4%	318	7.6%	(118)	(37.3%)
Current financial assets at amortized costs	850	18.8%	733	17.5%	117	16.0%
Accounts receivable	1,304	28.8%	1,259	30.1%	45	3.6%
Inventories	385	8.5%	263	6.3%	122	46.3%
Property, plant and equipment	1,540	34.0%	1,350	32.3%	189	14.0%
Right-of-use assets	182	4.0%	192	4.6%	(9)	(4.9%)
Total assets	4,528	100.0%	4,175	100.0%	353	8.4%
Current liabilities	1,240	27.4%	1,077	25.8%	163	15.1%
Non-current liabilities	388	8.6%	345	8.3%	43	12.3%
Total liabilities	1,628	36.0%	1,423	34.1%	206	14.5%
Total equity	2,900	64.0%	2,753	65.9%	147	5.3%

Key financial highlights

Current ratio	224%	243%
Inventory Turnover (Days)	43	36

Consolidated Cash Flow Highlights

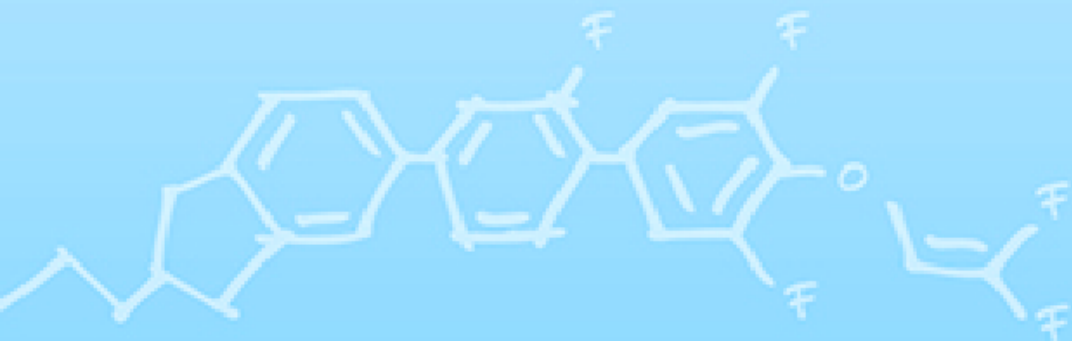


(In NT\$ millions)	Nine months ended Sep. 30	
	2021	2020
Income before tax	580	552
Depreciation and amortization	164	166
Other operating activities	(147)	67
Net cash flows from operating activities	507	720
Acquisition of property, plant and equipment	(317)	(170)
Acquisition of financial assets at amortised cost	-	(203)
Proceeds from disposal of financial assets at amortised cost	112	-
Net cash flows used in investing activities	(206)	(375)
Increase in short-term loans	80	-
Increase in long-term loans	54	159
Cash dividends paid	(514)	(514)
Net cash flows used in financing activities	(385)	(360)
Net decrease in cash and cash equivalents	(85)	(16)
Cash and cash equivalents at end of period	199	318

Dividend Policy

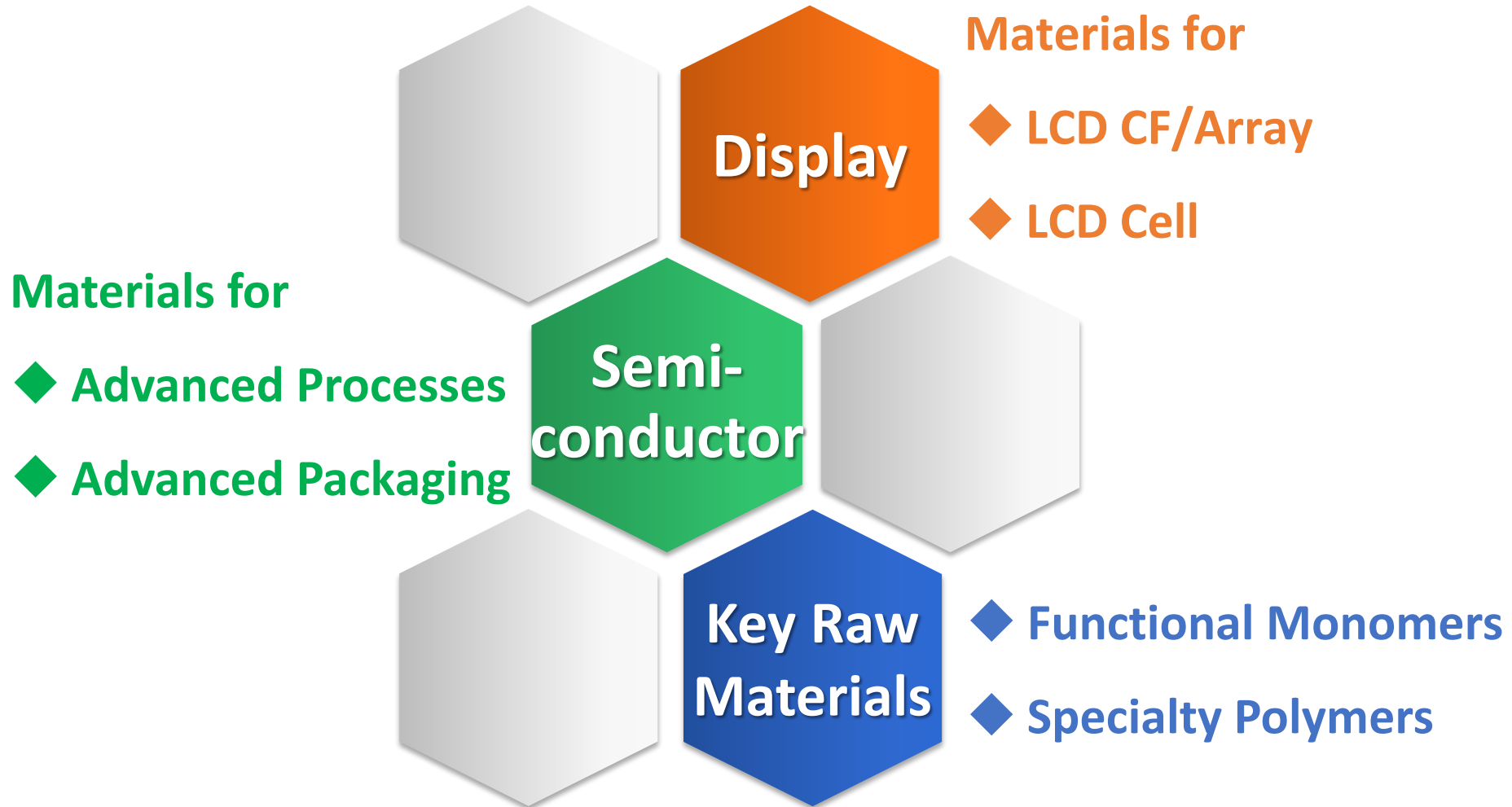
■ High Dividend Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
2020	6.15	5.0	0.0	81%
2019	6.33	5.0	0.0	79%
2018	6.38	5.0	0.0	78%
2017	5.07	3.5	1.0	89%
2016	3.78	3.0	0.0	79%



Operation Highlights & Outlook

Product Domains



Y2021 Achievements

Display

■ LCD Color Filter

- Photo spacer : Expanded to new production lines.
Maintain worldwide leading position.
- Black-matrix resist : Expanded to new customers.
Developed new products for high-brightness PID*.

■ LCD Cell

- Fast response LC : Adopted by NB and Monitor.
- PI alignment layer : Expanded to new customers.
Developed new products for curve display.

■ LCD Array

- Cu etchant : Increased shipments by growing demand of 8K displays.
Maintain worldwide leading position.

Y2021 New Product Development

DAXiN



■ Advanced Packaging (Wafer & Panel)

- Release layer : **Qualified by US and EU customers.**
- Passivation layer : **POR**(Process of Record) **for new product verification.**
- Photosensitive dielectrics : **Imported verification for new products.**

■ Advanced Process / Mature Process

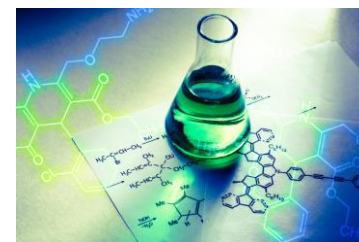
- High-purity solvent : **Completed qualification and expanded to all Fabs.**
- Topcoat and stripper : **Completed development and imported verification.**
- Specialty removers : **Completed development and imported verification.**

Y2021 New Product Development

Key Raw Materials

■ Field of Display

- Functional monomers of PI : **Qualified by KR and JP customers.**
- Liquid crystal molecules : **Developed new molecules design.**
- High-resistance black paste : **Developed surface modification and dispersion technology of special pigments.**



■ Field of Semiconductor

- Specialty cross-linker : **Implemented advanced packaging processes.**
- High-purity monomer : **Target high-purity chemicals for advanced wet processes.**
- Functional additive : **Target high-purity chemicals for advanced lithography.**

R&D Plans - Display

- Increase competitiveness by expediting production of key raw materials and optimizing manufacturing processes.
- Develop high-performance materials and expand market share.

LCD Color Filter

- High-resolution and high-resistance BM
- Black photo-spacer
- High-resolution photo-spacer



Source : AUO Display Plus

LCD Cell

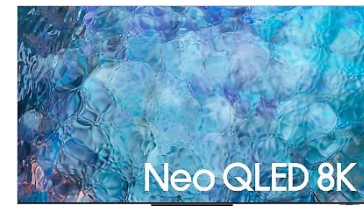
- PI alignment layer for 8K
- PI alignment layer for curve
- Fast response and high-transmittance LC
- PI-less liquid crystal



Source : AUO

LCD Array

- New Cu etchant for 8K



Source : Samsung

R&D Plans - Semiconductor **DAXiN**

- Develop new materials for next generation 3D architectures and heterogeneous integration.
- Build purification process technologies and supply high-purity semiconductor chemicals.
- Ensure high-quality production and improve precision manufacturing technologies.

Advanced Packaging

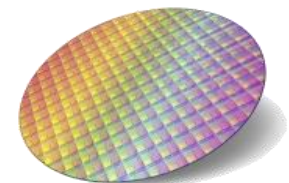
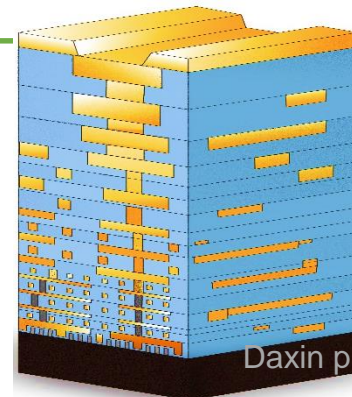
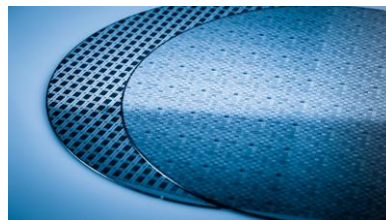
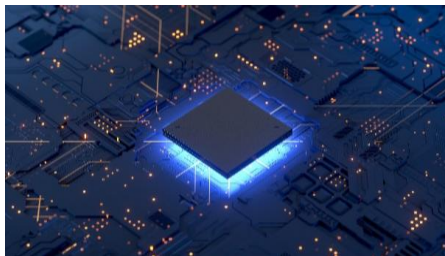
- Transfer bonding layer
- Photosensitive dielectrics with low Dk/Df

Advanced Process - BEOL

- High-efficiency remover
- High-purity special cleaner
- High-resolution buffer layer

Advanced Process - FEOL

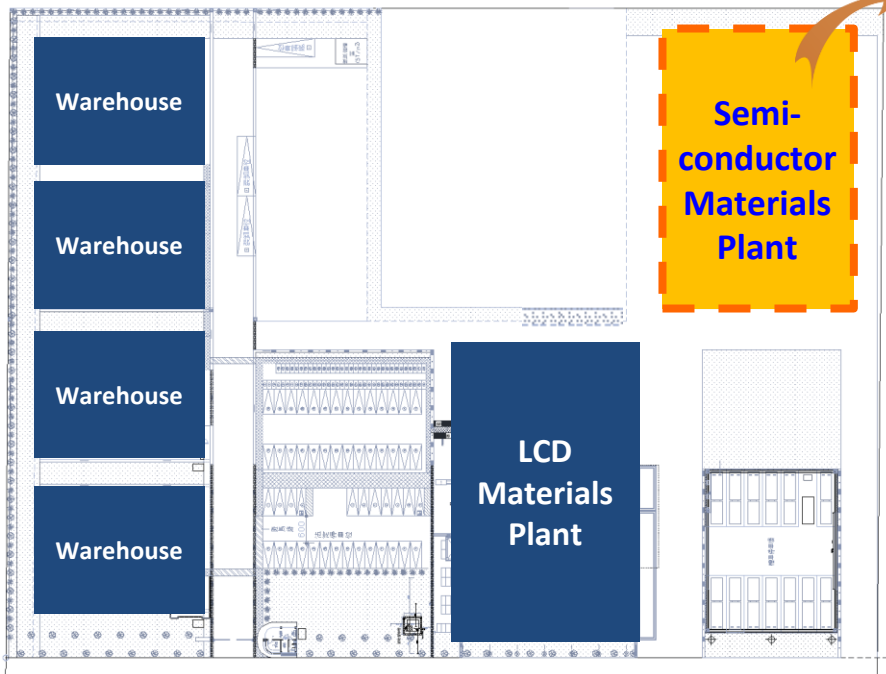
- Special etchant
- Bevel sealant

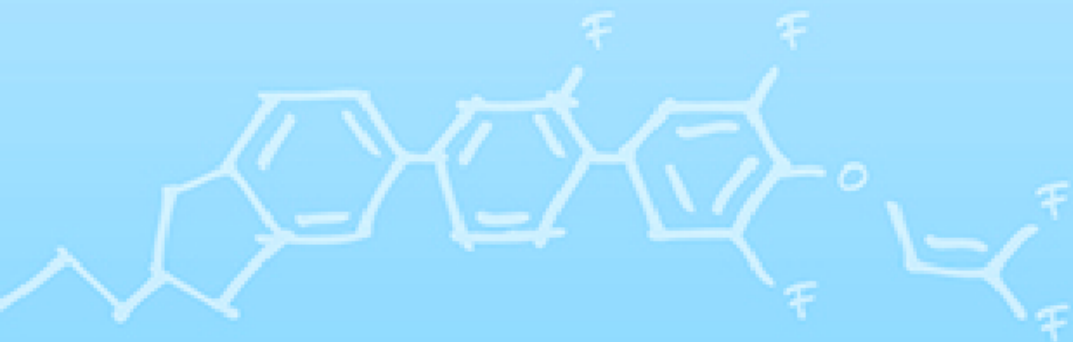


AMC II - Semiconductor Materials Plant

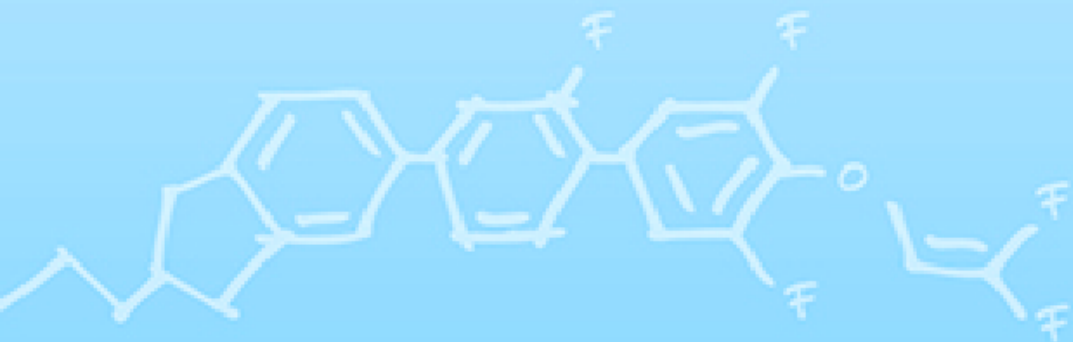
- Products : Semiconductor Materials.
- Build high-purity production lines of synthesis, purification, and formulation.
- Production manufacturing in 2022/Q3.

Advanced Manufacturing Center II (AMC II)





Q & A



Thank you