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Daxin Materials Corporation 2025 Annual Report

Printed on March 24, 2026

Daxin Materials Corporation

2025 Annual Report

Spokesperson

Name: Feng-Yu Chuang
Title: President

Deputy Spokesperson

Name: Yen-Chen Liu
Title: Chief Financial Officer
Tel: (04) 24608889
Email: ir@daxinmat.com

Location of Headquarters, Branch Office, and Factory Plants

Headquarters: No. 15 Keyuan 1st Rd., Central Taiwan Science Park, Taichung City
Northern Area Branch: Rm. B502J, 5F.-2, No. 185, Kewang Rd., Longtan Dist., Taoyuan City
Chungkang Branch: No.2, Jian 8th Rd., Wuqi Dist., Taichung City
Plants: Chungke Plant - No. 15 Keyuan 1st Rd., Central Taiwan Science Park, Taichung City
Chungkang Plant - No.2, Jian 8th Rd., Wuqi Dist., Taichung City
Tel: (04)24608889

Share Transfer Agency

Company Name: Stock Transfer Agent, Taishin Securities Co., Ltd.
Address: Rm. B1, No. 96, Jianguo N. Rd., Zhongshan Dist., Taipei City
Website: <https://www.tssco.com.tw>
Tel: (02)25048125

Auditing CPA and Accounting Firm

Name of CPA: CPA Chun-Yuan Wu, CPA Chien-Hai Lu
Name of Accounting Firm: KPMG Taiwan
Address: 68F., No. 7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City
Website: <https://home.kpmg/tw>
Tel: (02)81016666

Names of stock exchanges where foreign securities are listed and method of inquiry on the information of foreign securities

Name of stock exchanges where foreign securities are listed: None

Method of inquiry on the information of foreign securities: None

The Company's website: <https://www.daxinmat.com>

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Chapter 1 Letter to Shareholders

Dear Shareholders,

In 2025, Daxin achieved solid growth amid challenges. Semiconductor materials, with continued investment in R&D and technology, experienced strong demand and emerged as a key driving force of the Company's revenue and profitability. Following two years of drastic adjustments in the display industry, Daxin maintained stable operating performance by aligning core material solutions with customers' technological transitions. Overall, the Company delivered year-over-year growth in both revenue and profit. Operating income reached NT\$4.63 billion, representing a 12.4% increase from 2024. In the semiconductor materials segment, revenue surged to NT\$773 million, up 108.2% year-over-year, driven by new product qualification and mass production, and accounting for 16.7% of total sales. Display materials revenue also increased to NT\$3.75 billion, representing a 2.7% year-over-year growth.

Semiconductor materials shipments remained strong, driven by robust demand from artificial intelligence (AI), high-performance computing (HPC), and data center applications. Daxin successfully entered the supply chains for advanced semiconductor processes and advanced packaging. Multiple products completed qualification and transitioned into mass production with international semiconductor customers and material companies, contributing to a 108.2% year-over-year increase in semiconductor materials revenue in 2025. As new products are phased in and economies of scale are achieved, overall operating performance continues to improve. Meanwhile, Daxin is accelerating sample delivery and new product qualification for sub-2nm advanced processes and advanced packaging to support future revenue growth.

The display industry experienced a mild recovery in 2025. As supply and demand conditions stabilized, shipment momentum for display materials was sustained. Aligned with customers' technology upgrades and product strategy adjustments, Daxin expanded its product entry opportunities and further enhanced its overall product portfolio compared to the prior year.

Looking ahead to 2026, semiconductor materials are expected to sustain strong growth momentum, supported by a broader pipeline of technology-intensive products entering mass production. In display materials, we remain focused on low-carbon solutions and productivity enhancements, with an optimized product portfolio to support steady gains. In key raw materials, continued R&D investment and application deployment are expected to gradually deliver results, positioning it as a third engine of long-term development.

Daxin will continue to enhance its competitive advantages through product innovation, technology differentiation, and process optimization, aligning with industry megatrends to drive solid operational growth.

Financial Performance

1. Operating revenue

Consolidated operating revenue in 2025 was NT\$4.63 billion, representing a NT\$512 million or 12.4% increase from NT\$4.118 billion in 2024.

2. Operating income

Consolidated operating income in 2025 was NT\$853 million, representing a NT\$246 million or 40.5% increase from NT\$607 million in 2024.

3. Net income

Net income in 2025 was NT\$757 million, representing a NT\$186 million or 32.7% increase from NT\$571 million in 2024.

Environmental, Social and Corporate Governance (ESG)

While driving operational growth, Daxin continues to advance its transition toward net zero and its carbon-reduction targets, systematically integrating climate-related risks and decarbonization initiatives into core operational management. At the same time, we are expanding our use of renewable energy and deepening its low-carbon operational model. In 2025, our environmental management efforts achieved full third-party certification and were further recognized with the “SGS ISO PLUS Award for Excellence in Environmental Management System.”

At Daxin, talent drives innovation. We've designed a workplace where employees thrive professionally and personally across all career stages. For three consecutive years, we have partnered with the TALENT in Taiwan Alliance. In 2025, we received the Workplace Health Promotion Self-Assessment Qualification and the Taichung City Government Happy Workplace Three-Star Award. Since 2010, our Daxin Graduate Scholarship program has cultivated young scientists and innovators. This year, we increased both award amounts and recipients — investing in the researchers who will define the next chapter of materials science.

Daxin remains committed to advancing corporate governance, considering transparency, sound governance systems, and stakeholder engagement as key foundations for sustainable long-term operations. In addition to regularly disclosing monthly revenue and self-assessed profit, the Company maintains structured investor communication channels to help investors better understand its operating performance, strategic direction, and long-term development priorities. In terms of sustainability governance, the Company elevated the Sustainable Development Committee to the Board level to strengthen the Board's oversight of sustainability strategies and their implementation. The Sustainability Report was verified by an independent third party with limited assurance and approved by the Board of Directors to ensure the reliability and consistency of sustainability disclosures. These corporate governance achievements were recognized by external institutions, as evidenced by receiving the “Progress Achievement Award” from the Taiwan Investor Relations Institute (TIRI). Looking ahead, we will continue to align with the “Sustainable Development Action Plans for TWSE/TPEX-listed Companies” and promote sustainability initiatives to further strengthen corporate governance.

Research and Development

Daxin maintains a significant R&D investment and a strong R&D workforce. The Company's R&D strategy centers on multidisciplinary fundamental chemical research, integrated with process technologies, equipment integration, analytical testing, and AI-driven simulation. This comprehensive material development capability enhances R&D efficiency and product competitiveness, reinforcing its technological leadership across three key sectors: semiconductor materials, display materials, and key raw materials.

Semiconductor Materials

Benefiting from the growth in demand for artificial intelligence (AI) and high-performance computing (HPC) chips, our semiconductor material revenue has achieved exponential growth. Daxin has successfully transitioned from a local supplier to a global partner for critical semiconductor materials. Leveraging our proprietary R&D technologies, we provide specialized materials spanning from Front-End-of-Line/Back-End-of-Line (FEOL/BEOL) to advanced packaging processes. Furthermore, we are developing diverse solutions for critical semiconductor raw materials to meet the requirements of various process nodes and applications.

- **Advanced Packaging Materials:** Laser release layer, photosensitive polyimide (PSPI) for advanced packaging, high-selectivity metal etchant (Copper Seed Etchant) and wafer edge protection glue.
- **Advanced Process Materials:** Lithography auxiliary materials, high-selectivity etchants and cleaning solutions (Post-ash cleaner) and copper seed etchant.
- **Critical Semiconductor Raw Materials-High-Purity Specialty Resins for Photoresists:** Poly (p-hydroxystyrene) (PHS).

In the semiconductor sector, our products have successfully entered the supply chains for advanced processes and advanced packaging. Several products have passed qualification by major international manufacturers and entered mass production. We are actively expanding sample delivery and new product qualification for high-end processes and advanced packaging materials.

Display Materials

Daxin has been deeply involved in the display materials field, establishing a solid market position across various key materials. We provide comprehensive material solutions from upstream to downstream, helping customers improve product performance and manufacturing efficiency. In response to the increasingly competitive landscape of the display industry, the Company continues to prioritize "cost-effectiveness and process optimization" as its core R&D direction, co-developing more competitive products with customers.

In 2025, Daxin achieved several significant milestones in display material research and development, including low-temperature curable PSA liquid crystal alignment layers with superior reliability, contrast, and response speed. Additionally, in response to ESG carbon reduction trends, we developed low-power cholesteric liquid crystal alignment layers.

In response to the global "Net-Zero Emissions" trend and the persistent demand for low-power, high-resolution processes in the display industry, Daxin continues to collaborate with customers on the phased implementation of ESG-aligned energy-saving and eco-friendly materials. The focus remains on reducing process temperatures and overall energy consumption, thereby assisting customers in mitigating carbon emission pressures and operational risks stemming from rising energy costs. Simultaneously, Daxin optimizes process management by increasing solvent recovery rates, minimizing waste fluid generation, and progressively introducing sustainable raw materials. We are also expanding the proportion of local sourcing to strengthen supply chain resilience and fulfill our environmental responsibilities.

Key Raw Materials

With years of expertise in material technology and R&D, the Company continues to deepen its presence in the specialty chemicals and advanced materials sectors. We focus on the R&D and manufacturing of key raw materials required for semiconductors, displays, lithium-ion batteries, and other next-generation electronic industries, progressively building a material technology platform with extensive cross-industry application potential.

In terms of R&D strategy, the Company develops functional key raw materials tailored to diverse application requirements. For instance, in lithium-ion battery applications, the R&D focus is on enhancing ionic conductivity efficiency, electrode adhesion, and reliability. In the field of next-generation electronic materials, the company develops Low-Dielectric (Low-Dk) and Low-Loss (Low-Df) materials to meet the demands of high-frequency and high-speed electronic products with reliability.

Furthermore, the Company continues to invest in the development of advanced functional materials with high purity, low ion content, and an eco-friendly orientation. Depending on different industry applications and process requirements, we provide differentiated and customized material solutions to help customers enhance product performance, process stability, and competitiveness, establishing a solid foundation for the long-term growth of our key raw materials.

Outline of Business Plan

Daxin continues to deepen its R&D and market positioning in semiconductor materials while optimizing operational efficiency in the display sector. We are committed to consolidating our supply chain advantages and service quality while maintaining the agility to respond to market fluctuations.

In the semiconductor segment, Daxin is accelerating mass production conversion of POR (Process of Record) products to meet explosive AI chip demand. Through continuous capacity expansion, we provide international semiconductor clients with localized synthesis, purification, and formulation services, effectively shortening lead times and enhancing supply chain resilience. Daxin is also expanding its product lines with ongoing investing in critical materials for WLP (Wafer Level Packaging), PLP (Panel Level Packaging), and CPO (Co-Packaged Optics).

In display materials, we focus on upgrading our core products, specifically high-resolution photoresists, fine line application etchants, and liquid crystal alignment layers. By leveraging R&D strengths, we provide high-performance materials that boost competitiveness. Aligned with the "Net Zero" trend, we are developing products with low energy consumption and high durability requirements, targeting high-end market gaps and solidifying our position in the supply chain. Furthermore, we continue to optimize our cost structure by refining manufacturing processes and increasing the ratio of self-produced raw materials to reduce supply chain dependency.

Regarding key raw materials, the Company will ensure stable mass production of key materials for semiconductors, displays, and lithium-ion batteries while continuously optimizing processes to enhance competitiveness. Daxin is also developing Low Dk/Df resins to capture emerging market opportunities. Through deeper customer technical exchange and shorter R&D lead times, the Company aims to rapidly respond to market demands, establish a third major product line and drive diversified long-term growth.

Future Outlook

Looking ahead to 2026, as semiconductor process and packaging technologies continue to evolve, international manufacturers are increasingly seeking partners with proprietary R&D capabilities and supply stability—not merely material suppliers—to strengthen overall supply chain resilience. Meanwhile, the display industry is moving toward higher resolution, diversified applications, and high-value-added products, creating growth opportunities for suppliers with strong material integration and R&D expertise.

In the semiconductor sector, Daxin remains focused on proprietary R&D, deepening its basic material research in advanced processes and advanced packaging, while building integrated capabilities across chemistry, process, equipment, and AI. By tracking semiconductor evolution and anticipating future specifications, we proactively propose forward-looking material solutions and establish early-stage patent positioning to support our customers' technical milestones. Building on this foundation, the Company is further expanding its JDP (Joint Developed Project) collaborative model with international clients. Through close technical exchanges and joint qualification, we ensure material designs precisely meet practical application requirements, accelerating technology adoption and mass production timelines while strengthening long-term partnerships.

With the rapid development of AI servers, Low Earth Orbit (LEO) satellites, and 6G communication technologies, the Company is actively investing in the R&D of Low Dk/Low Df (Low Dielectric Constant/Low Dielectric Loss) materials. By integrating our core technologies in molecular design, organic synthesis, and mass production, we are collaborating with lighthouse customers to develop next-generation material specifications. This is expected to become one of the Company's vital growth engines in the future.

In the display industry, we address demand for high-end, high-resolution displays and AR/VR applications through dynamic product portfolio adjustments targeting niche, high-specification material markets. Leveraging years of mass-production experience and technological leadership, our photo-spacers and copper etchants continue to maintain leading market shares. We have also proactively initiated R&D in high-resolution photoresists and fine-line application etchants, while actively developing carbon-reducing and green materials in alignment with ESG trends to enhance overall product competitiveness.

Semiconductor materials will remain a key growth driver as the market continues to present new opportunities and challenges. The Company will advance technological innovation, expand applications, and deepen strategic partnerships with international customers. In display materials, the Company is focused on cost optimization, high-end product development, and energy-efficient, low-temperature process materials to reduce carbon emissions and enhance competitiveness. With disciplined management and a steadfast focus on efficiency and profitability, Daxin is building a solid foundation for sustainable long-term growth.

Chairman:	<i>Cheng-Yih Lin</i>
President:	<i>Tsung-Hsing Kuo</i>
Chief Financial Officer	<i>Yen-Chen Liu</i>

Chapter 2 Corporate Governance Report

2.1 Information on the Company's Directors, President, Vice President, Associate Managers, and Managers of Each Departments and Divisions

2.1.1 Information on the Directors

Unit: 1,000 Shares; % March 24, 2026

Title / Name	Gender/ Age	Date Elected	Nationality/ Place of Registration	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held through Nominees		Primary work or academic experiences	Position Concurrently Held in the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Chairman Cheng-Yih Lin	Male/ 71-80	2023.6.15	R.O.C.	3 Years	2014.7.1	2,299	2.24	2,299	2.24	0	0.00	0	0.00	<ul style="list-style-type: none"> • Ph.D., Chemical Engineering, Carnegie Mellon University • Senior Vice President, AUO Corp. • Director, AUO Corp. • Chairman, AUO Crystal Corp. 	<ul style="list-style-type: none"> • Chairman & Chief Executive Officer, Daxin Materials Corp.
Vice Chairman Tsung-Hsing Kuo	Male/ 61-70	2023.6.15	R.O.C.	3 Years	2006.6.30	232	0.23	232	0.23	723	0.70	0	0.00	<ul style="list-style-type: none"> • B.S., Chemical Engineering, National Taiwan University • E.M.B.A., National Sun Yat-sen University • President, Eternal Chemical Industry (China) Co., Ltd. • President, Daxin Materials Corp. 	<ul style="list-style-type: none"> • Vice Chairman, Daxin Materials Corp.

Title / Name	Gender/ Age	Date Elected	Nationality/ Place of Registration	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held through Nominees		Primary work or academic experiences	Position Concurrently Held in the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Director Eternal Materials Co. Ltd.	--	2023.6.15	R.O.C.	3 Years	2006.6.30	23,424	22.80	23,004	22.40	--	--	--	--	--	--
Representative: Chin-Cheng Pan	Male/ 51-60	--	R.O.C.	--	--	--	--	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> • M.S., Chemistry, National Cheng Kung University 	<ul style="list-style-type: none"> • Chief Operating Officer of High Performance Materials Business Group and Chief Operating Officer of China Operation Center, Eternal Materials Co. Ltd. • President, Eternal (China) Investment Co., Ltd. • Director, Eternal Specialty Materials (Zhuhai) Co., Ltd. • Chairman, Eternal Specialty Materials (Suzhou) Co., Ltd. • Director, Eterkon Semiconductor Materials Co., Ltd. • Chairman, Eternal Materials India Private Limited. • Director, Winchain Material Technology Co., Ltd.
Director Konly Venture Corporation	-	2023.6.15	R.O.C.	3 Years	2006.6.30	19,114	18.61	19,114	18.61	--	--	--	--	--	--
Representative: Ting-Li Lin	Male/ 51-60	--	R.O.C.	--	--	--	--	7	0.01	0	0.00	0	0.00	<ul style="list-style-type: none"> • M.S., Applied Chemistry, National Chiao Tung University • Senior Vice President, AUO Corp. 	<ul style="list-style-type: none"> • Senior Vice President, AUO Corp. • Director, AFPD Pte. Ltd. • Director, BriView (Xiamen) Corp.

Company Profile

Title / Name	Gender/ Age	Date Elected	Nationality/ Place of Registration	Term (Years)	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held through Nominees		Primary work or academic experiences	Position Concurrently Held in the Company and Other Companies
						Shares	%	Shares	%	Shares	%	Shares	%		
Independent Director Wei-Shun Cheng	Male/ 61-70	2023.6.15	R.O.C.	3 Years	2020.6.19	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> · M.S., Accounting, Northern Illinois University · Chief Financial Officer and Senior Vice President, AUO Corp. · Director, Darwin Precisions Corporation · Director, Raydium Semiconductor Corporation · Director and Vice President, M.SETEK Co., Ltd. · Director, Lextar Electronics Corp. · Director, SHIRRE LAB Corp. 	<ul style="list-style-type: none"> · Independent Director, Raydium Semiconductor Corporation · Independent Director, Chenbro Micom Co., Ltd. · Independent Director, Unictron Technologies Corporation
Independent Director Xin-Wu Lin	Male/ 51-60	2023.6.15	R.O.C.	3 Years	2020.6.19	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> · Ph.D., Economic, National Taiwan University · Committee Member, 6th term of the Fair Trade Committee, Executive Yuan · Director of Research Division III & Research Fellow, Taiwan Institute of Economic Research · Adjunct Professor, School of Law, National Yang Ming Chiao Tung University · Independent Director, FitTech Co., Ltd. 	<ul style="list-style-type: none"> · Vice President & Research Fellow, Taiwan Institute of Economic Research · Independent Director, Taiwan Business Bank, Ltd. · Chief Consultant of Compliance, AUO Corp.
Independent Director Chiao-Mou Cheng	Male/ 71-80	2023.6.15	R.O.C.	3 Years	2023.6.15	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> · B.S., Chemistry, Chung Yuan University · Assistant Vice President & Vice Director of Research Division, Eternal Materials Co. Ltd. 	—
Independent Director Chih-Chun Tsai	Male/ 61-70	2023.6.15	R.O.C.	3 Years	2023.6.15	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> · M.S., Computer Science, Utah State University · Assistant Researcher, Engineering Division, National Science Council · Senior Director, Asia/ Pac Business, Taiwan Semiconductor Manufacturing Company Limited 	<ul style="list-style-type: none"> · Independent Director, Leadtrend Technology Corporation · Director, Coretech Optical Company, Ltd. · Chairman, Hua Jieh Investment Co., Ltd. · Director, Egis Technology Inc. · Representative Director, Lionic Corporation

Remark:

1. Any Manager or Director who is a spouse or relative within the second degree of kinship: None.
2. If the chairman, president or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed: None.
3. Mr. Tsung-Hsing Kuo was elected as Vice Chairman by resolution of the Board of Directors on February 24, 2026, effective from the date of the Board resolution.

Major Shareholders of the Corporate Shareholders

Name of the Corporate Shareholder	Major Shareholders of the Corporate Shareholders
Konly Venture Corp.	AUO Corp. (100.00%)
Eternal Materials Co. Ltd. (Note)	Kwang Yang Motor Co., Ltd. (9.99%) Ying-Shih Kao (6.41%) Kwang Hsing Industrial Co., Ltd. (4.04%) Kuo-Lun Kao (3.05%) Chia-Jung Lee (1.71%) CHINA F.R.P. Corp. (1.70%) LGT Bank AG in custody of Standard Chartered (1.62%) Jia-Cheng Co., Ltd. (1.52%) Ying-Chih Kao (1.26%) Norges Bank investment account in custody of Citibank (Taiwan) (1.24%)

Note: The shareholdings are as of Apr. 27 2025, the book closure date of Eternal Materials Co. Ltd.

Major shareholders of corporation who are the major shareholders of the Company's corporate shareholders

Name of the corporate	Major shareholders of the corporation
AUO Corp. (Note 1)	Qisda Corporation (6.92%) Trust Holding for Employees of AUO Corporation (5.81%) Quanta Computer Inc. (4.63%) Taiwan Cooperative Bank (2.99%) ADR of AUO Corp. (2.30%) New Labor Pension Fund (1.73%) Nan Shan Life Insurance Company, Ltd. (1.49%) Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds (1.09%) Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.03%) Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II (0.65%)

Name of the corporate	Major shareholders of the corporation
Kwang Yang Motor Co., Ltd. (Note 2)	TrustWin Co., Ltd. (11.31%) SunBright Investment Co., Ltd. (7.99%) Kuang Chou Investment Co., Ltd. (6.66%) Daming Investment Co., Ltd. (6.33%) Kwang Hsing Industrial Co., Ltd. (5.39%) Chia-Cheng Ko (1.05%) Hung-Ming Ko (1.03%) Shu-Yuan Ko Wang (1.03%) Hsing-Lang Ko (1.00%) Hung Sheng Investment Co. Ltd. (1.00%)
Kwang Hsing Industrial Co., Ltd. (Note 3)	Kwang Yang Motor Co., Ltd. (100%)
CHINA F.R.P. Corp. (Note4)	Jia-Cheng Co., Ltd. (18.95%) Ying-Shih Kao(13.68%) Kuo-Lun Kao (13.42%) Chia-Jung Lee (8.95%) Chiang-Ting International Co., Ltd (8.89 %) Fu-Cheng Kao (5.23%) Fu-Yu Kao (4.30%) Fu-Ting Kao (4.16%) Da-Ya International Co., Ltd. (4.09%) Ching-Lan Yang (2.27%)
Jia-Cheng Co., Ltd. (Note4)	Seychelles New Genius Limited (61.65%) Kuo-Lun Kao (13.85%) Chia-Jung Lee (13.79%) Hong Kong Phuket Investments Limited (8.82%) Fu-Ting Kao (1.89%)

Note 1: Source: AUO Corp.'s website (date: Mar. 30, 2025)

Note 2: Source: Eternal Materials Co. Ltd. 2024 Annual Report

Note 3: Source: Department of Commerce, MOEA Commerce Industrial Services Portal

Note 4: Source: Eternal Materials Co. Ltd.

Professional Qualifications of the Directors and the Independent Directors' Independence:

1. Directors' Professional Qualifications and Experiences:

Directors have a wide range of work experiences from the fields of chemistry, chemical engineering, semiconductor, business management, and financial management, and none are involved in any conditions stipulated by Article 30 of the Company Act. The professional qualifications and experiences of the Directors are as the following:

- Chairman, Cheng-Yih Lin

Cheng-Yih Lin graduated from Chemical Engineering Department of National Taiwan University and has obtained a Ph.D. degree in Chemical Engineering from Carnegie Mellon University in the U.S. He concurrently serves as Daxin's Chairman and CEO. After joining AUO in 2000, Lin joined Daxin Materials Corp. in 2006 and is committed to the development of key chemical materials. He is particularly focused on developing the skills and capacity of the R&D team. Daxin's R&D has gradually expanded from LCD chemical materials to touch panel materials, semiconductor materials, and key raw materials with even higher specifications under Lin's leadership.

- Vice Chairman, Tsung-Hsing Kuo

Mr. Kuo graduated from Chemical Engineering Department of National Taiwan University and has obtained an E.M.B.A. degree from National Sun Yat-sen University. He joined Eternal Materials in 1981 and was appointed President of Daxin in 2006. Mr. Kuo is currently the Vice Chairman of Daxin, and has led our company to grow along with Chairman Cheng-Yih Lin by focusing on the R&D and innovations of specialty chemicals, thereby bringing diversified development and opportunities to Daxin.

- Representative of Eternal Materials Co. Ltd., Chin-Cheng Pan

Mr. Pan holds an M.S. in Chemistry from National Cheng Kung University and is currently the Chief Operating Officer of Specialty Materials division of Eternal Materials Co., Ltd. He is in charge of the strategic planning and execution of the management and development of specialty materials. Additionally, he serves as the Chief Operating Officer of China Operation Center, Eternal Materials Co., Ltd., and as the President of Eternal (China) Investment Co., Ltd.. He is responsible for the management of the group's functional units in China, as well as the coordination and integration of resources across factories.

- Representative of Konly Venture Corporation, Ting-Li Lin

Mr. Ting-Li Lin holds an M.S. in Applied Chemistry from National Chiao Tung University and is currently the Senior Vice President of Manufacturing Operations of AUO. He is responsible for managing and coordinating the production and operational processes across AUO's global manufacturing sites, driving value chain integration and development.

- Independent Director, Wei-Shun Cheng

Mr. Wei-Shun Cheng holds a Master's degree in Accounting from Northern Illinois University and is a Certified Public Accountant in Taiwan. He served at AUO from 1996 to 2018 in various key functions, including its Executive Vice President and Chief Financial Officer and more. He also has expertise in both accounting and finance.

- Independent Director, Xin-Wu Lin

Mr. Xin-Wu Lin Holds a Ph.D. in Economics from National Taiwan University, and joined Taiwan Institute of Economic Research in 2000. He is currently its Vice President and Researcher and excels in innovative policy and strategies, including innovative policy, entrepreneurial policy, emerging industries, competitive laws and regulations, and legal compliance and more. He has expertise in multiple fields and concurrently serves as an Independent Director of Representative of Finance Department of Taiwan Business Bank and Senior Consultant of Competitive Legal Compliance at AUO.

- Independent Director, Chiao-Mou Cheng

Mr. Chiao-Mou Cheng graduated from Chemistry Department of Chung Yuan University. He served as the Assistant Vice President of Research Institute at Eternal Materials Co., Ltd. from 1975 to 2016, with a dedicated focus on chemical materials research and development for many years, possessing extensive expertise in the field.

- Independent Director, Chih-Chun Tsai

Mr. Tsai holds an M.S. in Computer Science of Utah State University. He served at TSMC Company from 1987 to 2022, overseeing the Asia-Pacific operations in semiconductor markets, particularly in Taiwan and China. He has achieved remarkable success and accumulated extensive experience in the semiconductor field.

2. Independence of the Independent Directors:

- The Board of Directors have reviewed that all Independent Directors have met the criteria for independence. All Independent Directors have issued the “Statement of Compliance to Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies” during nomination.
- None of the Independent Directors serve as an employee, Director, or Supervisor of Daxin or its affiliates, none are holding Daxin’s shares, and none are the spouses or relatives within the second degree of kinship to Daxin’s managers and Directors.
- In the recent two years, neither Daxin or any of its affiliates have paid remunerations for other services to the Independent Directors.
- All Independent Directors meet the criteria for independence, their shareholding, position concurrently held in Daxin and other companies, and relations with members of Daxin, please refer to Page 7.

Diversification and Independence of the Board of Directors:

1. Daxin's "Corporate Governance Principles" clearly stipulates that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed 1/3 of the total number of the board members, and that an appropriate policy on diversity based on the Company's operations, operating dynamics, and developmental needs be formulated and include, without being limited to, the following two general standards:
 - I. Basic requirements and values: Gender, age, nationality and culture etc.
 - II. Professional knowledge and skills: Professional background, professional skills, and industry experiences etc.
2. Daxin has 8 Directors (including 4 Independent Directors). All members of the board possess diverse industry backgrounds and rich experience in chemistry, chemical engineering, semiconductor, business management, financial management and more. In order to achieve the goal of sustainable corporate growth, the Board of Directors shall possess core abilities including operational judgment, accounting and financial analysis, operation management, crisis management, knowledge of the industry, global market perspectives, leadership, and decision-making.

The number of female directors in our company has not yet reached one-third, primarily due to the historically low proportion of women in the technology industry, making it relatively difficult to find senior professional talent. The Company has incorporated board gender diversity into director selection of the next Board of Directors, actively seek qualified female director candidates, and gradually increase the proportion of women on the board to achieve the goal of diversified governance.

Approximately 25% of the Board of Directors concurrently serve as Daxin's employees. The ratio of Independent Directors to all Directors is 50%. There are no the spouses, or relatives within the second degree of kinship to Directors of the Company, and none of the Directors are involved in matters specified in Items 3 and 4 of Article 26 of the Securities and Exchange Act.

Name	Title	Basic criteria and values					Tenure of Independent Directors			Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director	Professional knowledge and skills							
		Gender	Employees Identification	Age 51 to 60	Age 61 to 70	Age 71 to 80	Below 3 years	3 to 9 years	Exceed 9 years		Operational Judgment	Accounting and Financial Analysis	Operation Management	Crisis Management	Knowledge of the Industry	Global Market Perspectives	Leadership	Decision Making
Cheng-Yih Lin	Chairman	Male	✓	-	-	✓	-	-	-	0	✓	-	✓	✓	✓	✓	✓	✓
Tsung-Hsing Kuo	Vice Chairman	Male	✓	-	✓	-	-	-	-	0	✓	-	✓	✓	✓	✓	✓	✓
Chin-Cheng Pan	Director	Male	-	✓	-	-	-	-	-	0	✓	-	✓	✓	✓	✓	✓	✓
Ting-Li Lin	Director	Male	-	✓	-	-	-	-	-	0	✓	-	✓	✓	✓	✓	✓	✓
Wei-Shun Cheng	Independent Director	Male	-	-	✓	-	-	✓	-	3	✓	✓	✓	✓	✓	✓	✓	✓
Xin-Wu Lin	Independent Director	Male	-	✓	-	-	-	✓	-	1	✓	✓	✓	✓	✓	✓	✓	✓
Chiao-Mou Cheng	Independent Director	Male	-	-	-	✓	✓	-	-	0	✓	-	✓	✓	✓	✓	✓	✓
Chih-Chun Tsai	Independent Director	Male	-	-	✓	-	✓	-	-	1	✓	-	✓	✓	✓	✓	✓	✓

Management goals and achievements:

Management goal	Status
At least one board member must possess a background in finance or accounting.	Achieved
Each professional knowledge and skill be possessed by at least one director	Achieved
Including at least one female director	We have planned to increase the number of female director seats in the next Board election.

2.1.2 President, Vice Presidents, Assistant Vice President, and Managers of Each Departments and Divisions

Unit: 1,000 Shares; % March 24, 2026

Title	Nationality	Name	Gender	Appointment Date	Shares Held		Shares Held by Spouse & Minors		Shares Held through Nominees		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Executive Officer	R.O.C.	Cheng-Yih Lin	Male	2012.09.10	2,299	2.24	0	0.00	0	0.00	Ph.D., Chemical Engineering, Carnegie Mellon University Senior Vice President, AUO Corp. Director, AUO Corp. Chairman, AUO Crystal Corp.	—	—	—	—
President	R.O.C.	Feng-Yu Chuang	Male	2026.02.24	15	0.01	0	0.00	0	0.00	Ph.D., Electronic and Computer Engineering, National Taiwan University of Science and Technology President, Cando Corporation Executive Vice President, Daxin Materials Corp.	—	—	—	—
Vice President	R.O.C.	Feng-Liang Chiu	Male	2015.05.06	3	0.00	0	0.00	0	0.00	M.S., Chemical Engineering, National Cheng Kung University President, Forhouse Corp.	—	—	—	—
Chief Finance Officer	R.O.C.	Yen-Chen Liu	Female	2009.11.13	168	0.16	156	0.15	0	0.00	E.M.B.A., National Tsing Hua University Accounting Manager, AUO Corp.	Representative of the Director, Frontier Materials (Samoa) Corporation	—	—	—
Assistant Vice President	R.O.C.	Yu-Tsain Hsieh	Male	2023.05.01	0	0	1	0.00	0	0.00	Ph.D., Chemistry, National Taiwan University Chief Researcher, Eternal Materials Co. Ltd.	—	—	—	—

If the president or personnel with equivalent position (chief manager) and chairman are the same person, spouses, or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed: None.

2.2 Remuneration to Directors, President, and Vice Presidents

2.2.1 Remuneration to Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration						Total Remuneration (A+B+C+D) and Ratio to Net Income (%)		Remuneration Received By Directors Who are Also Employees						Total Remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Remuneration from Non-consolidated Affiliates or Parent Company				
		Compensation (A)		Severance Pay and Pension (B)		Directors' Remuneration (C)		Business Execution Expenses (D)		Salary, Bonuses, and Special Expenses (E)		Severance Pay and Pension (F)		Employee Remuneration (G)								
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities			The Company	Consolidated Entities		
Director	Cheng-Yih Lin	6,000	6,000	0	0	7,222	7,222	200	200	13,422 (1.77%)	13,422 (1.77%)	41,117	41,117	108	108	4,200	0	4,200	0	58,847 (7.77%)	58,847 (7.77%)	0
	Tsung-Hsing Kuo																					
	Konly Venture Corp. Representative: Ting-Li Lin																					
	Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan																					
Independent Director	Wei-Shun Cheng	5,300	5,300	0	0	0	0	200	200	5,500 (0.73%)	5,500 (0.73%)	0	0	0	0	0	0	0	5,500 (0.73%)	5,500 (0.73%)	0	
	Xin-Wu Lin																					
	Chiao-Mou Cheng																					
	Chih-Chun Tsai																					

1. To describe the policy, system, standard, and structure of independent directors' remuneration, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time input.
The remuneration to the Company's Independent Directors are evaluated based on the scale and operations of the Company, time input by the Independent Directors, their functions, and responsibilities and risks they took. The principles for determining remuneration of independent directors are as follows:
- (1) Ensure that Daxin's remuneration complies with relevant laws and may attract and retain quality talent to serve as Independent Directors.
 - (2) The total remuneration to Independent Directors is based on a competitive level within the market and it is based on compensations only and does not include any bonuses.
 - (3) Directors who serve as members of various functional committees will be reasonably compensated based on their respective roles and responsibilities.
2. Other than disclosures in the table above, remuneration paid to directors for providing services (such as consulting services as a non-employee) to the Company and all consolidated entities in the most recent year: None

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities and Non-consolidated Affiliates	The Company	All Consolidated Entities and Non-consolidated Affiliates
Less than NT\$1,000,000	Ting-Li Lin, Chin-Cheng Pan	Ting-Li Lin, Chin-Cheng Pan	Ting-Li Lin, Chin-Cheng Pan	Ting-Li Lin, Chin-Cheng Pan
NT\$1,000,000 –NT\$2,000,000	Tsung-Hsing Kuo, Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai	Tsung-Hsing Kuo, Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai	Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai	Wei-Shun Cheng, Xin-Wu Lin, Chiao-Mou Cheng, Chih-Chun Tsai
NT\$2,000,000 –NT\$3,499,999	Cheng-Yih Lin	Cheng-Yih Lin	—	—
NT\$3,500,000 –NT\$4,999,999	Konly Venture Corporation; Eternal Materials Co. Ltd.	Konly Venture Corporation; Eternal Materials Co. Ltd.	Konly Venture Corporation; Eternal Materials Co. Ltd.	Konly Venture Corporation; Eternal Materials Co. Ltd.
NT\$5,000,000 –NT\$9,999,999	—	—	—	—
NT\$10,000,000 –NT\$14,999,999	—	—	—	—
NT\$15,000,000 –NT\$29,999,999	—	—	Cheng-Yih Lin, Tsung-Hsing Kuo	Cheng-Yih Lin, Tsung-Hsing Kuo
NT\$30,000,000 –NT\$49,999,999	—	—	—	—
NT\$50,000,000 –NT\$99,999,999	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	10 (including 2 Corporate Directors)	10 (including 2 Corporate Directors)	10 (including 2 Corporate Directors)	10 (including 2 Corporate Directors)

2.2.2 Remuneration to President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Special Expenses (C)		Employee Remuneration (D)				Total Remuneration (A+B+C+D) and Ratio to Net Income (%)				Remuneration from Non-consolidated Affiliates or Parent Company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company		Consolidated Entities		
								Cash	Stock	Cash	Stock	Total	%	Total	%	
Chief Executive Officer	Cheng-Yih Lin	22,357	22,357	324	324	47,200	47,200	7,100	0	7,100	0	76,981	10.17%	76,981	10.17%	None
President	Tsung-Hsing Kuo															
Executive Vice President	Feng-Yu Chuang															
Vice President	Feng-Liang Chiu															

Note: Mr. Tsung-Hsing Kuo resigned as President on February 24, 2026, and Mr. Feng-Yu Chuang, Executive Vice President, was promoted to President on the same day.

Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of the President and Vice President	
	The Company	All Consolidated Entities and Non-consolidated Affiliates
Less than NT\$1,000,000	—	—
NT\$1,000,000 –NT\$2,000,000	—	—
NT\$2,000,000 –NT\$3,499,999	—	—
NT\$3,500,000 –NT\$4,999,999	—	—
NT\$5,000,000 –NT\$9,999,999	—	—
NT\$10,000,000 –NT\$14,999,999	Feng-Liang Chiu	Feng-Liang Chiu
NT\$15,000,000 –NT\$29,999,999	Cheng-Yih Lin, Tsung-Hsing Kuo, Feng-Yu Chuang	Cheng-Yih Lin, Tsung-Hsing Kuo, Feng-Yu Chuang
NT\$30,000,000 –NT\$49,999,999	—	—
NT\$50,000,000 –NT\$99,999,999	—	—
Over NT\$100,000,000	—	—
Total	4	4

2.2.3 Remuneration to Managers

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	CEO	Cheng-Yih Lin	0	8,600	8,600	1.14%
	President	Tsung-Hsing Kuo				
	Executive Vice President	Feng-Yu Chuang				
	Vice President	Feng-Liang Chiu				
	Chief Finance Officer	Yen-Chen Liu				
	Assistant Vice President	Yu-Tsai, Hsieh				

Note: Mr. Tsung-Hsing Kuo resigned as President on February 24, 2026, and Mr. Feng-Yu Chuang, Executive Vice President, was promoted to President on the same day.

2.2.4 Compare and Analyze the total Remuneration as a percentage of Net Income after Taxes Stated in the Parent Company Only or Individual Financial Reports, Paid to Directors, President, and Vice Presidents by the Company and All Other Companies of the Consolidated Financial Statements In the Past Two Fiscal Years. Describe the Policies, Standards, Packages, Procedure for Determining Remuneration, and the Correlation to Operating Performance and Future Risk Exposure.

- (1) The ratio of the total remuneration paid to the Directors, President, and Vice Presidents to the net income after taxes in the past two fiscal years

Item	2024		2025	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Ratio of Total Remuneration Paid to Directors to Net Income (%)	9.54%	9.54%	8.50%	8.50%
Ratio of Total Remuneration Paid to Supervisors to Net Income (%)	N/A	N/A	N/A	N/A
Ratio of Total Remuneration Paid to President and Vice Presidents to Net Income (%)	11.05%	11.05%	10.17%	10.17%

- (2) The policies, standards, and portfolios for the payment of remuneration to Directors, President and Vice President, the procedures for determining remuneration, and the correlation with business performance and future risk exposure
- According to Daxin's Article of Incorporation, the Board of Directors is authorized to determine the remuneration of the directors, considering domestic and international industry standards, and in accordance with the "Compensation Regulations for Directors and Functional Committee Members". The compensation is implemented after being approved by the Board. Daxin's Article of Incorporation also state that no more than 1% of our annual profits may be distributed as compensation to our directors. To maintain the independence of each independent director, they receive fixed compensation. The individual directors are compensated based on their involvement in the Company's operations as well as business performance, risk management responsibilities. The Remuneration Committee regularly evaluate the Company's performance and future risks to review remuneration policy of directors. The ratio and payment amount of director's remuneration distribution is on the basis of the Company's operation profit and performance, and it shall be resolved by the Board of Directors every year.
 - The procedures for determining remuneration to the Company's President and Vice Presidents, are in accordance with the "Procedures of Remuneration to Managers" and "Procedures of Salary Distributions" formulated by the Remuneration Committee and Board of Directors. The remuneration includes fixed salary components such as monthly salary, holiday bonuses, etc., which are designed to be competitive in the market based on the industry standards. Additionally, there are variable remuneration components such as bonuses

and employee remuneration, which are evaluated by the Remuneration Committee based on the roles and responsibilities served by the managers, as well as the Company's operational performance. The evaluation criteria include financial, innovation, and sustainability indicators.

Financial indicators: Include the growth rate and achievement status of the Company's revenue and profit, as well as overall business growth and operating performance, to assess managers' performance in operations and strategy execution.

Innovation indicators: Include the status of the Company's new product development, new market expansion, and new technology R&D. Additionally, as a research-driven Company, investments in emerging R&D areas and their contribution to future growth are also considered evaluation targets.

Sustainability indicators: Include the goal achievement rates of Sustainability topics—Green Manufacturing, Friendly Workplace, Inclusive Development, Social Engagement, Occupational Health and Safety, Research and Development, Customer Service, Supply Chain Management, and Product Quality and Safety—demonstrating the company's sustainability results and commitment to social responsibility.

The Remuneration Committee reviews remuneration based on industry trends, market pay levels, and the Company's long-term business and sustainability goals, then submits recommendations to the Board for approval to ensure fairness, competitiveness, and prudence.

The Company regularly reviews its remuneration policies considering performance and risk management measures. The standards, structure, and system of compensation are reviewed and adjusted as necessary in response to changes in the Company's actual operating conditions and relevant laws and regulations. The Company does not implement financial incentive programs that may lead executives to pursue remuneration at the expense of exceeding the Company's risk tolerance level and remains committed to ensuring sustainable operations and delivering long-term growth for our shareholders and employees.

- The Remuneration Committee simultaneously considers the Company's profit performance for 2025, as well as the contributions of directors and managers to the Company's operational performance. Within the limits specified in the Company's Articles of Incorporation (no more than 1% of annual profit as directors' remuneration; no less than 3% of annual profit as employees' remuneration). It is decided to allocate 0.75% of the annual profit for director remuneration and 7.5% for employee remuneration, subject to approval by the Board of Directors.

2.3 Implementation of Corporate Governance

2.3.1 Board of Directors

In 2025, the Board of Directors has convened 5 meetings with the following attendance:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Cheng-Yih Lin	5	0	100	
Director	Tsung-Hsing Kuo	5	0	100	Note 1
Director	Eternal Materials Co. Ltd. Representative: Chin-Cheng Pan	5	0	100	
Director	Konly Venture Corporation Representative: Ting-Li Lin	5	0	100	
Independent Director	Wei-Shun Cheng	5	0	100	
Independent Director	Xin-Wu Lin	5	0	100	
Independent Director	Chiao-Mou Cheng	5	0	100	
Independent Director	Chih-Chun Tsai	5	0	100	

Note1: Tsung-Hsing Kuo was elected as Vice Chairman by the Board of Directors on February 24, 2026.

Other matters:

- I. When one of the following situations occurred to the operations of the Board, state the dates and terms of the meetings, contents of proposals, opinions of all independent directors and the Company's response :
 - (I) Matters included in Article 14-3 of the Securities and Exchange Act: Daxin has formulated an Audit Committee; please refer to the Operations of the Audit Committee - Other Matters.
 - (II) Any other resolutions of the Board of Directors with dissent or qualified opinion by independent directors that were recorded or stated in writing statements: None
- II. Regarding recusals of Directors due to conflicts of interests, the names of the directors, contents of proposals, reasons for recusal, and participation of voting shall be stated:

Meeting of the Board of Directors on Feb. 25, 2025

Managers' remuneration - Besides Chairman Cheng-Yih Lin and Director Tsung-Hsing Kuo abstained themselves from the discussion and voting in line with relevant laws because they are involved in this proposal, the proposal was approved without dissent or rectification by all other attending Directors.

(Managers related to this proposal had recused themselves)

Meeting of the Board of Directors on Aug. 11, 2025

The appointment of members of the first Sustainable Development Committee – Besides Director Tsung-Hsing Kuo abstained from the discussion and voting in line with relevant laws because he is involved in this proposal, the proposal was approved without dissent or rectification by all other attending Directors.

(Managers related to this proposal had recused themselves)

Meeting of the Board of Directors on Nov. 12, 2025

The 2025 managers' remuneration - Besides Chairman Cheng-Yih Lin and Director Tsung-Hsing Kuo abstained themselves from the discussion and voting in line with relevant laws because they are involved in this proposal, the proposal was approved without dissent or rectification by all other attending Directors.

(Managers related to this proposal had recused themselves)

III. Goals for strengthening the function of the Board (including establishing the Audit Committee and enhancing information transparency) and results thereof:

(I) Audit Committee:

The Company established the Audit Committee on Aug. 9, 2011, upon a resolution from the Board of Directors. The Audit Committee is responsible for performing the duties and obligations specified by the Securities and Exchange Act, the Company Act, and other applicable laws and regulations. Matters reviewed include the Company's financial statements, internal control systems, matters relating to the personal interest of directors, material asset or derivatives transactions, material monetary loan, endorsement, or provision of guarantee, the offering or issuance of equity-type securities, the engagement, dismissal, or compensation of an attesting CPA, and the appointment or dismissal of financial, accounting, or internal auditing officers.

(II) Remuneration Committee:

The Company established the Remuneration Committee on Oct. 25, 2011, upon a resolution from the Board of Directors. The Remuneration Committee is responsible for evaluating the remuneration policy and system for Directors and managerial officers in a professional and objective manner, and for submitting its suggestions to the Board of Directors as a reference in the decision-making process.

(III) Sustainable Development Committee:

While pursuing business growth, our company equally values communication and feedback from stakeholders. In addition to strengthening corporate governance, we also focus on environmental, climate, and various social issues. We established an ESG project team in 2021. On August 11, 2025, the Board of Directors approved the establishment of the Sustainable Development Committee, which is responsible for promoting, reviewing and tracking implementation progress, supervising information disclosure, and reviewing sustainability reports, as well as reporting the operational status of sustainable development to the Board.

(IV) Enhancing information transparency:

The Company has formulated the "Procedures of Material Information" to regulate the handling and disclosure mechanism of the Company's material information so as to ensure the consistency and accuracy of external information announcement. At the same time, a spokesperson system has been established to ensure that material information is disclosed in a timely and proper manner.

We present the Company's operational highlights to the investors and the public through the Investor conference every year. All material information is also announced and reported on the Market Observation Post System (MOPS) in line with the laws. Daxin's website has also established a Stakeholder section and email to provide stakeholders with an unimpeded channel of communication with the Company.

2.3.2 Audit Committee

Annual Key Tasks:

- Communicating the audit report with the chief internal auditor based on the annual audit plan.
- Conducting assessment on the effectiveness of the internal control system
- Reviewing financial statements
- Appointment of the Company's CPAs and their remuneration
- Evaluating the independence and suitability of the Company's CPAs
- Reviewing material asset or derivative transactions
- Legal compliance

In 2025, the Audit Committee has convened 4 meetings with the following attendance record:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Independent Director (Convener)	Xin-Wu Lin	4	0	100	
Independent Director	Wei-Shun Cheng	4	0	100	
Independent Director	Chiao-Mou Cheng	4	0	100	
Independent Director	Chih-Chun Tsai	4	0	100	

Other matters:

- I. If any of the following circumstances occurs in the Audit Committee, the dates, terms of the meetings, contents of proposals, dissenting or reserved opinion or material recommendation from the Independent Director, Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions shall be stated:
- (I) Matters included in Article 14-5 of the Securities and Exchange Act : All proposals submitted to the Board of Directors were approved by all members of the Audit Committee. There were no resolutions which had not been approved by the Audit Committee but was approved by two-thirds or more of all Directors.

Date	Communicating Items	Opinions and Results	Opinions Handling
2025.02.25 The 5th term 7th meeting	1. 2024 Statement on Internal Control System 2. 2024 Business Report and Financial Statements 3. The proposal for the distribution of 2024 earnings 4. Evaluation of CPAs Independence and Competence 5. Service fee of CPAs in 2025 6. The amendment of the "Non-Assurance Services Pre-Approval Policy"	No objections	Approved by the Board of Directors
2025.05.14 The 5th term 8th meeting	1. 2025 Q1 Financial Statements 2. Capital expenditure budget		
2025.08.11 The 5th term 9th meeting	1. 2025 Q2 Financial Statements		

Date	Communicating Items	Opinions and Results	Opinions Handling
2025.11.12 The 5th term 10th meeting	<ol style="list-style-type: none"> 1. The amendment of the “Internal Control Systems” and “Internal Audit Implementation Rules” 2. Formulation of 2026 Audit Plan 3. 2025 Q3 Financial Statements 4. The proposal of an indirect investment in Mainland China via a third-country holding company. 	No objections. Proposal 4 required relevant officers to provide additional details at the Board meeting.	Approved by the Board of Directors

(II) Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None

II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of proposals, reasons for recusal, and participation of voting shall be stated: None

III. Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include material matters, methods and results of communication on the finances and state of business of the Company, etc.).

- Monthly audit reports and follow-up reports by the chief internal audit are delivered to the Audit Committee for review by the end of the following month. The chief internal audit attends the Audit Committee and the Board of Director to present audit reports, follow-up reports, annual audit plans, and the result of self-assessments of internal control every quarter, and communicates the annual audit plan with independent directors individually every year.

Date	Communicating Items	Opinions and Results
2025.02.25 Audit Committee	<ul style="list-style-type: none"> ◆ Audit Firm’s System of Quality Management ◆ 2024 annual financial statements 	No objections
2025.05.14 Audit Committee	<ul style="list-style-type: none"> ◆ 2025 Q1 financial statements 	
2025.08.11 Audit Committee	<ul style="list-style-type: none"> ◆ 2025 Q2 financial statements 	
2025.11.05 Separate Meeting	<ul style="list-style-type: none"> ◆ The Key Audit Matters ◆ The annual audit plan 	
2025.11.12 Audit Committee	<ul style="list-style-type: none"> ◆ 2025 Q3 financial statements ◆ Report of regulatory developments 	

- The independent directors and CPAs have regular meetings at least four times a year. The CPAs present audit results of financial reports to independent directors to explain the important transactions and the audit results of internal control. CPAs communicate the Key Audit Matters, the annual audit plan, the method of audit tests and the audit procedures with independent directors individually every year. In case of material events, the aforementioned meetings may be convened at any time.

Date	Communicating Items	Opinions and Results
2025.02.25 Audit Committee	<ul style="list-style-type: none"> The follow up status of audit defects and correction of irregularities in 2024 Q4 2024 Statement on Internal Control System 	No objections
2025.05.14 Audit Committee	<ul style="list-style-type: none"> The follow up status of audit defects and correction of irregularities in 2025 Q1 	
2025.08.11 Audit Committee	<ul style="list-style-type: none"> The follow up status of audit defects and correction of irregularities in 2025 Q2 	
2025.11.05 Separate Meeting	<ul style="list-style-type: none"> Discuss 2026 Audit Plan 	Independent director recommended considering trade secret protection when using AI tools.
2025.11.12 Audit Committee	<ul style="list-style-type: none"> The follow up status of audit defects and correction of irregularities in 2025 Q3 The amendment of the “Internal Control Systems” and “Internal Audit Implementation Rules” 2026 Audit Plan 	No objections

2.3.3 Remuneration Committee:

Professional Qualifications and Independence Analysis of Remuneration Committee Members:

December 31, 2025

Title	Name	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Independent Director (Convener)	Wei-Shun Cheng	3
Independent Director	Xin-Wu Lin	1
Independent Director	Chiao-Mou Cheng	0
Independent Director	Chih-Chun Tsai	1

Please refer to Pages 10-11 in the Annual Report for professional qualification, experience, and status of independence.

Responsibilities and Annual Work Focus:

The Remuneration Committee shall perform the following duties and present its recommendations to the Board of Directors for discussion.

- Establish and regularly review the performance evaluation of the directors and managers, and the remuneration policy, system, standard, and structure for the directors and managers.
- Evaluate the performance of the directors and managers in view of goals and objectives, and based on this evaluation, recommending to the Board of Directors appropriate remuneration levels for the directors and managers.

The current term of office: August 10, 2023 to June 14, 2026; the Remuneration Committee has convened 2 meetings in 2025 with the following attendance:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Convener	Wei-Shun Cheng	2	0	100	
Committee Member	Xin-Wu Lin	2	0	100	
Committee Member	Chiao-Mou Cheng	2	0	100	
Committee Member	Chih-Chun Tsai	2	0	100	

Other matters:

- I. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the dates, terms of the meetings, contents of the proposals, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (e.g., the circumstances and cause for the difference if the remuneration approved by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be stated:

All proposals at Remuneration Committee meetings have been submitted to the Board of Directors for approval after approval from members of the Remuneration Committee. There was no condition where a member has expressed dissent or reserved opinion with a record or written statement present.

Date	Agenda	Opinions and Results	Opinions Handling
2025.02.25 5th Term 4th Meeting	<ul style="list-style-type: none"> ◆ The distributions of 2024 employees' and directors' remuneration ◆ The proportion to the appropriation of employees' and directors' remuneration in 2025 ◆ The remuneration of managerial officers 	No objections	Approved by the Board of Directors
2025.11.12 5th Term 5th Meeting	<ul style="list-style-type: none"> ◆ The 2025 remuneration of managerial officers 		

- II. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the dates, terms of the meeting, contents of the proposals, all members' opinions, and the response to members' opinions shall be stated: None.

2.3.4 Implementation of the Board of Director's Performance Evaluation:

I. Internal Performance Evaluation

Evaluation cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation contents
Annually	2025.01~ 2025.12	Board of Directors	Internal self-evaluation	<ul style="list-style-type: none"> Degree of participation in the Company's operations Enhancement of the decision-making quality of the Board of Directors The composition and structure of the Board of Directors Election and continuing education of the Directors internal control
		Individual Directors	self-evaluation	<ul style="list-style-type: none"> Understanding of the Company's goals and missions Awareness of the directors' duties Degree of participation in the Company's operations Internal relationship and communication Professionalism and continuing education of the Directors Internal control
		Audit Committee	Internal self-evaluation	<ul style="list-style-type: none"> Degree of participation in the Company's operations Awareness of the Audit Committee's duties Enhancement of the decision-making quality of the Audit Committee Composition of the Audit Committee and election of members Internal control
		Remuneration Committee	Internal self-evaluation	<ul style="list-style-type: none"> Degree of participation in the Company's operations Awareness of the Remuneration Committee's duties Enhancement of the decision-making quality of the Remuneration Committee Composition of the Remuneration Committee and election of members Internal control

In 2025, the self-evaluation results for the Board of Directors, Individual Directors, Audit Committee, and Remuneration Committee were all excellent. The attendance rate of the Board and all functional committees reached 100%, with all directors actively participating in and diligently supervising the Company's operations, and each functional committee effectively performed its duties, demonstrating that the Board operates well and corporate governance can be effectively enhanced.

The Company will continue to enhance the operational effectiveness of the Board and its functional committees through performance evaluations to further boost corporate governance. The performance evaluation results were reported to the Board on Feb. 24, 2026.

II. External Performance Evaluation

Evaluation cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation contents
Once every 3 years	2024.01~ 2024.12	Board of Directors	The Company commissioned the "Taiwan Investor Relations Institute (TIRI)" to conduct the external performance evaluation of the Board of Directors through document reviews, self-assessment questionnaires, and on-site interviews.	<ul style="list-style-type: none"> Board composition and professional development Quality of decision-making Operational efficiency Internal control and risk management The Board's involvement in corporate social responsibility

The Taiwan Investor Relations Institute has evaluated that our company's Board of Directors demonstrates diversity and a well-structured composition. All board members actively participate in meetings and

engage in continuous learning to stay updated with the latest knowledge, enhancing their adaptability and fulfilling their supervisory duties and responsibilities.

On February 25, 2025, the evaluation results were reported to the Board of Directors, and the recommendations from the assessment will serve as a reference for strengthening directors' roles, further optimizing corporate governance effectiveness. For more details, please visit our company's website.

2.3.5 Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year and as of the Date of this Annual Report:

I. Major Resolutions from the Annual Shareholders' Meeting in 2025

- Accepted of 2024 Business Report and Financial Statements
Implementation: Approved.
- Accepted the proposal for the distribution of 2024 earnings
Implementation: Approved and had distributed in line with the resolution from the Shareholders' Meeting. (Each share was distributed with cash dividend of NT\$5; date of distribution was June 20, 2025.)
- Approved to lift the non-competition restriction on directors
Implementation: Approved to lift Eternal Materials Co. Ltd and its representative- Chin-Cheng Pan, from the non-competition restriction, and to announce accordingly on the MOPS.
- Approved the amendment of the "Articles of Incorporation"
Implementation: Approved the amended "Articles of Incorporation" was enacted as of May 14, 2025.

II. Major Resolutions of the Board Meetings:

Meeting Date	Major Resolutions
Feb. 25, 2025	<ul style="list-style-type: none"> * Approved the 2024 Statement on Internal Control System * Approved the distribution of employees' and directors' remuneration of 2024 * Approved the ratio of employees' and directors' remuneration distribution in 2025 * Approved the remuneration for senior managers * Approved the 2024 Business Report and Financial Statements * Approved the proposal for the distribution of 2024 earnings * Approved evaluation of the independence and competency of the Certified Public Accountant * Approved the 2025 services and fees of the Certified Public Accountant * Approved the amendment of the "Non-Assurance Services Pre-Approval Policy" * Approved to lift the non-competition restriction on directors * Approved the meeting date and agenda of the 2025 Annual Shareholders' Meeting * Approved the 2025 Business Plan
Mar. 31, 2025	<ul style="list-style-type: none"> * Approve the amendment of the "Articles of Incorporation" * Approve the scope of non-executive employees * Approve the additional discussion items of the 2025 Annual Shareholders' Meeting
May 14, 2025	<ul style="list-style-type: none"> * Approved the 2025 Q1 Financial Statements * Approved the bank credit limit * Approved the capital expenditure budget
Aug. 11, 2025	<ul style="list-style-type: none"> * Approved the 2025 Q2 Financial Statements * Approved the "Sustainable Development Committee" and "Rules for Sustainable Development Committee" * Approved the appointment of members of the first Sustainable Development Committee * Approved the 2024 Sustainability Report

Meeting Date	Major Resolutions
Nov. 12, 2025	<ul style="list-style-type: none"> * Approved the amendment of the " Internal Control Systems" and "Internal Audit Implementation Rules" * Approved the 2026 Audit Plan * Approved the 2025 Q3 Financial Statements * Approved the indirect investment in Mainland China via a third-country holding company * Approved the bank credit limit * Approved the 2025 remuneration for senior managers
Feb. 24, 2026	<ul style="list-style-type: none"> * Approved the 2025 Statement on Internal Control System * Approved the amendment of the "Remuneration Policy for Directors and Functional Committee Members" * Approved the distribution of employees' (including non-executive employees) and directors' remuneration of 2025 * Approved the ratio of employees' and directors' remuneration distribution in 2026 * Approved the change of president * Approved the election of the Vice Chairman * Approved the remuneration for senior managers * Approved the 2025 Business Report and Financial Statements * Approved the proposal for the distribution of 2025 earnings * Approved evaluation of the independence and competency of the Certified Public Accountant * Approved the 2026 services and fees of the Certified Public Accountant * Approved the Company's re-election of Directors * Approved the nomination of director candidates and qualification review of independent director candidates * Approved to lift the non-competition restriction on directors * Approved the meeting date and agenda of the 2026 Annual Shareholders' Meeting * Approved the 2026 Business Plan

2.3.6 Any Dissenting Opinion Expressed by a Director with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and as of the Date of this Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

2.3.7 Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission:

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		Daxin has established "Corporate Governance Principles", which aims at protecting the shareholders' rights, enhancing the functions of the Board of Directors, realizing the functions of the functional committees, respecting the rights and interests of stakeholder, and enhancing information transparency. Please refer to Daxin's website or the Market Observation Post System (MOPS) for the principle.	None.
2. Shareholding structure & shareholders' rights				
(1) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		Daxin has established "Procedures of Material Information", setting up a spokesperson and deputy spokesperson system. In addition, a dedicated email for investors has been set up on the Stakeholder section of Daxin's website, and the finance division is the dedicated unit for handling suggestions, doubts, or disputes from the shareholders.	None.
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		Daxin monitors the shareholdings of the directors, managers and major shareholders holding 10% or more of the Company's outstanding shares. We report changes in insider shareholdings on the MOPS before the 10th of each month.	None.
(3) Does the Company establish and execute a risk management and firewall system within its affiliates?	V		Daxin has established firewalls and related risk control mechanisms in the "Internal Control System", "Rules Governing Financial and Business Matters between the Company and its Related Parties" and "Management Process for the Subsidiary".	None.
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		Daxin has established "Procedures of Material Information" and included the management of preventing insider trading and short-term trading in the internal control system, to prohibit internal personnel from buying or selling securities by using undisclosed information to the public, and as reference for the Company's handling and disclosure of material information. In order to further prevent insider trading, our "Corporate Governance Principles" stipulates that prohibiting directors from trading the Company's shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports. We also send emails in advance to remind the directors before each financial reporting closed period, so as to prevent the directors from violating the regulations unintentionally.	None.
3. Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors establish a diversification policy for the composition and specific management goals of its members	V		Daxin's "Corporate Governance Principles" clearly stipulates that the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as the Company's managers not exceed 1/3 of the total number of the board	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
and implement accordingly?			members; moreover, an appropriate policy on diversity shall be formulated based on the Company's business operations, operating dynamics, and developmental needs. Please refer to Page 12 of this Report for relevant diversification policy, specific management goals and implementations.	
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		Daxin has established the Remuneration Committee and the Audit Committee. On August 11, 2025, the Board of Directors approved the establishment of the Sustainable Development Committee under the Board . The Committee is responsible for promoting sustainability policies and strategies, reviewing and tracking implementation progress, supervising information disclosure, and reviewing sustainability reports, as well as reporting the operational status of sustainable development to the Board.	None.
(3) Does the Company establish methodology for evaluating the performance of the Board and implement annually, and report the results of evaluations to the Board, and use them as a reference for directors' remuneration and renewal?	V		In accordance with the "Rules for Board of Directors Performance Assessments" approved by the Board, the Company conducts performance evaluations of the Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee annually. The evaluation results are scored as either "Excellent, Good, Satisfactory, Somewhat Satisfactory, Needs Improvement". The results of the internal performance evaluation were all "Excellent" in 2025. The evaluation results were reported to the Board on Feb. 24, 2026. Additionally, in accordance with the aforementioned regulations, an external evaluation shall be conducted at least once every three years. The Company commissioned the "Taiwan Investor Relations Institute (TIRI)" to conduct an external performance evaluation of the Board for the year 2024, and the results were reported to the Board on Feb. 25, 2025. Daxin will serve as a reference for director nomination and reappointment. Please visit the Company's website for more information.	None.
(4) Does the Company regularly evaluate the independence of CPAs?	V		The Company's Audit Committee regularly evaluates the independence and competency of CPAs, and reports to the Directors of the Board every year. The evaluation mechanism involves regularly obtaining a "Statement of Independence" and "13 Audit Quality Indicators (AQI)" from certified public accountants, and assessing the audit quality of accounting firms and audit teams based on guidelines issued by the regulatory authorities. There is no indication that the CPAs' independence and competency would be significantly influenced after the evaluation.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	V		The Board of Directors appointed the Chief Financial Officer as the Corporate Governance Officer, who is responsible for the executing affairs related to corporate governance, including handling of matters relating to Board and Shareholders' Meetings according to law, executing Company registration and revisions, recording minutes of board meetings and shareholders' meetings, supporting directors in their appointment and continuous education, providing directors with necessary information for carrying out their duties, assisting directors in compliance with laws and regulations, etc. Moreover they also review and improve upon the various indicators of corporate governance evaluation annually to ensure that affairs related to corporate governance are being executed in practice.	None.
5. Does the Company establish communication channels and build a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		Daxin has established a spokesperson system and a "Stakeholders" section on the official website. Dedicated mailboxes for each stakeholder group are managed by the responsible departments to ensure appropriate responses to the material issues. We value stakeholders' opinions and suggestions. In addition to the dedicated website mailboxes, we communicate with stakeholders through various channels, including investor conferences, seminars, exhibitions, customer satisfaction surveys, and sustainability reports, to understand their concerns.	None.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		Daxin has appointed Stock Affairs Department, Taishin Securities Co. Ltd., to handle various stock affairs.	None.
7. Information disclosure (1) Does the Company establish a website to disclose information on the Company's financial, business and corporate governance status?	V		Daxin has established a website that regularly updates relevant information on the Company's finance and business, investor conference, product, and corporate governance for investors' reference.	None.
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, and webcasting investor conferences etc.)?	V		Daxin has set up a website available in both Chinese and English, and appointed dedicated personnel to handle information collection and disclosure. The information is also updated to latest for the public irregularly. A spokesperson system has been established, with the President serving as the spokesperson and the CFO as the deputy spokesperson. In addition, to ensure the timely and proper disclosure of material information, the financial and business information of investor conferences is uploaded to the Investors section of our website, as well as disclosed to the MOPS in line with regulations from the Taiwan Stock Exchange (TWSE).	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Does the Company announce and report annual financial report within two months after the end of the fiscal year, and announce and report the financial report of the first, second, and third quarter, as well as monthly operating conditions, before the prescribed deadline?	V		The 2025 consolidated and parent company-only financial report were announced and filed at the MOPS on February 24, 2026, and all quarterly financial reports and monthly operating status were also announced and filed before the prescribed deadline. The aforementioned information was uploaded to the Company's website as well.	None.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		<p>(1) Employee Rights and Well-being: Our valuable differentiators are our employees. Daxin strives to provide a safe work environment, innovative and challenging tasks and missions, and competitive compensation to employees. The Company has formed an Employee Welfare Committee that organizes various benefits. Please refer to Page 78-80 of this Annual Report.</p> <p>(2) Stakeholders: We maintain positive interactions and communication with stakeholders through daily business activities and various channels. Dedicated mailboxes for each stakeholder group are available on the official website to provide accessible communication channels and to better understand stakeholders' concerns and expectations.</p> <p>(3) Supplier Relationships: Daxin has a "Supplier Management Procedure" to establish management specifications and evaluation standards for suppliers, and regularly audits and evaluates key and critical raw material suppliers. We maintain good cooperative and interactive relationships with suppliers and are committed to improving quality to strengthen competitiveness. We ensure a stable supply of raw materials and stable quality to achieve reliability and optimal quality of shipped products.</p> <p>(4) Customer Policy: Daxin is committed to providing reliable technology and high-quality products and services. We ensure product quality meets customer needs and conduct regular customer satisfaction surveys to maintain strong and positive customer relationships.</p> <p>(5) Risk Management: Daxin has established an internal control system, internal audit system, as well as various internal management standards and rules, which serve as the basis of Daxin's risk control as well as the standard for measuring risks while engaging in business activities. Please refer to Page 88-90 of this Annual Report.</p> <p>(6) Investor Relations: Daxin regularly publishes financial information on the MOPS(Market Observation Post System). The Company website has a dedicated "Investor Relations" section that is regularly updated with the latest financial, business, and corporate governance details for investors' reference. Additionally, we</p>	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>communicate with investors through various channels, including shareholder meetings, investor conferences, and a dedicated IR email.</p> <p>(7) Continuing Education of directors: Daxin arranges continuing studies of relevant professional knowledge for Directors from time to time. Directors must undergo at least 3 hours of training in their first year of office, as per the "Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers." Additionally, they are encouraged to follow the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." This guideline requires newly appointed directors to complete 12 hours of training in their first year, and a minimum of 6 hours per year in each following year. In 2025, all directors met or exceeded these training standards.</p> <p>(8) Directors Liability Insurance: Daxin has filed liability insurance for Directors and officers and regularly evaluates the amount insured each year so that the Directors and officers may prudently execute their duties from the standpoint of the investors' rights and interests. The relevant insurance information is also reported to the Board of Directors after the insurance contract has been renewed.</p>	
<p>9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange :</p> <p>In order to practice the philosophy of corporate governance, we reviews and proposes improvement measures based on the result of Corporate Governance Evaluation announced by the TWSE each year. The items of promotion in 2025 are as follows:</p> <ul style="list-style-type: none"> - Stipulating Remuneration Ratios for Non-executive Employees in the Articles of Incorporation: The "Articles of Incorporation" was revised and approved on May 14, 2025, clearly stipulating that no less than 5% of employee remuneration shall be allocated as remuneration for non-executive employees. This amendment aims to strengthen employee rights and better align employee compensation with the Company's performance. - Strengthening Stakeholder Engagement: In addition to regularly disclosing monthly announcements of self-assessed profits and losses for investors' reference, Daxin held two investor conferences on February 26 and August 13, 2025, to ensure timely disclosure of the Company's operating results and business status. - Enhancing Reliability of Sustainability Disclosure: The Sustainability Report was verified by an independent third party with limited assurance and approved by the Board of Directors to ensure the reliability and consistency of sustainability disclosures. The report was approved by the Board of Directors on August 11, 2025, and both Chinese and English versions were published to facilitate review by all stakeholders. - Enhancing Sustainability Governance Structure: On August 11, 2025, the Board of Directors approved the establishment of the Sustainable Development Committee under the Board to enhance its governance of sustainability issues. The Committee is responsible for promoting sustainability policies and strategies, reviewing and tracking implementation progress, supervising information disclosure and reviewing sustainability reports. The Committee meets at least once a year and convenes additional meetings as necessary. 				

2.3.8 Sustainable Development Implementation as Required by the Taiwan Financial Supervisory Commission:

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company establish exclusively (or concurrently) dedicated units to implement sustainable development, and does the Board of Directors appoint the senior manager to take charge of sustainable development, and to report the status of the supervision to the Board of Directors?	V		<p>The Company established a cross-departmental Sustainable Development Committee in 2021. On August 11, 2025, the Board of Directors resolved to establish a "Sustainability Development Committee" under the Board. The Committee is responsible for promoting and reviewing the implementation of sustainable development, supervising information disclosure, and reviewing sustainability reports.</p> <p>The Committee reports to the Board of Directors annually. The report includes information about communication with stakeholders, major sustainability topics, management goals and policies, and the status of sustainability implementation. The Board of Directors reviews the Company's goal achievement and execution results based on the Committee's report. At the same time, it evaluates the effectiveness of management strategies, supervises the operation of sustainability programs, and provides timely recommendations.</p>	None.
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		<p>Daxin's risk assessment focuses primarily on Company operations. In accordance with the materiality principle, the Company has evaluated the ESG issues regarding environmental, social, and corporate governance aspects. In 2025, 8 major sustainability issues were identified, including "Green Manufacturing", "Occupational Health and Safety", "Talent Development", "Social Participation", "Supply Chain Management", "Product Quality and Safety", "Customer Service" and "R&D innovation". The Sustainable Development Committee conducts risk assessments for each topic, sets relevant performance management indicators and strategies through regular meetings, implements them in daily operations, and reports regularly to the Board of Directors.</p> <p>Environmental</p> <ul style="list-style-type: none"> Green Manufacturing: Daxin supports global climate action and places strong emphasis on addressing climate change. The Company has formulated a concrete and actionable decarbonization roadmap with integrated targets based on different scenarios and implementation timelines. A wide range of energy-saving initiatives has been introduced, and multiple carbon reduction measures have been advanced, including the deployment of renewable energy systems (such as solar power installations and green electricity procurement), as well as investments in process-related energy efficiency improvements. <p>In parallel, the Company conducts annual greenhouse gas inventories and engages third-party verification to regularly review and assess the effectiveness of its energy-saving and carbon reduction performance. Through continuous innovation and improvement, Daxin further strengthens its low-carbon competitiveness.</p> <p>Moreover, as the circular economy has become a global mainstream trend, optimizing resource circulation has long been a key focus of the Company. To this end, we promote waste reduction at the source through process improvements, continuously enhance in-house waste solvent recovery to increase resource valorization, and advance product circularity initiatives to explore new business opportunities, thereby reinforcing the Company's long-term resilience.</p>	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>Social</p> <ul style="list-style-type: none"> • Occupational Health and Safety: Talents are the driving force of the Company's innovation. We continues to promote ISO 45001, build a friendly and balanced workplace environment to help employees develop their strengths in a safe and secure environment. • Talent Development: Talent drives innovation. We offer competitive compensation and diverse benefits to create an employee-centric experience that attracts and retains top talent for long-term growth. Through global training strategies, we continuously develop our people's future capabilities and support diverse talent development, ensuring they stay current with evolving knowledge and skills. We also leverage our industry expertise to cultivate Taiwan's next generation of advanced tech talent, bridging the gap between academia and industry. • Social Participation: We're committed to cultivating responsible citizens for a sustainable society through diverse initiatives: support local education, support local arts and culture, and social participation and charitable initiatives. We encourage employee volunteering to create positive impact, build organizational unity, and drive shared prosperity and sustainable growth. <p>Governance</p> <ul style="list-style-type: none"> • Supply Chain Management: On-site or document-based audits are conducted for key raw material suppliers as well as annually selected critical raw material suppliers. The audits cover areas including quality system certifications, quality management, ESG practices, information security management, manufacturing and production management and environmental, health and safety (EHS). Audit results are used to ensure that suppliers share common goals and codes of conduct for sustainable operations. The evaluation outcomes are also incorporated into supplier selection criteria, enabling us to work hand in hand with suppliers to create a sustainable future. • Product Quality and Safety: Daxin follows ISO 9001:2015 and the Hazardous Substances Management Regulations to ensure that our products meet quality requirements and safety standards from design, manufacturing to sales processes. Continuing to strengthen internal quality awareness and enhance quality competitiveness. Additionally, we strictly require suppliers to comply with applicable regulations (such as RoHS 2.0 and REACH) to meet customer expectations. By reducing the impact on environmental and ecology, we fulfill our responsibility as a corporate citizen. • Customer Service: Daxin is committed to providing comprehensive services and optimal material solutions. A robust quality management system has been established to ensure stable and reliable product quality. Through regular satisfaction surveys and rapid response mechanisms for customer complaints, the Company promptly monitors product quality and customer needs, continuously improving its services and strengthening customer partnerships to jointly achieve sustainable growth. • R&D Innovation: We grasp the trends of market and technology in a timely manner, combines R&D talents and products, and cooperates with world-class leading manufacturers to establish strong partnerships. While innovating, we encourage colleagues to cooperate and communicate with 	

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			external parties actively, conduct technical discussions with various industry, government and academe from time to time, and participate in various exhibitions and seminars and international technical forums. We achieve product innovation and technology leadership through cooperating with external parties.	
3. Environmental issues				
(1) Does the Company establish environmental management systems based on its industry's characteristics?	V		Daxin has established a dedicated Environment, Health, and Safety (EHS) management unit responsible for planning, implementing, and overseeing EHS-related activities across the organization. EHS management review meetings are convened on a quarterly basis to set objectives and review operational performance. The Company has established and obtained certification for the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System. Through regular annual internal and external audits and verifications, the effectiveness and continuous operation of the EHS management systems are ensured.	None.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have low impacts on the environment?	V		Daxin remains committed to continuously enhancing energy and resource efficiency. To reduce water consumption, rainwater harvesting systems have been installed and water-saving fixtures are adopted in daily operations to minimize unnecessary water usage. At the same time, the Company strictly manages waste generation through well-established control mechanisms and actively promotes resource reuse and recycling. Recyclable materials are entrusted to qualified professional service providers for recovery and reutilization. Furthermore, in the selection of packaging materials, priority is given to packaging incorporating recycled plastics, thereby reducing resource consumption and waste generation, and further mitigating impacts on the ecological environment.	None.
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		Daxin has established a risk assessment process in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify and evaluate potential future climate-related risks and opportunities, and to implement corresponding response measures. For further details, please refer to the climate-related information disclosed on pages 43–48 of this Annual Report.	None.
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		Since 2009, Daxin has conducted inventories to quantify greenhouse gas emissions arising from its operational activities. Beginning in 2022, the Company formally adopted the ISO 14064-1:2018 standard for greenhouse gas inventory. Each year, the inventory procedures and results for emissions in the preceding year are submitted for assurance by an independent third-party verification body. Statistical data on greenhouse gas emissions, water consumption, and total waste generation, as well as related policies, are disclosed on pages 47–51 of this Annual Report.	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
<p>4. Social Issues</p> <p>(1) Does the Company establish appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>Daxin is committed to the protection and advancement of human rights throughout the Company and its supply chain. We support the UN Universal Declaration of Human Rights (UDHR) and seek to treat all workers with dignity and respect as understood by international human rights standards, including those rights expressed in the United Nations International Bill of Human Rights, The International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, and the Ten Principles of The United Nations Global Compact (UNGC). We have established our Human Rights Policy and Management Procedures in line with the Responsible Business Alliance (RBA) Code of Conduct and the Labor Standards Act (LSA). Our Human Resources Department is responsible for overseeing these policies, which apply to all employees, including regular, contract, temporary workers, and interns. We also encourage our contractors and suppliers to comply with labor laws and uphold our Human Rights Policy.</p> <p>The guiding principles for Daxin’s Human Rights Policy are as follows:</p> <ol style="list-style-type: none"> 1. Free of violence, discrimination, and harassment to ensure quality in the workplace <ul style="list-style-type: none"> • Strictly comply with government labor laws to implement internal rules and regulations. • Establish clear and fair regulations about promotion, r rewards, and training policies. • Ensure all hiring procedures comply with the law and eliminate discrimination from the beginning of recruitment.’ • Assess contractors’ compliance with labor laws before engagement and monitor labor rights protection t during the partnership. 2. Provide a safe and healthy work environment <ul style="list-style-type: none"> • Hold quarterly Safety Committee and Management System Review meetings to consolidate the results and shortcomings of environmental health and safety implementation, conduct reviews for improvement, and provide employees with a safe working environment. • Daxin has an occupational health nurse and on-site health services with doctors are available monthly to provide a personalized healthcare management program for employees engaged in high-risk operations. Regular health checkups are conducted according to legal requirements. • Implement Workplace Misconduct Prevention Policies and establish employee report channels • Establish a maternity protection plan with workplace safety measures, flexible duties, no night shifts, and parental leave options available. • Strengthen workplace safety management for contractors 3. Forbid forced labor <ul style="list-style-type: none"> • In strict compliance with government labor laws, Daxin will not force nor threaten any non-willing personnel to carry out work-related tasks • Through the attendance system settings, we prevent illegal scheduling and lawfully provide overtime pay • Forbid to withhold any employee certificates or ask for security deposits 	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>4. Foster a culture of open communication</p> <ul style="list-style-type: none"> Establish several internal communication channels to ensure open and transparent communications between managers and employees Build mentoring program for new hires, including holding the first one-month and three-month check-ins to help them feel more engaged in the organization <p>5. Zero tolerance for child labor</p> <ul style="list-style-type: none"> Daxin only accepts applicants over 18 years old and will double-check the age to avoid any mistakes and omissions <p>In 2025, we also provided human rights protection training to our employees and contractors; a cumulative total of 888 persons were trained with cumulative training hours of 1,258 hours. We will continue to focus on issues related to human rights protection and promote relevant training to reduce the occurrence of relevant risks.</p> <p>We accept comprehensive reviews from stakeholders (customers) based on the auditing standard of the Responsible Business Alliance (RBA), and require suppliers to conduct ESG self-assessment. 9 of these reviews were conducted, and no violation of forced labor or relevant grievances or child labor occurred in 2025.</p>	
(2) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect on operating performance or results on employee compensation?	V		<p><u>Employee Compensation</u></p> <p>Daxin employees are entitled to competitive compensation and benefits program including base salary and performance-based bonus. Moreover, to attract, retain, develop, motivate and reward talented and performing employees, the Company’s operating profit is distributed to employees in accordance with employee performance. Employee compensation is implemented in line with Article 15 of our Articles of Incorporation, if the Company has gained profits within a fiscal year (i.e., pre-tax profit before deducting employees’ compensations and Directors’ remuneration), no less than 3% shall be appropriated as employee compensations. No less than 5% of employee remuneration shall be allocated as remuneration for non-executive employees to reflect operating performance or results in the employees’ compensations.</p> <p>Compensation policy: The Company annually reviews the salary structure and level of benchmark enterprises in the market, also considering industry-wide salary survey data, conducting salary competitiveness analysis, and formulating relevant compensation strategies.</p> <p>In 2025, the average annual salary adjustment (including structural salary adjustment) for both managerial officers and non-managerial positions was 6%.</p> <p><u>Leave System</u></p> <p>Beyond statutory leave (annual, paternity/maternity checkup, menstrual, and parental leave), Daxin added 3 days of paid recharge leave in 2025 to support employees at different life stages, including childcare, elder care, wellness, and personal development, helping employees achieve a better balance between work and life.</p>	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p><u>Employee Welfare</u> Daxin has formed an Employee Welfare Committee, and each year, the Company appropriates nearly NT\$7 million in employee welfare funds. Employees serve as committee members and hold welfare committee meetings every quarter to decide on welfare policies and plan various high-quality benefits based on employee needs. Please refer to Page 78-80 of this report.</p> <p><u>Workplace Diversity and Equality</u> All employees have equal opportunity. Discrimination is prohibited in employee recruitment, promotion, performance evaluation, training, and reward systems. In 2025, the ratio of female employees accounted for 30% of all employees, while the ratio of female officers is 21.3%.</p>	
(3) Does the Company provide a safe and healthy and safe work environment, and regularly implement safety and health education for employees?	V		<p>Daxin has established an Occupational Safety and Health (OSH) Management Program to minimize workplace hazards and occupational accidents, aiming to achieve safety goals while enhancing OSH performance.</p> <p>The Company has obtained ISO 14001 Environmental Management System certification (valid from June 30, 2023 to June 30, 2026) and ISO 45001 Occupational Health and Safety Management System certification (valid from June 29, 2023 to June 29, 2026). External audits are conducted on a regular basis, and continual improvement and review are carried out accordingly.</p> <p>To manage potential workplace risks, the Company conducts semi-annual environment monitoring and sampling analyses through external professionals, ensuring employee safety and consistent OSH exposure control. In addition, the Company provides a safe, healthy, and supportive working by promoting health initiatives, behavioral improvements, and environmental protection. Through OSH education and training, the Company encourages physical activity and healthy lifestyles to foster employees’ physical, mental, and social well-being.</p> <p>In 2025, the disabling injury frequency rate (FR) was 1.14, and the disabling injury severity rate (SR) was 3. One occupational injury incident occurred involving one employee, representing 0.23% of the total workforce at year-end 2025. No fire incidents occurred during the year.</p> <p>The Company conducts annual reviews of contractor EHS management and high-risk operations to ensure effective risk management and safety measures. Furthermore, we regularly inspect and maintain fire protection equipment to ensure readiness. In coordination with emergency response management procedures, we are able to respond promptly in the event of a fire, safeguarding personnel and property while achieving effective fire prevention and emergency response.</p> <p><u>Training</u> New employees are required to undergo 6 hours of “occupational safety” course which introduces Daxin’s environmental and safety precautions and relevant regulations; general employees are required to</p>	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>participate in “work safety” course each year, while professional staff is required to participate in “chemical substance hazard and emergency relief” course and to regularly receive re-training. In addition, managers participate in “risk management course”. In 2025, a total of 1,604 persons were trained, with cumulative training hours reaching 2,269 hours.</p> <p><u>Comprehensive Health Care and Sports Promotion</u></p> <p>Daxin has received iSports Enterprise Certification from the Sports Administration for three consecutive terms and was recognized by the Health Promotion Administration for Workplace Health Promotion Self-Assessment Qualification in 2025. We conduct on-site fitness assessments with nearly 30% employee participation, fostering an active sports culture. We also maintain an internal health column for education and discussion, and regularly hold health seminars and sports competitions through employee sports clubs.</p>	
(4) Does the Company provide its employees with career development and training sessions?	V		<p>We offer a comprehensive career development training program for all employees, including new employee training, professional training, and management training. With diverse training and development opportunities, employees can enhance their capabilities and improve personal performance. In 2025, a total of 1,694 persons have completed the career training, and cumulative training hours reached 6,360 hours.</p> <p>Performance reviews are conducted regularly for both managers and employees to assess individual growth, set goals for future performance, and facilitate employees to reach their potential.</p>	None.
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant consumer protection policies and complaint procedures?	V		<p>Daxin’s has established a "Customer Complaint Handling Control Procedure" that clearly defines the responsibilities and processes for handling complaints regarding products and services. A dedicated email inbox (ProductInfo@daxinmat.com) is also available on the Company website, allowing direct communication between customers and representatives. Sales and Product Realization departments both directly respond to customers, and all product problems voiced by customers will be immediately addressed and handled.</p> <p>If a product issue is reported, the Quality Engineering team steps in right away, providing an initial response within three working days and a full report within seven. Cases are closed only after customer approval. In 2025, over 90% of complaints were successfully resolved.</p>	None.
(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.	V		<p>The Company has established Supplier Management Procedures to set rules for selecting, auditing, and evaluating suppliers and subcontractors. Suppliers are audited annually, with the scope covering quality system certifications, quality management, ESG, information security, manufacturing and production management and environmental, health and safety (EHS). Suppliers are also required to comply with Green Product (GP) certification requirements and obtain relevant certifications, including Quality Management Systems (ISO 9001), Environmental Management Systems (ISO 14001), and Occupational Health and Safety Management Systems (ISO 45001).</p> <p>For overall supplier management, the audit frequency in 2025 is set at quarterly. More than 184</p>	None.

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
			<p>suppliers were evaluated each quarter, with assessment criteria including incoming raw material quality, delivery performance, and price competitiveness. Suppliers scoring below 80 points were subject to corrective guidance, and all improvement actions have been completed.</p> <p>At the end of each year, a joint audit team identifies the key raw material list and designates the top 20 suppliers by procurement value from the previous year as key suppliers. In the following year, on-site or document-based audits are scheduled for these suppliers, and audit results are incorporated into supplier evaluations.</p> <ul style="list-style-type: none"> • Key Supplier Evaluation Focus Areas: <ul style="list-style-type: none"> - Status of relevant certifications (quality, environmental, occupational health and safety, green products, etc.) - Implementation of quality management systems - Implementation of environmental, health and safety management systems - ESG performance • Key Supplier Evaluation Method: <p>Suppliers are evaluated annually based on audit results and classified into four grades: A, B+, B-, and C.</p> <p>Grade A: Total score of 90 or above. Classified as an excellent supplier; eligible for continued procurement and increased purchase volumes.</p> <p>Grade B+: Total score of 80 – 89. Classified as a qualified supplier; eligible for continued transactions.</p> <p>Grade B: Total score of 70 – 79. Classified as a qualified supplier; improvement actions required.</p> <p>Grade C: Total score below 70. Classified as an unqualified supplier; subject to strategic guidance or procurement suspension.</p> • Key Supplier Improvement and Guidance: <p>For suppliers rated Grade C, the procurement submits recommendations to the procurement supervisor, relevant technical departments, and quality management for approval of strategic cooperation measures or termination of procurement.</p> • In 2025, audits were completed for 32 suppliers, including the top 20 suppliers and key raw material suppliers. The evaluation results were as follows: 28 suppliers (81.25%) rated Grade A, 4 suppliers (18.75%) rated Grade B+. Five outstanding suppliers will be formally recognized with written commendation this year. 	

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
5. Does the Company refer to the guidelines for the preparation of internationally accepted reports in preparing its Sustainability Reports and other reports that disclose the Company's nonfinancial information? Did the aforesaid report obtain the assurance or accreditation of an impartial third party?	V		Since 2022, Daxin has compiled an annual sustainability report in accordance with GRI standards, referencing the Sustainability Accounting Standards Board (SASB) guidelines and the Task Force on Climate-related Financial Disclosures (TCFD) standards. This allows stakeholders to understand the Company's performance in economic, environmental, and social aspects. The report is filed with the Market Observation Post System (MOPS) as required and is also disclosed on the Company's website. The 2024 Sustainability Report has obtained limited assurance from a third-party provider in accordance with the Standard on Assurance Engagements No. 3000 issued by the Accounting Research and Development Foundation (ARDF), further enhancing the credibility and transparency of our sustainability disclosure.	None.
6. If the Company has established its own sustainability principles based on the "Sustainability Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and any discrepancies from the Principles: Not applicable.				
7. Other important information to facilitate better understanding of the Company's sustainable development practices: Daxin is committed to driving sustainable development. In 2025, our environmental management efforts earned external recognition through the "SGS ISO PLUS Award for Excellence in Environmental Management System". Our corporate governance was also honored with the "Progress Achievement Award" from the Taiwan Investor Relations Institute (TIRI). In talent sustainability, beyond receiving certification for the "Workplace Health Promotion Self-Assessment Qualification" from the Health Promotion Administration, Ministry of Health and Welfare, the Company received the prestigious "Happy Workplace Three-Star Award" from the Taichung City Government In social engagement, we support local communities and disadvantaged groups, encourage employees to volunteer, create positive impacts and strengthen team spirit to promote shared social prosperity. • Supporting Local Education 1. Daxin Graduate Scholarship Program: To support the sustainable development of higher education and encourage the young scientists in Taiwan to study for Ph.D. or Master's degrees related to chemistry, chemical engineering, material sciences, or other science-related fields, Daxin established the "Daxin Graduate Scholarship" in 2010. Since 2010, the program has awarded a total of NT\$21 million to 95 students. In addition to funds, the program provides the recipients with eligibility for summer internships and mentorship at Daxin to encourage their dedication to scientific research. 2. Daxin gives back to employees' alma maters: Daxin has been sponsoring scholarships and continues to strengthen industry-academia collaboration with tier 1 universities. In 2025, we dedicated nearly NT\$4.7 million to various campus activities, including sponsoring scholarships for "Graduate Student Poster Exhibition of Department of Chemical Engineering, National Taiwan University", "Graduate Student Poster Exhibition of Department of Applied Chemistry, National Yang Ming Chiao Tung University", "Graduate Student Poster Exhibition of Department of Chemical Engineering, National Tsing Hua University", "2025 TWiChE Annual Meeting" and "2025 Annual Meeting of the Polymer Society".				

3. The Next Generation Scientist Program: We held science education event at local elementary schools to promote scientific learning. By providing educational and entertaining science, children engaged in hands-on activities designed by our R&D. We hope the event spark children's imaginative learning and interests in science, and will continue to give back to local community and cultivate the next-generation. In 2025, 8 sessions were held with a total of 128 elementary school students participating.
- Promote Arts and Culture: Daxin has been sponsoring Taichung City Symphony Orchestra (TCSO) musical events since 2015, and collaborating with TCSO to offer music courses for employees, to support local musicians and enrich employees' appreciation of arts and culture. In 2025, we sponsored 4 events reaching over 2,000 attendees.
 - Social Participation and Charitable Initiatives
 1. Support Local Businesses: Daxin continues to support local businesses to contribute to the circular economy and promote sustainable development. We partner with environmentally friendly stores for company events and swag, and have dedicated NT\$2.9 million to local businesses in 2025.
 2. Corporate Volunteering: Since 2014, we've participated in corporate volunteering activities and received the Taichung City Corporate Volunteer Team Special Award, mobilizing employees to address resource inequality and environmental protection. In 2025, we held two environmental activities: a beach cleanup in Daan, Taichung (20 volunteers) and a mountain cleanup in Zhukeng Nanliao, with 27 volunteers. Volunteers collected nearly 60 kg of trash, demonstrating our commitment to environmental protection and local ecology. In 2025, volunteers contributed over 510 service hours.

• **Climate-Related Information**

1. Implementation Status of Climate-Related Information

(1) Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.

The Sustainable Development Committee oversees and drives the implementation of the Company's sustainability initiatives and the advancement of sustainable development practices. The Committee evaluates environmental, social, and governance (ESG) issues related to the Company's operations and conducts climate-related risk and opportunity assessments with reference to the Task Force on Climate-related Financial Disclosures (TCFD) framework. Based on the assessment of material risks, corresponding response strategies are formulated and management objectives are established.

Under the Committee, the Environmental Sustainability Working Group is primarily responsible for climate risk management, mitigation and adaptation actions, and other climate change-related management initiatives. Management review meetings are convened on a quarterly basis to monitor progress toward climate-related targets, leading to annual reports to the Board of Directors on climate-related risks and the implementation status of related plans. Based on these reports, the Board of Directors oversees the execution of sustainability initiatives and provides guidance and recommendations as appropriate.

(2) Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term)

With reference to international sustainability trends and TCFD reports of benchmark peer companies, the Company assessed the likelihood and potential financial impacts of various climate-related risks and opportunities. In 2025, through joint discussions among the responsible departments, the Company identified eight material risks requiring focused attention (including seven transition risks and one physical risk) and five opportunities. Corresponding response strategies were subsequently developed to address their potential financial impacts over the short, medium, and long terms.

Category		Risk Items	Financial Impact	Key Mitigation Measures
Risk	Transition Risk	<ul style="list-style-type: none"> • Carbon Pricing (Mid-to-Long Term) • Net-Zero Emissions (Mid-to-Long Term) • Development of New Energy-Saving Technologies (Short-to-Mid-to-Long Term) • Transition to Renewable Energy (Short-to-Mid-to-Long Term) • Research and Development of Low-Carbon Products (Short-to-Mid-to-Long Term) • Customer Sustainability Engagement (Long Term) 	<ul style="list-style-type: none"> • Carbon costs under national carbon pricing. • Increased operating costs from investment in renewable energy facilities and procurement of green electricity. • Increased operating costs from replacement of energy-intensive equipment and implementation of energy-saving measures. • Rising R&D costs for low-carbon products and low-carbon materials. • Increased operating costs from participation in climate initiatives and carbon footprint verification. 	<ul style="list-style-type: none"> • Achieve carbon reduction ahead of schedule through measures such as inventory tracking, digital management platforms, energy efficiency improvements, and renewable energy adoption. • Promote equipment replacement and implement new energy-saving measures. • Invest in solar power generation facilities and green electricity procurement. • Implement carbon footprint management. • Develop products that enhance customer energy efficiency. • Develop products using low-carbon materials.

Category		Risk Items	Financial Impact	Key Mitigation Measures
		<ul style="list-style-type: none"> • Rising Raw Material Costs (Mid-to-Long Term) 	<ul style="list-style-type: none"> • Higher raw material costs due to import carbon taxes and electricity price increases. 	
	Physical Risk	<ul style="list-style-type: none"> • Sea Level Rise (Long-term) 	<ul style="list-style-type: none"> • Flooding causes production or supply chain disruptions. 	<ul style="list-style-type: none"> • Purchase disaster insurance and implement production scheduling mechanisms.
	Opportunity	<ul style="list-style-type: none"> • Develop low-carbon products. (Short-to-Mid-to-Long Term) • Promote low-carbon production. (Short-to-Mid-to-Long Term) • Energy efficiency. (Short-to-Mid-to-Long Term) • Participate in renewable energy programs. (Short-to-Mid-to-Long Term) • Reuse and recycle resources. (Short-to-Mid-to-Long Term) 	<ul style="list-style-type: none"> • Meet customer demand and increase revenue. • Reduce electricity consumption and lower operating costs. • Reduce carbon emissions and minimize carbon pricing costs. • Acquire valuable assets such as renewable energy certificates. • Promote resource circularity and by-product valorization to reduce costs and increase revenue. 	<ul style="list-style-type: none"> • Enter the low-carbon supply chain market. • Promote energy-saving and carbon-reduction initiatives. • Invest in solar power generation facilities and green electricity procurement to expand renewable energy usage. • Enhance waste solvent recovery and reuse, and promote valorization of process by-products.

(3) Describe the financial impact of extreme weather events and transformative actions.

Daxin has implemented low-carbon transition initiatives, including greenhouse gas inventory management and reduction, improving plant and process energy and resource efficiency, investing in solar power generation facilities and green electricity procurement, and developing low-carbon products. While these measures increase operating costs, they can offset electricity expenses and mitigate potential future impacts from carbon pricing.

Low-carbon products and resource circularity also help meet customer expectations and create sustainable business opportunities. In addition, regarding physical risks from extreme climate events, the Company continues to monitor long-term risks such as sea level rise, which could affect production and supply chains, and implements disaster insurance and production scheduling mechanisms to mitigate potential impacts.

(4) Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

The Sustainable Development Committee coordinates cross-departmental communication and, with reference to the Task Force on Climate-related Financial Disclosures (TCFD), has established a “Climate Change Risk and Opportunity Management Process”. The process consists of six stages—issue collection, management engagement, risk assessment, risk identification, response strategy development, and management tracking—to identify material climate-related risks and opportunities that require focused attention.

Potential scenarios are evaluated to develop corresponding strategies and action plans. Management objectives and checkpoints are established to ensure that progress is effectively monitored. Through this process, climate-related impacts are systematically controlled and promptly addressed. By implementing adaptation measures, the Company aims to mitigate the potential financial impacts of climate risks while creating opportunities for sustainable development.

(5) If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.

Using the TCFD framework, the Company analyzes material transition and physical risks under different global carbon emission scenarios and their potential impacts on operations. Following the “National Carbon Reduction Targets” announced by the National Climate Change Action Commission in 2025, the Company has established a clear decarbonization pathway to enhance climate strategy resilience in response to physical risks and to assess the potential financial impacts of transition risks.

Physical risks stem from global warming–induced sea level rise. Using Taiwan climate projection data and adaptation knowledge platform tools, under a 2°C warming scenario (SSP3-7.0), the sea level around Taiwan is projected to rise by 0.5 meters. All plants are not located in inundation areas, resulting in relatively low production impact.

Financial impacts from transition risks arise from regulatory risks, which could increase carbon costs; market risks, which could raise electricity expenses; and technology risks, which could increase investment costs for implementing carbon reduction measures. The Company continues to invest in renewable energy and energy-saving measures to achieve emission reductions and mitigate future carbon cost impacts. Moving forward, the Company will continue to monitor carbon pricing policy trends and adjust response measures and climate targets on a rolling basis.

【Physical Risks】

Daxin utilizes Taiwan climate data scenarios provided by the National Science and Technology Council’s “Taiwan Climate Change Projection and Adaptation Knowledge Platform,” based on the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC). Sea level rise in Taiwan is simulated under different warming scenarios using low-emission (SSP1-2.6) and very high-emission (SSP5-8.5) pathways within the Shared Socioeconomic Pathways (SSP) framework. These projections serve as the basis for assessing the strategic resilience of the Company’s operational sites under extreme climate conditions.

【Transition Risks】

To analyze the financial impacts of regulatory carbon pricing, the Company refers to reports by the International Energy Agency (IEA) and selects future carbon price projections under the Net-Zero Emissions Scenario (NZE) and the Stated Policies Scenario (STEPS). Changes in carbon emissions resulting from future operational growth are incorporated, and the financial impact differences of implementing various energy-saving and carbon reduction measures are assessed.

- (6) If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.

【Climate Transition Plan】

Daxin has developed a concrete and actionable net-zero carbon roadmap, establishing integrated targets based on different scenarios and implementation timelines. A diverse range of energy-saving initiatives is actively implemented, and various carbon reduction measures are promoted, including the adoption of renewable energy (such as solar power and green electricity procurement) and energy efficiency improvements. Annual greenhouse gas inventories and third-party verifications are conducted to regularly review energy-saving and carbon reduction performance. Through continuous innovation and improvement, the Company strengthens its sustainability and low-carbon competitiveness.

【 Climate Risk Indicators and Goals 】

Daxin has established phased short-term (2026) and medium- to long-term (2030) targets across multiple areas, including net-zero emissions, green energy, water conservation, and resource circularity, to progressively implement carbon reduction initiatives. Measures include annually tracking energy-saving actions, investing in solar photovoltaic systems, procuring green electricity, and adopting new environmentally friendly technologies such as low-carbon refrigerants to reduce operational carbon emissions.

In 2025, the Company reviewed the achievements of recent energy-saving and carbon reduction initiatives and enhanced the 2030 electricity saving and carbon reduction targets, thereby strengthening the Company's sustainability and low-carbon competitiveness.

Item	Daxin Climate Management Indicators	Short, Medium, and Long-term Goals
Mitigation	❖ Proportion of Renewable Energy Usage - (Renewable Energy Electricity Consumption / Total Electricity Consumption) × 100%	2026: Corporate Headquarters to achieve RE100 2030: Entire Company to achieve RE10
	❖ Annual Electricity Savings Rate (%) - Annual electricity savings from energy-saving measures / (Annual electricity savings + Annual electricity consumption) × 100%	2026 ≥ 1.5% 2030 cumulative: ≥ 15% (cumulative from 2022 to 2030)
	❖ Reduction in Total Greenhouse Gas Emissions (Existing Facilities) - Total Greenhouse Gas Emissions in the baseline year × (1 - carbon reduction target %)	2030: 25% reduction compared to the baseline year 2022
	❖ Solvent Recovery Rate (including material recovery and energy recovery) (%) - Recycled and Reused Solvent Quantity / Total Solvent Waste Generation	2026 ≥ 93% 2030 ≥ 95%
Adaptation	❖ Water Recovery Rate (Reuse Rate) - (Reuse water + Recycled water) / (Tap water + Recycled water + Reuse water) × 100%	2026 ≥ 96% 2030 ≥ 97%

(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.

At present, there is no internal carbon pricing in place.

(8) If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.

For details on the Company's greenhouse gas reduction targets, strategies, specific action plans, and the achievement status of these targets, please refer to page 48 of this Annual Report.

1-1. Greenhouse Gas Inventory and Verification Status of the Past Two Years

1-1-1 Information of Greenhouse Gas Inventory: Specify the emissions (metric tons of CO₂e), intensity (metric tons of CO₂e per million dollars), and data coverage scope for the greenhouse gases in the most recent two years.

Annual Scope		2024		2025	
		Total Emissions (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e per million dollars)	Total Emissions (metric tons of CO ₂ e)	Intensity (metric tons of CO ₂ e per million dollars)
Scope1	Parent Company	761	0.18	673	0.15
	Subsidiary	0	0	0	0
	Total	761	0.18	673	0.15
Scope2	Parent Company	6,317	1.53	6,139	1.33
	Subsidiary	0	0	0	0
	Total	6,317	1.53	6,139	1.33
Scope3	Parent Company	15,576	3.78	20,003	4.32
	Subsidiary	0	0	0	0
	Total	15,576	3.78	20,003	4.32

Coverage scope of data: Consistent with the company's financial statements, the coverage includes the headquarters (Chungke Plant and Chungkang Plant) and subsidiaries. The subsidiaries, which had no actual operations, have been excluded from the calculation.

1-1-2 Information of Greenhouse Gas Verification: Provide an explanation of the assurance status for the two most recent fiscal years as of the date of the annual report printing, including the scope of assurance, assurance provider, assurance standards, and the assurance opinion.

Annual Item	2024	2025
Assurance Scope	Consistent with the Company's financial statements, the coverage includes the headquarters (Chungke Plant and Chungkang Plant) and subsidiaries. The subsidiaries, which had no operational activities, have been excluded from the calculation.	Consistent with the Company's financial statements, the coverage includes the headquarters (Chungke Plant and Chungkang Plant) and subsidiaries. The subsidiaries, which had no operational activities, have been excluded from the calculation.
Assurance Provider	DNV	DNV
Assurance Standards	ISO14064-1:2018	ISO14064-1:2018
Assurance Opinion	<ul style="list-style-type: none"> Scope 1 and Scope 2 emissions: verified with reasonable assurance. Scope 3 emissions: verified with limited assurance. 	The 2025 results are undergoing verification; please refer to the Sustainability Report for the final details.

1-2. Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans

- Greenhouse gas reduction baseline year: 2022; total emissions of 7,341 tCO₂e (Scope 1 and Scope 2 combined)
- Greenhouse gas reduction target ^(Note 1): By 2030, reduce total emissions by 25% (Scope 1 and Scope 2 combined not to exceed 5,506 tCO₂e)
- Greenhouse gas strategies, specific action plans, and target achievement status:

Strategies and Action Plans	2030 Medium to Long-Term Goals	2026 Short-Term Goals	2025 Execution Results
<p>Improve Energy Efficiency Implement annual energy-saving initiatives, enhancing energy efficiency through the adoption of energy-efficient equipment and operational optimization.</p>	<ul style="list-style-type: none"> • Cumulative electricity savings from 2022 to 2030: ≥ 15% 	<ul style="list-style-type: none"> • Annual energy savings rate ≥ 1.5% 	<ul style="list-style-type: none"> • Implemented 43 energy-saving measures, achieving electricity savings of 287,000 kWh • Annual electricity savings rate: 2.1%
<p>Use of Renewable Energy Invest in solar power generation facilities and procure green electricity to expand the use of renewable energy.</p>	<ul style="list-style-type: none"> • Corporate headquarters ^(Note 2) electricity: 100% renewable energy (RE100) • Company-wide electricity: 10% renewable energy (RE10) 	<ul style="list-style-type: none"> • Corporate headquarters ^(Note 2) electricity: 100% renewable energy (RE100) • Newly constructed plants electricity: 10% renewable energy (RE10) 	<ul style="list-style-type: none"> • Green electricity: 337,000 kWh (including 187,000 kWh self-consumed solar power and 150,000 kWh supplied to the grid). • Renewable electricity targets achieved: Corporate headquarters achieved RE100, and newly constructed plants achieved RE2.8.
<p>Promote Low-Carbon Plants Conduct annual greenhouse gas verification to identify carbon emission hotspots within the plants, and implement transition measures such as the adoption of low-carbon refrigerants.</p>	<ul style="list-style-type: none"> • Greenhouse gas reduction: 25% (existing plants) 	<ul style="list-style-type: none"> • Obtained ISO 14064-1 verification statement. • Completed carbon footprint assessment for four products. 	<ul style="list-style-type: none"> • All plants obtained ISO 14064-1 verification statements. • In 2025, greenhouse gas emissions decreased by approximately 17% compared to the baseline year (with existing plants). • Completed carbon footprint assessments for 10 products, gradually establishing a corporate product carbon footprint database.

Note: 1. The reduction target is calculated based on existing plants only and excludes newly commissioned plants after 2023 (i.e., the Chungkang Semiconductor Materials Plant).

2. The original target referred to the renewable energy share of office electricity. To clearly define the electricity calculation boundary, it has been adjusted to the corporate headquarters (Chungke Plant Research & Development Center, DRC) based on the operational sites disclosed in the Company's ESG/Sustainability Report.

Energy-saving and carbon-reduction management

Daxin implements annual energy-saving and carbon reduction initiatives, including the adoption of energy-efficient equipment, investment in self-consumed solar power facilities, green electricity procurement (PPA), introduction of low-carbon refrigerants, and process energy efficiency improvements to reduce operational carbon emissions.

In 2025, total greenhouse gas emissions decreased compared to 2024, and compared to the baseline year, emissions have been reduced by approximately 7% (with existing plants achieving a reduction of approximately 17%). The Company's low-carbon transition has shown initial results, and efforts continue toward achieving the 2030 reduction target.

- **Improving Energy Efficiency**

Through energy management initiatives, magnetic levitation chiller systems, air curtain fume hoods, LED lighting, variable frequency motors, insulated reaction vessels, process optimization, power system optimization, and chilled water system operation optimization, all plants implemented 43 energy-saving measures in 2025. These measures resulted in total electricity savings of 287,000 kWh, an annual electricity savings rate of 2.1%, and a total reduction of 136 tCO₂e.

- **Using Renewable Energy**

By installing self-consumed solar power facilities and signing green electricity procurement agreements (PPA), the Company continues to expand the use of renewable electricity. In 2025, approximately 337,000 kWh of green electricity was procured, resulting in a total carbon reduction of 160 tCO₂e, and the corporate headquarters achieved the target of 100% renewable electricity consumption.

- **Promoting Low-Carbon Plants**

ISO 14064-1 verification is conducted annually to monitor carbon emission hotspots within the plants. Scope 1 emissions were reduced by 589 tCO₂e through the adoption of low-carbon refrigerants, while Scope 2 emissions were reduced by 296 tCO₂e through the use of green electricity and energy-saving measures. Across all plants, a total carbon reduction of 885 tCO₂e was achieved. These results serve as the foundation for continuously improving carbon emission management and reduction initiatives.

Greenhouse gas emissions from 2023 to 2025 (Scope 1 and Scope 2):

Year ^(Note)	Total Emissions (metric tons CO ₂ e)	Emissions per Unit Area (metric tons CO ₂ e/m ²)
2023	7,844	0.20
2024	7,078	0.18
2025	6,812	0.17

Note: 1. 2022 is the baseline year for the greenhouse gas reduction target, with total emissions amounting to 7,341 tCO₂e (Scope 1 and Scope 2 combined).

2. The 2025 emissions are expected to be verified with the issuance of the verification certificate by April 2026.

Water Consumption

Year	total water consumption (metric tons)	Water consumption per unit area (metric tons/m ²)
2023	131,302	3.3
2024	145,538	3.6
2025	152,082	3.8

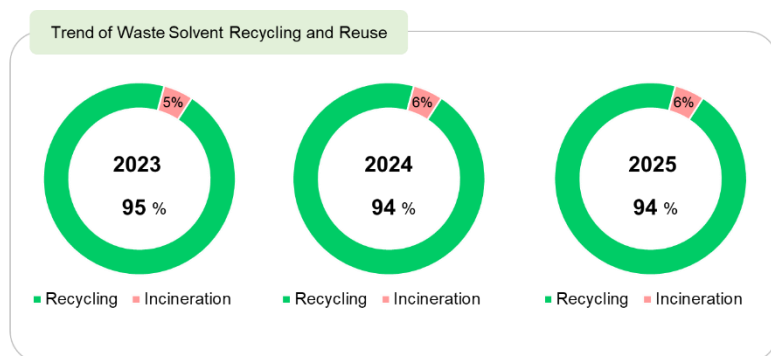
Note: The 2024 water consumption figures were slightly adjusted following third-party assurance, with no significant impact on the interpretation of overall water consumption trends.

In 2025, total water consumption increased by 4.5% compared to 2024, due to the expanded production demand for semiconductor wet chemicals. The Company continues to recycle and reuse water wherever possible, achieving a plant water recycling rate (reuse rate) of approximately 97%. In addition, the Company implemented a Reverse Osmosis Reuse and Recovery (RORR) system in 2021, which reduces water usage by an average of 33 tons per day. Water consumption will continue to be managed with the goal of eliminating the use of water-intensive processes.

Waste Solvents

In response to global sustainability and environmental trends, Daxin continuously promotes process waste reduction and resource recycling. By regularly reviewing and improving waste reduction initiatives, the Company enhances resource use efficiency, minimizes environmental impact, and progressively achieves higher environmental management standards each year.

In 2025, the recycling and reuse rate of waste solvents reached 94% (total waste solvents: 568 metric tons; recycled/reused: 532 metric tons), ensuring the stable and effective implementation of resource circularity.



Unit: Metric Tons

Year	total amount of solvent disposal	Incineration	Recycling (including material recovery and energy recovery)
2023	433	22	411
2024	554	32	522
2025	568	36	532

Statistics on Total Waste

1. Hazardous Industrial Waste: waste containers, waste solvents, waste acids and bases, solid waste.
2. Non-hazardous Industrial Waste: waste containers, waste solvents, solid waste, general waste generated from business activities (including employee waste), mixed plastic waste, mixed oil waste, mixed paper waste, waste wood, etc.

Year	Hazardous industrial waste (Metric Tons)	Non-hazardous industrial waste (Metric Tons)	Waste generation per square meter (Metric Tons/m ²)
2023	688	251	0.023
2024	740	173	0.023
2025	896	236	0.028

In 2025, the Company generated a total of approximately 1,132 metric tons of waste, corresponding to a waste generation intensity of 0.028 tons/m². The increase in total waste compared to the previous year was primarily due to process waste acids and waste containers used for raw materials. Process waste acids are entrusted to specialized treatment facilities for recycling and conversion into resource products. All waste containers are sent to qualified treatment facilities for recycling and remanufacturing into products, ensuring proper disposal while enhancing resource circularity and value-chain circular economy benefits.

In addition, the Company employs internal distillation and purification technologies to recycle and reuse solvents, effectively improving the reuse efficiency of process cleaning solvents and reducing waste solvent generation. Moving forward, the Company will continue to promote waste reduction and resource recycling initiatives, gradually deepening resource circularity management and enhancing overall environmental performance.

2.3.9 Ethical Management Implementation as Required by the Taiwan Financial Supervisory Commission

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Has the Company formulated the ethical corporate management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of integrity management, as well as the board and senior management’s commitment to actively implement the management policy?</p>	V		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and disclosed it on the Company’s website. Operating with integrity, transparency, and accountability, Daxin views "integrity and uprightness" as a core value. Through ethical management, the Company promotes industry mutual benefit, working with customers and the supply chain to advance sustainable business as a trustworthy partner for stakeholders.</p> <p>In addition, Daxin strictly prohibits all forms of bribery and corruption. Each employee must comply with the “Employee Code of Conduct”, and sign the “Statement of Commitment to Ethical Conduct”. The “Code of Ethical Conduct for Directors and Managerial Officers” has been established to guide ethical behavior, avoid self-serving actions and clarify the Company’s ethical standards for all stakeholders.</p>	None
<p>(2) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	V		<p>The “Employee Code of Conduct” has been established, and all employees are required to sign the “Statement of Commitment to Ethical Conduct”. Employees must act with integrity while performing various business activities. The Code is incorporated into new employee training, and we conduct annual training, internal announcements, and assessments to reinforce these standards.</p> <p>The responsible units have also formed a reward/punishment system to prevent any unethical conduct within the scope of our business.</p>	None
<p>(3) Does the Company specify the operating procedures, code of conduct, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	V		<p>The Company has established the “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct”, “Reporting Channels and Whistleblower Protection”, and “Codes of Ethical Conduct for Directors and Managerial Officers”, as well as “Employee Code of Conduct” to adopt preventive actions. These regulations cover operational procedures, behavioral guidelines, disciplinary actions for violations, and the complaint system. The policies are routinely reviewed and subject to amendment.</p>	None

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
2. Fulfill ethical corporate management				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		To fulfill ethical business management, Daxin complies with the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, relevant standards and rules for companies listed on the TWSE/TPEx and other business acts, and we strive to strengthen ethical management and to build good business practices. The Company asks its suppliers or contractors to sign "An Undertaking of Transactions in Good Faith" and strictly implement high-standard anti-corruption policies as the premise for cooperation.	None
(2) Does the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly (at least once a year) report to the board on its integrity management policies and plans to prevent dishonesty and supervision and implementation?	V		The Board of Directors approved "Ethical Corporate Management Best Practice Principles" in 2020, which designated Human Resources Development Department to make policy and monitor execution results. It is annually reported the implementation status to the Board and disclosed on the annual report and the Company's website.	None
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		The "Codes of Ethical Conduct for Directors and Managerial Officers" and "Employee Code of Conduct" have been established and are regularly promoted to foster a culture of good governance with the focus on ethics. Employees in designated positions must annually disclose any actual or potential conflicts of interest, while others must report any conflicts if they arise. Moreover, the "Reporting Channels and Whistleblower Protection" has been formulated and multiple reporting channels are available for internal and external voices.	None
(4) Does the Company have effective accounting and internal control systems to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or entrust an external accountant to perform the audit?	V		Daxin has established an effective accounting system and an internal control system. Internal auditors formulate relevant audit plans based on risk assessment results and regularly review compliance with the aforementioned systems to ensure the system's design and execution remains effective.	None

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		The Company provides ethical training for new hires and promotes the "Employee Code of Conduct" annually which all employees are required to complete the course and take the test. The passing rate of the test was 100% in 2025. The Company also holds internal and external training on topics including but not limited to trade secrets, patents and intellectual property, procurement regulations, audit and internal control, and Code of Ethical Conduct to maintain the Company's integrity culture. In 2025, the total training hours were 2,374; each employee received 5.4 hours of training related to ethical management training.	None
3. Operation of the whistle-blowing system (1) Does the Company establish both a reward/punishment system and convenient whistle-blowing channels? Can the accused be reached by an appropriate person for follow-up?	V		The "Reporting Channels and Whistleblower Protection" states reporting channels and a mailbox (integrity@daxinmat.com) are available on the Company's website for external stakeholders. Employees can report violations of integrity through internal mailbox and suggestion boxes. Cases reported through the channels will be investigated by the Chief Internal Auditor and the Internal Audit Department, in line with the "Reporting Channels and Whistleblower Protection" and the "Employee Code of Conduct".	None
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		The Company has established the "Reporting Channels and Whistleblower Protection." Reports should contain sufficient and specific information, and whistleblowers have the option to remain anonymous. The internal audit department is responsible for investigating reported cases. If it is confirmed that there is a violation of relevant laws or the Company's integrity and operating policies, immediate cessation of the related actions is demanded, and appropriate measures are taken based on the severity of the situation. When necessary, reports are made to the competent authority, cases are referred to judicial authorities for investigation, or legal procedures are initiated to seek compensation, all aimed at safeguarding the Company's reputation and interests. All whistleblowing information and investigation documents are properly recorded and retained. Except as otherwise provided by law, personal data obtained by the investigative unit in the course of performing its duties shall not be used for purposes other than whistleblowing events, and the identity and content of the whistleblower shall be kept confidential.	None
(3) Does the Company provide proper whistleblower protection??	V		Our "Reporting Channels and Whistleblower Protection" has stated that the personal data and reporting information of the informant should be kept confidential. The reporting mailbox is handled by responsible persons. Any such reporting will be treated as confidential to the extent permitted by law. Daxin has established proper procedures where employees can bring issues forward without concern or fear of retaliation. In 2025, we didn't receive any report related to ethics matters.	None

Assessed Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
<p>4. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?</p>	V		The Board of Directors approved “Ethical Corporate Management Best Practice Principles” in 2020, and relevant information is disclosed on the Company’s website. Integrity and honesty are our operational principles. The implementation status is annually reported to the Board of Directors and disclosed on the Company’s website (https://www.daxinmat.com) and sustainability report.	None
<p>5. If the company has established the ethical corporate management policies based on “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and their implementation. The Company has established the “Ethical Corporate Management Best Practice Principles”, and no discrepancies occurred regarding the implementation status of ethical management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>				
<p>6. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies): Daxin is committed to acting with innovation and integrity and aims to be a leading company for materials innovations. (1) Employees sign the “Statement of Commitment to Ethical Conduct” to understand the Company’s ethical principles. (2) The Company provides training on ethical corporate management for new hires and promotes the “Employee Code of Conduct” annually. Additionally, relevant regulatory training sessions are organized to continually deepen the Company’s culture of integrity and honesty. (3) Suppliers are required to sign our “An Undertaking of Transactions in Good Faith” pledging their commitment to uphold the obligations of integrity and the principles of honesty, ensuring trustworthy transactions. (4) Our company’s contracts with suppliers include clauses on integrity and honesty, requiring both parties to abide by them. Failure to comply with the standards may result in termination of the business relationship. For further information on our company’s integrity management, please refer to the sustainability report or visit our official website at https://www.daxinmat.com.</p>				

2.3.10 Other Important Information to Facilitate Better Understanding of the Company's Corporate Governance:

We arrange Senior Managers, Accounting Manager, Corporate Governance Manager, and Chief Auditing Officer to participate in courses related to Securities and Exchange Act, Corporate Governance, Sustainable Development, and Internal Controls from time to time. The managerial officers' training courses in 2025 are as follows:

Title	Name	Date	Organizer	Course	Hours
Chief Executive Officer	Cheng-Yih Lin	May 29, 2025	Independent Director Association Taiwan	The New Sino-U.S. Landscape: Impact of Neo-Trumpism on Taiwan's Economy and Global Industrial Responses	3
		May 29, 2025	Independent Director Association Taiwan	Key Strategies for Global Corporate Expansion	3
		Jul. 31, 2025	Taiwan Stock Exchange	2025 Summit on Strengthening Taiwan's Capital Market	3
President	Tsung-Hsing Kuo	Mar. 13, 2025	Taiwan Institute of Directors	Analysis and Policy Directions of the Second Trump Administration	3
		Jun. 04, 2025	Taiwan Institute of Directors	Benchmark Models in the Era of Co-governance	3
Chief Finance Officer & Corporate Governance Officer	Yen-Chen Liu	Apr. 24, 2025	Accounting Research and Development Foundation	Continuing Education Program for Principal Accounting Officers of Issuers, Securities Firms, and Stock Exchanges	12
		Apr. 25, 2025			
		Oct. 22, 2025	The Greater Chinese Financial Development Association	Industrial Development and Future Opportunities of Generative AI	3
		Oct. 28, 2025	The Greater Chinese Financial Development Association	Carbon Pricing and Green Economic Transformation	3
		Nov. 27, 2025	Corporate Operating and Sustainable Development Association	Risk Management Strategies for Corporate Sustainability	3
		Dec. 16, 2025	The Greater Chinese Financial Development Association	Legalization of Stablecoins: A New Era of Global Currency Competition	3
Chief Auditing Officer	Sz-Wen You	Aug. 01, 2025	Accounting Research and Development Foundation	Compiling Sustainability Report and Internal Control Frameworks	6
		Nov. 14, 2025	The Institute of Internal Auditors-Chinese Taiwan	Audit Operations for Subsidiaries	6

2.3.11 Implementation of Internal Control System:

- Statement of Internal Control System

<p>Daxin Materials Corporation Statement of Internal Control System</p> <p style="text-align: right;">February 24, 2026</p> <p>Based on the findings of a self-assessment, Daxin Materials Corporation(hereinafter "the Company") states the following with regard to its internal control system during the year 2025:</p> <ol style="list-style-type: none"> I. The Company's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations. II. An internal control system has inherent limitations. No matter how perfectly designed , an effective the internal control system can provide only reasonable assurance of accomplishing its stated objective; Moreover, the effectiveness of an internal control system may be subject to change due to extenuating circumstances beyond our control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company take immediate actions in response to any identified deficiencies. III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provide in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial control: 1). Control environment 2). Risk assessment 3). Control activities 4). Information and communication, and 5) Monitoring activities. Each component also includes several items which can be found in the Regulations. IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations. V. Based on the finding of such evaluation, the Company believes that, as of December 31, 2025, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of subsidiaries), to provide reasonable assurance of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and applicable rulings, laws and regulations. VI. This statement is an integral part of the Company's annual report and the prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act. VII. This statement was approved by the Board of Directors in their meeting held on February 24, 2026, with none of the eight attending director expressing dissenting opinions, and the remainder all affirming the contents of this Statement. <p style="text-align: right;">Daxin Materials Corporation Chairman: <i>Cheng-Yih Lin</i> President: <i>Tsung-Hsing Kuo</i></p>

- If a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System: None.

2.4 Information on CPA(Certified Public Accountant) Fees

2.4.1 CPA Fees

Monetary unit: Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Note
KPMG Taiwan	Chun-Yuan Wu	2025.01.01 ~	1,830	1,102	2,932	Non-audit fees include administrative support related to financial statements preparation and assurance engagements, limited assurance service on sustainability reports, tax certification, and tax-related inventory write-offs.
	Chien-Hui Lu	2025.12.31				

2.4.2 Replacement of Accounting Firm and the Audit Fees in the Replacing Year Less Than That in the Previous Year: Not applicable.

2.4.3 When Audit Fees Were Reduced More Than 10% Compared With the Previous Year, the Reduction in Audit Fee, Ratio, and Reason Thereof Shall Be Disclosed: Not applicable.

2.5 Information on Replacement of CPAs

2.5.1 Former CPAs: None.

2.5.2 Succeeding CPAs: None.

2.5.3 The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: Not applicable.

2.6 The Company's Chairman, President, or Managers in Charge of Finance or Accounting Matters Hold any Positions within the Company's CPA Accounting Firm or Its Affiliates in the Most Recent Fiscal Year: None.

Chapter 3 Capital Overview

3.1 Capital and Shares

3.1.1 Sources of Capital

Unit: NT\$ thousands

Month/Year	Issue Price (per share)	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
Jul. 2006	10	70,000	700,000	40,000	400,000	Establishment	None	Note 1
Dec. 2007	12	70,000	700,000	60,000	600,000	Capital increase by cash	None	Note 2
Dec. 2007	10	70,000	700,000	60,766	607,660	Employee stock options convert to shares	None	Note 3
Jan. 2009	10	70,000	700,000	61,570	615,700	Employee stock options convert to shares	None	Note 4
Aug. 2009	15	70,000	700,000	61,670	616,700	Capital increase by cash	None	Note 5
Mar. 2010	11.32	100,000	1,000,000	64,134	641,340	Employee stock options convert to shares	None	Note 6
Aug. 2010	10	100,000	1,000,000	67,013	670,126	Capital increase by retained earnings	None	Note 7
	12.57					Capital increase by employees' compensation		
	12					Employee stock options convert to shares		
Jan. 2011	12.29	100,000	1,000,000	68,480	684,796	Employee stock options convert to shares	None	Note 8
Mar. 2011	10	100,000	1,000,000	78,607	786,065	Capital increase by retained earnings	None	Note 9
	16					Capital increase by employees' compensation		
Aug. 2011	12.63	100,000	1,000,000	80,234	802,335	Employee stock options convert to shares	None	Note 10
Jul. 2012	30	100,000	1,000,000	88,932	889,315	Capital increase by cash	None	Note 11
Aug. 2014	10	100,000	1,000,000	93,378	933,781	Capital increase by retained earnings	None	Note 12
Jul. 2018	10	150,000	1,500,000	102,716	1,027,159	Capital increase by retained earnings	None	Note 13

Note 1: Central Region Office, Ministry of Economic Affairs, 07.12.2006 Certificate No. 09532495280.

Note 2: Central Region Office, Ministry of Economic Affairs, 12.14.2007 Certificate No. 09601305760.

Note 3: Central Region Office, Ministry of Economic Affairs, 12.31.2007 Certificate No. 09601317680.

Note 4: Central Region Office, Ministry of Economic Affairs, 01.06.2009 Certificate No. 09701331270.

Note 5: Central Region Office, Ministry of Economic Affairs, 08.20.2009 Certificate No. 09801187490.

Note 6: Central Region Office, Ministry of Economic Affairs, 03.19.2010 Certificate No. 09901052680.

Note 7: Central Region Office, Ministry of Economic Affairs, 08.03.2010 Certificate No. 09901174760.

Note 8: Central Taiwan Science Park Bureau 01.20.2011 Certificate No. 1000001912.

Note 9: Central Taiwan Science Park Bureau 03.24.2011 Certificate No. 1000007038.

Note 10: Central Taiwan Science Park Bureau 08.30.2011 Certificate No. 1000022132.

Note 11: Central Taiwan Science Park Bureau 07.27.2012 Certificate No. 1010017224.

Note 12: Central Taiwan Science Park Bureau 08.12.2014 Certificate No. 1030018731.

Note 13: Central Taiwan Science Park Bureau 07.09.2018 Certificate No. 1070016699.

Unit: Shares
Feb. 28, 2026

Type of Stock	Authorized Capital			Note
	Outstanding (Note)	Un-Isued	Total	
Registered Common Shares	102,715,911	47,284,089	150,000,000	—

Note: The Company's shares are listed on Taiwan Stock Exchange.

Shelf Registration: Not applicable.

3.1.2 List of Major Shareholders

Shareholding Record Date: Mar. 24, 2026

Unit: Shares

Shareholder's Name	Shares	Shareholding	Shareholding percentage
Eternal Materials Co., Ltd.		23,003,812	22.40%
Konly Venture Corp.		19,113,730	18.61%
Ronly Venture Corp.		6,312,075	6.15%
Cheng-Yih Lin		2,298,832	2.24%
E Ink Holdings Inc.		1,758,000	1.71%
Fubon Life Insurance Co., Ltd.		1,163,000	1.13%
YuanHan Materials Inc.		1,138,000	1.11%
Citi Commercial Bank (Taiwan) as Master Custodian for UBS Europe SE		1,135,454	1.11%
Morgan Stanley & Co. International Plc		908,314	0.88%
HSBC Bank (Taiwan) Limited in custody for Mackenzie Emerging Markets Fund		901,000	0.88%

3.1.3 Changes in Shareholding by Directors, Managerial Officers, and Shareholders with 10% Shareholdings or More:

Please refer to the MOPS (https://mops.twse.com.tw/mops/#/web/stapap1_all).

3.1.4 Counterparty of equity transfer is a related party: None.

3.1.5 Counterparty of equity pledge is a related party: None.

3.1.6 Relationships between TOP 10 Shareholders are Related Parties

Unit: 1,000 shares; March 24, 2026

Name	Current Shareholding		Shares Held by Spouse & Minors		Shares Held through Nominee		Relationship Between Top 10 Shareholders Who are either Related Parties, Spouses or Relatives Within the Second Degree of Kinship		Note
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relation	
Eternal Materials Co. Ltd. Representative: Kuo-Lun Kao	23,004	22.40%	—	—	—	—	—	—	—
Konly Venture Corp. Representative: Shuang-Lang Peng	19,114	18.61%	—	—	—	—	Ronly Venture Corp.	the chairman is the same person	—
Ronly Venture Corp. Representative: Shuang-Lang Peng	6,312	6.15%	—	—	—	—	Konly Venture Corporation	the chairman is the same person	—
Cheng-Yih Lin	2,299	2.24%	—	—	—	—	—	—	—
E Ink Holdings Inc. Representative: Johnson Lee	1,758	1.71%	—	—	—	—	YuanHan Materials Inc.	Subsidiary	—
Fubon Life Insurance Co., Ltd.	1,163	1.13%	—	—	—	—	—	—	—
YuanHan Materials Inc. Representative: Luke Chen	1,138	1.11%	—	—	—	—	E Ink Holdings Inc.	Parent Company	—
Citi Commercial Bank (Taiwan) as Master Custodian for UBS Europe SE	1,135	1.11%	—	—	—	—	—	—	—
Morgan Stanley & Co. International Plc	908	0.88%	—	—	—	—	—	—	—
HSBC Bank (Taiwan) Limited in custody for Mackenzie Emerging Markets Fund	901	0.88%	—	—	—	—	—	—	—

Note 1: The top 10 shareholders shall be all specified, and for any institutional shareholder, the name of the institutional shareholder's name and the name of its representative shall be separately specified.

Note 2: Calculations of the shareholding ratio refers to separately calculating the shareholding ratio of shares held by the shareholders and their spouses, minors, and held through nominees.

Note 3: Relations among the shareholders shall be disclosed in line with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, whether the aforementioned shareholders are institutional shareholders or natural persons.

3.1.7 Total Number of Shares and Combined Shareholding Percentage in the Same Investment Business by the Company, Its Directors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: Shares; % December 31, 2025

Investment Business (Note 1)	Investment by the Company		Investment by directors and directly or indirectly controlled businesses		Comprehensive investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
Frontier Materials (Samoa) Corporation (Note 2)	—	—	—	—	—	—

Note 1: It is a long-term equity investment from the Company.

Note 2: The registration process was completed on August 9, 2017. As of December 31, 2025, the capital was not injected.

3.1.8 Dividend Policy and Implementation

(1) The dividend policy stipulated in the Company's Articles of Incorporation:

The Company adopts the residual dividend policy considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions, and capital budget, etc., while taking into account the shareholders' interests, maintenance of a balance dividend and the Company's long term financial plan. When the dividends are distributed, at least 30% of the retained earnings available for distribution of the current year shall be distributed as dividend, which may be distributed by way of cash dividend and/or stock dividend, and the ratio for cash dividend shall not be less than 10% of total distribution.

(2) Distribution of Dividends Proposed in the Shareholders' Meeting:

The Company distributed cash dividends of NT\$667,653,422 (NT\$6.5 per common share), have been approved by the meeting of the Board of Directors held on February 24, 2026, which will be reported at the 2026 Annual Shareholders' Meeting.

(3) Material Change Expected in the Dividend Policy: None.

3.1.9 Effect of Stock Dividend Distribution Proposed by the Shareholders' Meeting on the Company's Operation Performance and Earnings per Share:

The Company did not disclose the financial forecast, hence not applicable.

3.1.10 Remuneration to Employees and Directors

(1) The percentages or ranges of compensations for employees and directors base on the Company's Articles of Incorporation.

If the Company has a profit (income before tax, excluding remuneration to employees and Directors) for each fiscal year, the Company shall first reserve a sufficient amount to offset its accumulated losses, and then distribute the remaining in accordance with the ratio as follows:

I. No less than 3% as employees' remuneration.

II. No more than 1% as directors' remuneration.

No less than 5% of the employees' remuneration referred to in Subparagraph 1 of Paragraph 1 shall be allocated as remuneration for non-executive employees.

The remuneration of employees and directors shall be resolved by the Board of Directors and reported to the shareholders' meeting.

(2) The accounting procedure used to handle differences between the basis for estimating the amount of employees' and directors' remuneration, basic for calculating the shares to be distributed as employees' remuneration and the actual distributed amount for this period:

The employees' and directors' remuneration were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the Board of Directors, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

(3) Employees' and directors' remuneration approved by the Board of Directors:

- The amount of any employees' and directors' remuneration distributed in cash or stock:
The Company's 2025 employees' and directors' remuneration distribution proposal was approved by the Board of Directors on February 24, 2026. The employee's remuneration is NT\$72,224,628 (including NT\$10,833,694 allocated for non-executive employees' remuneration), and the director's remuneration is NT\$7,222,463; both shall be paid in cash.
If there is any difference between the distributed amounts and the estimated amounts for the fiscal year, the difference, its cause, and the status of treatment shall be disclosed: No discrepancy.
- Sum of employees' remuneration in stock and its proportion of the net income after tax provided in the Individual Financial Statement and the total sum of employees' remuneration: Not applicable.

(4) Actual distribution of employees' and Directors' remuneration in the previous year, and If there any difference between the actual distributed amounts and the estimated amounts, the difference, its cause, and the status of treatment shall be disclosed :

- The Company's 2024 employees' and directors' remuneration distribution proposal was approved by the Board of Directors on February 25, 2025. The employee's remuneration was NT\$53,835,446, and the director's remuneration was NT\$5,383,545; both were paid in cash. It was reported to the shareholders' meeting on May 14, 2025.
- There was no difference between the actual amounts of employees' and directors' remuneration distributed and the approved amounts by the Board of Directors.

3.1.11 Repurchases of Company's Shares: The Company did not repurchase its shares in the most recent year and as the date of this annual report.

3.2 Status of Corporate Bonds: None.

3.3 Status of Preference Shares: None.

3.4 Status of Overseas Depository Shares: None.

3.5 Status of Employee Stock Option: None.

3.6 Status of Restricted Stock Issuance: None.

3.7 Issuance of New Shares in Connection with Mergers or Acquisitions: None.

3.8 Funding Plans and Implementation: None.

Chapter 4 Operational Highlights

4.1 Business Scope

4.1.1 Major Content

The Company mostly operates in the research, design, development, manufacturing, and sales of chemical materials. The main products include specialty chemicals in three major sectors: semiconductor materials, display materials, and key raw materials.

4.1.2 Business Proportion and Current Products

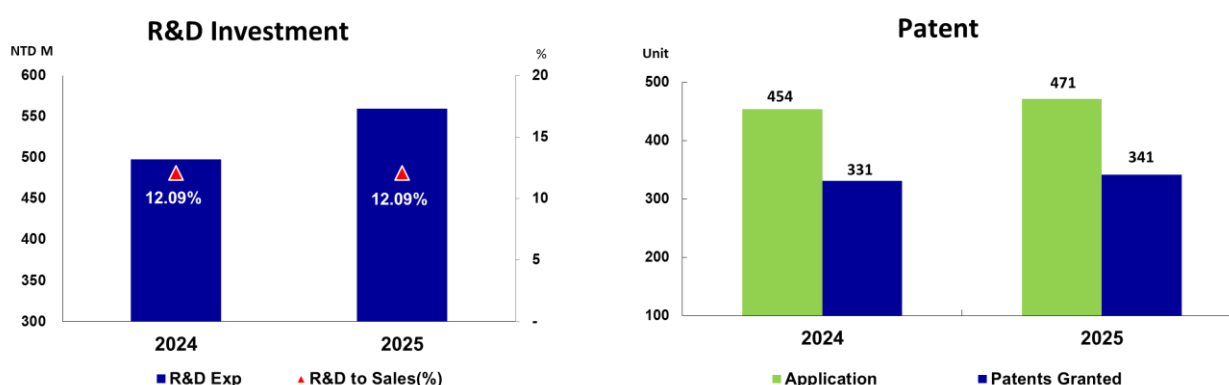
Unit: NT\$ thousands

Product Categories	Major Products	2025	
		Operating Revenue	Revenue Ratio (%)
Semiconductor materials	Organic release layer, high-purity solvents, photoresist stripper, special protection materials, high-selectivity copper etchants, bottom anti-reflective coating remover and high-purity polymers etc.	773,353	16.70
Display materials	Photoresists, PI alignment layer, copper (Cu) etchant, photo overcoat, thermal overcoat and wet chemicals etc.	3,750,428	81.01
key raw materials and others	Key functional monomers, silicon based anode materials of lithium ion batteries and raw materials etc.	105,998	2.29
Total		4,629,779	100.00

4.2 Technology R&D, Industry Overview, and Market Analysis

Daxin maintains a significant R&D investment and a strong R&D workforce. The Company's R&D strategy centers on multidisciplinary fundamental chemical research, integrated with process technologies, equipment integration, analytical testing, and AI-driven simulation. This comprehensive material development capability enhances R&D efficiency and product competitiveness, reinforcing its technological leadership across three key sectors: semiconductor materials, display materials, and key raw materials.

- R&D Investment and Patent Acquisition for the Past Two Years**



Semiconductor Materials

1. Technology R&D Overview

Benefiting from the growth in demand for artificial intelligence (AI) and high-performance computing (HPC) chips, our semiconductor material revenue has achieved exponential growth. Daxin has successfully transitioned from a local supplier to a global partner for critical semiconductor materials. Leveraging our proprietary R&D technologies, we provide specialized materials spanning from Front-End-of-Line/Back-End-of-Line (FEOL/BEOL) to advanced packaging processes. Furthermore, we are developing diverse solutions for critical semiconductor raw materials to meet the requirements of various process nodes and applications.

In the semiconductor sector, our products have successfully entered the supply chains for advanced processes and advanced packaging. Several products have passed qualification by major international manufacturers and entered mass production. We are actively expanding sample delivery and new product qualification for high-end processes and advanced packaging materials. Key R&D achievements include:

- **Advanced Packaging Materials**

In response to technologies such as CoWoS, InFO, and Fan-Out Panel-Level Packaging (FOPLP), we continue to proactively adapt our products to meet customer process requirements. We are expanding our market share while deepening product development to secure a market-leading position:

- Laser Release Layer: Featuring excellent debonding properties and high thermal stability, it has become a market-leading product.
- Photosensitive Polyimide (PSPI) for Advanced Packaging: Developed for Redistribution Layer (RDL) applications, it offers superior Low Dk/Df (low dielectric constant/low dielectric loss) characteristics and high mechanical strength. It has successfully entered the product validation stage. Furthermore, under the Ministry of Economic Affairs' subsidy program for "Critical Materials for Heterogeneous Integration Chips," we are developing next-generation materials for FOPLP requirements.
- High-Selectivity Metal Etchant (Copper Seed Etchant): Precisely removes target metals while maintaining circuit dimensional accuracy, ensuring yield in the reflow process.
- Wafer Edge Protection Glue: Provides high-efficiency chemical and mechanical protection.

- **Advanced Process Materials**

Strategically extending from our core technologies to critical Front-End-of-Line (FEOL) applications, we provide diverse solutions:

- Lithography Auxiliary Materials: Including Top Anti-Reflective Coatings (TARC), Top Coats for photoresist protection, and specialized Rinse Chemicals (FIRM) designed to solve pattern collapse and defects after development.
- High-Selectivity Etchants and Cleaning Solutions (Post-ash cleaner): Tailored for the complex structural designs of advanced processes, providing etchants for precise material removal and post-etch residue removers with low metal corrosion and high cleaning efficiency.
- Copper Seed Etchant: Ensures signal transmission performance in fine-line circuit processes.

- **Critical Semiconductor Raw Materials – High-Purity Specialty Resins for Photoresists**

Focusing on ultra-high purity resins used in lithography photoresist formulations, we collaborate with major international material suppliers on synthetic development:

- Poly (p-hydroxystyrene) (PHS): A high-purity specialty resin with strictly controlled ion content and polydispersity. We offer customizable base materials that meet the specific characteristic requirements of photoresist formulations.

Future Product Development Plans

- Low-temperature curable, Low Dk/Df Photosensitive Polyimide (PSPI) for advanced packaging applications.
- High-selectivity etchants, cleaning solutions, and molecular-level surface treatment agents for advanced processes.
- Nanoparticle materials for specialized manufacturing processes.

2. Long- and Short-Term Business Development Plans**(1) Short-Term Business Development Plan**

- **Accelerating POR Mass Production Conversion**
For advanced process and packaging material projects that have already achieved POR (Process of Record) status with major international manufacturers, we are actively driving mass production and shipments to meet the explosive market demand for AI chips.
- **Upgrading Localized Production Services**
In alignment with our continuous capacity expansion, we provide international semiconductor customers with localized synthesis, purification, and formulation services. This reduces lead times and enhances overall supply chain resilience.
- **Targeting Material Markets for Key Technology Trends**
Collaborating with global industry leaders, we continue to invest in the development of materials for WLP (Wafer Level Packaging), PLP (Panel Level Packaging), and CPO (Co-Packaged Optics). We are also expanding our collaboration on specialty materials for advanced nodes to deepen our chemical development expertise and broaden our product lines.

(2) Long-Term Business Development Plan

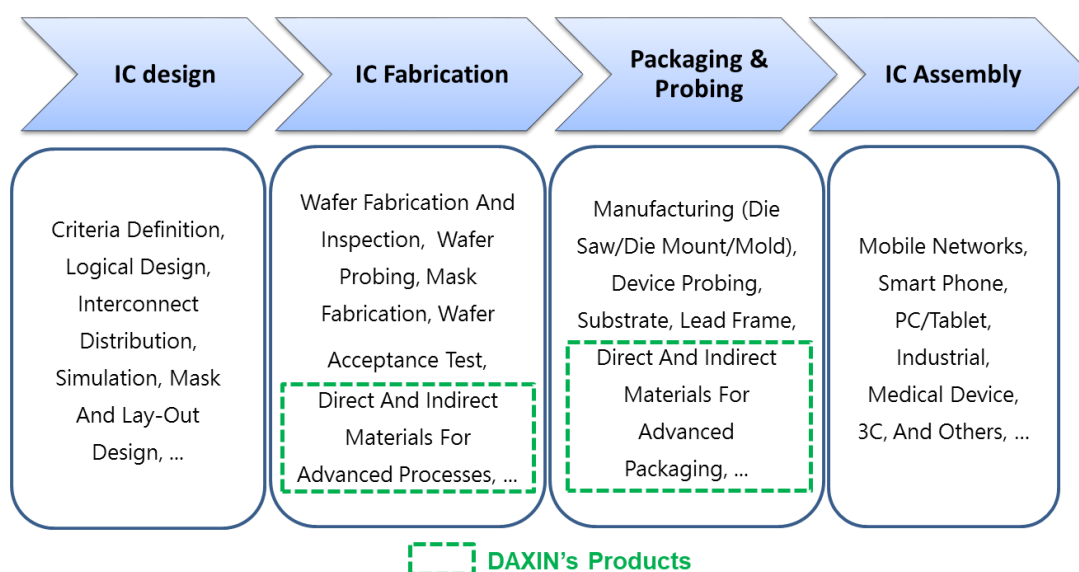
- **Deepening the JDP Collaborative Development Model**
Establishing closer Joint Development Projects (JDP) with IDM (Integrated Device Manufacturers) and Foundries. By engaging at the early stages of their technology roadmaps, we serve as an extension of our customers' own R&D teams.
- **High-Vertical Material R&D Direction**
Deepening our semiconductor material expertise and expanding the development of materials across the entire semiconductor manufacturing flow:
 - FEOL (Front-End-of-Line) auxiliary process materials for advanced nodes.
 - BEOL (Back-End-of-Line) wet process chemicals.
 - Photosensitive dielectric permanent materials for advanced packaging.
 - Critical semiconductor raw materials: Ultra-high purity resins for photoresists and specialty nanoparticles

3. Industry Overview

(1) Current Status and Development

The global semiconductor market is benefiting from the widespread adoption of generative AI and the structural growth in demand for High-Performance Computing (HPC), which has triggered a significant surge in the consumption of specialized chemicals. While growth in the consumer electronics sector has moderated, production capacity for high-end logic chips and advanced packaging (such as CoWoS and FOPLP) continues to face a severe supply-demand imbalance. Consequently, international semiconductor manufacturers are actively seeking partners with "proprietary R&D capabilities" and "stable supply" to ensure long-term supply chain resilience.

(2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



Source: compiled by the Company

(3) Product Development Trends and Competition

As technology advances, market trends have shifted from simple material supply to a demand for "diverse and flexible solutions."

Regarding the competitive landscape, the trend toward supply chain localization continues under the influence of global geopolitics. Manufacturers possessing both "proprietary R&D technology" and "localized production" capabilities are positioned to capture more opportunities. Through JDP (Joint Development Project) collaborations with major international firms, our company has established a high-tech competitive barrier in the fields of advanced packaging and advanced processes. While strengthening our core R&D capabilities, we have also successfully expanded into international markets. By integrating basic research with applied technology, our innovations are gradually demonstrating a market spillover effect. Many of our products have been adopted as industry technical standards, further enhancing our market visibility and product competitiveness.

4. Market Analysis

(1) Market Share, Future Supply and Demand, and Growth Potential

Daxin has successfully integrated multiple products into the supply chains for advanced processes and advanced packaging. We will continue to collaborate with tier-one customers, leveraging our technology to expand product lines and sustain growth momentum. Driven by the hardware revolution of AI, we anticipate that demand for advanced process materials, advanced packaging materials, and high-frequency/high-speed transmission materials will maintain robust growth.

(2) Competitive Niches

- Proprietary R&D Technology: We place equal emphasis on materials, processes, and equipment, augmented by AI tools. This integration builds a competitive advantage rooted in innovative development, stable mass production, quality control, and cost-effectiveness. By establishing a trusted partnership model, we collaborate with customers to drive innovation in process technology.
- Diverse Solutions: Our product portfolio spans from FEOL and BEOL to Advanced Packaging, offering customers a comprehensive range of material choices rather than just a single product line.
- AI-Enhanced R&D Efficiency: By implementing AI tools for precise formulation prediction, we effectively reduce trial-and-error costs while significantly improving the speed and accuracy of our response to customer requirements.

(3) Favorable and Unfavorable Factors of Development Prospects and Countermeasures

Favorable Factors

The explosion in demand for high-end chips driven by Generative AI, combined with the emphasis placed by international tech giants on supply chain resilience and localized production, has created massive import substitution opportunities for domestic material suppliers with proprietary R&D capabilities.

Unfavorable factors

The rapid evolution of advanced process technologies requires heavy R&D investment and involves long validation cycles. Furthermore, global chemical giants still dominate certain segments of the key raw material market, maintaining a highly competitive environment.

Countermeasures

- Strategic International Collaboration: Combining Daxin's localized production advantages with the complementary technologies of global material leaders to co-develop the market.
- Strengthening R&D Capacity: Continuing to recruit high-level R&D talent and seeking collaboration opportunities with international academic and tech research institutions to transition research findings into practical applications and commercialized products.
- Deepening Multidisciplinary Technical Development: Maintaining an integrated development approach across chemical design, process parameters, and equipment development. This is augmented by computational science and AI predictive simulations to accelerate R&D iteration and ensure industry-leading efficiency and cost-effectiveness.
- Implementing ESG Sustainability: Developing green process materials that align with the green supply chain requirements of international manufacturers, thereby consolidating long-term strategic partnerships.

Display Materials

1. Technology and R&D Overview

Daxin has been deeply involved in the display materials field, establishing a solid market position across various key materials. We provide comprehensive material solutions from upstream to downstream, helping customers improve product performance and manufacturing efficiency. In response to the increasingly competitive landscape of the display industry, the Company continues to prioritize "cost-effectiveness and process optimization" as its core R&D direction, co-developing more competitive products with customers. In 2025, the Company achieved several significant milestones in display material research and development:

- **Low-Temperature Curable PSA liquid crystal alignment layer**

The PSA LCD panels have become the prevalent architecture for large-sized TV displays, owing to their superior performance in reliability, contrast, and response speed. As production capacity continues to scale, energy conservation has evolved into an imperative element of panel cost management, environmental protection, and corporate social responsibility. To address this demand, Daxin has successfully developed a low-temperature curable alignment layer formula that simultaneously delivers high reliability and optimal yield.

- **Cholesterol liquid crystal alignment layer**

Cholesteric liquid crystal color e-paper technology consumes virtually no power when displaying static images, offering exceptional energy efficiency ideal for e-readers, electronic labels, and outdoor public information displays (PID). In alignment with the increasing focus on low-power ESG initiatives, Daxin is actively promoting and integrating these eco-friendly products with customers. Cholesteric liquid crystal solutions have been successfully deployed in order number display and automotive labels, helping customers reduce energy consumption and fulfilling their ESG commitments.

In response to the global "Net-Zero Emissions" trend and the persistent demand for low-power, high-resolution processes in the display industry, Daxin continues to collaborate with customers on the phased implementation of ESG-aligned energy-saving and eco-friendly materials. The focus remains on reducing process temperatures and overall energy consumption, thereby assisting customers in mitigating carbon emission pressures and operational risks stemming from rising energy costs. Simultaneously, Daxin optimizes process management by increasing solvent recovery rates, minimizing waste fluid generation, and progressively introducing sustainable raw materials. We are also expanding the proportion of local sourcing to strengthen supply chain resilience and fulfill our environmental responsibilities.

Future Product Development Plans

- LCD energy-saving, carbon-saving, environmentally friendly, black matrix photoresist.
- LCD energy-saving, carbon-reduction, environmentally friendly photo spacer.
- Fine line application etchant.
- MicroLED laser debonding adhesive.

2. Long- and Short-Term Business Development Plans

(1) Short-Term Business Development Plan

- **Core Product Upgrades**
We focus on high-resolution photoresists, fine line application etchants, and liquid crystal alignment layer. Leveraging our R&D strengths, we deliver high-performance materials with superior market competitiveness.
- **Targeting High-End Demand**
Daxin is strategically aligning its product portfolio with the trends of low energy consumption and high durability. By addressing gaps in high-end markets, we strengthen the Company's key position in the panel material supply chain.
- **Improving Operational Efficiency**
Refine manufacturing processes and increase the ratio of in-house raw material production (vertical integration). These efforts effectively reduce costs and enhance competitiveness.

(2) Long-Term Business Development Plan

- Collaborating with display customers to advance the development of low-carbon materials and accelerate the adoption of environmental sustainability products.
- Designed to meet the dual demands for energy efficiency and ultimate image quality in the high-end, large-sized display markets, including premium TVs and professional monitors.
- Through a low-temperature curing process, Daxin effectively reduces energy consumption in panel manufacturing while simultaneously enabling performance upgrades for high-end panels. This solution features ultra-high opacity, high resolution, superior corrosion resistance, and high process tolerance.
- In response to the evolving display industry, Daxin continues to invest in the development of MicroLED materials. By creating next-generation, high-cost-performance product applications, we are building a solid foundation for future growth.

3. Industry Overview**(1) Current Status and Development**

In the first half of 2025, the market benefited from growing consumer demand for high-resolution displays, IT monitors, and consumer laptops. Furthermore, due to the U.S. announcement of reciprocal tariffs in April, downstream suppliers engaged in a front-loading surge before the tariffs took effect, resulting in strong performance during the traditional off-season. However, demand cooled in the second half of the year. Panel manufacturers implemented proactive capacity adjustments in Q3 2025 while striving to stabilize panel pricing. Looking ahead, panel suppliers maintain an optimistic stance toward capacity expansion. Most manufacturers are shifting their product mix toward ultra-large displays (85-inch and above). While 55-inch and 65-inch models remain the consumer mainstream, a successful promotion of ultra-large displays is expected to significantly address the overcapacity issues that have historically plagued the industry.

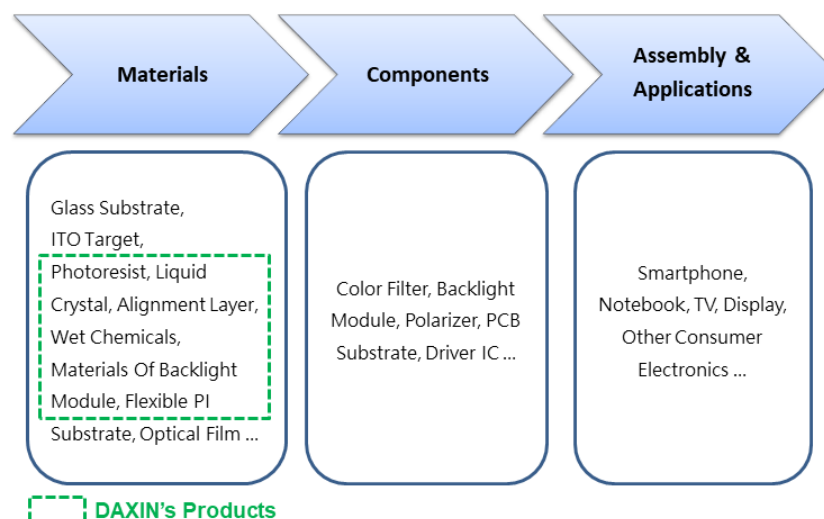
Additionally, the sustained growth in demand for high-end, high-resolution displays, as well as Augmented Reality (AR) and Virtual Reality (VR) applications—driven by the rise of AI smart glasses—is expected to bolster the profitability of certain panel manufacturers.

Display industry growth in 2026 is projected to outperform that of 2025. Most panel makers have initiated capacity expansion plans, with ultra-large panel capacity (85-inch and above) expected to increase by 10%, and general consumer-grade display capacity anticipated to grow by 3–5%. Consequently, demand for display materials is forecasted to rise by 5–7%.

OLED (Organic Light-Emitting Diodes) technology—characterized by its slim profile, brightness, fast response time, and energy efficiency—continues to gain momentum. With the upcoming launch of new foldable models from major U.S. brands, new products are poised to rapidly capture market share from South Korean competitors, solidifying the brands' technological leadership in the smartphone market. Furthermore, OLED penetration in high-end tablets is rising, with the potential to replace LCD IPS screens in mid-to-low-tier tablets. Demand for OLED panels in premium IT products, such as high-end monitors and laptops, is also expected to trend upward.

MicroLED is regarded as the next-generation display megatrend. Although still in its early stages, MicroLED is expected to find widespread applications in AR/VR headsets, smartwatches, and smartphones in the near future.

(2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



Source: compiled by the Company

(3) Product Development Trends and Competition

The display industry is characterized by intense competition and maturing technologies, with major competitors in the display materials market primarily originating from Japan and China. In this highly competitive landscape, the Company has leveraged its extensive experience in the mass production of LCD materials to establish a key market position. Numerous products have received significant recognition from customers, achieving leading market shares. Notably, our Photo Spacer (PS) and Copper Etchant products continue to maintain a strong competitive advantage in the market.

To ensure product competitiveness, Daxin has developed next-generation materials and established higher-specification application standards—such as high-resolution photoresists and high-resolution etchants—to meet the demands of future display technologies. Concurrently, in response to ESG sustainability trends, Daxin is actively investing in the R&D of energy-saving, low-carbon green materials, including low-temperature photoresists for color filter processes, low-temperature materials for cell processes, and cholesteric liquid crystal (ChLC) alignment layers.

In the field of MicroLED display materials, although the technology is still in its nascent stages, Daxin is actively collaborating with key customers to develop customized material solutions. These encompass temporary bonding adhesives for mass transfer (laser debonding) and specialized photoresist materials, establishing a solid foundation for future market growth.

4. Market Analysis

(1) Market Share, Future Supply and Demand, and Growth Potential

As one of the leading suppliers of LCD materials, Daxin leverages its extensive mass-production experience and technological advantages to maintain a dominant market position across its core product lines. Color Filter Process: Photo Spacer (PS) materials have been in stable mass production for many years, consistently maintaining a leading market share. Array Process: 8K Copper Etchant technology remains at the industry forefront, with a sustained and leading market share. Cell Process: PSA PI (Polymer Stabilized Alignment Polyimide) has been successfully qualified as the first-source supplier for major panel manufacturers. This achievement successfully broke the long-standing market monopoly held by two major Japanese suppliers. With stable and increasing mass production, our market share continues to rise, establishing Daxin as a major global supplier.

Daxin continues to invest in the development of next-generation materials, with Thermal Curing Overcoat (OC) for LCD IPS products steadily expanding market share and successfully obtaining automotive-grade certification. Sales of developers, process cleaning solutions, and Black Matrix (BM) photoresists remain stable, with a gradual increase in market penetration and sustained expansion.

Amid global economic uncertainties—including tariff volatility and supply chain instability—the display industry faces numerous fluctuating factors. Panel pricing and capacity utilization rates are expected to adjust rapidly in response to market shifts. However, with most panel manufacturers initiating capacity expansion plans and trending toward ultra-large displays, demand for display materials is expected to grow. Daxin will continue to optimize its product lines, focusing on high-specification materials for high-end, high-resolution, and ultra-large panels to ensure technological leadership. In alignment with global ESG trends, Daxin is leading the way in launching low-temperature process materials for energy conservation and carbon reduction. Effectively lowering energy consumption and carbon emissions strengthens long-term competitiveness and supports sustainable development.

(2) Competitive Niches

Daxin offers a mature and comprehensive LCD material product line, covering Array, Cell, and Color Filter materials. Leveraging years of mass-production experience, we have maintained strong partnerships with major global panel manufacturers. Our deep understanding of market trends and technological evolution allows us to identify new product development opportunities and adapt strategies more agilely than international competitors.

By integrating diverse core technologies and continuous R&D, we are the first to launch high-specification materials for next-generation displays, ensuring our technological leadership. Furthermore, our ability to self-produce key raw materials allows us to effectively manage the supply chain and reduce external dependency, maintaining a long-term advantage in a highly competitive market.

(3) Favorable and Unfavorable Factors of Development Prospects and Countermeasures

Favorable Factors

Since its inception, a commitment to elite R&D talent and heavy investment has been our cornerstone. Leveraging our expertise in display technology and vertical integration of raw materials, we have built a powerful technological base. This edge allows us to dominate existing markets while successfully extending into high-growth sectors, including semiconductor processes, green energy, MicroLED, and ChLC e-paper. By applying our cross-domain technical synergy, we minimize the learning curve, fast-track product realization, and drive rapid market penetration.

Unfavorable factors

China has established a dominant position in LCD panel production capacity, with market share expected to exceed 70% in 2025. Leveraging massive capacity and aggressive pricing strategies, Chinese manufacturers have expanded rapidly while actively fostering a domestic supply chain for materials. This has placed Taiwan manufacturers at a disadvantage in both price competition and market share. Furthermore, the industry remains highly sensitive to economic cycles. In the first half of 2025, demand spiked due to the impact of reciprocal tariffs, whereas the second half of the year saw a decline in demand, leading the industry into a downward cycle.

Countermeasures

To mitigate the impact of economic cycles, we have actively pursued strategic transformation in recent years, focusing resources on high-end display materials and optimizing the product portfolio to enhance overall operational performance. During industry downturns, we strengthen our R&D strategies and leverage self-produced key raw materials to bolster product competitiveness. In response to global carbon reduction trends, we are committed to developing low-temperature process materials that align with ESG principles. By taking the lead in launching high-specification products, we sustain our market competitiveness and market share.

Key Raw Materials

1. Technology and R&D Overview

With years of expertise in material technology and R&D, the Company continues to deepen its presence in the specialty chemicals and advanced materials sectors. We focus on the R&D and manufacturing of key raw materials required for semiconductors, displays, lithium-ion batteries, and other next-generation electronic industries, progressively building a material technology platform with extensive cross-industry application potential. Key R&D achievements include:

- **Anode Binders for Lithium-Ion Batteries**

With unique polymer structure design and functionalization, our binders are marked by enhanced ionic conductivity, optimized self-healing and adhesiveness to electrodes.

- Balanced Type: Strike a balance between initial efficiency, fast charging/discharging capabilities, and battery lifetime.
- Fast Charging Type: Ideal for energy storage systems, featuring excellent fast charging and discharging capabilities.
- High Energy Type: Offer increased lifetime and improved safety for high energy density batteries.

- **Key Functional Monomers**

Combining molecular design, advanced manufacturing, and purification technologies, we develop high-purity, low-ion content, and even halogen-free high-spec products.

- Special Dianhydride Monomers: High purity, low ion content, suitable for polyimide synthesis
- Functional Siloxane Compounds: High-purity polymers with low Polydispersity Index (PDI).

Future Product Development Plans

- Advanced High-Energy Anode Binders for Lithium-Ion Batteries.
- Next-Generation Low-Dielectric (Low-Dk) and Low-Loss (Low-Df) Materials.

2. Long- and Short-Term Business Development Plans

(1) Short-Term Business Development Plan

- Ensure stable mass production of key raw materials for displays, semiconductors, and lithium-ion batteries, while continuously optimizing manufacturing processes to enhance competitiveness.
- Leverage newly developed Low Dk/Df resin materials to capture emerging market opportunities in high-frequency and high-speed data transmission.
- Strengthen technical collaboration with customers to shorten R&D lead times, providing rapid response to market demands and elevated service quality.

(2) Long-Term Business Development Plan

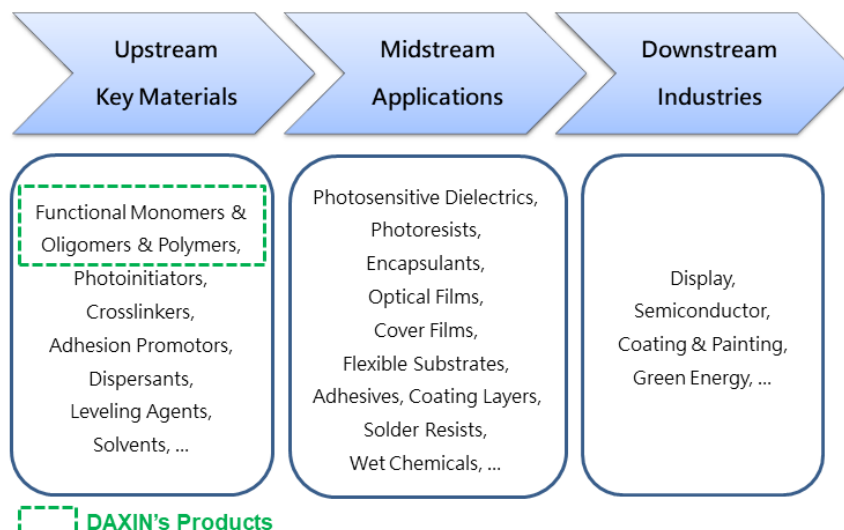
- Actively expand into green energy, IC substrates, and biomedical sectors, collaborating with industry leaders to co-develop specialty materials and establish a robust application ecosystem for key raw materials.
- Focus on the development of ultra-low dielectric loss resins and functional nanoparticles to achieve the two core technological pillars of High-speed Transmission and Advanced Thermal Management.

3. Industry Overview

(1) Current Status and Development

In recent years, geopolitical conflicts and U.S.-China technological disputes have led to significant supply chain disruptions, prompting nations to re-evaluate their supply chain policies for critical industries. Facing aggressive strategic positioning from Japan, South Korea, and China, Taiwan must leverage its existing semiconductor manufacturing advantages to consolidate its position and implement forward-looking deployments. Priority policies encompass autonomous materials R&D, third-generation semiconductors, next-generation batteries, high-end substrates, and digital transformation for smart manufacturing. Among these, the semiconductor industry maintains a core strategic position as a hub for high-end manufacturing and critical materials development.

(2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry



Source: compiled by the Company

(3) Product Development Trends and Competition

The Company's core strategy focuses on mastering upstream key raw materials to enhance product characteristics and competitiveness, supporting next-generation materials and advanced manufacturing processes. At emerging technology nodes, materials are often the key to breaking through bottlenecks; leveraging its proprietary R&D technology, the Company responds rapidly to industry needs, driving the transformation of the specialty chemicals industry from simple OEM or standard product supply into a high-value-added precision chemicals supplier with higher technical barriers.

Regarding product applications, the Company focuses on the development of several key materials: display materials covering key raw materials such as acrylic polymers and polyimide monomers; next-generation low-dielectric and low-loss materials that pursue signal transmission integrity and efficiency; and semiconductor materials that emphasize extreme purity, with products including high-purity polymers, specialty low-ionic-content monomers, inhibitors, surface modifiers, and polyimide monomers.

The Company's development direction is highly aligned with current global trends focusing on supply chain resilience. Especially in the fiercely contested semiconductor sector, mastering upstream material technology is a vital strategy for ensuring future competitiveness.

4. Market Analysis

With years of deep cultivation in the electronic chemicals market, the Company possesses keen industry insights. Through proprietary R&D technology, custom process design, and in-house equipment manufacturing, we create products with specialized molecular structures tailored to the rigorous demands of specific downstream applications (e.g., extreme purity or specific electrical and optical properties). This creates a formidable technical barrier that prevents our products from being easily replaced by standardized alternatives. We are one of the few domestic suppliers capable of integrated synthesis, purification, and stable mass production. Notably, our patented PI functional monomer, CBDA, used in LCD alignment films and transparent PI, has established the Company as a leading global supplier.

Furthermore, the Company is a highly trusted strategic partner for international semiconductor material giants. We co-develop and manufacture high-purity polymers for advanced lithography processes. Looking ahead, we anticipate increased opportunities to collaborate with global leaders to realize the localized production of upstream raw materials.

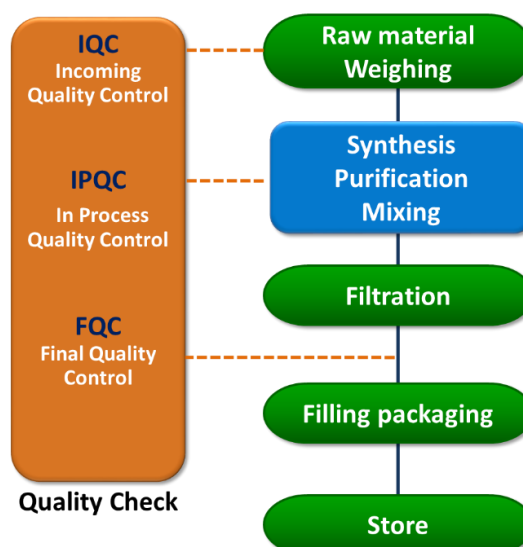
Leveraging profound chemical expertise and advanced purification technologies, the Company has successfully transitioned from the display sector into the high-entry-barrier semiconductor field. Our strategic positioning of "In-house Material Development" is perfectly aligned with current global industrial trends.

4.3 Production and sales status

4.3.1 Important Functions of Main Products

Major Products	Functions
Semiconductor materials	Direct materials and indirect materials for wafer fabrication and packaging processes.
Display materials	Direct materials and indirect materials of processes for LCD array, cell and color filter.
Key raw materials	Upstream key raw materials for display, semiconductor, green energy industries, chemical-related application industries.

4.3.2 Manufacturing Process of Main Products



4.3.3 Supply of Major Raw Materials

Daxin's main products are semiconductor and display related direct permanent materials and process indirect materials (including photoresists, alignment layer, and copper etching solutions) and key monomers, etc. The main key raw materials are purchased through more than two suppliers and are closely related to the suppliers. Maintaining good cooperative relationships with suppliers improves supply stability; at the same time, it also increases localization ratio of raw materials and self-made raw materials to achieve the purpose of shortening material preparation time, reducing inventory risks, and quickly providing customer service. Additionally, it can contribute to the local area and fulfill local corporate responsibility while meeting the needs of customers.

4.3.4 List of Major Customers and Suppliers Accounting for 10% or More of Total Sales(Purchases) Amount in the Most Recent Two Years, and Reasons for Increase or Decrease

(1) Major customers for the past two years:

Unit: NT\$ thousands

Item	2024				2025			
	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer
1	AUO Corporation	2,012,987	48.88%	Investments accounted for using equity method	AUO Corporation	2,027,665	43.80%	Investments accounted for using equity method
2	Others	2,104,860	51.12%		Others	2,602,114	56.20%	
-	Net Sales	4,117,847	100.00%		Net Sales	4,629,779	100.00%	

Reasons for increase or decrease: Mostly attributable to changes in product portfolios.

(2) Major suppliers for the past two years:

Unit: NT\$ thousands

Item	2024				2025			
	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer
1	Company A	310,739	16.07%	None	Company A	242,395	12.00%	None
2	Others	1,623,174	83.93%	None	Others	1,778,071	88.00%	None
-	Net Purchase	1,933,913	100.00%		Net Purchase	2,020,466	100.00%	

Reasons for increase or decrease: Mostly attributable to changes in the procurement of raw materials caused by differences in sales product portfolios.

4.4 Workforce Structure

Year		2024	2025	As of Feb. 28, 2026
Number of Employees	Management	34	35	35
	R&D	215	221	220
	Sales & Marketing	16	16	16
	Manufacturing	158	166	167
	Total	423	438	438
Average Age		36.6	37.3	37.5
Average Years of Services		8.3	8.9	9.0
Education	Ph.D.	10.6%	10.3%	10.3%
	Master's	35.9%	35.2%	35.4%
	University & College	53.5%	54.5%	54.3%
	High School	0	0%	0%

4.5 Disbursements for Environmental Protection

During the current fiscal year and as of the date of this Annual Report, Daxin has not incurred any environmental pollution related losses (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions).

4.6 Human Capital

4.6.1 Employee Benefits, Training and Development, Retirement Policy, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

(1) Employee Benefits

The Company believes that talent is the key to innovation, and is committed to creating a workplace that encourages innovation. In 2025, we received the Taichung City Government Happy Workplace Three-Star Award, continuing to build an innovative and healthy workplace environment. The Company has formed an Employee Welfare Committee to provide various benefits. Our current benefit plans:

A. Compensation:

Our compensation program includes base salary, performance-based bonuses, and profit sharing based on annual profits.

B. Leave beyond Legal Requirements:

Beyond statutory leave, Daxin continuously expands flexible leave options. In 2025, we added 3 days of paid recharge leave to support employees at different life stages—childcare, elder care, wellness, and personal development. Beyond statutory leave (annual, paternity/maternity checkup, menstrual, and parental leave), we also offer birthday and engagement leave, plus unpaid leave for long-term care needs. Additionally, we provide NT\$60,000 per newborn (doubled for twins), building a family-friendly workplace that respects diverse life choices.

C. Comprehensive insurance:

In addition to the legally required labor insurance and national health insurance, we provide a comprehensive free group insurance including life insurance, casualty insurance, medical insurance, cancer insurance, infectious disease insurance, overseas travel insurance, international SOS, and more. We also offer insurance benefits to employees' dependents.

D. Employee subsidies:

The Company has formed an Employee Welfare Committee to provide various benefits for employees. In addition to holiday bonuses, and birthday and travel subsidies, the welfare design also includes various subsidy programs tailored to changes in employees' life roles and unexpected situations or accidents. These subsidies cover areas such as childbirth, marriage, education, funeral expenses, and emergency assistance.

E. Comprehensive health management program:

We provide free health examinations for new hires and employees, with annual special exams for high-risk operations. Our medical center offers professional nursing, monthly on-site doctor consultations, and health promotion seminars. In 2025, we received Workplace Health Promotion Self-Assessment Qualification from the Health Promotion Administration. Daxin has earned iSports Enterprise Certification for three consecutive terms (2018, 2020, and 2023). Employees access diverse sports events, fitness assessments, product discounts, and courses. We encourage employees and their families to develop exercise habits for better well-being.

F. Employee engagement:

Starting in 2025, we doubled cross-departmental meal subsidies to strengthen team interaction and build organizational cohesion through informal connections. We encourage employees to enrich their after-work lives through clubs (sports, lifestyle/arts, and charity) with quarterly activities like volunteer events and marathons. We also host festival celebrations, monthly afternoon tea, quarterly birthday parties, KTV events, and offer flexible welfare points and partner store discounts.

G. Family-friendly benefits:

To support employee childbirth and balance family care with work development, we provide NT\$60,000 per newborn (doubled for twins), partner with designated childcare institutions, fully subsidize family sports activities (parent-child marathons, beach cleanups, mountain cleanups), and hold periodic family days.

H. Convenient on-site services and amenities:

We offer employee dormitories (3-month free accommodations for new hires), parking lots, electric vehicle charging stations, cafeteria, nursing room, library, and other services. Our tea rooms offer diverse beverage options, prioritizing tea from Taiwan farmer associations to meet employee preferences while supporting local farmers and our commitment to community prosperity and sustainable development.

(2) Training and Development

The Company has established an “Education and Training Management Procedure”, and is committed to supporting the growth and development of all team members. Amid rapid AI evolution and deepening industry applications, we tailor learning resources to different positions and career stages aligned with Daxin’s goal of becoming an advanced foundry for materials innovations. We offer diverse training and development opportunities throughout the year to equip employees with future knowledge and skills that drive innovation.

Daxin provides the following training programs:

A. New employee:

Each employee will receive basic training and job orientation. Sessions include company introduction, human rights/integrity policies, intellectual property, information security, and environmental health and safety regulations. In addition, a mentor program is established to support new hires. We conduct the first-week questionnaire, first-month tea talk and health care sessions are arranged with medical professionals, and three-month check-ins to help them feel more engaged and adapted to corporate culture and work requirements.

B. Management:

The management training is tailored to the needs of managers of all levels based on their managerial capabilities and responsibilities to reinforce the management and skills. In line with the global service operating model and talent development objectives, we offer courses to enhance strategic thinking, organizational design and language proficiency.

C. Professional:

Daxin offers "Advanced Technology Courses" and "Advanced Process Courses" to enhance professional technical knowledge and AI tool application, strengthening digital tool proficiency and work efficiency. We provide diverse internal and external training—including lectures by scholars and industry experts, fundamental science courses, consultant meetings, internal skills courses, and reading groups—supporting employees' participation during work hours with full course subsidies. These initiatives foster knowledge exchange and drive organizational innovation.

D. General:

We provide diverse learning resources and encourage self-learning with company-subsidized training. Learning spans R&D innovation to soft skills like critical thinking and problem-solving, aligned with organizational needs. We offer innovative courses (music, sports, language) to develop personal qualities and unleash potential. Employees can propose topics beyond work needs for evaluation and implementation, fostering proactive learning and continuous growth.

(3) Retirement Policy

Since establishment in 2006, Daxin has maintained two retirement pension systems in accordance with the Labor Standards Act and Labor Pension Act to ensure basic living standards for retired employees:

A. Defined Benefit Plan:

Under the Labor Standards Act, the Company makes monthly contributions to a dedicated bank account with regular actuarial evaluations to ensure future payment capability.

B. Defined Contribution Plan:

Under the Labor Pension Act, the Company establishes individual pension accounts at the Bureau of Labor Insurance, contributing 6% of employees' monthly insured salaries. Employees may voluntarily contribute up to an additional 6% of their monthly wages.

As of the publication date of this Annual Report, no employees have retired.

(4) Labor-Management Agreements

Daxin actively builds positive employee relations through communication channels including labor-management meetings, employee welfare committee meetings, and business briefings. We hold labor-management meetings in compliance with legal requirements, with labor representatives serving four-year renewable terms, elected directly by all employees through electronic voting. Several internal communication channels are also established, such as employee opinion box, Sexual Harassment electronic-Box, integrity box, and complaint hotline—all handled immediately with confidentiality and protection. This ensures employees can fully express opinions with timely response and assistance, providing a secure communication environment and strengthening labor-management stability.

4.6.2 During the current fiscal year and as of the date of this Annual Report, losses incurred due to labor disputes (including violations of the Labor Standards Act found in labor inspection, the disposition dates, reference numbers, the articles of law violated, the contents of law violated, and the content of the dispositions), disclosure of estimated amounts and countermeasures, or explanation if unable to reasonably estimate:

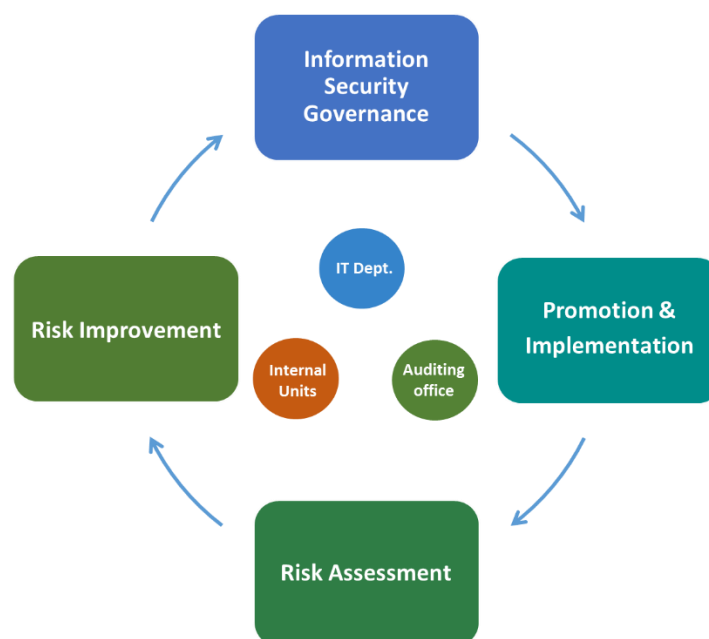
The Company properly plans human resource management and reviews personnel systems in response to social and economic changes, emphasizing employee welfare, providing an excellent work environment, and maintaining harmonious labor relations. As of the publication date of this Annual Report, no losses due to labor disputes have occurred.

4.7 Information and Communications Security Management

4.7.1 Information and Communications Security Management Structure, Information and Communications Security Policy, Substantial Management Proposals, and Resources Invested in Information and Communications Security Management

(1) Information and Communications Security Management Structure

- Information Technology Department is responsible for the Company's information security. An Information Officer and several professional IT personnel have been set up at aforesaid department to establish, promote, and implement the information security policy.
- The Company's Auditing Office is in charge of auditing information security risks. An Audit Manager has been set up at the aforesaid department to supervise and audit the status of internal information security implementations. In line with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the Company has included "control over verifications of information and communications security" into the annual audit plan, and conducts information security audit as scheduled. In case deficiencies are found, the unit being audited will be immediately asked to propose relevant improvement plans and substantive actions. The improvement effectiveness will also be regularly monitored to reduce risks of internal information security.
- Organizational operating model: The Information Technology Department will formulate, promote, and implement the Company's information security policy and to provide personnel training. To introduce and implement the information security policy, all internal departments are required to comply with the information security policy while carrying out internal procedures. The Auditing Office will audit the information security risks. In case deficiencies are found, the unit being audited will be asked to propose relevant, substantive improvement plans. The improvement effectiveness will also be regularly monitored.



(2) Information and Communications Security Policy

To strengthen information security management and to build a safe and reliable operating environment so as to ensure the safety of information, systems, equipment, and networks to protect the rights and interests of employees, shareholders, suppliers, and clients and to achieve corporate sustainable management, the Information and Communications Security Policy has been formulated to serve as a reference for implementing various information security measures.

Key policies

- While executing various operations, relevant laws decreed by the competent authority (e.g., intellectual property laws and Personal Data Protection Act) as well as Company regulations, shall be followed.

- Separation of duties shall be taken into consideration when delegating tasks; the scope of responsibilities and obligations shall be clearly defined to prevent unauthorized revisions to or misuse of information.
- All transacting suppliers, contractors, consultants, or clients shall be requested to sign confidentiality agreement as needed based on the nature of the transaction.
- Information security training and advocacy shall be conducted to all internal employees to foster employees' awareness to information security and to improve the level of the Company's information security.
- All employees are responsible for protecting the Company's confidential and sensitive information. Employees are prohibited from coming into contact with or using unauthorized information, or disclosing or announcing such information to employees, suppliers, and other clients not related to the business.
- To prevent computer viruses and malware from affecting the Company's operations, with the exception of legally authorized software, no unauthorized software may be used.
- To prevent attacks from computer viruses and malware, legal antivirus software and firewall shall be purchased and installed, and the virus pattern and software shall be continuously updated.
- A comprehensive backup mechanism shall be established for important information, and a redundancy mechanism shall be set up for important systems.
- The Company shall request for the formulation of business continuity plan (BCP) based on business needs. In addition, the BCP shall be regularly tested to maintain its appropriateness.
- In case an employee violates an information security regulation, the information security liability that she/he shall bear shall be determined by internal procedures.

(3) Substantive Management Proposals

Management Item	Substantive Management Measures
Network Security Management	<ul style="list-style-type: none"> • Set up enterprise-level firewall to prevent external attacks and intrusions • Formulate Internet access policy and filters to prevent personnel from visiting harmful sites • Introduce a cybersecurity risk management platform to continuously monitor domain security risks
System Access Control	<ul style="list-style-type: none"> • Login account and password shall be required for all information systems; the password shall meet the safety policy and be regularly changed • Access rights to application systems shall be set based on positions • Authentication is conducted using Multi-Factor Authentication systems
Computer and Mainframe Management	<ul style="list-style-type: none"> • An automatic update system shall be set to automatically dispatch updates to personal computers and mainframes • Antivirus software shall be installed on personal computers and mainframe, and the virus pattern shall be regularly updated • USB storage device cannot be used on personal computers without permission
Mail Security	<ul style="list-style-type: none"> • Anti-spam system shall be set up • Install multiple antivirus software on email system
Information Backup	<ul style="list-style-type: none"> • Daily backup of important databases • Daily backup of important data/information • Regularly conduct backup restoration drills
System Reliability Management	<ul style="list-style-type: none"> • Establish high-availability mechanisms for important information systems • Daily complete backup on application systems and programs
Training and Promotions	<ul style="list-style-type: none"> • Regularly conduct employee information security training • Strengthen social engineering promotion and training to enhance the information security awareness in employees

(4) Resources Invested in Information and Communications Security Management

Item	Resources Invested
Infrastructure Deployment (Software / Hardware)	<ul style="list-style-type: none"> • Implemented next-generation firewall • Deployed Managed Detection and Response (MDR) solutions • Implemented email filtering systems • Implemented Multi-Factor Authentication systems

Item	Resources Invested
Education and Training	<ul style="list-style-type: none"> • Conducted social engineering exercises for all employees (100% completion rate) • Conducted information security education and awareness training for all employees (99% completion rate) • Published cybersecurity awareness communications on a regular basis
Safety Tests	<ul style="list-style-type: none"> • Performed annual backup restoration drills • Performed vulnerability assessment quarterly • Monitoring cybersecurity risks using a cybersecurity risk management platform • Joined collaborative cybersecurity organizations, including TWCERT/CC and SPISAC
Certifications	<ul style="list-style-type: none"> • Implemented an Information Security Management System (ISMS) and obtained ISO/IEC 27001 certification • ISO/IEC 27001 certification validity period: December 18, 2025 ~ December 17, 2028

4.7.2 Any losses incurred as a result of major information and communications safety incident in the most recent fiscal year and as of the date of this Annual Report, and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation shall be provided:

As of the publication date of this Annual Report, no material cybersecurity incidents have occurred. However, the methods of cyberattacks are continuously changing and there are various vulnerabilities in information products, and the Company will continue to strengthen management, operation, system and equipment, as well as education and training to face various information security threats.

4.8 Intellectual Property Management

4.8.1 Management Policies of Intellectual Property

Guided by sustainable operations, Daxin implements a comprehensive IP strategy to advance innovation, strengthen core technologies, secure critical materials, reinforce patent positioning, systematize management, integrate IP resources, and build an IP mindset while managing associated risks. This approach ensures the effective acquisition, protection, maintenance, and utilization of our intellectual property. Through a structured management framework, we safeguard research and development achievements, mitigate operational risks, and regularly report IP performance to the Board, ensuring our intangible assets continuously enhance competitiveness and protect clients' core interests.

(1) Management System

Following TIPS standards, we manage intellectual property throughout the complete cycle of acquisition, protection, maintenance, and utilization. Our patent incentive system fosters innovation by offering comprehensive intellectual property education and training and systematically reviewing internal R&D outcomes, with the goal of generating high-quality patents and technically valuable trade secrets. Additionally, we establish comprehensive management protocols for documents, environments, and personnel to prevent leakage of important company information, supported by educational training and public announcements. We conduct external patent reviews to identify and assess risks, provide strategic information to management, and mitigate IP conflict risks.

(2) Systematic Management of Intellectual Property

To promptly monitor external patent status and enhance intellectual property management effectiveness, we introduced a project tracking mechanism that strengthens patent portfolio planning and risk control. We also implemented a self-developed IP management system that integrates technology proposals, patent applications, and examination progress data. Applying this system to patent data analysis and patent value assessment, thereby improving intellectual asset management efficiency and decision-making quality.

4.8.2 Implementation Status of Intellectual Property

Daxin reports IP matters to the Board annually, with the most recent submission in May 2025. A formal IP management system and the Intellectual Property Management Manual have been established to implement our IP policies. Key IP management activities and performance for 2025 are summarized as follows:

- We submitted a reapplication for TIPS A-level certification in 2025.
- We introduced a project tracking mechanism that strengthens patent portfolio planning and risk control.
- The IP management system was upgraded to systematize operations, including the digitization of audit and patent review forms, enhancing overall workflow efficiency and management transparency.
- The patent maintenance and evaluation process was optimized through a multi-faceted review mechanism to ensure that the patent portfolio aligns with our overall business operations and R&D strategy.
- IP training programs are tailored to different roles, such as R&D personnel and TIPS audit staff. A total of 10 targeted, practice-oriented courses were offered during the year.

- Intellectual Property Achievements:

As of the end of 2025, the Company had accumulated a total of 471 patent applications worldwide, of which 341 patents had been granted.

4.8.3 Certification Achieved

Daxin has implemented an intellectual property management system and established the "Intellectual Property Management Manual" to actively enforce its intellectual property management policy, achieving the Taiwan Intellectual Property Management System TIPS A-level certification for the first time in 2022.

We submitted a reapplication for TIPS A-level certification in 2025, with certification valid until December 31, 2027.

4.9 Important Contracts Still Effective as of the Publication Date of the Annual Report and Those That Expired in the Most Recent Fiscal Year

Type of Contract	Counterparty	Contract Period	Major Contents	Restrictions
Lease contract	Central Taiwan Science Park Bureau (Current name)	2008.03.01-2027.12.31	Land lease for Central Taiwan Science Park	None
Lease contract	Taichung Branch , Bureau of Industrial Parks, Ministry of Economic Affairs (Current name)	2017.12.01-2027.11.30	Land lease for the plant at Taichung Port	Compliance with the approved investment proposal
Insurance	Fubon Insurance Co., Ltd.	2025.06.30-2026.06.30	Commercial fire insurance	None
Financing	E.Sun Bank	2020.08.07-2027.08.15	Plant construction and acquisition of machinery and equipment	None
Financing	Mega International Commercial Bank Co., Ltd.	2020.09.15-2027.09.15	Replenish mid-term working capital	None
Financing	Mega International Commercial Bank Co., Ltd.	2025.11.03-2029.04.27	Replenish mid-term working capital	None

Chapter 5 Review and Analysis of Financial Conditions, Operating Result and Risk Management

5.1 Financial Conditions

Item \ Year	2025	2024	Difference	
			Amount	%
Current assets	3,421,619	3,259,288	162,331	4.98
Property, plant and equipment	1,494,003	1,479,983	14,020	0.95
Right-of-use assets	145,871	154,624	(8,753)	(5.66)
Intangible assets	5,087	2,552	2,535	99.33
Other assets	46,911	53,050	(6,139)	(11.57)
Total assets	5,113,491	4,949,497	163,994	3.31
Current liabilities	1,359,879	1,265,873	94,006	7.43
Non-current liabilities	226,096	399,483	(173,387)	(43.40)
Total liabilities	1,585,975	1,665,356	(79,381)	(4.77)
Capital stock	1,027,159	1,027,159	0	-
Capital surplus	41,838	41,838	0	-
Retained earnings	2,458,519	2,215,144	243,375	10.99
Others equity	0	0	0	-
Total equity	3,527,516	3,284,141	243,375	7.41
The main reasons and impacts of material changes (with deviation over 20% and amount changes NT\$10 million):				
Decrease in non-current liabilities: Mainly due to the decrease in long-term borrowings.				

5.2 Operating Result

5.2.1 Operating Result Analysis

Unit: NT\$ thousands

Item \ Year	2025	2024	Difference	
			Amount	%
Operating revenue	4,629,779	4,117,847	511,932	12.43
Operating costs	2,750,283	2,600,000	150,283	5.78
Gross profit	1,879,496	1,517,847	361,649	23.83
Operating expenses	1,026,698	910,682	116,016	12.74
Operating income	852,798	607,165	245,633	40.46
Non-operating income and expenses	30,750	51,422	(20,672)	(40.20)
Profit before income tax	883,548	658,587	224,961	34.16
Income tax expenses	126,593	87,975	38,618	43.90
Net income for the Year	756,955	570,612	186,343	32.66
Other comprehensive income	0	0	0	-
Total comprehensive income	756,955	570,612	186,343	32.66

The main reasons and impacts of major changes (with deviation changes over 20% amount and changes reaching NT\$10 million):

1. Increase in gross profit: Mainly due to the increase in customer demand and decrease in low-profit product.
2. Increase in operating income: Mainly due to the increase in gross profit.
3. Decrease in non-operating income and expenses: Mainly due to the increase in foreign exchange losses.
4. Increase in profit before income tax, income tax expenses and net income for the Year: Mainly due to the increase in operating income.

5.2.2 Estimated Sales Volume and the Basis to the Potential Impact and Response Plans for the Company's Future Finance and Operation:

The Company's major products are semiconductor and LCD display related fine chemicals. Based on the sales forecast of current products developing, progress of new products, customers' product progress and market demand, production capacity planning and business strategies, our company expected that sales volume will continue to grow in the future. In terms of financing, we mostly enter into long-term financing arrangements to invest in capital expenditures and no signs of liquidity deficit in the short-run.

5.3 Cash Flow

Changes in cash flows in 2025:

Unit: NT\$ thousands

Cash balance at the beginning of the period	Net cash flow from operating activities	Net cash flow due to investing activities	Net cash flow due to financing activities	Cash balance	Remedy for cash shortfall	
					Investment plan	Financing plan
194,873	980,820	(212,374)	(715,958)	247,361	—	—

5.3.1 Analysis of Changes in Cash Flows:

- (1) Operating activities: Mainly due to operating profits.
- (2) Investing activities: Mainly for capital expenditures.
- (3) Financing activities: Mainly due to distributions of cash dividends.

5.3.2 Remedial Plan for Liquidity Shortfall: As a result of positive operating cash flows, remedial actions are not required.

5.3.3 Cash Liquidity Analysis for the Coming Year:

The Company will manage cash expenditures prudently, based on cash balances and operating and investing cash flows, while considering market conditions, to maintain stable liquidity.

5.4 Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year:

All significant capital expenditures of the Company shall undergo appropriate evaluation and assessment. There were no major capital expenditures in the most recent fiscal year.

5.5 Investment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, the Improvement plan, and Investment Plans for Coming Year**5.5.1 Investment Policy:**

The Company's management team conducts detailed evaluations on organizational model, market conditions, business development, and financial position based on operating needs and the Company's future strategic developments, so as to understand and stay on top of the business development and financial positions of investment targets at all times, and to provide a basis of consideration to the Company's management team pertaining to investment analysis and decisions.

5.5.2 Main Reasons for Profit or Loss and Remedial Plan:

Unit: NT\$ thousands

Investee businesses	%	Recognition of profit or loss of investee in the most recent year	Main reasons for profit or loss	Remedial plan
Frontier Materials (Samoa) Corporation	-%	-	(Note)	

Note : The registration process was completed on August 9, 2017. As of December 31, 2025, the capital was not injected.

5.5.3 Investment Plan for the Coming Year:

The Company will continue to prudently evaluate future investments based on operational development and capacity expansion needs, with a focus on long-term strategic considerations.

5.6 Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of this Annual Report

5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates fluctuation and Inflation

(1) The Impact of Interest Rate Changes

Most of the Company's interest rate risks come from financial investments and bank borrowings with variable interest rates. In terms of asset, the Company's capital allocations are founded on the prudent principle and are mostly stored as bank deposits and government bonds with high liquidity in order to safeguard its safety and maintain liquidity. In terms of borrowings, the Company maintains positive interactions with multiple financial Institutions to obtain more competitive financing terms. Moreover, interest expenses on the operating net profit is a tiny percentage; hence, interest rate changes will not bring a significant impact on the Company's profit or loss.

(2) The Impact of Foreign Exchange Rate Changes

Most of the Company's exchange rate risks come from cash and cash equivalents and accounts payable and receivables denoted in foreign currencies. Therefore, changes in foreign exchange rate may impact operating revenues measured in foreign currencies or profitability. The Company uses forward exchange agreement (FXA) to hedge against such risks in transactions to reduce the negative impacts of foreign exchange changes on the Company's operating results. In addition, our Finance department is also constantly collecting information on foreign exchange rates to understand the trend of such changes in order to plan and hedge relevant risks.

(3) The Impact of Inflation

According to the Directorate-General of Budget, Accounting and Statistics, the Executive Yuan, R.O.C. (Taiwan), the Consumer Price Index (CPI) annual growth rate is 1.31% as of December 2025, indicating that there is no significant inflation. Hence, inflation should not pose significant impacts on the Company's profit or loss in 2025. The Company closely monitors changes in market prices at all times and also properly adjusts selling prices and raw materials and inventory volume as needed. The Company has not experienced significant impacts from inflation.

5.6.2 The Company's Policy to Engage in High-Risk, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future

The Company does not engage in high-risk or highly leveraged investments, nor does the Company provide loans to others or endorsements/guarantees.

The Company engages in derivative transactions for the purpose of hedging against changes in foreign exchange rates of assets denoted in foreign currencies. Such transactions are carried out in accordance with the "Procedures of Engaging in Derivative Transactions". Going forward, the Company will regularly assess and adjust our hedging strategies based on operating status and market changes.

5.6.3 Research and Development(R&D) in the Future, and the R&D Expenses Expected to be Invested

Our R&D team accounts for more than one-half of all Daxin employees, and our annual R&D expenses approximately 10% of our revenues. The Company's expected R&D budget is gradually designated based on new product and new technology development, and it continues to grow at certain levels based on operating status. For 2026, we expect to invest another NT\$620 Million in R&D; however, this figure will be properly and timely adjusted based on industry environment and the Company's actual business operations so as to secure our competitive advantage.

For information on the Company's future new product development plans, please refer to Chapter 4, Business Overview of this Annual Report, under the technology R&D overview of semiconductor materials, display materials, and key raw materials.

5.6.4 Effect on the Company's Financial Operations of Changes in Domestic and Foreign Policies and Regulations, and the Company's Response Measures

The Company's day-to-day operations comply with all relevant domestic and foreign laws and regulations; in addition, a Legal Office has also been set up to monitor both policy developments and legal changes/updates at home and abroad at all times and to propose response measures on a timely basis. In the most recent year and as of the date of this Annual Report, the Company's finances and business have not been affected by major policies and legal changes at home and abroad.

5.6.5 Effect on the Company's Financial Operations of Changes in Technology and the Industry, and the Company's Response Measures

With rapid technological changes and the accelerated market movements in the industry, the semiconductor and optoelectronics industries are facing an increasing demand for high-performance chemical materials. At the same time, market competition and supply chain challenges are becoming more intense. Daxin remains committed to monitoring technological trends and market dynamics, actively investing in research and innovation to meet the need for high-purity, low-contamination materials. Furthermore, in response to global economic fluctuations and industry cycles, we optimize supply chain management, enhance production efficiency, and pursue strategic investments to ensure steady business growth. By adapting to industry shifts, we strengthen our financial position and create long-term value for shareholders and stakeholders.

5.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Since our founding, we've operated with professionalism and integrity while prioritizing corporate image and risk management to build employee cohesion and customer trust. In the event of a crisis or reputational risk, our emergency response team swiftly assesses the situation, evaluates impacts, and takes appropriate action. Through rigorous governance, we drive continuous innovation across economic, environmental, and social aspects. To date, no reputational crises have occurred.

5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no plan to acquire other companies in the most recent year and as of the publication date of the Annual Report.

5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company engages in prudent and moderate benefits analysis for all factory expansion plans; in addition, we are also committed to strengthening internal management and enhancing overall management performance to address all possible changes.

5.6.9 Risks Associated With Any Concentration of Sales or Procurement, and Measures to Be Taken

(1) Purchases:

Our company's main raw material suppliers are large international chemical companies with whom we have established long-term, stable relationships. They are also the main purchasing targets of the global industry. Therefore, our procurement remains steady and without any abnormalities. At the same time, we are actively seeking other excellent suppliers. The raw material procurement strategy is to maintain key raw materials from more than two suppliers. This should effectively reduce the risk of excessive concentration of raw material purchases, and maintain good relations with each supplier. In the cooperative relationship, since the establishment of the Company, the quality and delivery time of each supplier have been normal, and there has been no shortage or interruption of material sources.

(2) Sales

Currently, the majority of Company's operating revenues come from chemical materials for displays. As the global display industry has developed into an oligopolistic market, major display manufacturers are the Company's target clients. The Company is equipped with R&D and manufacturing capabilities of specialty chemical materials, which have been expanded to new markets, new customers, and new products in both semiconductor and key raw materials fields.

Furthermore, relevant new products have been developed stage by stage, and are being verified and mass-produced by customers respectively. Our sales in semiconductor and key raw materials markets will effectively help the Company to reduce the risk of high customer concentration in the display industry.

5.6.10 Risks Associated with Sales of Significant Numbers of Shares by the Company's Directors and Major Shareholders Who Own 10% or more of the Company's Total Outstanding Shares

There were no sales of significant number of shares by the aforementioned persons in the most recent fiscal year and as of the date of this Annual Report.

5.6.11 Risks Associated with the Changes in Management Rights: None

5.6.12 Litigious and non-litigious matters

Disclosure of the fact in dispute, amount in dispute, commencement date, main parties involved, and current status of the case, if there has been any material impact upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceedings or administrative dispute involving the Company that was finalized or remained pending in the most recent fiscal year and as of the date of this Annual Report.

- The Company:

The Company has not had any other pending or ongoing litigious and non-litigious matters, or administrative disputes, in the most recent fiscal years and as the date of this Annual Report.

- Directors, General Manager, de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies : None.

5.6.13 Other Important Risks and Mitigation Measures: None.

5.7 Other Important Matters: None.

Chapter 6 Special Disclosure

6.1 Information about Affiliates:

Please refer to the MOPS (https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

6.2 Private Placement of Securities During the Most Recent Fiscal Year and as of the Date of this Annual Report: None.

6.3 Other Supplementary Information: None.

6.4 Situations Listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or Prices of the Company's Securities Occurring During the Most Recent Fiscal Year and as of the Date of this Annual Report: None.

DAXin