Elite Material Co., Ltd.

Global leader of high end eco-friendly laminates

Presentation

August, 2023

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This presentation may contain “forward-looking statements” which may include projections on future results of operations, financial condition, and business prospects based on our own information and other sources.

The actual results of operations, financial condition, and business prospects may differ from those explicitly or implicitly indicated in those forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, supply chain issues, global economic conditions, exchange rate fluctuation and other risks and factors beyond EMC’s controls.

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Agenda

Financial Highlights

- Net revenue was NT$9.18 billion, representing an 24.8% increase from NT$7.36 billion in 1Q23 and an 8.0% decrease from NT$9.98 billion in 2Q22.

- Gross margin was 27.5%, 6.1 percentage points higher than 1Q23 and 4.5 percentage point higher than 2Q22.

- Operating margin was 17.6%, up 7.1 percentage points from 1Q23 and up 3.0 percentage point from 2Q22.

- Net income attributable to shareholders of the parent company was NT$1.0 billion, up 108.5% from 1Q23 and down 7.7% from 2Q22. Net profit margin was 10.9% and diluted EPS was NT$3.0

2Q23 P&L summary

Unit: NT$ million

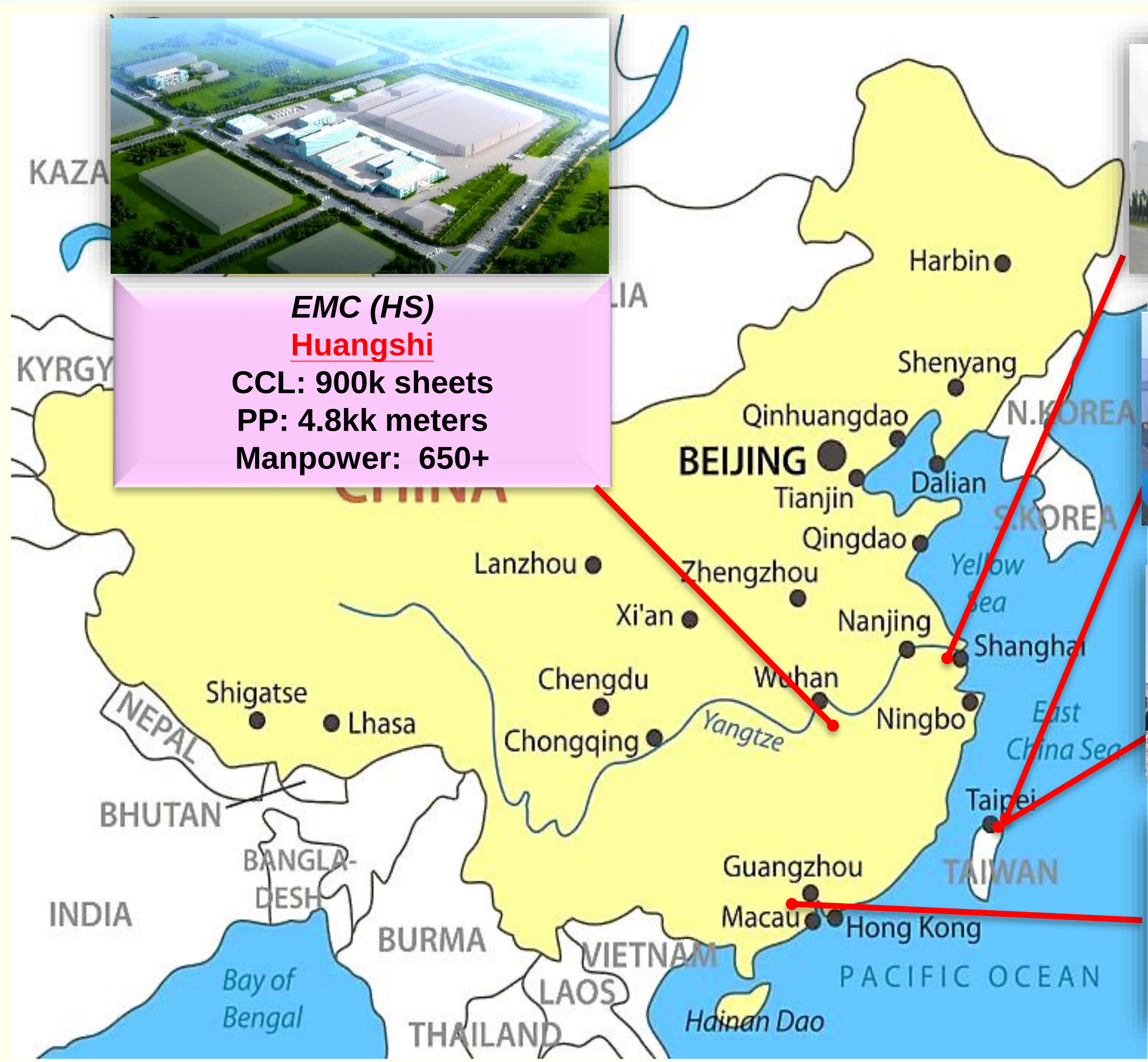
	2Q23	1Q23	QoQ	2Q22	YoY
Revenue	9,180	7,359	24.8%	9,983	-8.0%
Gross profit	2,525	1,572	60.6%	2,297	9.9%
Operating profit	1,619	769	110.5%	1,454	11.4%
Income before tax	1,588	729	117.8%	1,448	9.7%
Tax expenses	(588)	(249)	135.8%	(364)	61.5%
Net income	1,000	480	108.5%	1,084	-7.7%
EPS (NT$) - basic	3.00	1.44	108.3%	3.25	-7.7%
Gross margin (%)	27.5%	21.4%		23.0%	
Operating margin (%)	17.6%	10.5%		14.6%	
Net margin (%)	10.9%	6.5%		10.9%	

2Q23 Abstracted Balance Sheet

Unit:NT$ million	2Q23		1Q23		2Q22	
	Amount	%	Amount	%	Amount	%
Cash & Equivalent	13,951	29.1%	14,414	31.2%	9,596	21.5%
A/R+N/R	11,657	24.3%	9,814	21.2%	13,246	29.7%
Inv	3,980	8.3%	3,728	8.1%	6,196	13.9%
PPE	15,385	32.1%	15,189	32.9%	12,711	28.5%
Total Assets	47,962	100.0%	46,235	100.0%	44,653	100.0%
Short term Debt	8,103	16.9%	8,192	17.7%	3,942	8.8%
A/P	7,180	15.0%	5,986	12.9%	8,869	19.9%
Long term Debt	4,292	8.9%	4,168	9.0%	3,674	8.2%
Shareholder's Equity	20,293	42.3%	19,799	42.8%	19,421	43.5%
Total Debt and Equity	47,962	100.0%	46,235	100.0%	44,653	100.0%

Manufacturing Locations and Monthly Capacity

EMC monthly laminate capacity will reach **4.5mn** sheets in **4Q 2023**



EMC (HS)
Huangshi
CCL: 900k sheets
PP: 4.8kk meters
Manpower: 650+

EMC (KS)
Kunshan
CCL: 1.35kk sheets
PP: 3.3kk meters
Manpower: 1,400+
+300K SHT/M in 2Q, 2023
+450K SHT/M in 4Q,2023

EMC (TW)
Taoyuan
CCL: 400k sheets
PP: 1.4kk meters
Manpower: 900+

EMC (TW)
Hsinchu
CCL: 150k sheets
PP: 1.1kk meters
Mass Lam: 800k ft2
Metal Core: 40k pnls
Manpower: 150+

EMC (ZS)
Zhongshan
CCL: 950k sheets
PP: 2.1kk meters
Manpower: 900+

EMC's SEA investment situated in Penang Science Park North, Malaysia, phase one capacity of 450K sheets schedules to mass production in early 2025

CCL Production in the USA

EMC is the only CCL manufacturer, among all Taiwanese & Chinese makers, having production capacity in the US.

To mitigate geopolitical risks, EMC is committed to better serve its customers by providing stabilized high-end materials in the local market with timely services.

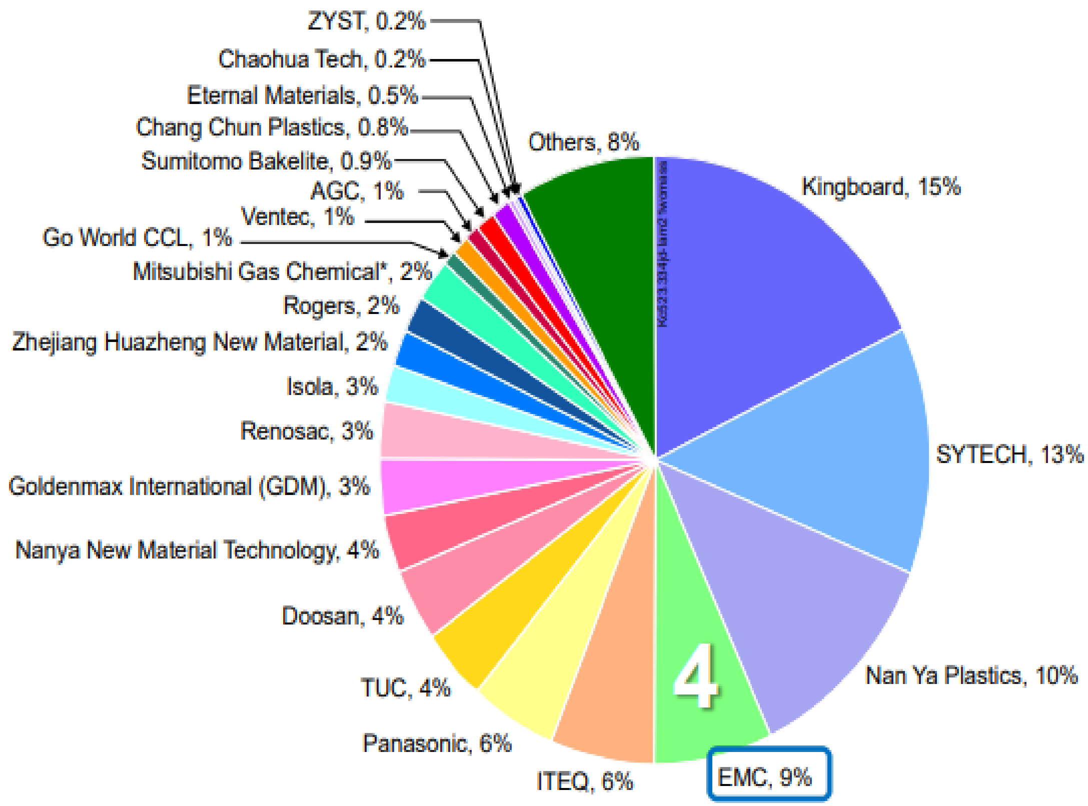
ARLON
ELECTRONIC MATERIALS

**9433 Hyssop Dr,
Rancho Cucamonga, CA 91730, United States**

Arlon (aka Arlon EMD), a CA-based company at Rancho Cucamonga, makes specialty laminates and prepregs for PCBs used in aerospace, defense and semiconductor industries.

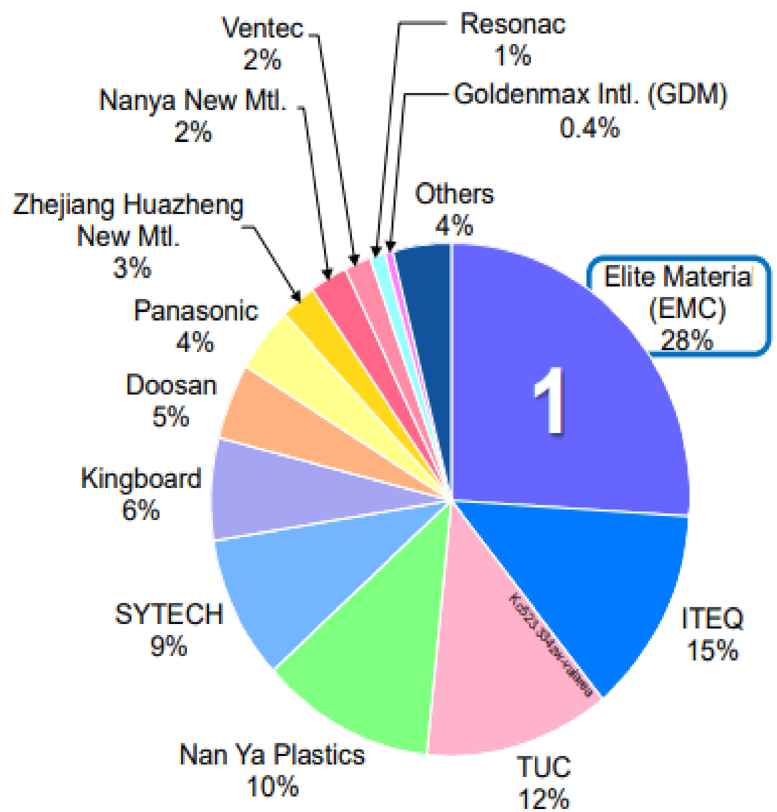
World #1 HF material supplier in 2022

Global Laminate Market



TOTAL: $15.2Bn

Global Green Laminate Market

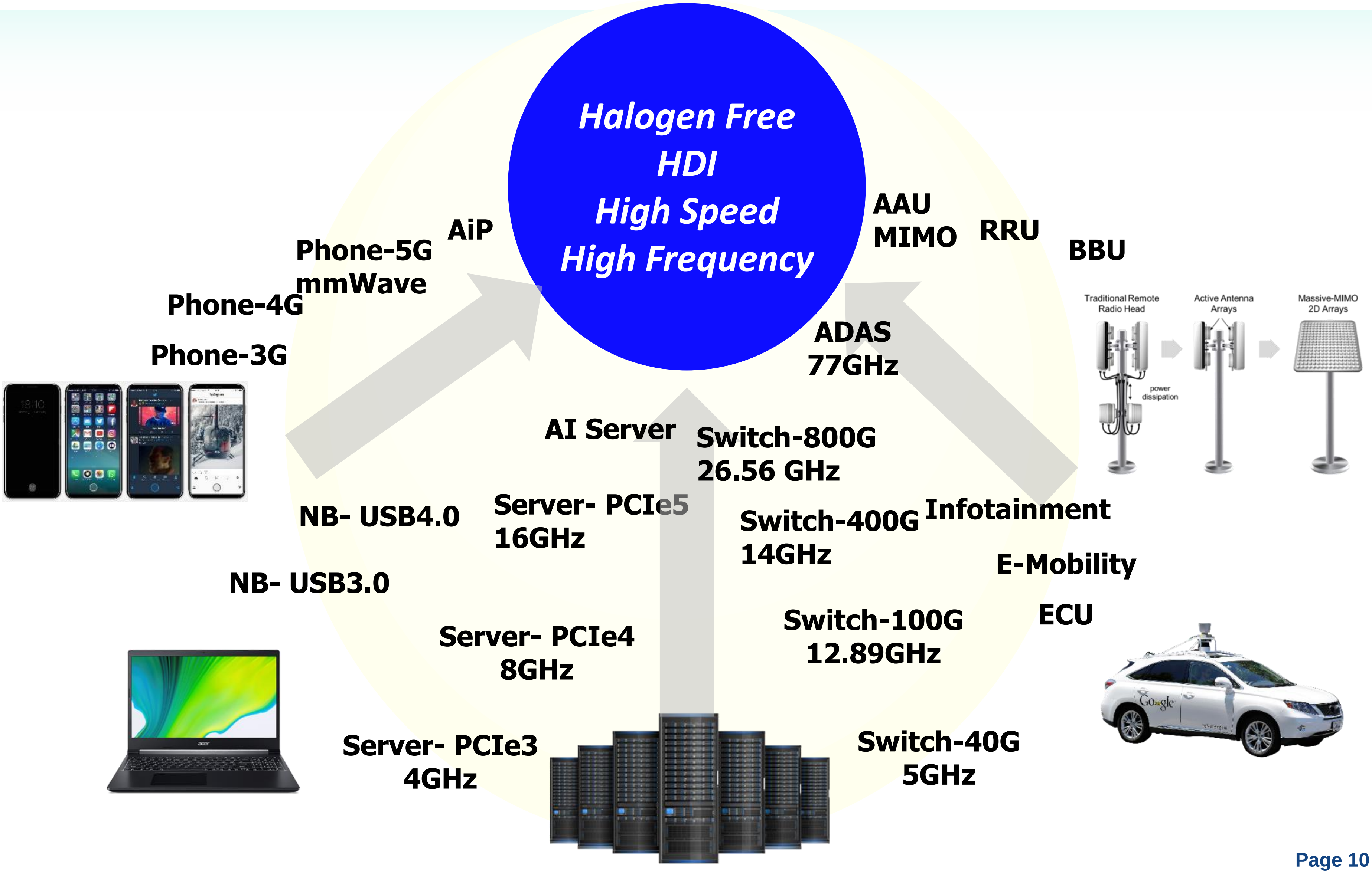


PRISMARK
June 2023

TOTAL LAMINATE: $3,769M

Mass Lam Sales is excluded.

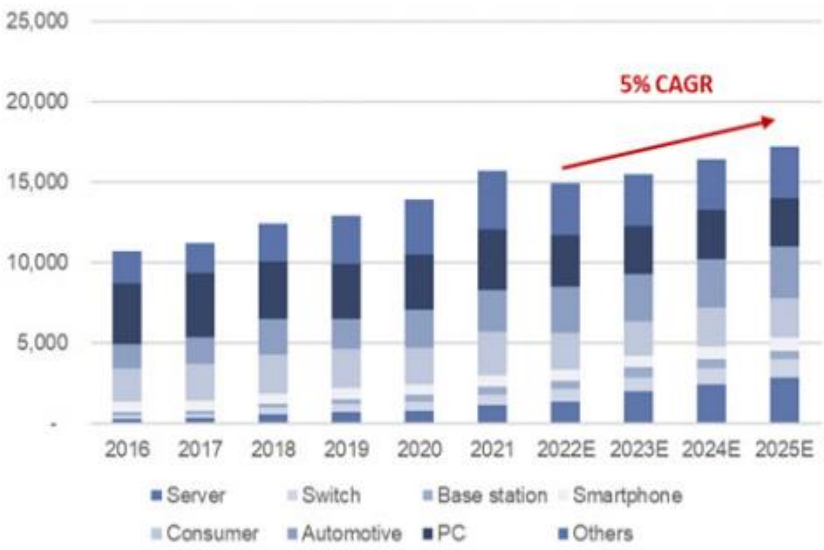
Trend of 5G infrastructure development: HF, HDI, High Speed, High Frequency



High-end CCL(HDI & High-speed/ frequency)

- High-end CCL market grows at **16% CAGR (2022-2025)**
- Overall CCL market grows at **5% CAGR (2022-2025)**
- EMC expects to outgrow high end CCL market

Overall CCL Market

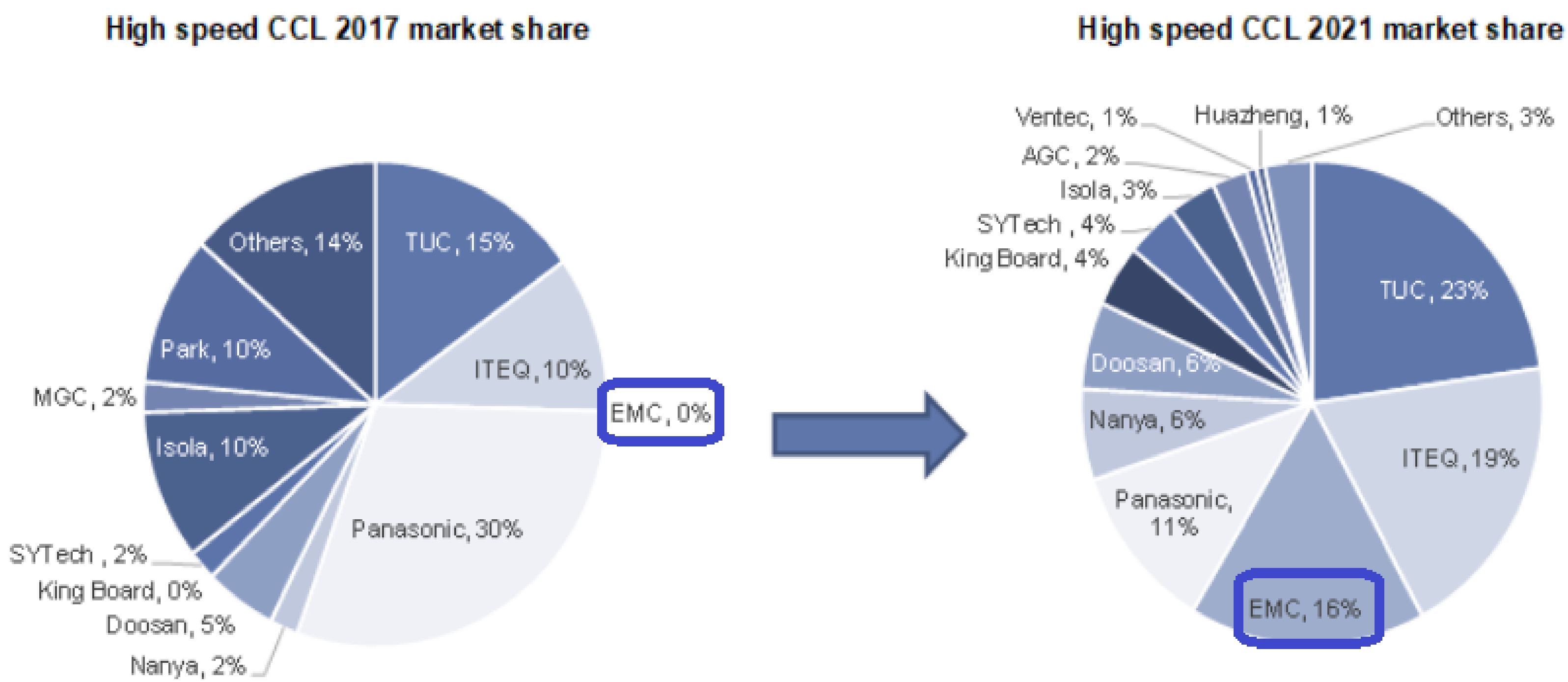


High-end CCL Market

Source: Goldman Sachs Global Investment Research, Oct 2022

EMC Momentum in High speed CCL
– from Nothing to 16% Global Share in 4 years

Driven by HF and HDI requirement



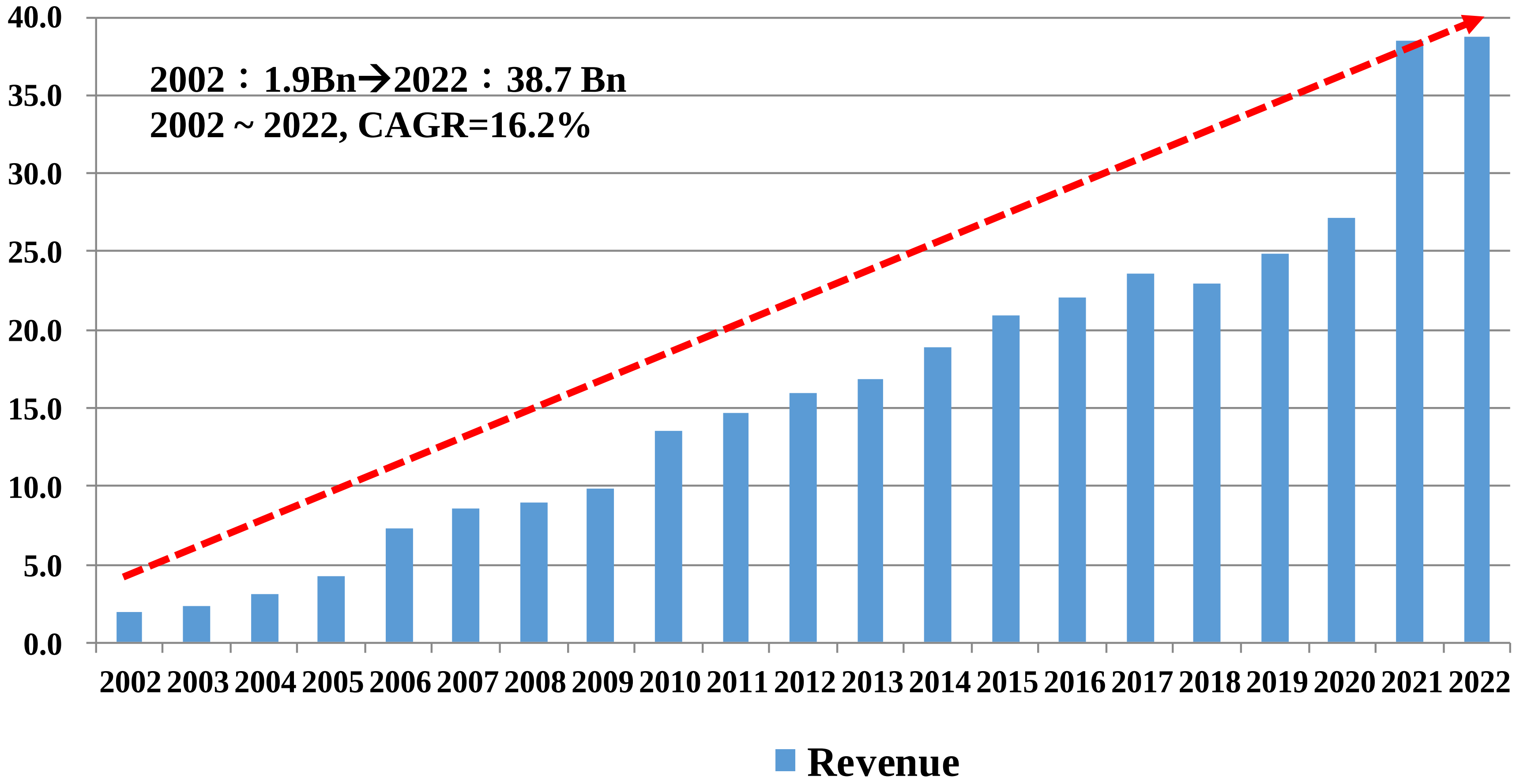
Source: Goldman Sachs Global Investment Research, Oct 2022

Executive Summary

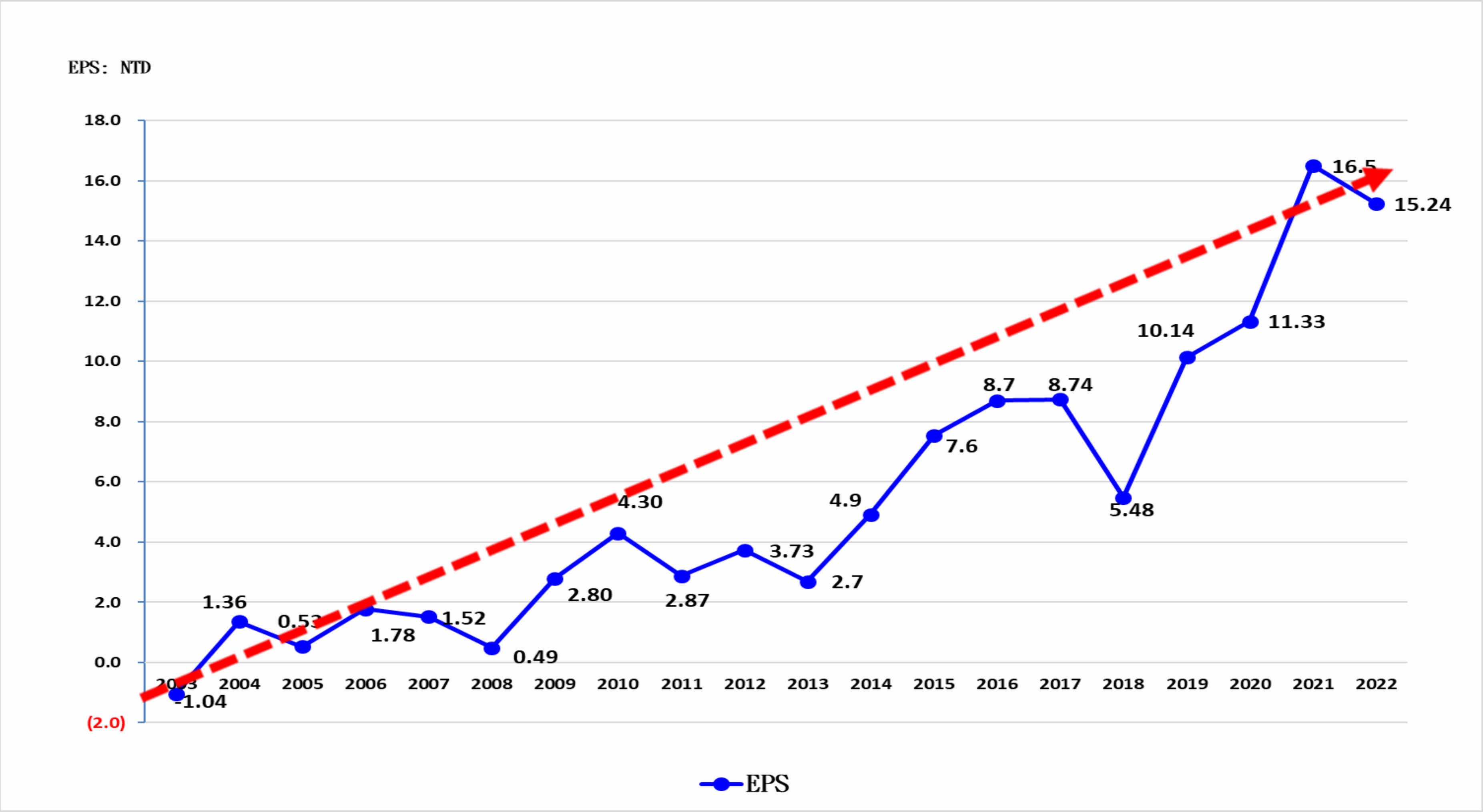
- Leader in HDI technology, with a global mobile phone market share of ~70%, and a 5G mobile phone market share of ~ 90%.
- The global market share of switch products has risen from ~10% of 100G to ~30% for mainstream 400G products.
- AI server, with a market share of ~60%.
- Our first Southeast Asia plant in Malaysia
- Our partnership with Insulectro across North America

Steadily Sales Growth

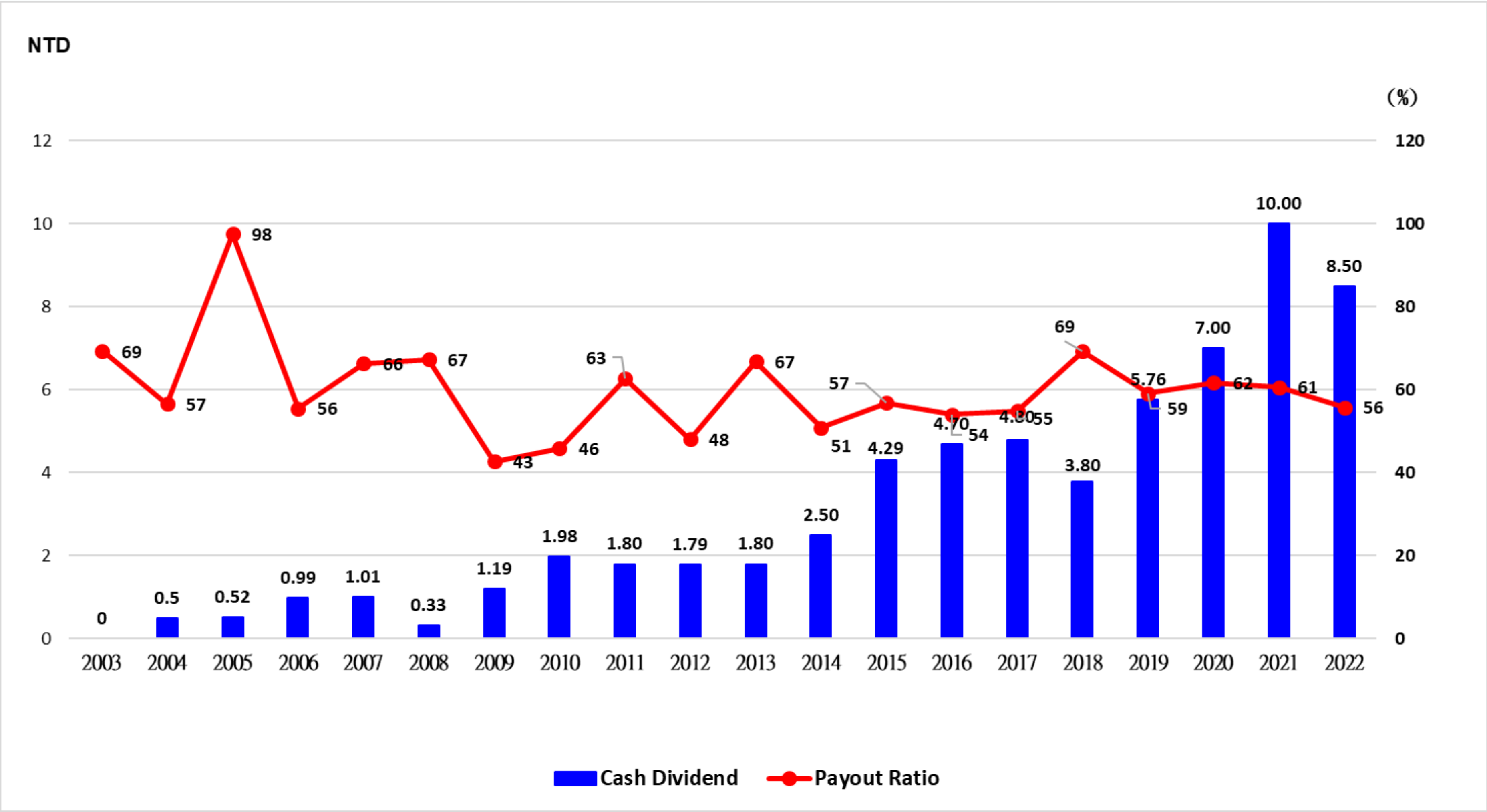
NTD：Billion



Sustainable Operation Performance



History of Cash dividend and Payout ratio



The Corporate Social Responsibility Report

By Royal Charter

Q & A