信立化學工業股份有限公司
HSIN-LI CHEMICAL INDUSTRIAL CORP.

Second Corporate Briefing of 2024

Stock Code : 4303

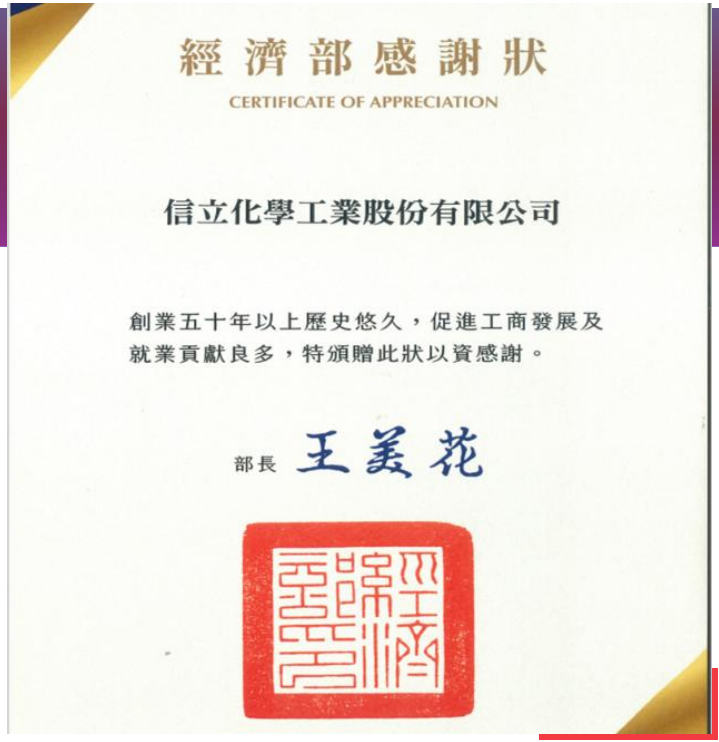
Presenter : JHENG, YU-TANG
General Manager

Disclaimer

Hsinli’ s statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

Expect s required by law, we undertake no obligation to update and forward-looking statement, whether as a result of new information, future events, or otherwise.

Company profile and overview



經 濟 部 感 謝 狀

CERTIFICATE OF APPRECIATION

信立化學工業股份有限公司

創業五十年以上歷史悠久，促進工商發展及
就業貢獻良多，特頒贈此狀以資感謝。

部長 王美花

PVC leather 、 PU leather

01 Foundation: Jun.22,1973

02 Chairman:Chang Yu-Ming General Manager:JHENG,YU-TANG

03 Location of factories: PVC Tainan, PU Tainan

04 Capital: NTD 788 million

05 Total land area: 26,383 square meters

Hsinli is 100% MIT PVC leather 、 PU leather

Syuejia District Factory One(Occupying 12,989 tsubo)

Syuejia District Factory Four(Occupying 13,394 tsubo)

Total land area: 26,383 square meters

Major Products

The raw materials for gloves, leather bags, footwear, furniture, racket covers, suitcases, and clothing

PVC 乳膠皮

PVC 柔軟皮

The raw materials for leather bags, footwear, toys, gloves, racket covers, suitcases, and furniture

Characteristics: Windproof, highly breathable waterproof, antimicrobial. Applications: Skiwear, jackets, snow pants, workwear (garment lining).

PU透濕膜

PU合成皮

The raw materials for clothing, leather bags, footwear, camera cases, toys, gloves, and furniture.

Terminal Applications 1 –PVC leather

- Applied in the processing of various sofa furniture. Combining with genuine leather enhances its value, aesthetics, and versatility. It possesses functions of lifestyle fashion and practicality.
- Can be paired with various paper patterns, embossed textures, and different colored liquids, including fluorescent, pearlescent, and metallic shimmer; capable of producing products with a layered color effect, as well as products of varying thickness.

- It can also be paired with various surface treatments and prints to enhance product diversity and versatility. Additionally, different printing techniques can be applied to enrich the variety, versatility, and applicability of the products.
- The physical and chemical properties of the product must comply with both US and EU regulations, enhancing market competitiveness and safety features.

Terminal Applications 2—PVC leather

- Applied in bicycle seats, leather bags, medical equipment, massage chairs, baby strollers, slippers, book covers, jewelry boxes, decorative panels, anti-slip gloves, headphone covers, clothing, etc.
- The product can be paired with various paper patterns and embossed processing, providing diverse patterns and a sense of depth to the surface. Additionally, printing techniques and colored liquids can be utilized to enhance the product's resemblance to genuine leather, meeting the diverse needs of different customers.
- In addition to meeting customer requirements for physical and chemical properties, various treatments or processes are further employed to replace the increasingly scarce genuine leather.

Terminal Applications 3 –PU breathable membrane

- Featuring water resistance and high breathability, suitable for processing leisurewear with waterproof and breathable properties. It offers a comfortable texture, ease of processing, and high temperature resistance.
- Can be paired with printing processes to imprint various patterns, making the products more versatile and suitable for different seasons.
- The PU breathable membrane is thin (10um~30um) and lightweight, meeting the modern trend of slimness. It can be paired with Teflon film to emphasize high water pressure resistance, water wash resistance, and high breathability, enhancing the product's added value. Different patterns and thicknesses can also be developed for pairing.

Terminal Applications 4 – PU leather、PU laminate

PU laminated products ：

- Embossed products: capable of giving products various patterns and different tactile sensations on the surface. Printing processing: products are highly tactile and versatile.
- Dry PU, characterized by its lightweight and flexibility, can also be combined with surface treatments.
- The Crazy Horse leather series emphasizes an oily wax finish, rich suede texture, and features reminiscent of genuine leather and vintage style.
- Non-slip leather: Excellent anti-slip effect, used in skiing gloves and other anti-slip processing applications, can also be treated for conductivity, making the leather conductive. Can be used in the development of gloves to enable the use of touch-sensitive products such as smartphones.

PU leather products ：

- According to customer demands, we can produce wet PU with various paper patterns or embossed textures; further paired with different treatments or processes to replace the increasingly scarce genuine leather. These can be applied in footwear, sports equipment, clothing, bags, gloves, headphones, and more.

PMMA products ：

- Focusing on different textures, applied to decorative materials and so on.

core competitive advantage

(EXCELLENT QUALITY)

INSPECTION EQUIPMENT

紫外線耐燃試驗機

耐磨試驗機

紅外線耐燃試驗機

耐磨測試機

曲折測試機

水壓測試機

含水率測試機

恆溫恆濕機

Operational Status Analysis - Gradual Recovery in the First Quarter of This Year

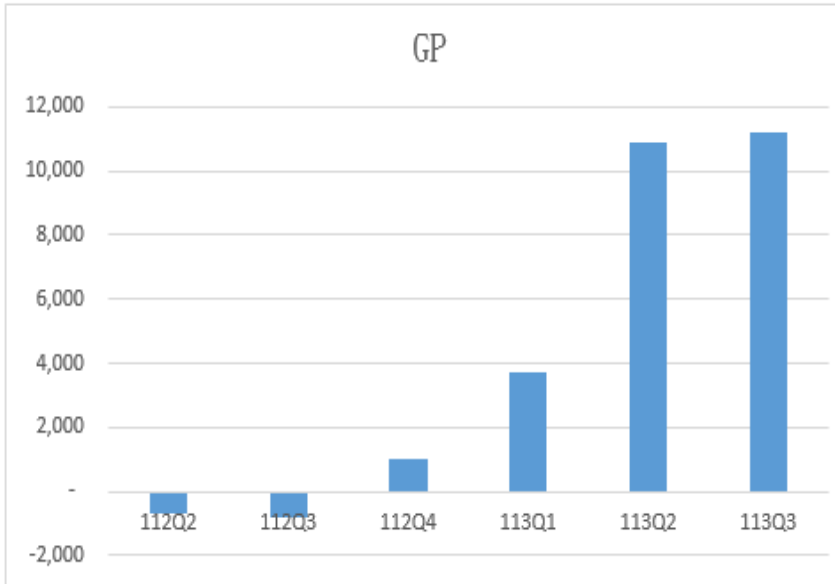
Unit:Thousand

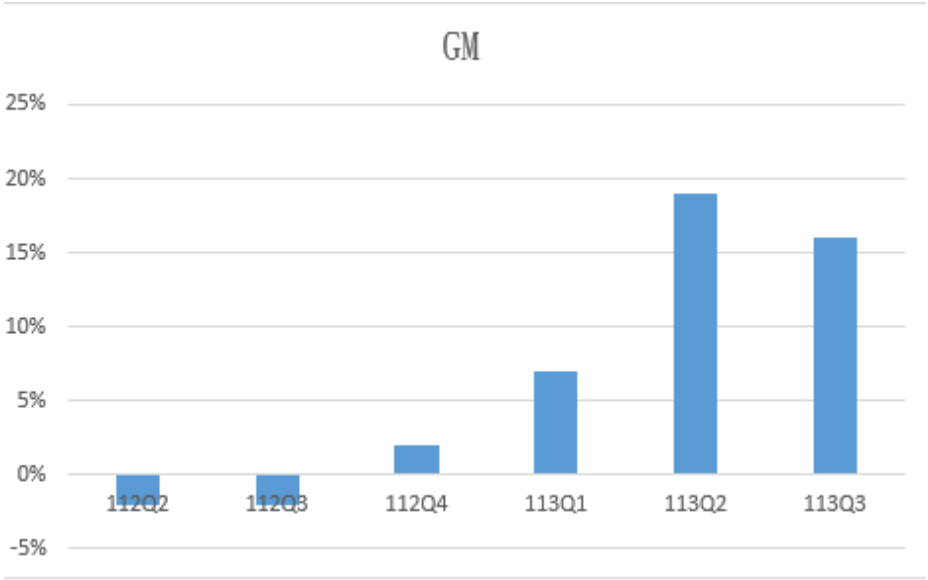
After hsinli acquired operational control of Pony, it has significantly contributed to the company's revenue growth and enhanced operational synergies, greatly boosting the company's revenue and profitability.

Operational Status Analysis - Gross Profit Margin Trends

The quarterly gross profit and gross profit margin have both increased compared to last year, primarily due to an increase in customer orders.

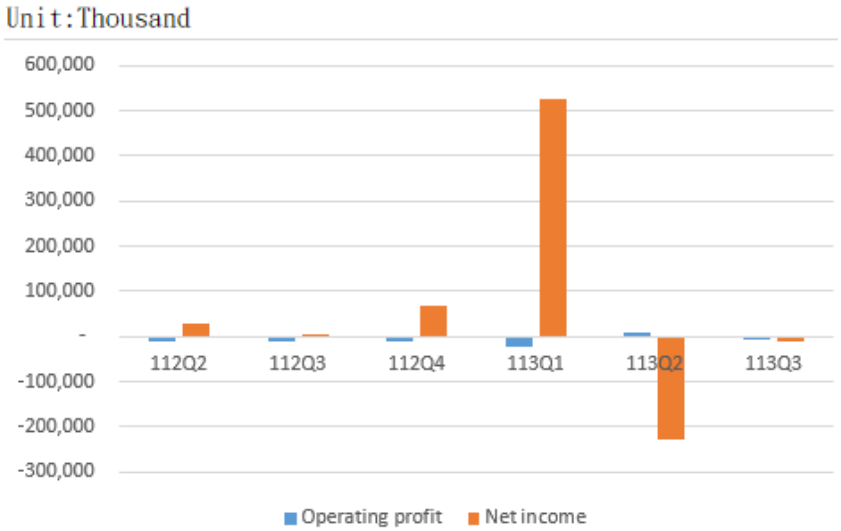
Unit:Thousand

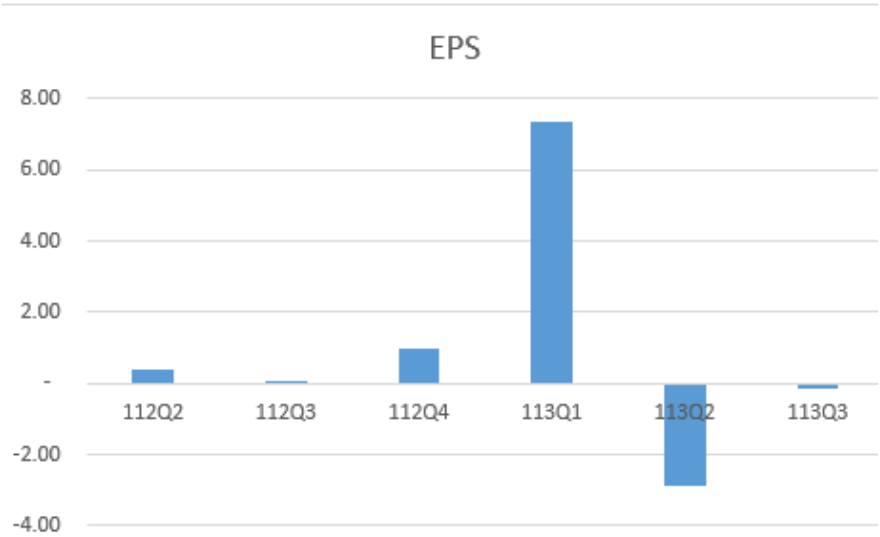




Operational Status Analysis - Profit Trend

In the first to third quarters of 2024, the recognition of unrealized gains from investments in marketable securities led to an increase in net profit for the period.





Operational Status Analysis - Comprehensive Income Statement

OVERVIEW DETAILS TO MOPS

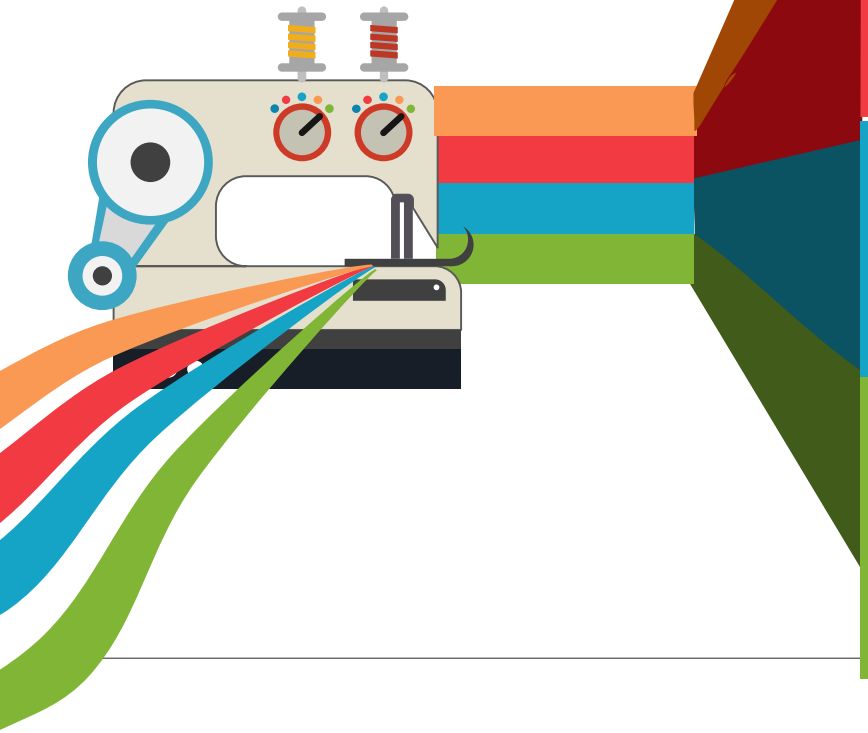
Unit:Thousand	113Q3	112Q3	YOY
Operating income	180,543	126,465	42.76%
Operating cost	154,759	118,367	30.75%
Gross Profit（or Loss）	25,784	8,098	218.40%
Gross margin	14%	6%	
Operating expenses	48,279	26,055	85.30%
Operating profit（or Loss）	(22,495)	(17,957)	
Non-operating income and expenses	312,343	74,802	317.56%
Income before Tax（or Loss）	289,848	56,845	409.89%
Income tax expense（or benefit）	0	50	
Net Income (Loss)	289,848	56,795	410.34%
Basic earnings per share（NT Dollar）	3.80	0.84	

Operational Status Analysis - Balance Sheet

OVERVIEW DETAILS TO MOPS

Unit:Thousand	113/09/30	112/12/31	112/09/30
Current assets	949,422	406,543	389,139
Non-current assets	1,911,503	1,142,765	1,145,571
Total assets	2,860,925	1,549,308	1,534,710
Current liabilities	1,045,751	512,256	559,697
Non-current liabilities	165,187	83,713	88,934
Total liabilities	1,210,938	595,969	648,631
Capital stock	788,378	675,000	675,000
Additional paid-in capital	191,457	9,252	9,252
Retained earnings	467,473	269,042	201,751
Other equity interest	45	45	76
Treasury stock	0	0	0
Total equity	1,447,353	953,339	886,079
Net Asset Value per Share(NTD)	18.36	14.12	13.13
Current ratio	90.79%	79.36%	69.53%
Debt ratio	42.33%	38.47%	42.26%

Future development direction



01. Deepen roots in Taiwan, align with international standards, and strengthen fundamentals.

1.Strengthen collaboration with existing customers, obtain GRS international certification for products, and enhance the fundamental quality of the products.

2. Cross-industry collaboration, obtaining brand certification, and enhancing operational momentum.

02. Explore new customers and Environmentally friendly products.

1. Develop eco-friendly, solvent-free products and pair them with recycled substrates, focusing on the development of green composite materials.
2. We are moving towards the goal of solvent-free products and are currently actively developing RPVB+PU high-solid solvent-free fabric composite products. Sample sheets have been created for customer acceptance research, and customers have shown a high level of anticipation, which holds great potential for the future.

03. Upstream and downstream integration, Contributing to the growth of company.

1.Expand the market based on existing products, strengthen upstream and downstream integration, and build the company's growth momentum.

2. U-BEST is collaborating to develop water-based eco-friendly high-foaming PU, with the goal of replacing wet-release leather. It is expected to significantly reduce solvent usage, decrease environmental pollution, save on environmental fees, lower costs, and increase competitiveness.

3. Integrate Pony products to achieve resource sharing and strengthen market presence both domestically and internationally.

04. Hsinli's acquisition of Pony's materials business has resulted in a significant revenue boost and enhanced operational synergies.

Pony primarily produces PU synthetic leather and bonded leather, with a management team that has 30 years of experience in the leather and synthetic leather industry. Its main customers are high-end product suppliers for internationally renowned sports brands. In addition to its efforts to collaborate with international major brands, Puda's Douliu plant is one of the few pure eco-friendly water-based leather production bases in Taiwan. In the future, the company will integrate group resources and align with the government's environmental and green energy policies to develop and produce eco-friendly, low-pollution products. This is expected to more effectively increase customer loyalty and enhance new product development momentum.

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General Manager

Thank You
Q&A

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For all inquiries, suggestions, and comments tang0621@hsinli.com.tw