RESEARCH UPDATE · 14 NOVEMBER 2026
AI & SEMICONDUCTORS/HARDWARE | SEMICONDUCTOR MATERIALS

Kinik:

The Diamond Disk Maker With ~70% of TSMC's Newest Nodes

NT$930
TARGET PRICE PER SHARE

+28%
TARGET AGAINST THE PRICE, FOR LONG-TERM HOLDERS

~25%
SHARE OF THE WORLD DIAMOND DISK MARKET

42.2%
GROSS MARGIN IN 3Q26, FROM 32.4% A YEAR EARLIER

KEY TAKEAWAYS

1. **Initiating at Structural Long, target NT$930**
We initiate coverage of Kinik Company with a Structural Long rating and a target price of NT$930.00, 28% above the NT$726.00 share price, for long-term holders of the shares. The target applies today's 36x multiple of 2027 earnings to our 2028 figure.

2. **Highest share at the newest chip nodes**
Kinik makes the diamond disks that keep chip polishing pads working, with about a quarter of the world market. A node is a generation of chip technology, and 3nm and 2nm are the newest. At its largest customer, which we deduce is TSMC (2330 TT), we estimate that it supplies about 70% of the disks at 3nm and more than 80% at 2nm, against about 50% across all nodes.

3. **More polishing steps with every new node**
Each new chip node has needed about 25% more polishing steps than the one before, so more disks are used on every wafer. On our estimates, Kinik's share is highest at the nodes where that growth happens.

4. **We visited the disk plant, and Kinik has raised its capacity plan**
We toured Kinik's Shulin disk plant and met management. Capacity reached 75,000 disks a month in October, and Kinik now plans 110,000 by the end of 2027. We forecast above its plan from 2028, helped by automation that Kinik told us includes AI.

5. **Gross margin up ten points in a year**
Gross margin rose from 32.4% in 3Q25 to 42.2% in 3Q26. We forecast diluted earnings per share of NT$14.09 in 2026, NT$20.01 in 2027 and NT$25.66 in 2028, against NT$9.10 in 2025.

TICKER	1560 TT
MARKET CAP	NT$110bn
CURRENT PRICE	NT$726.00
TARGET PRICE	NT$930.00
RATING	Structural Long™

Vincent Fernando, CFA
Executive Director
vincent@01.co

SHARE PRICE - 1560 TT



Nov 2025 to Nov 2026 (NT$).

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Company snapshot

Kinik Company (1560 TT) makes the diamond disks that recondition, or "dress", the polishing pads used in chemical mechanical planarization (CMP), the step that flattens each layer of a chip during fabrication. It is the second largest supplier of these disks in the world, behind 3M (MMM US).

Its largest business by revenue is wafers. Chipmakers run test wafers through their machines to check them, and Kinik cleans and re-polishes those used wafers so they can be used again. It also supplies new test and specialty wafers. It also makes industrial grinding wheels. Founded in 1953, the company is based in Yingge, New Taipei. Revenue was NT$8.15bn in 2025 and we forecast NT$10.29bn in 2026.

EXHIBIT 1: KINIK REVENUE BY BUSINESS UNIT



Source: Kinik 2Q26 investor meeting; Zero One Investment Research

Source: Kinik 2Q26 investor meeting; Zero One Investment Research

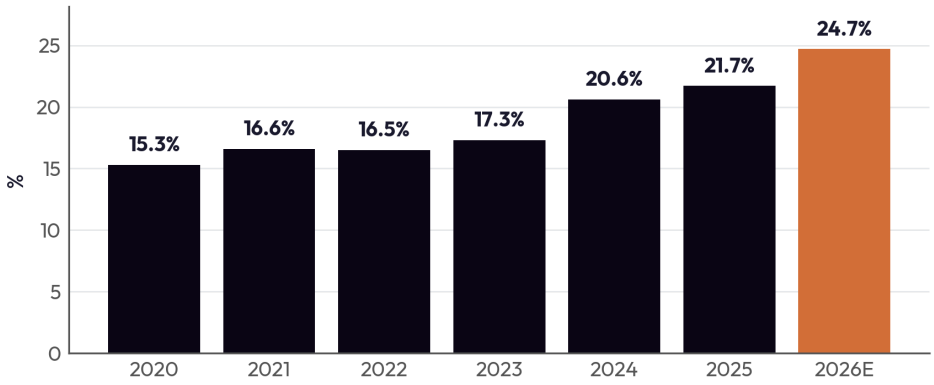
Wafers were 46% of revenue in 2025, diamond disks 31% and grinding wheels 23%. The grinding wheel share rose in the first half of 2026 after an acquisition in 2025.

1. Share is highest where chips are newest: on our estimates about 70% at 3nm and over 80% at 2nm, against 50% overall

Kinik has taken share of the world diamond disk market in every year but one since 2020. By the company's own count its share rose from 15.3% in 2020 to an estimated 24.7% in 2026, while its disk revenue rose from US$41m to US$105m. 3M remains the largest supplier at about 45%, down from above 70%. Saesol Diamond of Korea is third. The three supply more than 80% of the market.

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EXHIBIT 2: KINIK SHARE OF THE WORLD CMP DIAMOND DISK MARKET (%)



Source: Kinik 2Q26 investor meeting; 2026E is the company's estimate; Zero One Investment Research

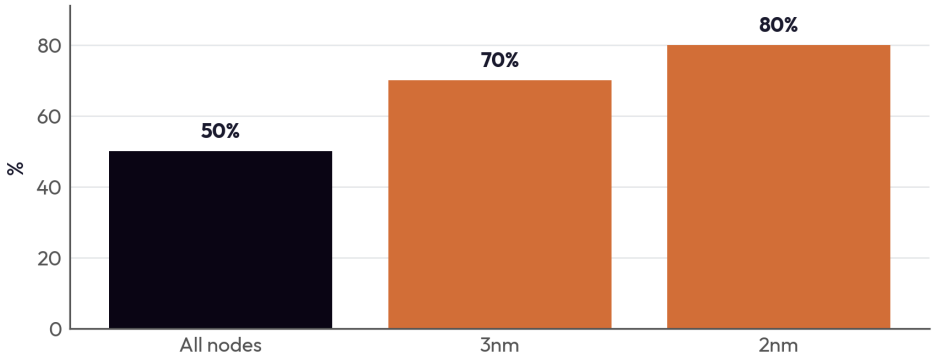
Kinik's share rose from 15.3% in 2020 to an estimated 24.7% in 2026, by the company's count.

The share is higher at the most advanced nodes. A node is a generation of chip-making technology, named by a size such as 3nm, and a smaller number is newer. We estimate that Kinik supplies about 70% of the diamond disks its largest customer uses at 3nm and more than 80% at 2nm. That compares with about 50% across all of that customer's nodes. Kinik does not publish its share by node and does not name its customers. We deduce that the largest is TSMC (2330 TT), the world's largest contract chipmaker.

Kinik's own disclosure points the same way. In 3Q26, sales to its largest customer for nodes of 5nm and below and for advanced packaging, which joins several chips in one package, were 62% of disk revenue. It has also begun shipping disks for 1.4nm. Separately, we estimate that Kinik supplies a substantial portion of the disks used at 18A, the most advanced node of Intel (INTC US). Kinik has not confirmed that.

The nodes where Kinik's share is highest are the ones that become the volume nodes two to three years later. Hence its share across all nodes should rise as production moves to them, provided it keeps its position at each new node.

EXHIBIT 3: KINIK SHARE OF DISKS AT ITS LARGEST CUSTOMER, BY NODE (%, ZERO ONE ESTIMATES)



Source: Zero One Investment Research estimates; figures are approximate

We estimate that Kinik supplies about 70% of the disks its largest customer uses at 3nm and more than 80% at 2nm, against about 50% across all nodes. Kinik does not publish its share by node.

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Four things keep customers with Kinik. 1) Each disk is built for one customer's polishing step: grit size, diamond pattern and bonding method differ by customer and by step. 2) Kinik's disks go into a node while it is still in development, about two years before volume production in the case of 1.4nm. A supplier that is not qualified then must wait for the next node. 3) Customer data show fewer defects with Kinik's protective film, which matters more as chip features shrink. 4) Kinik works with the makers of the pads and of the slurry, the abrasive liquid used in polishing, that are used alongside its disks.

2. Each new node needs about 25% more polishing steps, so disk use per wafer keeps rising

A more advanced chip is polished more times. Each new node has historically needed about 25% more CMP steps than the one before, from one or two at 0.8 micron to more than 20 at 2nm. The next node, 1.6nm, adds about 20% to 25% more again, because moving the power wiring to the back of the wafer adds polishing steps there. Those counts exclude advanced packaging.

Every polishing step wears the pad, and the disk is what restores it. Disks are used up and replaced, so demand follows the number of wafers processed and the number of steps on each, not the number of machines sold.

This reaches Kinik's revenue and margin in three steps. 1) More steps per wafer mean more disks per wafer. 2) On our estimates Kinik's share is highest at the newest nodes, so it captures a larger part of the added volume. 3) Those nodes use more of Kinik's advanced disks, which earn a higher margin than conventional disks once they reach the same production scale. A new product family starts at a lower margin while its volume is small.

Advanced packaging could add to this, but most of it is not yet in revenue. Stacked chips need wafers ground very thin before bonding, and Kinik's grinding wheels for that use are in development. Hybrid bonding, which joins stacked chips directly, needs a polishing step on every bonded surface and is already used in TSMC's 3D chip stacking.

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3. What we saw at the Shulin disk plant



Tony Pai of Kinik (left) with Vincent Fernando of Zero One Investment Research (right) at Kinik's Shulin diamond disk plant.

Zero One Investment Research toured Kinik's diamond disk plant at Shulin, New Taipei, and met Tony Pai, vice president and acting spokesperson. Many thanks to him for the visit. We saw the main disk families, the automation projects under way on the production floor, and the capacity plan to 2034.

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Every polishing pad in a fab is dressed by a disk, so a fab uses disks continuously. Kinik makes several kinds.



Conventional disk: thousands of small diamond grits bonded to a steel plate in a regular grid. Grit size and bond differ by customer and by polishing step.



Pyradia, the advanced disk: fewer and much larger diamond tips, each set to the same height. The newest nodes use it on more and more of their polishing steps.



equaDia, the newest family: designed to be assembled and inspected by machine.



Two finishes: a disk with Kinik's protective film (left), which keeps metal out of the slurry, and a conventional disk (right).

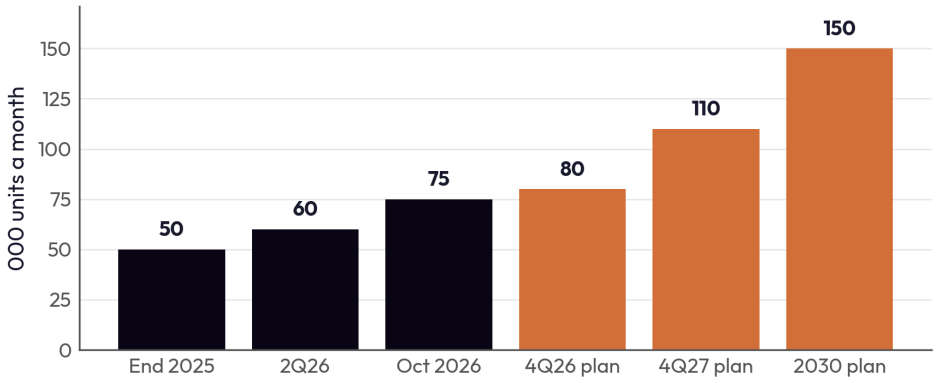
The disks Kinik supplies to its largest customer's fabs in Arizona and Japan are made in Taiwan. The company said it supplies overseas fabs from its Taiwan plants and serves China separately, from a plant in Yixing. Chip production is spreading to the US and Japan, but this part of the supply chain still sits in Taiwan.

4. Capacity: Kinik has raised its plan, we forecast above it from 2028, and automation with AI is the lever

Kinik has raised its disk capacity plan. It now targets more than 80,000 disks a month by the fourth quarter of 2026 and 110,000 by the fourth quarter of 2027, up from more than 70,000 and 90,000 to 100,000. It was already at 75,000 in October. Management told us that total disk capacity could exceed 150,000 a month by 2030, against a previous plan of more than 120,000 in Taiwan and more than 10,000 in Yixing. The board has approved buying a site in New Taipei to add disk capacity and to make diamond wheels for advanced packaging. At our visit the company forecast about 250,000 a month by 2034.

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EXHIBIT 4: KINIK DIAMOND DISK CAPACITY AS STATED BY THE COMPANY (000 UNITS A MONTH)



Source: Kinik investor meetings and management; Zero One site visit, Zero One Investment Research

Capacity reached 75,000 disks a month in October 2026. Kinik now plans more than 80,000 by the end of 2026 and 110,000 by the end of 2027, and management told us more than 150,000 is possible by 2030. We forecast above this plan from 2028.

Demand has been growing faster than Kinik plans for. Kinik plans on disk demand growing 20% to 25% a year because it does not know its customers' future demand in detail. Disk revenue rose 36% on the year in 3Q26. The raised plan moves toward that demand. We understand why a supplier keeps its guidance moderate, and from what we saw, we believe the capacity Kinik builds after 2027 is likely to be higher than the plan.

Our forecasts reflect that view. We forecast disk revenue growing 40% in 2027, 32% in 2028 and 25% in 2029. The raised plan supports 2027: reaching 110,000 by the end of the year lifts average capacity by about 50%. From 2028 our forecasts sit above the plan, which on a straight line to 150,000 by 2030 lifts average capacity by about 23% in 2028 and 11% in 2029. Disk revenue in 2029 would be 2.3x our 2026 figure, from about twice the 2026 capacity and a larger share of higher-priced advanced disks. These numbers are ours. Kinik has not endorsed them and gives no financial forecast.

Automation is how Kinik gets there. A disk for an advanced node is made to a standard that takes a technician years to learn, and the supply of such technicians is limited. The plants cannot go from 75,000 disks a month to 250,000 by hiring alone. Kinik's newest disk family, equaDia, is designed for machine assembly and inspection. The target is at least 80% automation on that line, against under 50% on the current advanced disk line.

Kinik showed us several automation projects on the floor, each replacing a step still done by hand, and told us that AI is part of this work. We see it as an example of how AI can help a manufacturer automate steps that used to depend on skilled technicians. For Kinik the gain is capacity as much as cost.

Wafers face a harder limit. Capacity rose from 300,000 pieces a month in 2025 to 400,000 in June 2026 and is expected to reach 430,000 by the third quarter of 2027, the maximum in the two existing plants. Kinik is raising prices on selected wafer products by about 10% from the fourth quarter of 2026. A third plant of about 300,000 is in planning and not confirmed. Our wafer forecasts need that plant to be producing by 2029, with higher prices and a richer product mix carrying growth until then.

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EXHIBIT 5: KINIK CAPACITY AS STATED BY THE COMPANY

	CMP DIAMOND DISKS, UNITS A MONTH	12 INCH WAFERS, PIECES A MONTH
End 2025	50,000	300,000
2Q26	60,000	360,000
October 2026, achieved	75,000	400,000 since June, fully loaded
4Q26 target	More than 80,000 (raised from more than 70,000)	400,000
4Q27 target	110,000 (raised from 90,000 to 100,000)	430,000 by 3Q27, the maximum in the two existing plants
2030	More than 150,000 possible, according to management (previous plan: more than 120,000 in Taiwan plus more than 10,000 in Yixing, China)	Not disclosed
2034, company forecast at our visit	About 250,000 in Taiwan, at 20% or more a year from 2030	Not disclosed
New plants	Fourth disk plant at Yingge, construction from 2027; a site in New Taipei approved for purchase in November 2026	Third wafer plant of about 300,000, in planning and not confirmed

Source: Kinik 2Q26 and 3Q26 investor meetings; Kinik management; Zero One site visit; Zero One Investment Research

EXHIBIT 6: ZERO ONE REVENUE FORECAST BY BUSINESS UNIT (NT$M)

BUSINESS UNIT	FY2026E	FY2027E	FY2028E	FY2029E	GROWTH 2027E	GROWTH 2028E	GROWTH 2029E
CMP diamond disks	3,280	4,592	6,061	7,577	40%	32%	25%
Reclaim and test wafers	4,490	5,388	6,088	6,697	20%	13%	10%
Grinding wheels and subsidiaries	2,520	2,721	2,912	3,086	8%	7%	6%
Total revenue	**10,290**	**12,701**	**15,061**	**17,360**	23%	19%	15%

Kinik reports revenue by business unit. The FY2026E split is our estimate from the first-half split and monthly revenue to October. The forecasts are ours. Disk revenue is in line with Kinik's raised capacity plan in 2027 and above it from 2028; wafer revenue needs a third wafer plant producing by 2029.

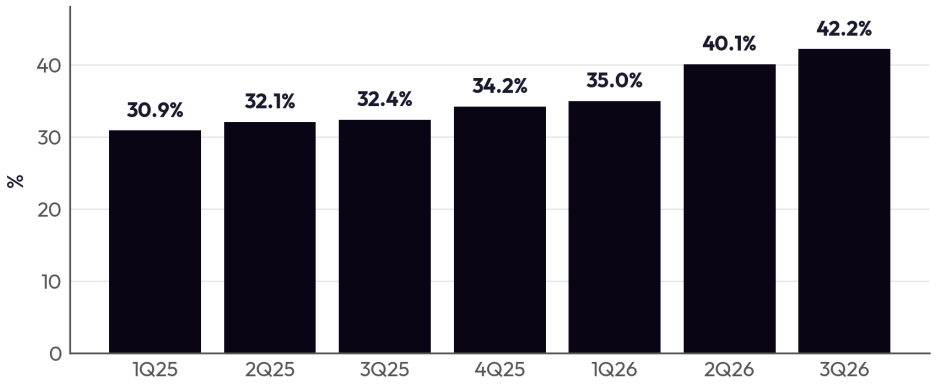
Source: Kinik 2Q26 and 3Q26 investor meetings; Zero One Investment Research estimates

5. Gross margin rose from 32% to 42% in a year

Kinik's gross margin was 42.2% in 3Q26, against 32.4% in 3Q25. Operating margin rose from 15.9% to 27.0% over the same period. In the first nine months of 2026, revenue rose NT$1,501.9m on the year and gross profit rose NT$1,033.5m, so each extra dollar of revenue brought 69 cents of gross profit.

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EXHIBIT 7: KINIK QUARTERLY GROSS MARGIN (%)



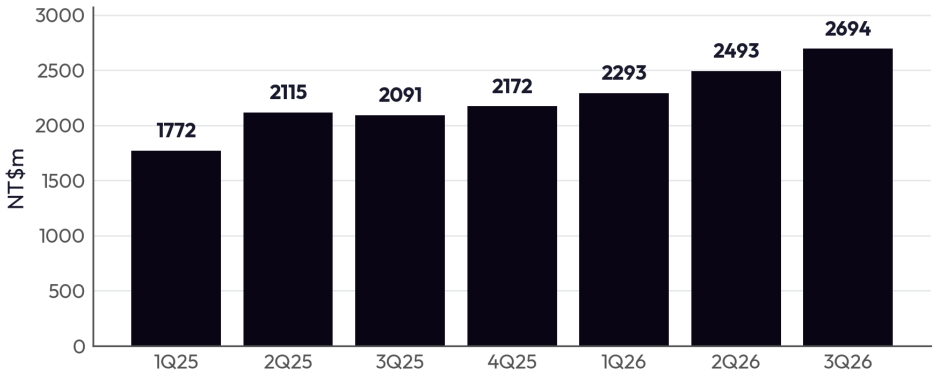
Source: Kinik filings; Zero One Investment Research

Gross margin has risen in every quarter since 1Q25, from 30.9% to 42.2% in 3Q26.

Two things explain it. 1) Disks earn more than the company average: Kinik says conventional disks earn above 60% gross margin and the disk unit about 50%, and disks are the fastest-growing unit. 2) Plants carry fixed costs, so added volume in disks and wafers raises the margin on every unit. The wafer plants ran full at 360,000 pieces a month in 2Q26, and the capacity added since has gone to higher-priced reclaimed wafers for advanced nodes.

We forecast gross margin of 40.2% in 2026, 45.0% in 2027 and 47.0% in 2028. That assumes each extra dollar of revenue in 2027 brings 66 cents of gross profit, slightly less than in 2026, as depreciation on new plant rises. Capital expenditure was NT$1,219.2m in the first nine months of 2026, more than in all of 2025.

EXHIBIT 8: KINIK QUARTERLY REVENUE (NT$M)



Source: Kinik filings; Zero One Investment Research

Revenue reached NT$2,693.7m in 3Q26, 29% above 3Q25. October revenue of NT$927.5m was the highest month on record.

6. Convertible bond: NT$1.0bn at a conversion price of NT$708.3

Kinik has one convertible bond outstanding, and the share price is above its conversion price. The bond was issued in September 2026 with a face value of NT$1.0bn and raised NT$1,236.8m, because investors paid above face value for the right to convert. It

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pays no interest and can be converted into shares from 4 December 2026 at NT$708.3 a share. Full conversion would add 1.41m shares, 0.9% of the shares in issue.

Our earnings per share are diluted for it. We use 154.2m shares from 2027, which includes the shares from the bond and from employee stock options, and we assume the bond converts in 2027. If it does not convert, Kinik repays NT$1.0bn in September 2029. It held NT$3,148.6m of cash at 30 September 2026.

EXHIBIT 9: KINIK'S CONVERTIBLE BOND

TERM	DETAIL
Bond	Second domestic unsecured convertible bond (code 15602)
Size	NT$1.0bn face value, zero coupon
Issued and matures	3 September 2026; 3 September 2029
Conversion price	NT$708.3 a share at issuance
Convertible from	4 December 2026
Shares on full conversion	1.41m, or 0.9% of the 152.0m shares in issue
Share price against the conversion price	NT$726, 2.5% above

The conversion price is the price at issuance. Convertible bonds in Taiwan usually carry terms that adjust the conversion price after dividends and share issues; any adjustment since issuance is not reflected here.

Source: Taipei Exchange bond issuance data; Kinik filings; Zero One Investment Research

7. Valuation: NT$930 on 36x 2028 earnings

We set the target by holding today's multiple and moving it one year forward. At NT$726 the shares trade on 36.3x our 2027 diluted earnings per share of NT$20.01. In a year, investors will be looking at 2028. The same multiple on our 2028 figure of NT$25.66 gives NT$931, and we set the target price at NT$930, 28% above the share price for long-term holders of the shares.

The method assumes the multiple neither rises nor falls. If it slipped to 33x as growth slows, the shares would be worth about NT$847. At the high in early October the shares traded at NT$1,040, or 52x our 2027 figure. The target is 46x our 2027 earnings per share and 30x our 2029 figure of NT$30.53.

Kinik's raised capacity plan alone supports a value close to our target. On that plan, revenue grows 25% in 2027 and 13% in 2028, slightly more than we forecast in 2027 and less in 2028. We estimate 2028 earnings per share of about NT$24.8 on that basis, and the same multiple gives about NT$899. The rest of the target rests on our view that capacity keeps rising faster than the plan after 2027.

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EXHIBIT 10: KINIK VALUATION: THE SAME MULTIPLE ON THREE CASES

CASE	2028 DILUTED EARNINGS PER SHARE	MULTIPLE	VALUE PER SHARE	AGAINST NT$726
Company's raised capacity plan, today's multiple	NT$24.8	36.3x	NT$899	+24%
Our forecasts, lower multiple	NT$25.66	33.0x	NT$847	+17%
Our forecasts, today's multiple (target NT$930)	**NT$25.66**	**36.3x**	**NT$931**	**+28%**

Today's multiple is the NT$726 share price over our 2027 diluted earnings per share of NT$20.01. The company-plan case uses revenue growth of 25% in 2027 and 13% in 2028, which is what Kinik's raised capacity plan supports, with the same margins.

Source: Zero One Investment Research estimates

Kinik trades well above other listed makers of chip materials: 54x trailing earnings against a peer median of 21x. The target of 46x our 2027 earnings is outside the peer range. The reason is growth. We forecast Kinik's earnings per share growing 55% in 2026, 42% in 2027 and 28% in 2028. If Kinik's growth slowed, its multiple would fall toward the peers'.

Three things support owning the shares over years. 1) Kinik is second to 3M overall but, on our estimates, the leader at the newest nodes of its largest customer, which is where the market is growing. 2) Suppliers are qualified node by node, years ahead, so a position is hard to take away once won. 3) Its disks are made in Taiwan and shipped to fabs in the US and Japan, so it is part of the chip supply chain those countries are trying to secure.

EXHIBIT 11: KINIK AGAINST LISTED MAKERS OF CHIP MATERIALS AND WAFERS

COMPANY	BUSINESS	MARKET VALUE (US$BN)	PRICE TO TRAILING EARNINGS	PRICE TO CURRENT-YEAR EARNINGS
Entegris (ENTG US)	Chip-making materials, including polishing consumables	22.4	57x	33x
GlobalWafers (6488 TT)	Silicon wafers	10.1	32x	n.m.
Phoenix Silicon International (8028 TT)	Wafer reclaim	1.1	35x	28x
Shin-Etsu Chemical (4063 JP)	Silicon wafers and materials	64.8	21x	19x
Sumco (3436 JP)	Silicon wafers	4.6	n.m.	n.m.
Fujimi (5384 JP)	Polishing slurry	1.4	19x	17x
RS Technologies (3445 JP)	Wafer reclaim	0.8	13x	11x
Fujibo Holdings (3104 JP)	Polishing pads	0.6	16x	14x
Peer median			*21x*	*18x*
Kinik (1560 TT), at NT$726	Diamond disks, wafer reclaim, grinding wheels	**3.3**	**54x**	**52x**

Trailing earnings are the last four reported quarters. Current-year earnings are consensus estimates for the fiscal year in progress (year to March 2027 for Shin-Etsu Chemical, Fujimi and Fujibo; year to December 2026 for the others); Kinik uses filed diluted earnings for the trailing figure and our 2026 forecast for the current year. n.m. is not meaningful: a loss, no estimate, or a current-year estimate that is inconsistent with the trailing figure (GlobalWafers).

Source: Market data and consensus estimates, 13 November 2026; Zero One Investment Research

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The shares have fallen 30% from the high of NT$1,040 on 5 October, and are still 136% above the NT$308 of a year ago. Kinik's most recent monthly revenue, NT$927.5m in October, was its highest on record and 30.9% above October 2025.

EXHIBIT 12: KINIK SHARE PRICE OVER 12 MONTHS (NT$)



Source: Market data; Zero One Investment Research

The shares closed at NT$726, 30% below the October high of NT$1,040. Our target price is NT$930.

We would change our view if Kinik lost its position at a new node, if its largest customer delayed its node schedule, or if the capacity we forecast did not arrive.

8. Forecasts and risks: earnings per share of NT$20.01 in 2027

We forecast revenue growth of 23% in 2027 and 19% in 2028, with operating margin rising from 24.5% in 2026 to 32.0% in 2028. For 2026 we use the nine months reported plus fourth-quarter revenue of NT$2,810m, 4% above the third quarter. That needs November and December to average NT$941m, against NT$927.5m in October. Operating expenses grow more slowly than revenue. We forecast capital expenditure of NT$2.0bn in 2027 and NT$2.3bn in 2028 to pay for the capacity above.

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EXHIBIT 13: KINIK FORECAST SUMMARY (NT$M UNLESS STATED)

YEAR TO DECEMBER	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
Revenue	8,149	10,290	12,701	15,061	17,360
Revenue growth	16.1%	26.3%	23.4%	18.6%	15.3%
Gross margin	32.5%	40.2%	45.0%	47.0%	47.9%
Operating profit	1,303	2,519	3,760	4,820	5,746
Operating margin	16.0%	24.5%	29.6%	32.0%	33.1%
Net profit attributable to shareholders	1,360	2,158	3,086	3,956	4,708
Diluted shares (m)	149.5	153.2	154.2	154.2	154.2
Diluted earnings per share (NT$)	9.10	14.09	20.01	25.66	30.53
Capital expenditure	1,060	1,550	2,000	2,300	2,300
Cash, year end	1,573	3,573	3,864	4,339	5,265

FY2026E is nine-month reported results plus our estimate for 4Q26: revenue of NT$2,810m, gross margin of 42.5% and operating expenses of NT$450m. Kinik gives no financial guidance. Diluted shares include the 1.41m shares from full conversion of the convertible bond, which we assume converts in 2027.

Source: Kinik filings; Zero One Investment Research estimates

Five risks matter most. 1) One customer. Sales to the largest customer for nodes of 5nm and below and advanced packaging were 62% of disk revenue in 3Q26, so a change in that customer's node schedule or choice of suppliers would reach Kinik directly. 3M, the larger supplier, could also compete harder for the newest nodes. 2) Our capacity view. From 2028 our forecasts need more capacity than the company has announced. On its raised plan alone, revenue growth would be closer to 13% in 2028 and 8% in 2029.

3) The wafer ceiling. Without a third plant, wafer volume stops growing after 2027. 4) Downturns still reach Kinik. In 2023 revenue fell 7.6%, gross margin fell from 36.6% to 30.4% and net profit fell 32%. 5) Disk production is concentrated in Taiwan. The full income statement, balance sheet and cash flow statement follow.

Financial forecasts

The tables below are extracted directly from the Zero One Financial Model. Year to December. FY2024A and FY2025A are reported actuals; FY2026E to FY2029E are Zero One forecasts. Full model available on request.

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EXHIBIT 14: KINIK INCOME STATEMENT

NT$M	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
Revenue	7,019	8,149	10,290	12,701	15,061	17,360
Revenue growth	10.0%	16.1%	26.3%	23.4%	18.6%	15.3%
Cost of revenue	(4,831)	(5,502)	(6,157)	(6,986)	(7,983)	(9,045)
Gross profit	2,188	2,647	4,132	5,716	7,079	8,316
Gross margin	31.2%	32.5%	40.2%	45.0%	47.0%	47.9%
Operating expenses	(1,033)	(1,344)	(1,614)	(1,956)	(2,259)	(2,569)
Operating profit	1,155	1,303	2,519	3,760	4,820	5,746
Operating margin	16.5%	16.0%	24.5%	29.6%	32.0%	33.1%
Interest income	62	52	46	68	74	83
Interest expense	(44)	(48)	(45)	(47)	(30)	(30)
Other non-operating items	115	352	161	60	60	60
Profit before tax	1,289	1,659	2,682	3,840	4,923	5,859
Income tax	(227)	(262)	(493)	(710)	(911)	(1,084)
Net profit	1,062	1,397	2,188	3,130	4,013	4,775
Non-controlling interests	(27)	(37)	(30)	(44)	(56)	(67)
Net profit attributable to shareholders	1,035	1,360	2,158	3,086	3,956	4,708
Diluted shares (m)	150.0	149.5	153.2	154.2	154.2	154.2
Diluted earnings per share (NT$)	6.90	9.10	14.09	20.01	25.66	30.53
Depreciation and amortization	578	652	760	900	1,060	1,220
Operating profit before depreciation and amortization	1,733	1,955	3,279	4,660	5,880	6,966

FY2026E is nine-month reported results plus our estimate for 4Q26. Reported years show the filed diluted earnings per share and the diluted share count it implies. Cost of revenue includes depreciation in every year. Other non-operating items in FY2026E include NT$104.0m of gains reported in the first nine months, of which NT$77.9m is a fair value gain on financial assets; we forecast no such gains after 2026.

Source: Kinik filings; Zero One Investment Research estimates

EXHIBIT 15: KINIK BALANCE SHEET

NT$M, YEAR END	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
Cash and cash equivalents	2,001	1,573	3,573	3,864	4,339	5,265
Short-term investments	0	5	5	5	5	5
Receivables	1,158	1,433	1,720	2,123	2,517	2,901
Inventories	2,049	2,431	2,588	2,936	3,355	3,801
Other current assets	8	14	70	82	95	109
Property, plant and equipment, right-of-use assets and equipment prepayments	4,528	6,206	6,996	8,096	9,336	10,416
Financial assets and investment property	821	1,376	1,428	1,428	1,428	1,428
Other non-current assets	486	219	232	232	232	232
Total assets	11,051	13,258	16,611	18,766	21,307	24,157
Payables	417	468	577	655	748	847
Short-term borrowings and current portion of long-term debt	75	435	803	803	803	803
Other current liabilities	826	424	598	632	672	715
Long-term borrowings and convertible bond	1,987	1,938	1,743	805	805	805
Other liabilities	320	1,504	1,491	1,491	1,491	1,491
Total liabilities	3,625	4,769	5,211	4,385	4,519	4,661
Shareholders' equity	7,134	8,145	11,063	14,001	16,352	18,992
Non-controlling interests	292	344	337	381	437	504
Total equity	7,426	8,489	11,400	14,382	16,789	19,496

Line items follow our data vendor's grouping of the filed balance sheet; totals match the filed statements. The convertible bond (NT$937.6m carrying value at 30 September 2026) is assumed to convert into shares in FY2027E. FY2026E equity includes the other comprehensive income, share-based compensation and payments to non-controlling interests reported in the first nine months.

Source: Kinik filings; Zero One Investment Research estimates

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EXHIBIT 16: KINIK CASH FLOW STATEMENT

NT$M	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E
Net profit	1,062	1,397	2,188	3,130	4,013	4,775
Depreciation and amortization	578	652	760	900	1,060	1,220
Change in working capital	(168)	(107)	(216)	(652)	(693)	(701)
Share-based compensation and other non-cash items	145	(28)	15	100	100	100
Cash flow from operations	1,617	1,914	2,748	3,478	4,480	5,394
Capital expenditure	(349)	(1,060)	(1,550)	(2,000)	(2,300)	(2,300)
Investments and other	(114)	(853)	(50)	0	0	0
Cash flow from investing	(462)	(1,913)	(1,600)	(2,000)	(2,300)	(2,300)
Borrowings raised (repaid or converted)	363	(18)	173	(938)	0	0
Dividends paid	(580)	(584)	(743)	(1,186)	(1,705)	(2,168)
Share issues, bond conversion and other	45	140	1,444	938	0	0
Cash flow from financing	(173)	(462)	874	(1,186)	(1,705)	(2,168)
Effect of exchange rates	26	34	(22)	0	0	0
Net change in cash	1,009	(427)	1,999	292	475	926
Cash and cash equivalents, year end	2,001	1,573	3,573	3,864	4,339	5,265

Net profit includes non-controlling interests in every year. In FY2026E Kinik raised NT$1,236.8m from the new convertible bond while an earlier convertible bond converted into shares; borrowings are shown net of that conversion and the share issues line includes it. FY2026E borrowings also include NT$107.2m of long-term loans reclassified to current. In FY2027E the bond conversion reduces borrowings and raises share issues by the same NT$937.6m, with no cash movement.

Source: Kinik filings; Zero One Investment Research estimates

ZERO ONE RESEARCH RATINGS GUIDE

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Absolute performance	**Relative performance**	**Relative performance**	**Relative performance**	**Absolute performance**
Expected to rise in absolute price in the medium to long-term irrespective of the local market. We take no view on relative performance to the market.	Expected to outperform the market on a relative basis over the near to mid term.	Expected to perform similar to the market on a relative basis or we do not have a high conviction view.	Expected to underperform the market on a relative basis over the near to mid term.	Expected to fall in absolute price in the medium to long-term irrespective of the local market. We take no view on relative performance to the market.

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