

# DAXiN

Daxin Materials Corporation

# Investor Conference

2023.12.13



Design House for Chemical Materials

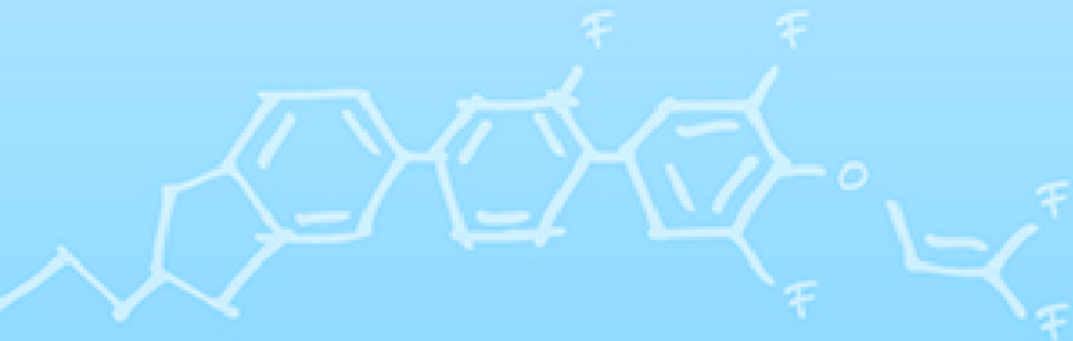


# Disclaimer

- 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

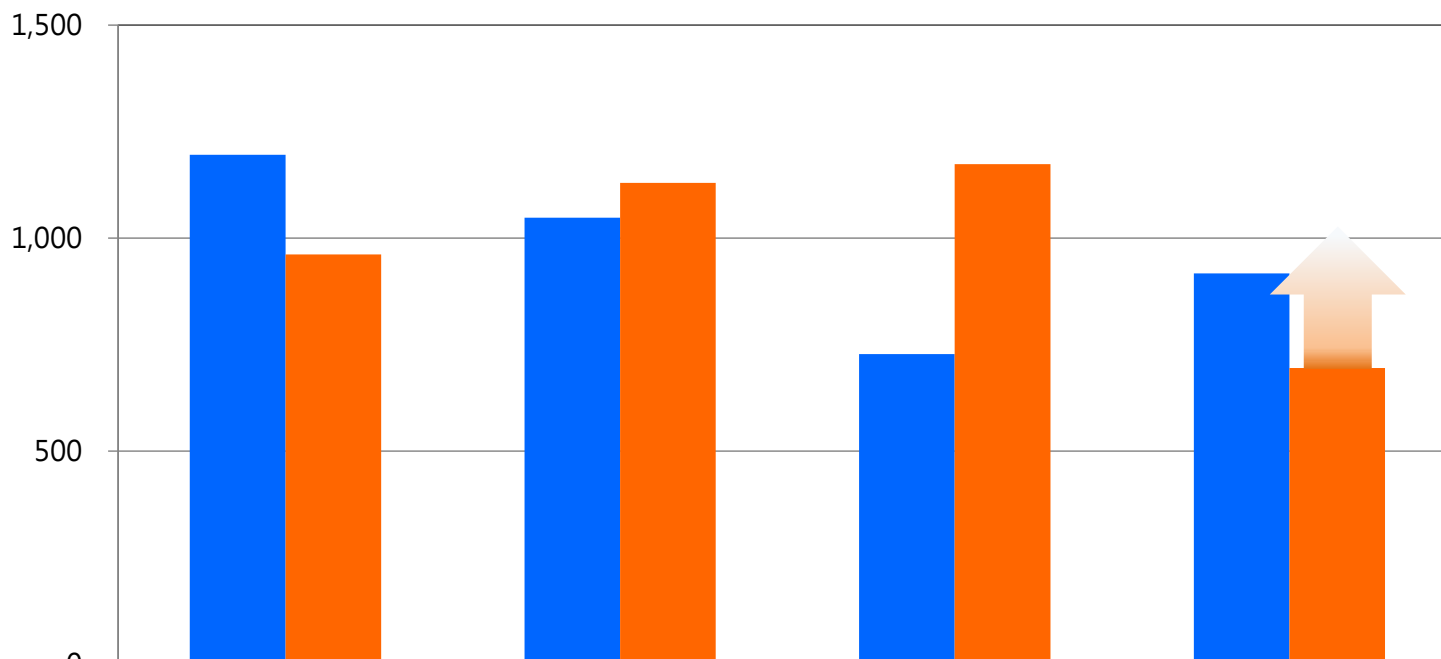
- ◆ **Operating Result**
- ◆ **Operational Highlights & Outlook**



# Operation Results

# Sales by Quarter

Unit: NTD M



	Q1	Q2	Q3	Q4
■ 2022 Sales	1,196	1,048	728	917
■ 2023 Sales	962	1,130	1,174	695 *

\*2023/10-2023/11

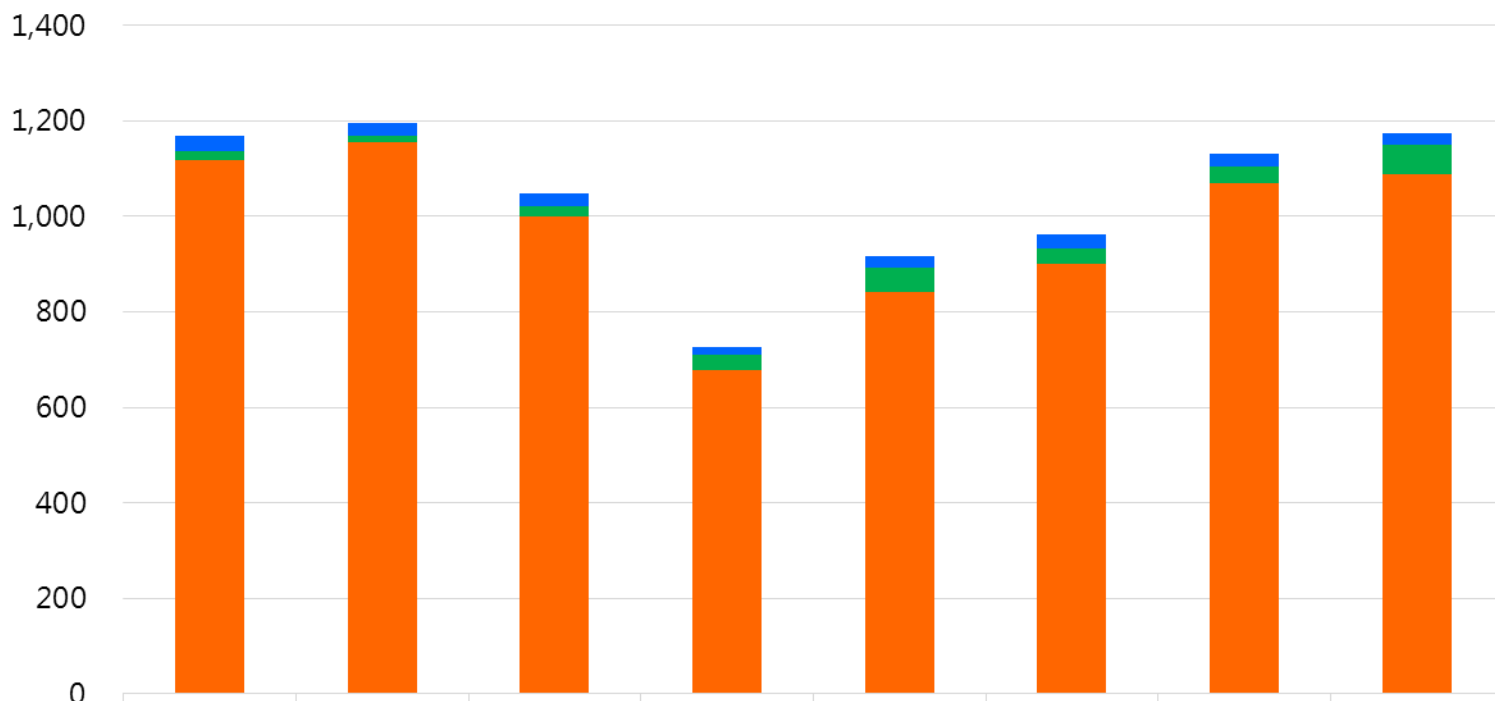
◆ The year-to-date (from Jan to Nov) sales was NT\$ 3,961 million, which increased 10.8% year-over-year.

Remark : the figure of 2023Q4 has not been audited.

# Sales by Product



(NTD M)



	2021Q4	2022Q1	Q2	Q3	Q4	2023Q1	Q2	Q3
■ Key raw materials and others	30.9	26.1	27.3	17.4	25.9	27.8	26.6	25.2
■ Semiconductor materials	17.9	14.8	20.8	31.8	50.0	34.4	34.1	61.0
■ Display materials	1,118.9	1,155.4	1,000.0	678.4	841.5	899.7	1,069.6	1,088.1
<b>TOTAL</b>	<b>1,167.7</b>	<b>1,196.3</b>	<b>1,048.1</b>	<b>727.6</b>	<b>917.3</b>	<b>961.9</b>	<b>1,130.3</b>	<b>1,174.3</b>
Key raw materials and others%	2.6%	2.2%	2.6%	2.4%	2.8%	2.9%	2.4%	2.1%
Semiconductor materials%	1.5%	1.2%	2.0%	4.4%	5.5%	3.6%	3.0%	5.2%

# Consolidated Statements of Comprehensive Income



(In NT\$ millions unless otherwise noted)	2023 Q1		2023 Q2		2023 Q3		Nine months ended Sep. 30				
							2023		2022		YoY%
<b>Operating revenue</b>	962	100.0%	1,130	100.0%	1,174	100.0%	3,267	100.0%	2,972	100.0%	9.9%
Operating costs	651	67.7%	739	65.4%	748	63.7%	2,138	65.5%	2,025	68.2%	5.6%
<b>Gross profit from operations</b>	311	32.3%	391	34.6%	427	36.3%	1,128	34.5%	947	31.8%	19.2%
Operating expenses	196	20.3%	219	19.4%	240	20.4%	655	20.1%	613	20.6%	6.9%
<b>Operating income</b>	115	11.9%	172	15.2%	187	15.9%	473	14.5%	334	11.2%	41.8%
Non-operating income and expenses	(2)	(0.2%)	4	0.4%	7	0.6%	9	0.3%	50	1.7%	(81.4%)
<b>Income before tax</b>	113	11.8%	176	15.6%	194	16.5%	483	14.8%	384	12.9%	25.7%
<b>Net income</b>	98	10.2%	150	13.3%	166	14.1%	415	12.7%	339	11.4%	22.4%
Basic earnings per share (NT\$)	0.96		1.46		1.62		4.04		3.30		

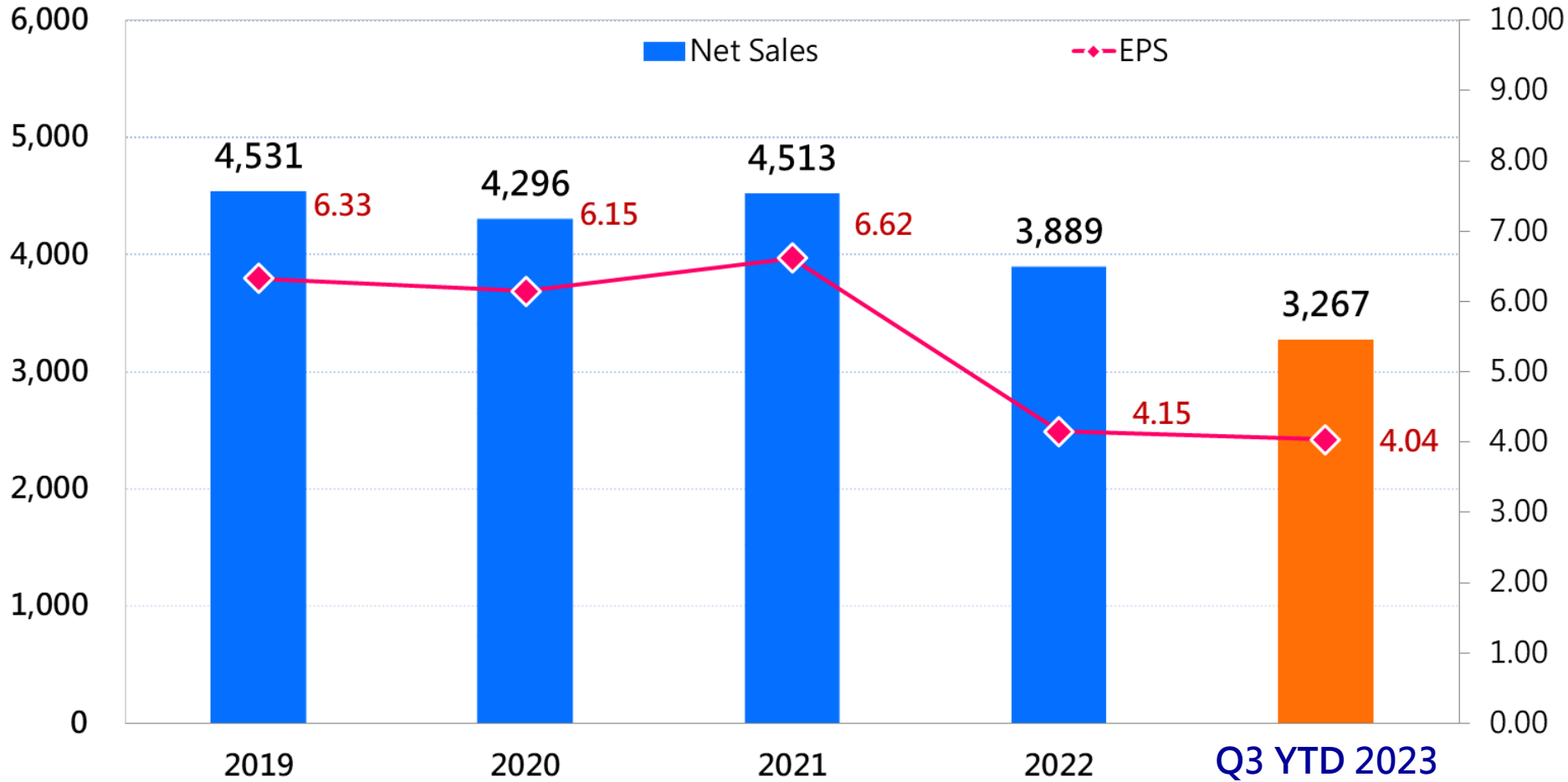
- ◆ The year-to-date (from Jan to Nov) income before tax was NT\$ 579 million, which increased 29.5% year-over-year.

# Sales and EPS



Unit: NTD M

Unit: NTD





# Consolidated Balance Sheets



## Highlights

(In NT\$ millions)

	Sep. 30, 2023		Sep. 30, 2022		YoY	YoY %
Cash and cash equivalents	265	5.7%	196	4.6%	69	34.9%
Current financial assets at amortized costs	889	19.0%	1,033	24.4%	(144)	(14.0%)
Accounts receivable	1,228	26.3%	813	19.2%	415	51.0%
Inventories	385	8.2%	382	9.0%	4	0.9%
Property, plant and equipment	1,572	33.6%	1,576	37.2%	(4)	(0.3%)
Right-of-use assets	166	3.6%	175	4.1%	(9)	(5.4%)
<b>Total assets</b>	<b>4,673</b>	<b>100.0%</b>	<b>4,242</b>	<b>100.0%</b>	<b>431</b>	<b>10.2%</b>
Current liabilities	1,202	25.7%	895	21.1%	307	34.3%
Non-current liabilities	446	9.5%	485	11.4%	(39)	(8.1%)
<b>Total liabilities</b>	<b>1,648</b>	<b>35.3%</b>	<b>1,380</b>	<b>32.5%</b>	<b>268</b>	<b>19.4%</b>
<b>Total equity</b>	<b>3,025</b>	<b>64.7%</b>	<b>2,862</b>	<b>67.5%</b>	<b>163</b>	<b>5.7%</b>

### Key financial highlights

Current ratio	242%	276%
Inventory Turnover (Days)	48	50

# Consolidated Cash Flow Highlights

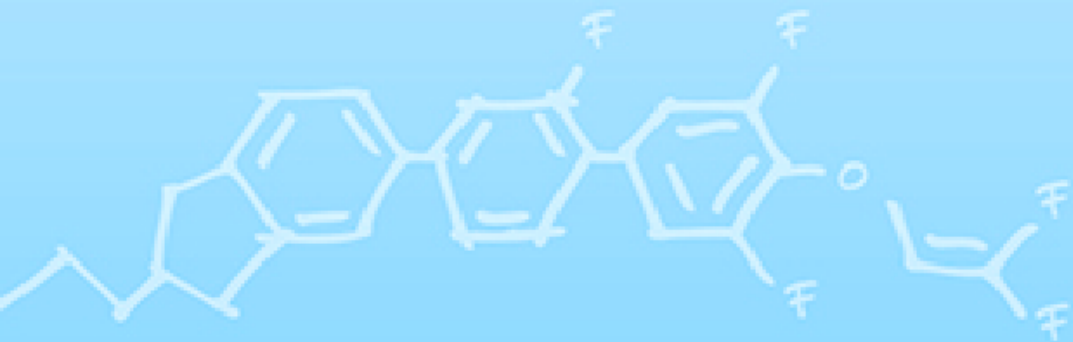


(In NT\$ millions)	Nine months ended Sep. 30	
	2023	2022
Income before tax	483	384
Depreciation and amortization	193	164
Other operating activities	(202)	166
<b>Net cash flows from operating activities</b>	<b>402</b>	<b>623</b>
Acquisition of property, plant and equipment	(170)	(173)
Disposal of (Acquisition of) financial assets at amortized cost	165	(92)
<b>Net cash flows used in investing activities</b>	<b>(9)</b>	<b>(267)</b>
Increase in short-term loans	195	120
Repayments of short-term debt	(195)	(120)
Increase in long-term loans	60	182
Repayments of long-term debt	(53)	(6)
Cash dividends paid	(339)	(544)
<b>Net cash flows used in financing activities</b>	<b>(339)</b>	<b>(375)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>54</b>	<b>(19)</b>
<b>Cash and cash equivalents at end of period</b>	<b>265</b>	<b>196</b>

# Dividend Policy

## ■ High Payout Ratio Policy

Year	EPS	Cash Dividends	Stock Dividends	Dividend Payout Ratio
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%
2018	6.38	5.0	0.0	78%



# Operation Highlights & Outlook

# Locations



HQ / R&D Center – Taichung



AMC I – Taichung

(AMC : Advanced Manufacturing Center)



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

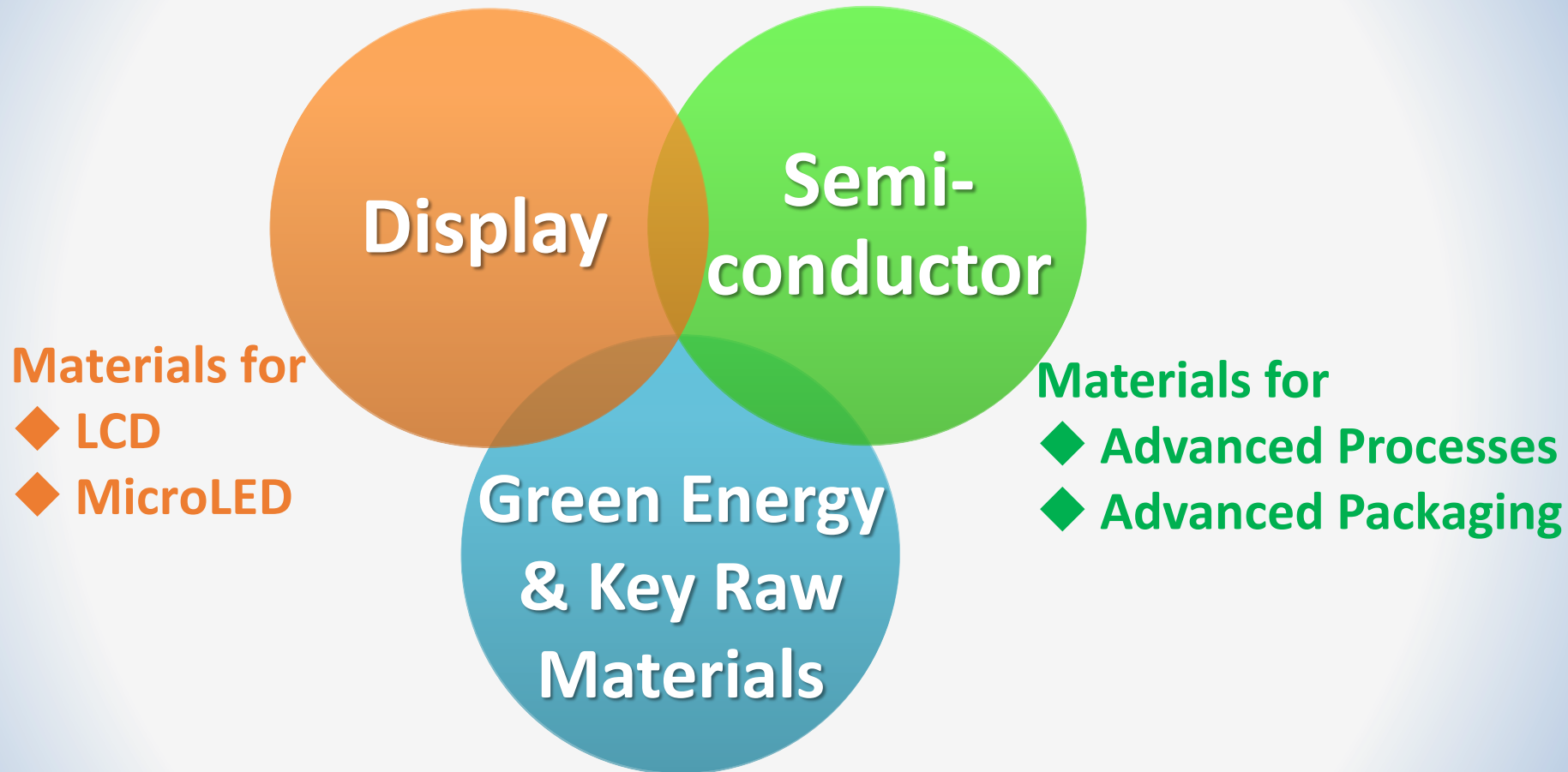
- High-volume manufacturing of SEMI products in AMC I and AMC II respectively.

■ **AMC II – SEMI Materials Plant:**

- High-purity production lines of synthesis, purification, and formulation.

- Small-volume-manufacturing of two products in Dec. 2023.

# Product Domains



# Y2023 Achievements

## Display

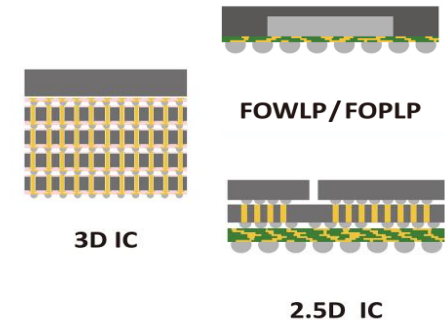
- **LCD Color Filter\_ Photo Spacer :**  
Conducted high-resolution PS to new production lines.  
Maintain worldwide leading position.
- **LCD Cell\_ PI Alignment Layer :**  
Expanded PSA\* PI production to major panel makers.  
Improve revenue growth with adoption of new models in 2024.
- **LCD Array\_ Cu Etchant :**  
Maintain worldwide leading position.  
Developed next generation products.

# Y2023 Achievements

Semi-conductor

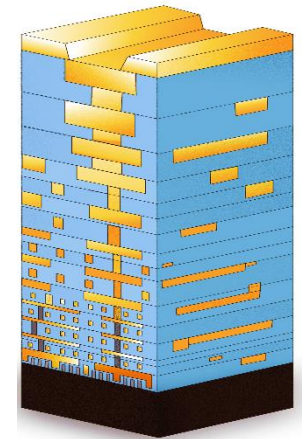
## ■ Advanced Packaging (Wafer Level / Panel Level)

- Release layer : **HVM\*** and new customers verification.
- PR Strippers A : **HVM\*** and demand growth in 2024.
- Highly-selective Cu etchant A : **SVM\*** and Qualification.



## ■ Wafer Fabrication (Advanced Process / Mature Process)

- High-purity solvent : **HVM\*** and new customers verification.
- PR Strippers B : **HVM\*** and verification of new technology node.
- Highly-selective Cu etchant B : **SVM\*** and Qualification.
- High-purity polymer : **Qualification and revenue growth in 2024.**
- BARC Strippers : **SVM\*** and Qualification.



\*HVM : High-volume manufacturing

\*PR : Photoresist

\*SVM : Small-volume manufacturing

\*BARC : Bottom-Anti-Reflective Coating



# R&D Plans - Display

- Improve competitiveness by expediting production of key raw materials and optimizing manufacturing processes.
- Develop high-performance materials and low-temperature curing materials for ESG consideration.

## LCD Color Filter

- LT\* curing photo spacer
- LT\* curing thermal overcoat
- LT\* curing black-matrix resist



\*LT : Low-temperature

## LCD Cell & Array

- LT\* curing PI alignment layer
- FFS\* PI alignment layer
- Cu etchant for fine-line

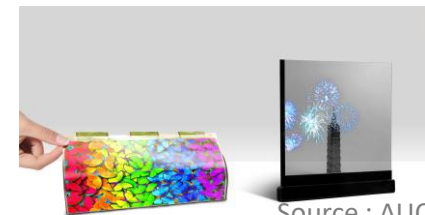


Source : AUO

\*FFS : Fringe-field switching

## MicroLED

- Transfer-bonding adhesive
- White resist



Source : AUO

# R&D Plans - Semiconductor

- Improve synthesis and purification technologies of semiconductor-grade ultra-high purity chemicals.
- Establish technical capabilities for analysis and detection of ultra-trace impurities and nanoparticles.

## Advanced Packaging

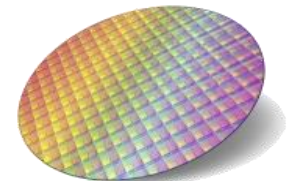
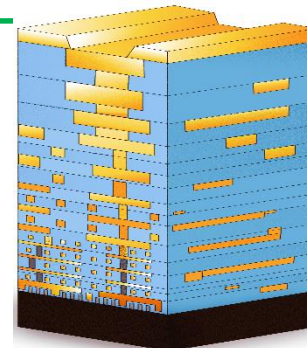
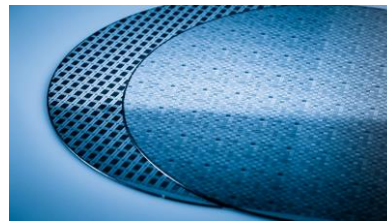
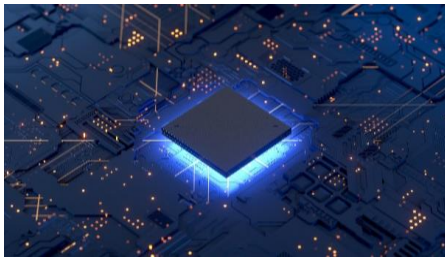
- High-resolution photosensitive dielectrics
- LT\* curing & low Dk photosensitive dielectrics
- Permanent adhesive

## Advanced Process - BEOL

- High-purity cleaner A
- High-purity cleaner B
- High-purity surface treatment chemical A

## Advanced Process - FEOL

- Bevel sealant
- High-purity surface treatment chemical B



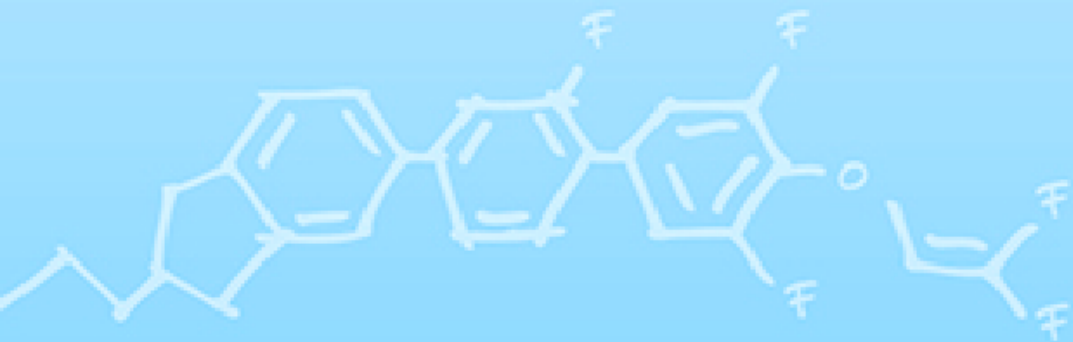
# Operation Plans - Semiconductor

## Develop New Materials

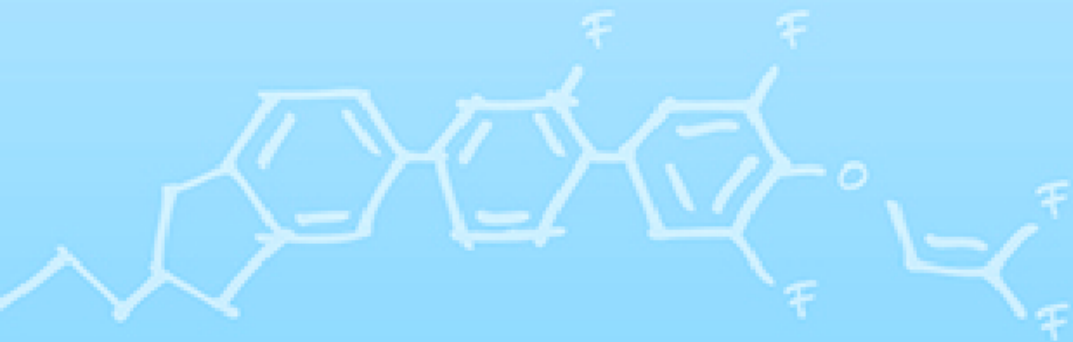
- Speed up troubleshooting of customer production line issues during semiconductor materials verification.
- Develop new materials for next generation advanced processes and advanced packaging

## Cooperate with Global Top Companies

- Expand strategic collaboration projects and models with major international manufacturers.
- Improve precision manufacturing technologies of synthesis and purification of semiconductor-grade chemicals.



# Q & A



**Thank you**