

DAXiN

Daxin Materials Corporation

Investor Conference

2022.12.13

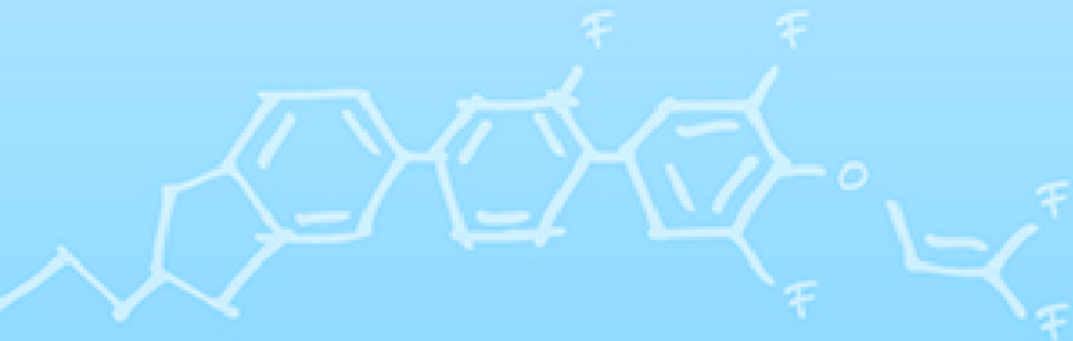


Disclaimer

- 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

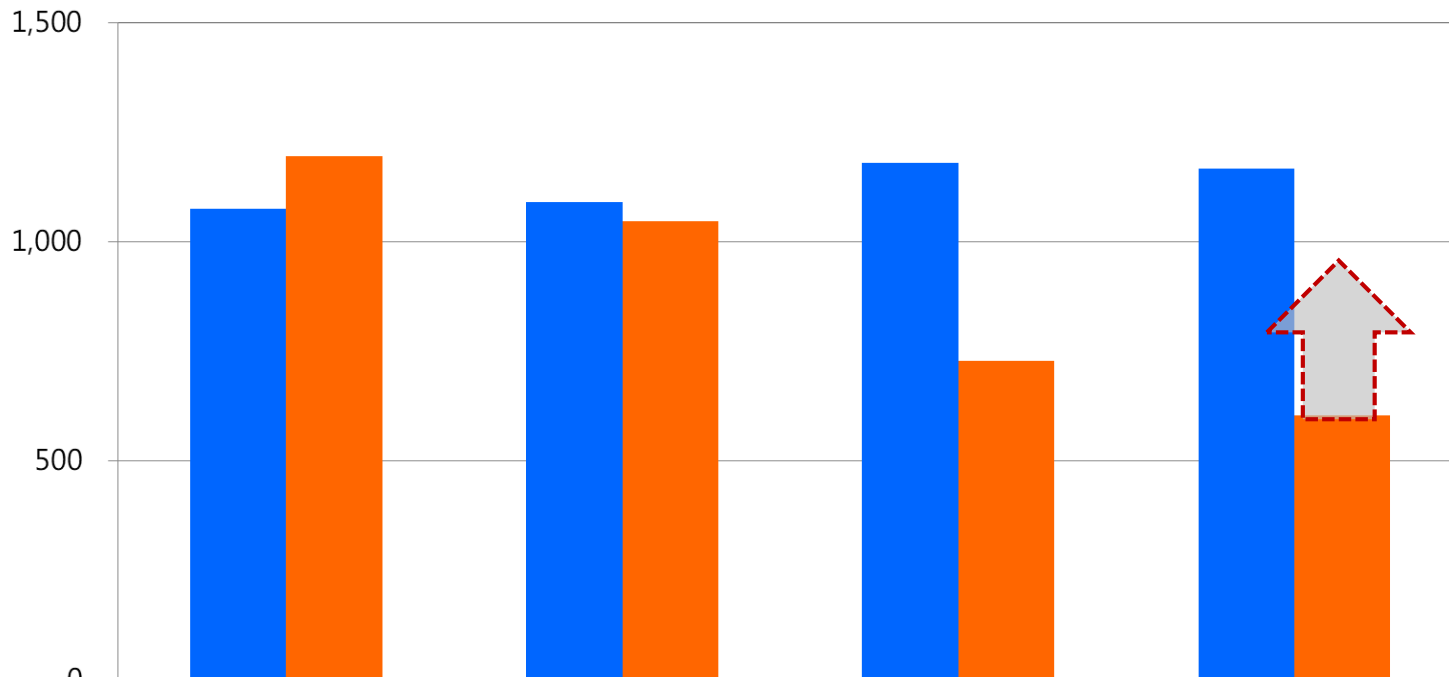
- ◆ **Operating Result**
- ◆ **Operational Highlights & Outlook**



Operation Results

Sales by Quarter

Unit: NTD M



	Q1	Q2	Q3	Q4
2021 Sales	1,075	1,091	1,180	1,168
2022 Sales	1,196	1,048	728	604 *

*2022/10-2022/11

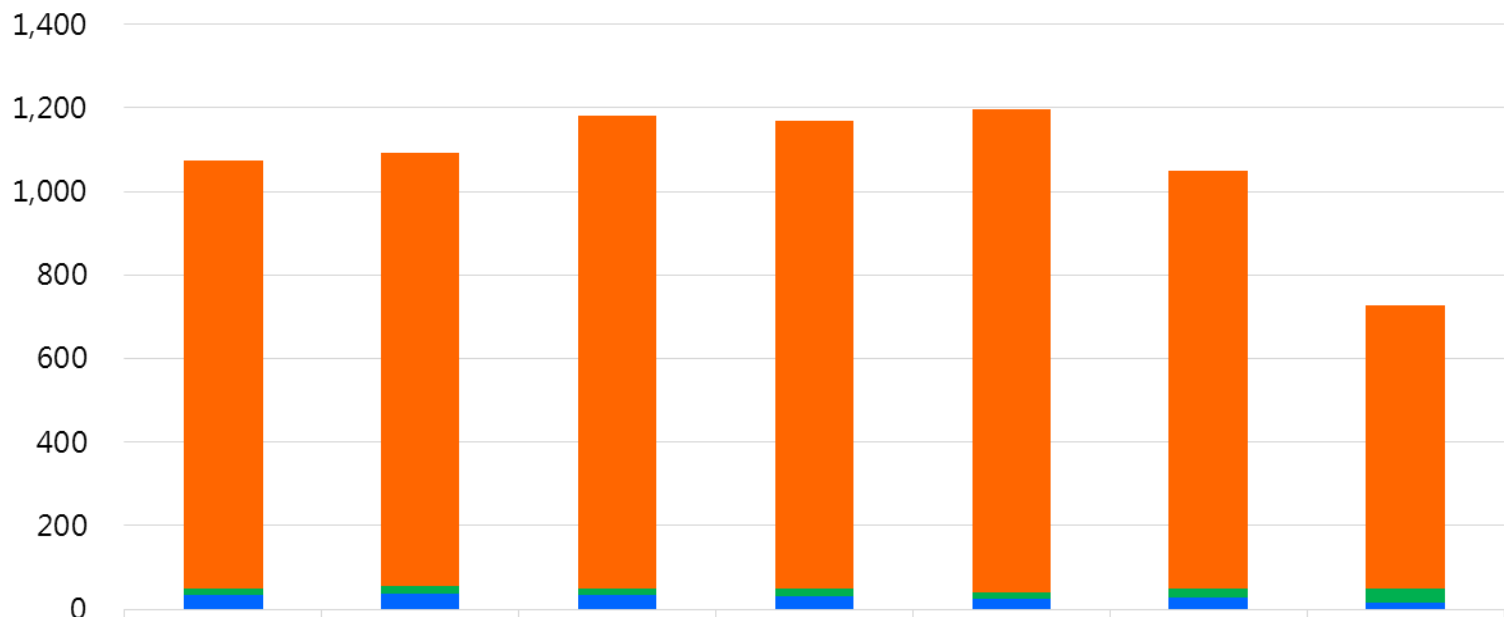
◆ The year-to-date (from Jan to Nov) sales was NT\$ 3,576 million, which decreased 13.2% year-over-year.

Remark : the figure of 2022Q4 has not been audited.

Sales by Product



(NTD M)



	2021Q1	Q2	Q3	Q4	2022Q1	Q2	Q3
Display materials	1,025.6	1,034.2	1,130.4	1,118.9	1,155.4	1,000.0	678.4
Semiconductor materials	15.2	18.2	15.0	17.9	14.7	20.8	31.8
Key raw materials and others	33.8	38.6	34.7	30.9	26.2	27.3	17.4
TOTAL	1,074.6	1,091.0	1,180.1	1,167.7	1,196.3	1,048.1	727.6
Semiconductor materials%	1.4%	1.7%	1.3%	1.5%	1.2%	2.0%	4.4%
Key raw materials and others%	3.1%	3.5%	2.9%	2.6%	2.2%	2.6%	2.4%

Consolidated Statements of Comprehensive Income



(In NT\$ millions unless otherwise noted)	Nine months ended Sep. 30										
	2022 Q1		2022 Q2		2022 Q3		2022		2021		YoY%
Operating revenue	1,196	100.0%	1,048	100.0%	728	100.0%	2,972	100.0%	3,346	100.0%	(11.2%)
Operating costs	812	67.9%	684	65.2%	530	72.8%	2,025	68.2%	2,135	63.8%	(5.1%)
Gross profit from operations	384	32.1%	364	34.8%	198	27.2%	947	31.8%	1,211	36.2%	(21.8%)
Operating expenses	218	18.2%	214	20.4%	181	24.9%	613	20.6%	631	18.9%	(2.9%)
Operating income	167	13.9%	151	14.4%	17	2.3%	334	11.2%	580	17.3%	(42.5%)
Non-operating income and expenses	12	1.0%	13	1.3%	25	3.4%	50	1.7%	(0)	0.0%	(38686.9%)
Income before tax	179	15.0%	164	15.6%	41	5.7%	384	12.9%	580	17.3%	(33.8%)
Comprehensive income	163	13.7%	140	13.4%	35	4.9%	339	11.4%	513	15.3%	(33.9%)
Basic earnings per share (NT\$)	1.59		1.36		0.35		3.30		4.99		

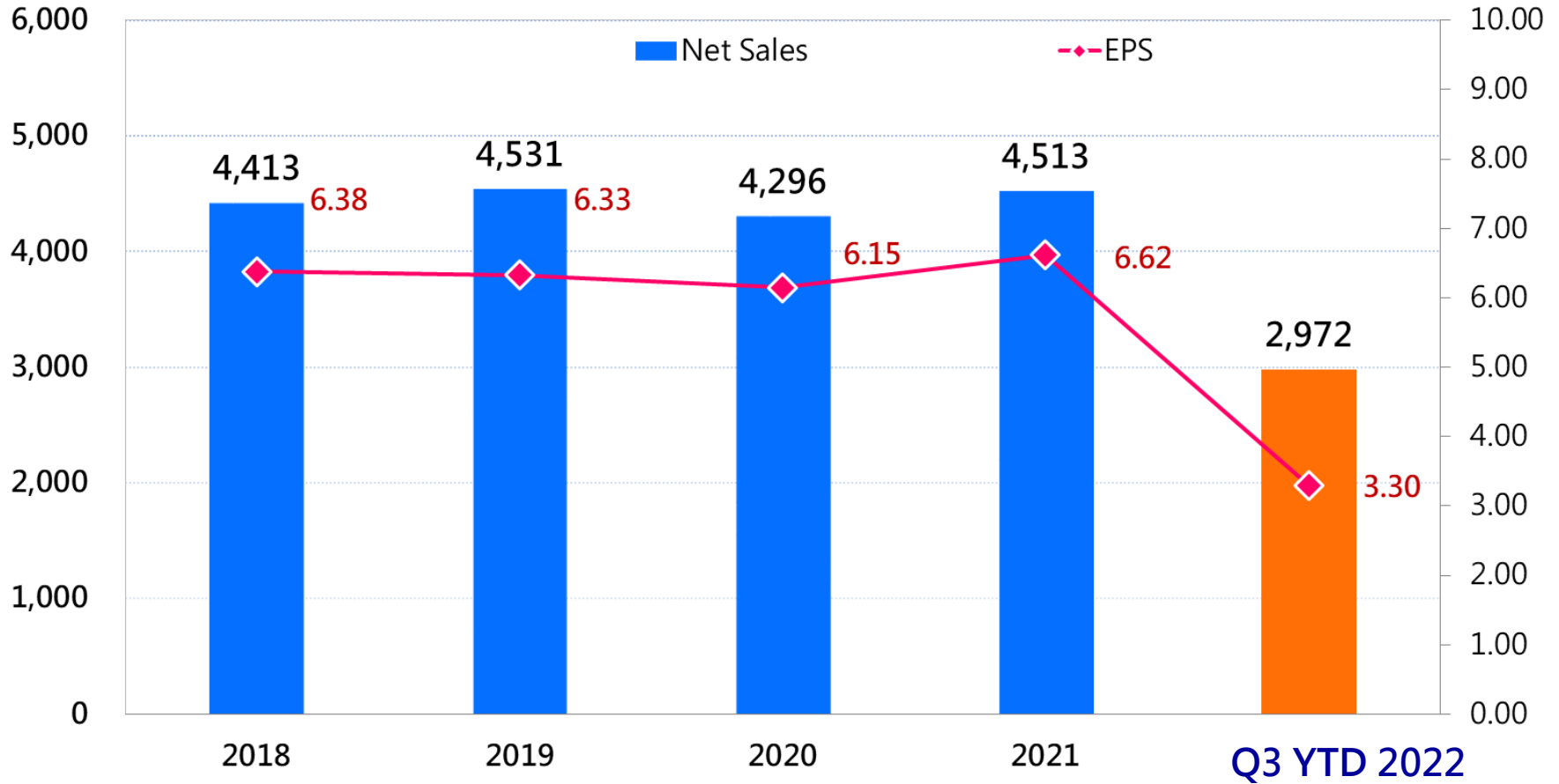
◆ The year-to-date (from Jan to Nov) income before tax was NT\$ 447 million, which decreased 37.3% year-over-year.

Sales and EPS



Unit: NTD M

Unit: NTD



Consolidated Balance Sheets Highlights



(In NT\$ millions)

	Sep. 30, 2022		Sep. 30, 2021		YoY	YoY %
Cash and cash equivalents	196	4.6%	199	4.4%	(3)	(1.5%)
Current financial assets at amortized costs	1,033	24.4%	850	18.8%	183	21.6%
Accounts receivable	813	19.2%	1,304	28.8%	(490)	(37.6%)
Inventories	382	9.0%	385	8.5%	(3)	(0.9%)
Property, plant and equipment	1,576	37.2%	1,540	34.0%	37	2.4%
Right-of-use assets	175	4.1%	182	4.0%	(7)	(3.8%)
Total assets	4,242	100.0%	4,528	100.0%	(286)	(6.3%)
Current liabilities	895	21.1%	1,240	27.4%	(345)	(27.8%)
Non-current liabilities	485	11.4%	388	8.6%	97	25.1%
Total liabilities	1,380	32.5%	1,628	36.0%	(248)	(15.2%)
Total equity	2,862	67.5%	2,900	64.0%	(38)	(1.3%)

Key financial highlights

Current ratio	276%	224%
Inventory Turnover (Days)	50	43

Consolidated Cash Flow Highlights

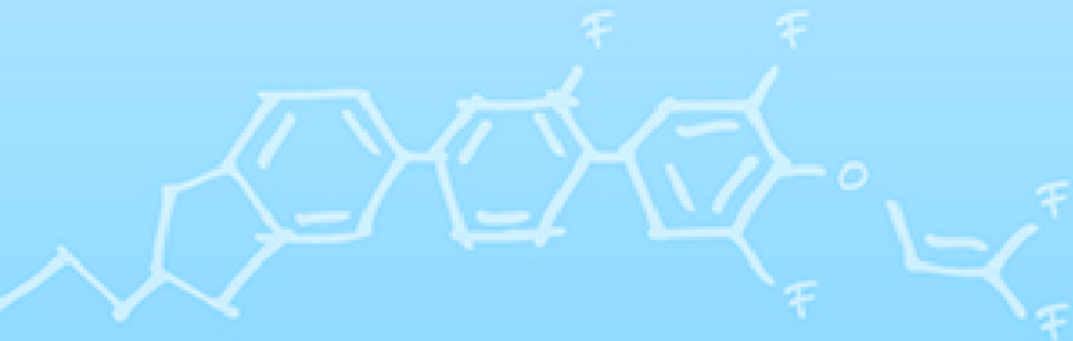


(In NT\$ millions)	Nine months ended Sep. 30	
	2022	2021
Income before tax	384	580
Depreciation and amortization	164	164
Other operating activities	166	(147)
Net cash flows from operating activities	623	507
Acquisition of property, plant and equipment	(173)	(317)
Disposal of (Acquisition of) financial assets at amortized cost	(92)	112
Net cash flows used in investing activities	(267)	(206)
Increase in short-term loans	120	140
Repayments of short-term debt	(120)	(60)
Increase in long-term loans	182	54
Repayments of long-term debt	(6)	-
Cash dividends paid	(544)	(514)
Net cash flows used in financing activities	(375)	(385)
Net decrease in cash and cash equivalents	(19)	(85)
Cash and cash equivalents at end of period	196	199

Dividend Policy

■ High Payout Ratio Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
2021	6.62	5.3	0.0	80%
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%



Operation Highlights & Outlook

Locations



HQ / R&D Center – Taichung



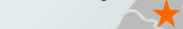
AMC II – LCD Materials Plant



AMC II – SEMI Materials Plant



Sales Office
Taoyuan



Under planning
Kaohsiung



AMC I – Taichung

(AMC : Advanced Manufacturing Center)



■ **AMC I and AMC II – LCD Materials Plant:**

- High-volume manufacturing of SEMI products in AMC I and AMC II respectively.

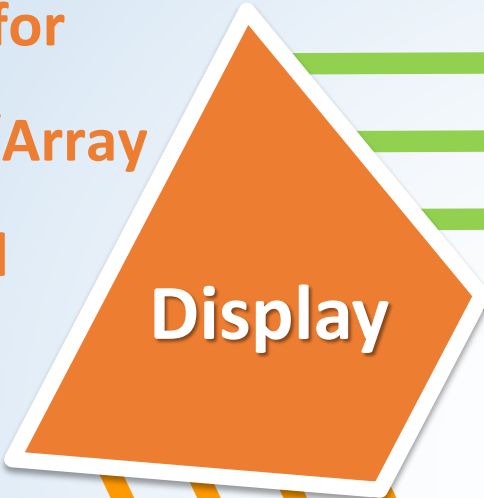
■ **AMC II – SEMI Materials Plant:**

- High-purity production lines of synthesis, purification, and formulation.
- Production manufacturing in 2022/Q2.

Product Domains

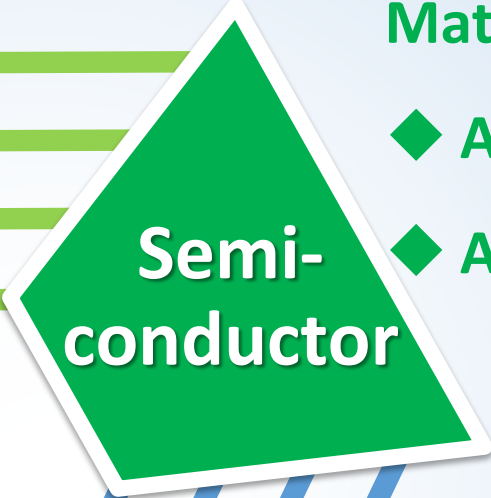
Materials for

- ◆ LCD CF/Array
- ◆ LCD Cell



Materials for

- ◆ Advanced Processes
- ◆ Advanced Packaging



Key Raw Materials

- ◆ Functional Monomers
- ◆ Specialty Polymers

Y2022 Achievements

Display

■ LCD Color Filter

- Photo spacer : **Conducted high-resolution PS to new production lines. Maintain worldwide leading position.**
- Black-matrix resist : **Completed development and verification of high-resolution and high-resistance BM .**

■ LCD Cell

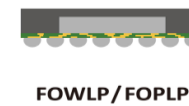
- PI alignment layer : **Expanded PSA* PI production to major panel makers. Completed qualification of high-adhesion PSA PI. Improve revenue growth in Y2023.**
- Liquid crystal : **Expanded production for monitor application. Completed development of new LC for gaming application.**

■ LCD Array

- Cu etchant : **Maintain worldwide leading position. Developed next generation products.**

*PSA : Polymer Stabilized Alignment

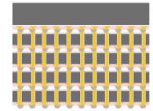
Y2022 New Product Development



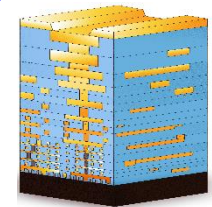
FOWLP/FOPLP



2.5D IC



3D IC



■ Advanced Packaging (Wafer Level / Panel Level)

- Release layer : **High-volume manufacturing and new customers verification.**
- Highly-selective Cu etchant : **Completed development and imported verification.**
- Specialty cleaners : **Conducted performance test and on-site demonstration.**
- Photosensitive dielectrics : **Conducted verification and reliability test.**

■ Wafer Fabrication (Advanced Process / Mature Process)

- Buffer layer : **Achieved target specification of Angstrom Semiconductor Initiative.**
- Strippers : **High-volume manufacturing of two products.**
- High-purity solvent : **High-volume manufacturing and new customers verification.**
- Topcoat : **Completed development and conducted verification.**
- Specialty removers : **Completed development and imported verification of three new products.**

Y2022 New Product Development

Key Raw Materials

■ Field of Display

- Functional monomers of PI : **Verified by EU/US/JP/KR customers.**
- Liquid crystal molecules : **Developed new molecules design with competitive pricing.**
- High-resistance black paste : **Developed surface modification and dispersion technology of special pigments.**



■ Field of Semiconductor

- Epoxy monomer : **Target high-reliability electronic materials.**
- High-purity monomer : **Target high-purity chemicals for advanced wet processes.**
- High-purity polymer : **Target high-purity photoresists for advanced lithography.**



R&D Plans - Display

- Strengthen competitiveness by managing product portfolio and strategies.
- Improve competitiveness by expediting production of key raw materials and optimizing manufacturing processes.
- Develop high-performance materials and expand market share.

LCD Color Filter

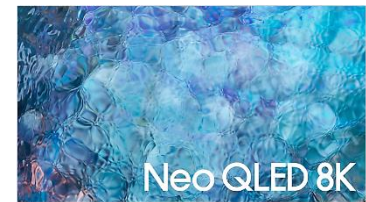
- Low-temperature curing photo spacer
- Low-temperature curing black-matrix resist

LCD Cell

- Low-temperature curing PI alignment layer
- PI alignment layer for curve
- Fast response and high contrast ratio LC

LCD Array

- New Cu etchant for 8K



Source : Samsung

R&D Plans - Semiconductor

- Develop new materials for next generation advanced processes and advanced packaging.
- Cooperate with global top chemical companies and world's leading semiconductor company.

Advanced Packaging

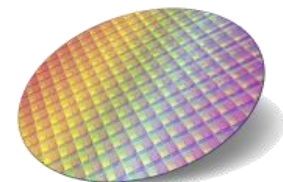
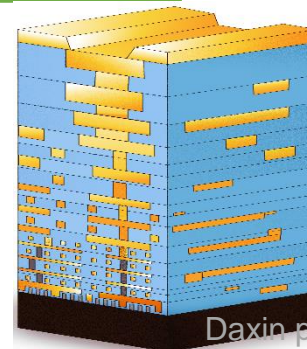
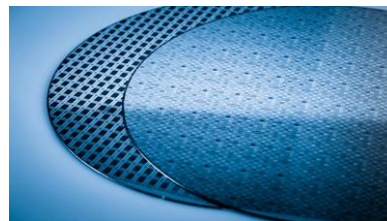
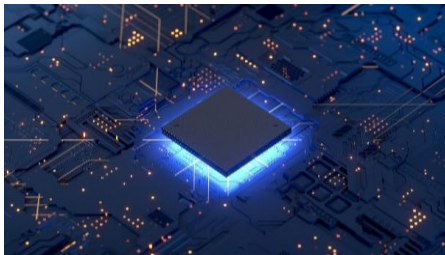
- High-resolution photosensitive dielectrics
- Low-temperature curing photosensitive dielectrics

Advanced Process - BEOL

- Highly-selective Cu etchant
- High-purity surface treatment chemical A
- High-resolution buffer layer

Advanced Process - FEOL

- Bevel sealant
- High-purity surface treatment chemical B



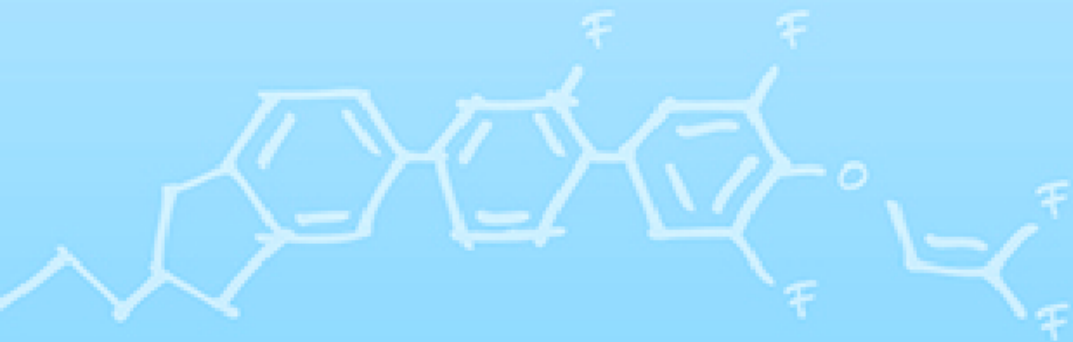
Operation Plans - Semiconductor **DAXiN**

Develop new materials

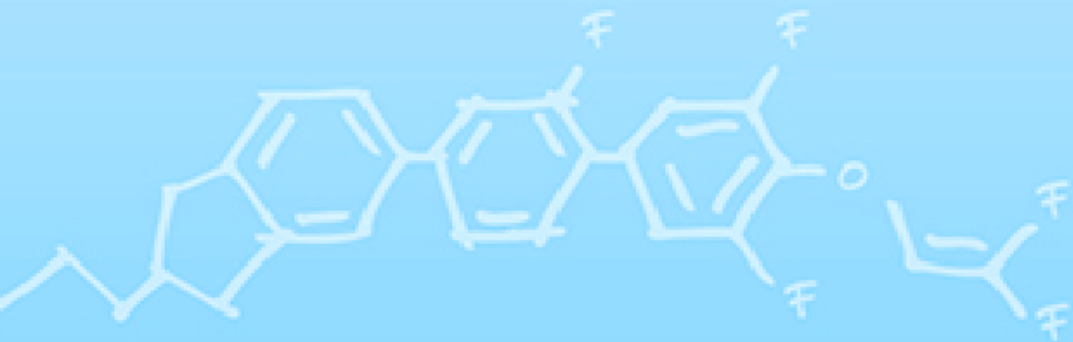
- Establish local supply chain of advanced semiconductor materials.
- Supply high-purity and high-quality semiconductor chemicals.
- Develop new materials for next generation advanced processes and advanced packaging.

Cooperate with global top companies

- Strengthen high-quality production of high-purity chemicals for advanced wet processes.
- Improve precision manufacturing technologies of high-purity polymers synthesis for advanced photoresists.
- Co-develop new materials for innovative process technologies and application-specific 3D architectures.



Q & A



Thank you