



Sun Max Tech Ltd. (TWSE 6591)

2022.Q4 Investor Conference

Disclaimer

The following pages contain projections & estimates of financial information as well as market and product developments for future periods. These projections & estimates are based on information currently available which we believe to be reliable, but may involve risks and uncertainties.

Our actual results of operations and financial condition may differ significantly from those contained in the projections & estimates. These projections & estimates should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

Agenda

- Introduction
- Financial Results
- Core Competitiveness
- Industry Overview
- ESG

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- **Introduction**
- Financial Results
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Background

Established Date: 1998

Headquarters and Production Base:

- Sun Max Tech CO.,LTD (New Taipei City, Taiwan)
- Power Logic (Jiang Xi TAI YI) CO.,LTD (Jiang Xi, China)
- Dong Guan Dong Li Dian Zi CO.,LTD (Dong Guan, China)



Founder & President: Vincent Hsu

Thermal solution provider

- Gaming Entertainment
- Automotive
- Industries/ IOT
- Home appliances
- Telecom & Data storage
- Green energy
- Medical equipment



Jiangxi

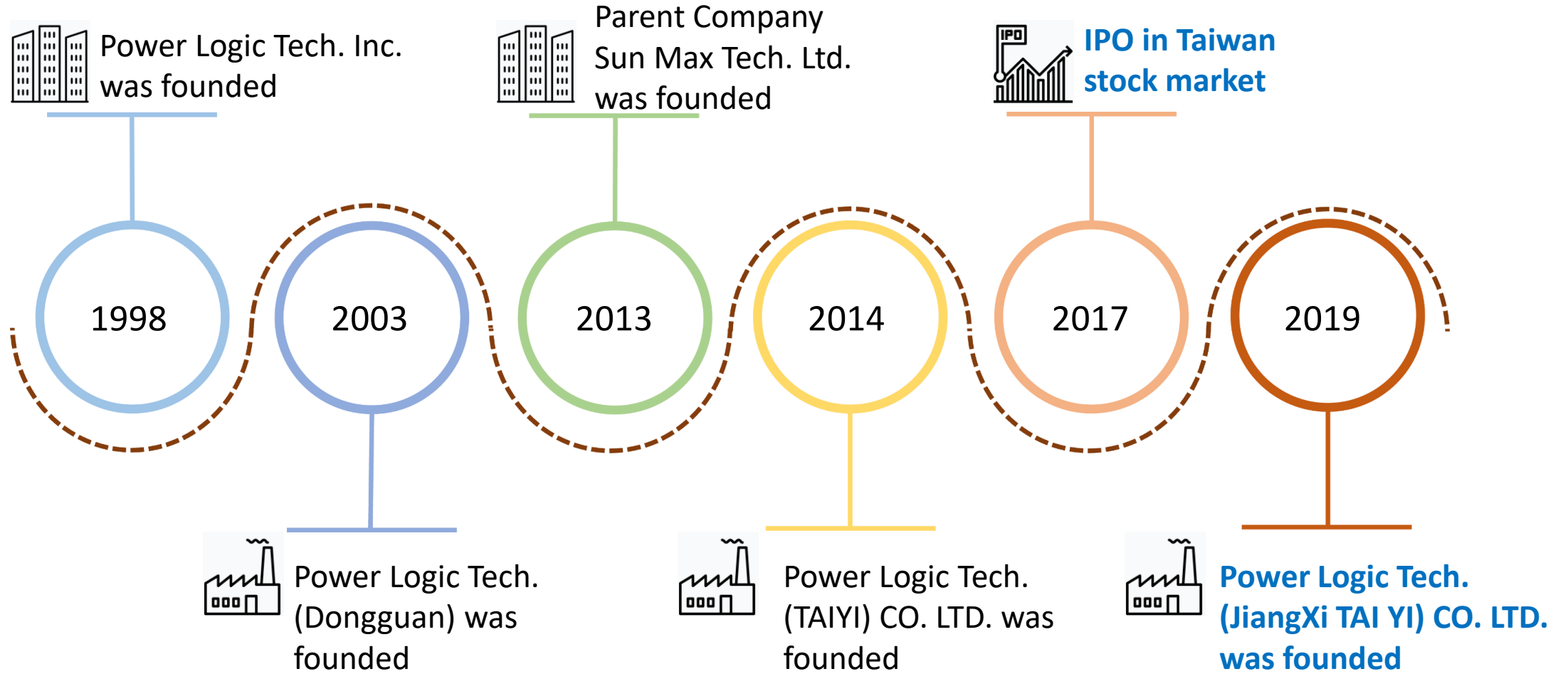


Taiwan

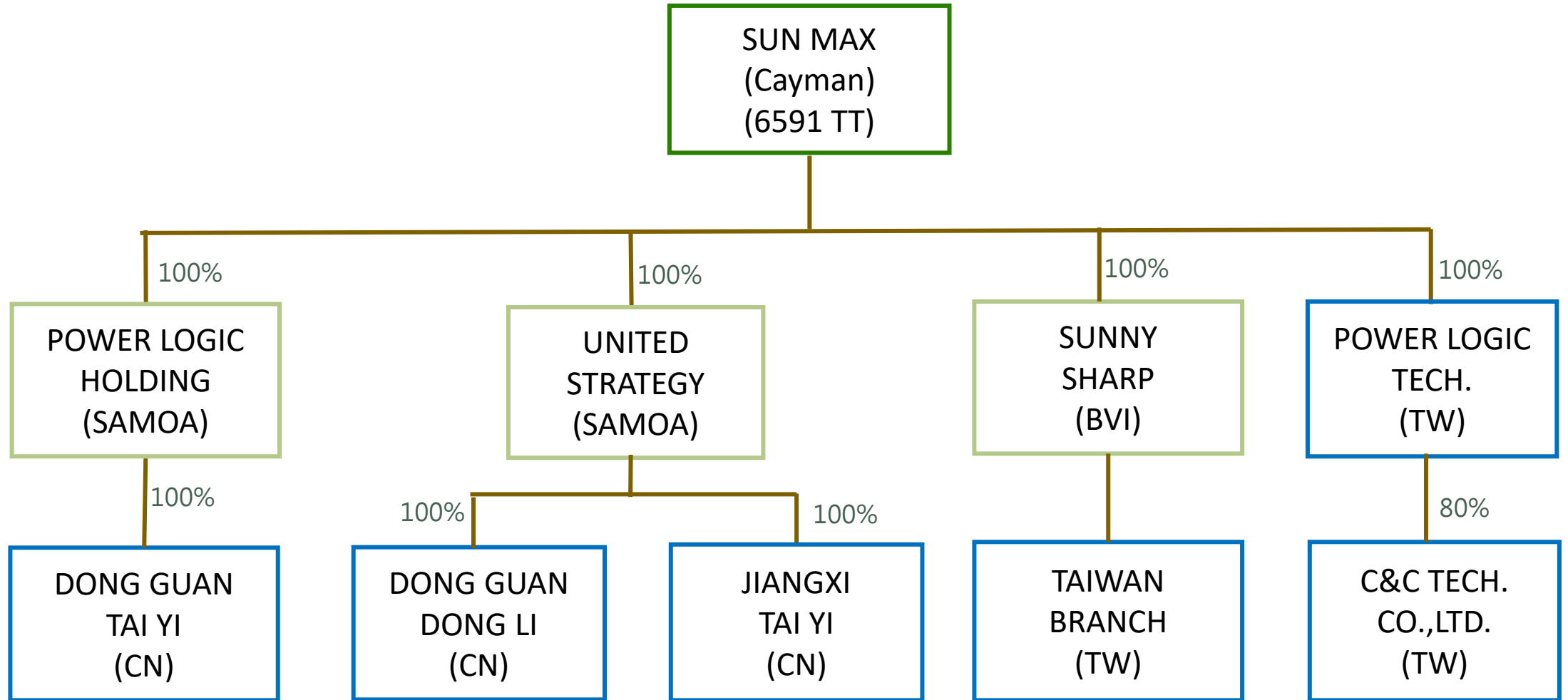


Guangdon

History



Organization Structure



Group Overview

Sun Max Tech Limited

Location

Headquarters
New Taipei City, Taiwan



Area (m^2)

5,000

Employee

80

R&D Number

30

Dong Guan Dong Li
Dian Zi Co., LTD

Production Base
Dong Guan, China



25,000

400

20

POWERLOGIC (Jiang Xi TAI YI)
Co., LTD.

Production Base
Jiang Xi, China

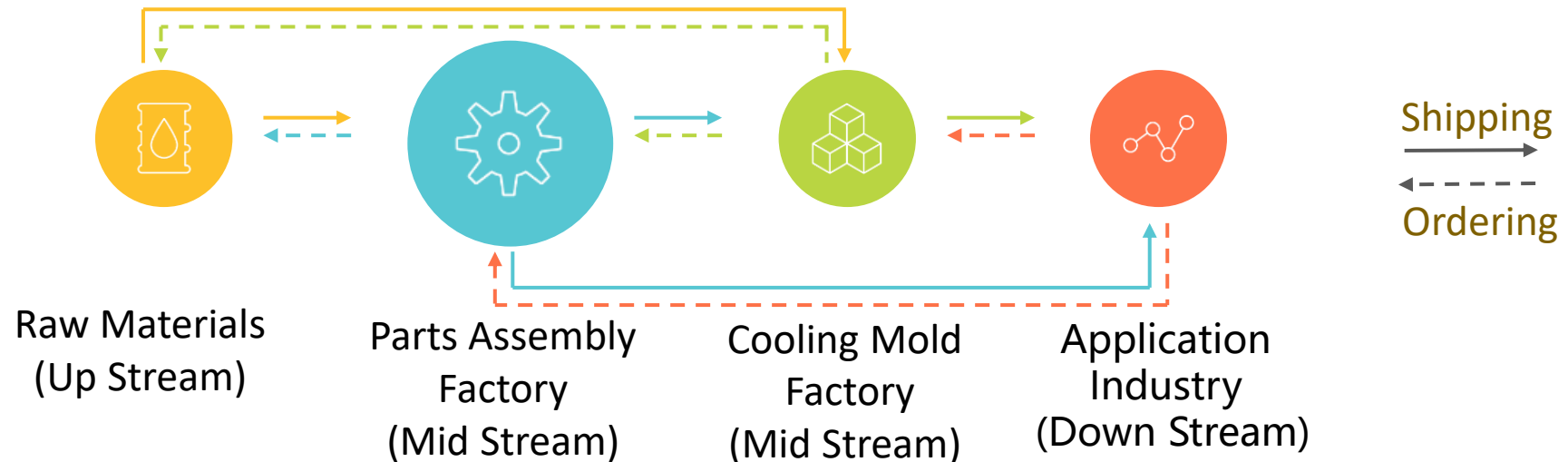


74,000

900

30

Supply Chain & Applications



- 25 years experience in engineering design, development and production in Fan & Thermal solutions
- Fan size: 20x10mm → 172x51mm



Home appliances



Industry/Healthcare



Telecom/Green Energy



Automotive



Gaming



Product

NB Fan



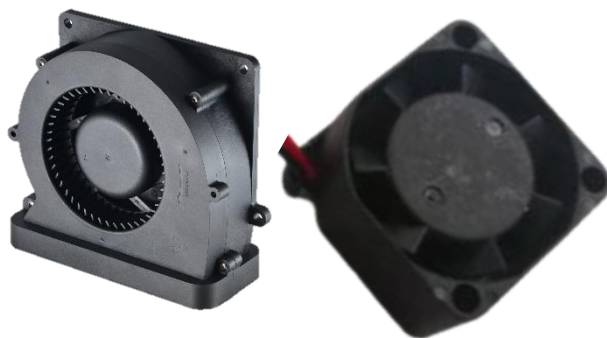
GPU & PC Related Fan



Industrial Control & Server & Netcom



Automotive Fan



Led Fan



Home appliances



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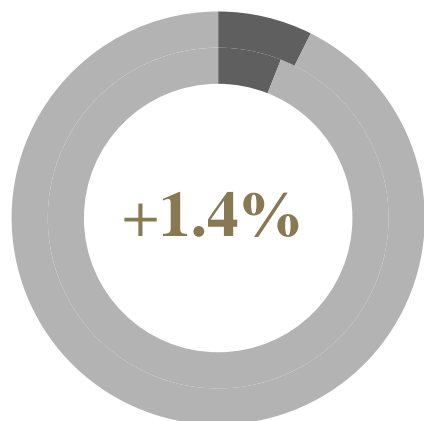
2022 Product Mix

2022 / 5.0%
2021 / 5.9%



Industrial Control
/ Intelligent
Home Appliances

2022 / 7.4%
2021 / 6.0%



PC

2022 / 84.6%
2021 / 84.5 %



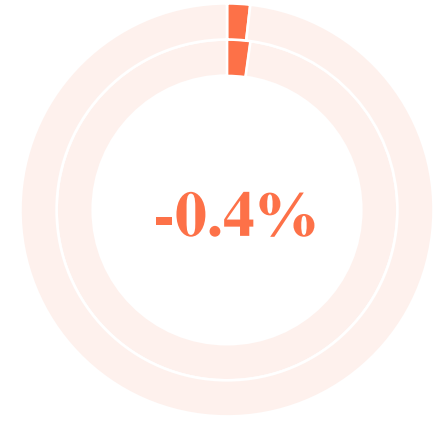
Gaming

2022/ 1.2%
2021 / 1.4%



Netcom

2022 / 1.8%
2021 / 2.2%



Automotive
/ Others

2022 Statements of Comprehensive Income (YOY)

Unit: NT\$ Thousands, except EPS (NTD)

Items	2022	%	2021	%	Diff.	YOY(%)
Revenue	1,658,588	100.0%	1,839,214	100.0%	(180,626)	-9.8%
Gross Profit	515,507	31.1%	569,485	31.0%	(53,977)	-9.5%
Selling Expenses	35,072	2.1%	31,712	1.7%	3,360	10.6%
G&A Expenses	156,929	9.5%	143,577	7.8%	13,353	9.3%
R&D Expenses	63,709	3.8%	60,967	3.3%	2,742	4.5%
Operating Expenses	255,710	15.4%	236,256	12.8%	19,455	8.2%
Operating Profit	259,797	15.7%	333,229	18.1%	(73,432)	-22.0%
Non-Operating Items	78,923	4.7%	(7,251)	-0.4%	86,174	-1188.4%
Pre-Tax Income	338,720	20.4%	325,978	17.7%	12,742	3.9%
Net Income	225,947	13.6%	218,095	11.9%	7,851	3.6%
EPS(NT\$)	6.90		6.83			

2022 Consolidated Balance Sheets

Unit: NT\$ Thousands

Items	2022	%	2021	%
Cash & Equivalents	916,884	31%	366,114	15%
Accounts Receivable	528,335	18%	662,068	26%
Inventories	263,093	9%	431,623	17%
Other Current Assets	34,131	1%	197,485	8%
Fixed Assets	1,086,895	37%	762,840	30%
Other Assets	114,107	4%	96,590	4%
Total Assets	2,943,445	100%	2,516,720	100%
Short- term debt	44,094	1%	17,182	1%
Accounts Payable	143,833	5%	257,628	10%
Other Current Liabilities	486,588	17%	554,890	22%
Long-term Liabilities and Other Liabilities	532,875	18%	164,526	7%
Total Liabilities	1,207,390	41%	994,226	40%
Stockholders' Equity	1,736,055	59%	1,522,494	60%

Important Financial Metrics

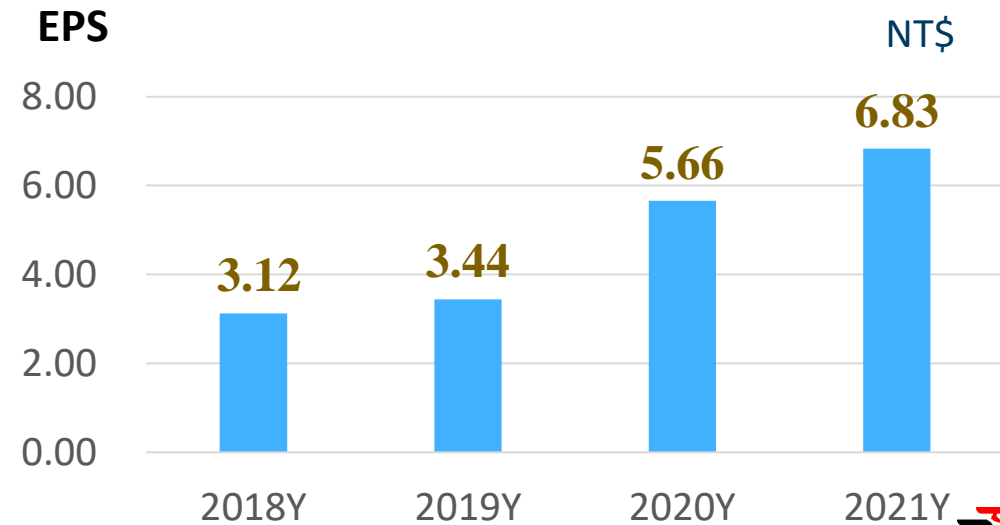
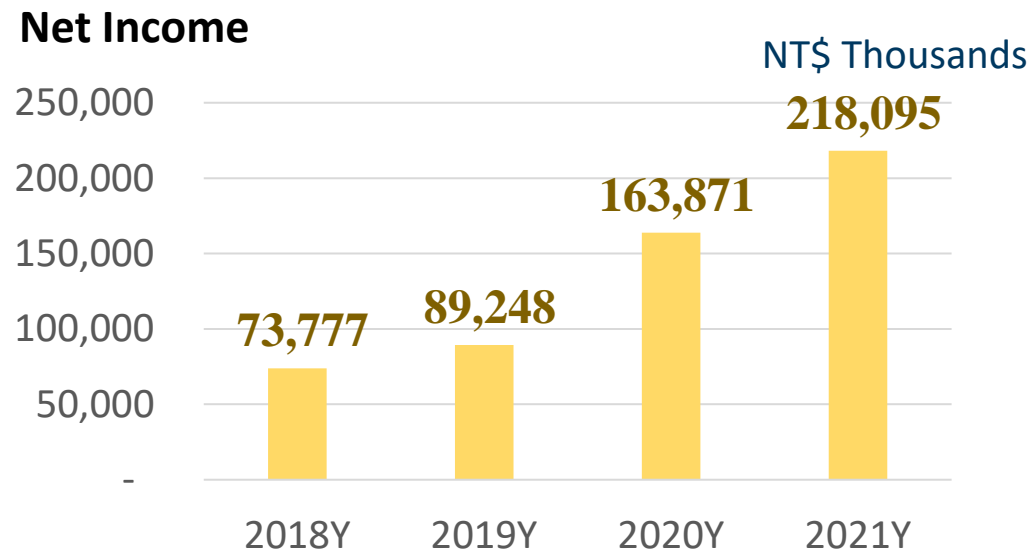
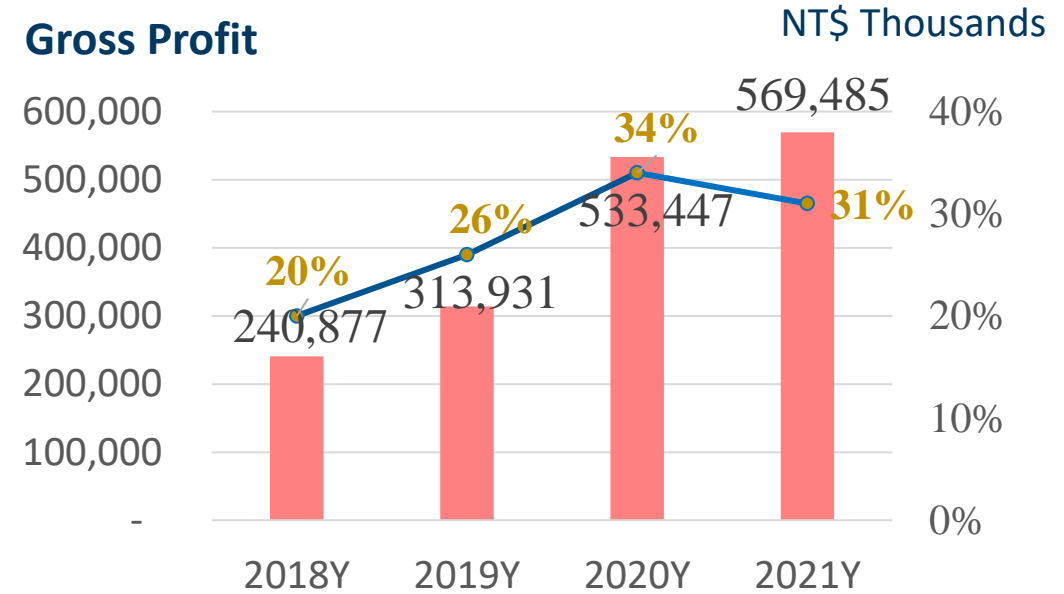
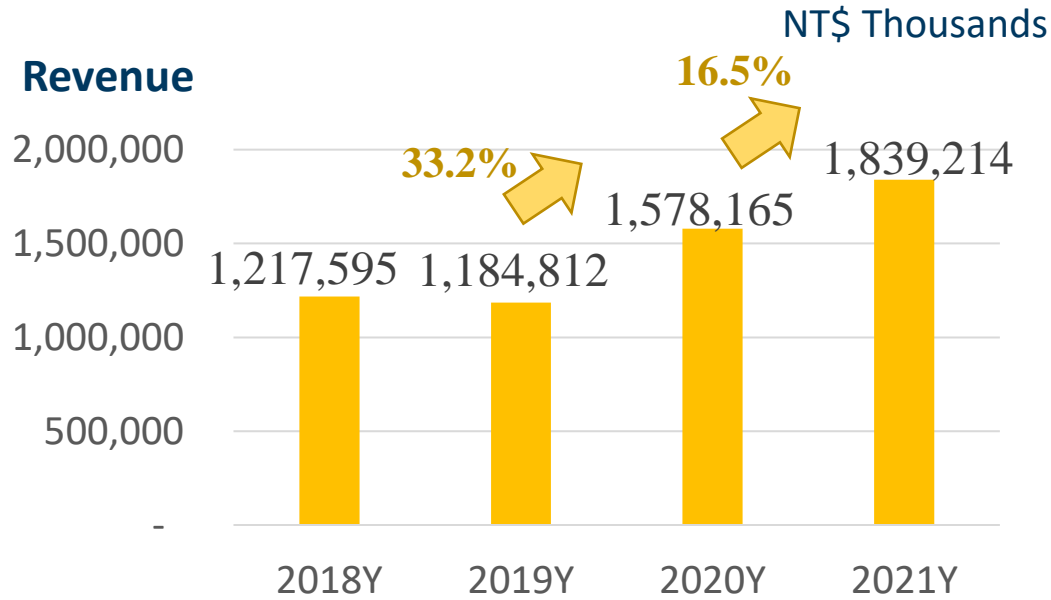
Debt Ratio	41.0%	39.5%
Inventory Turnover (times)	3.29	3.43
Receivables Turnover Ratio(times)	2.79	2.84

2022 Statement of Cash Flows

Unit: NT\$ Thousands

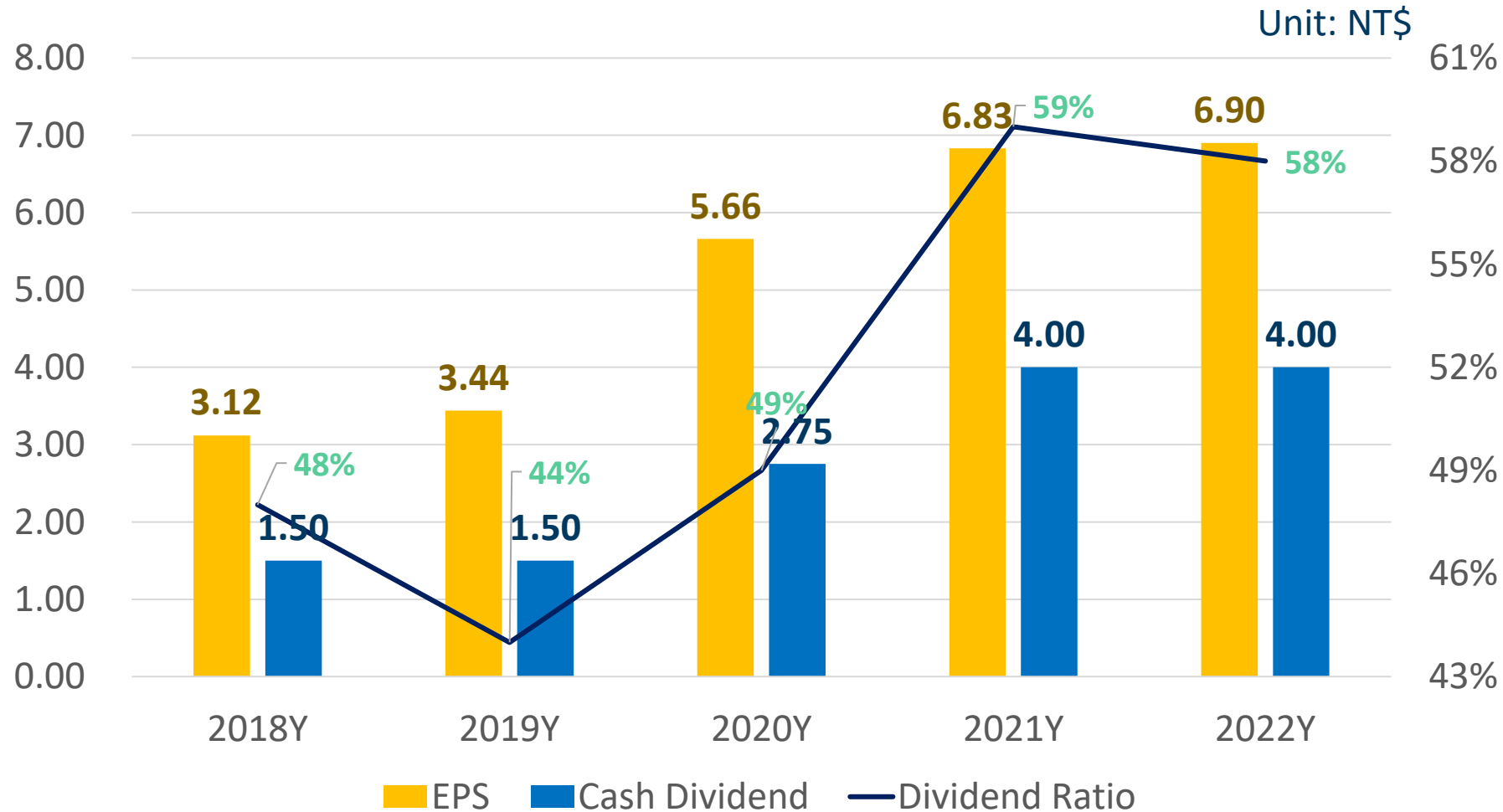
Items	2022	2021
Beginning Cash Balance	366,114	509,845
Net Operating Sources	547,244	1,450
Cash payment from investing activities-		
Capital Expenditures	(356,044)	(68,614)
Oter Investing Source/(Uses)	9,052	(11,866)
Net Investing Uses	(346,992)	(80,480)
Cash flow from financing activities-		
Issuance of CB	197,175	-
Issuance of Ordinary	69,235	-
Logn-term Borrowings	212,680	-
Cash Divend Paid	(128,391)	(87,558)
Other Financing (Uses)/Sources	(18,778)	25,772
Net Financing Sources/(Uses)	331,921	(61,786)
Effects of Exchange Rate Changes	18,597	(2,915)
Ending Cash Balance	916,884	366,114

Financial Performance for the recent years



Dividend Policy

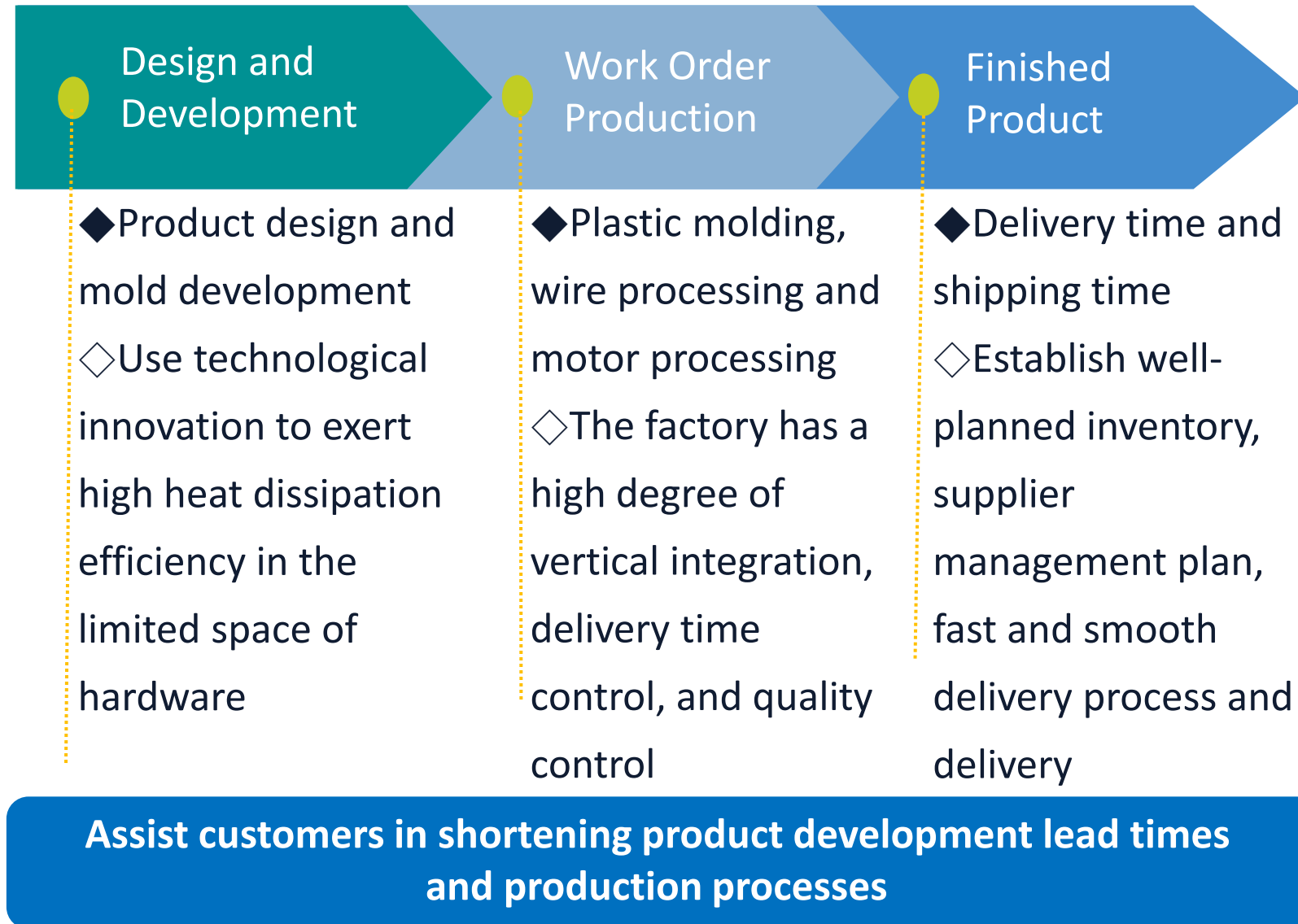
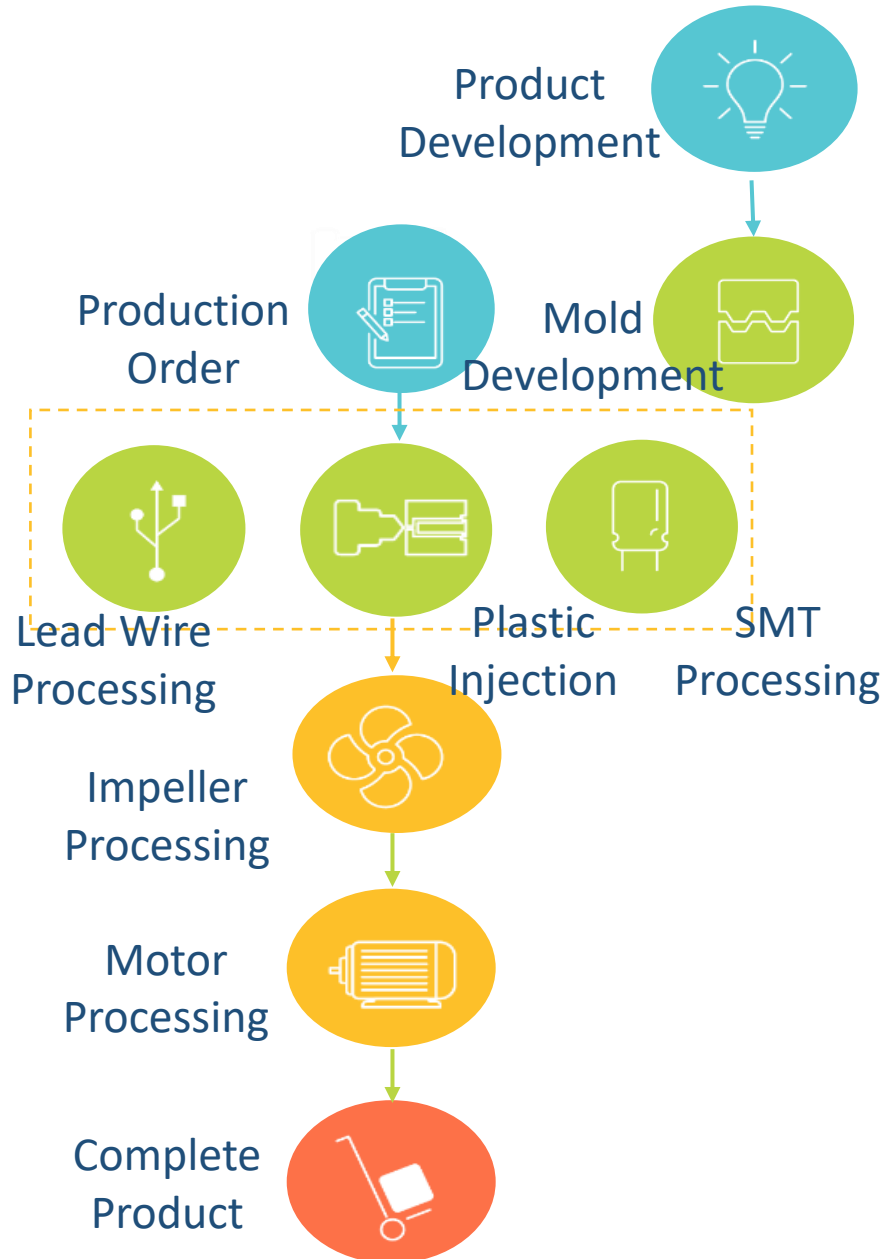
- ◇ In order to create a good growth momentum for medium and long-term operations, the dividend payout rate has been around 50% in recent years

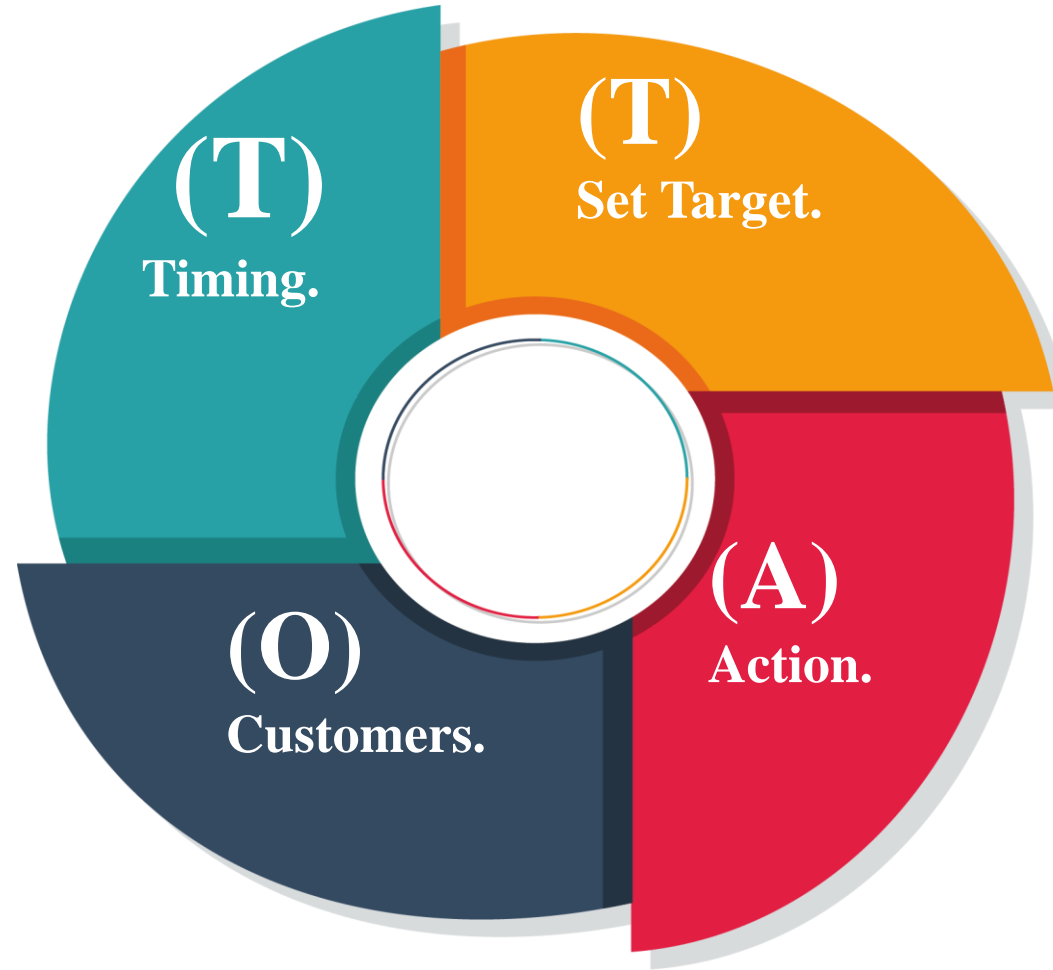


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Vertical Integration





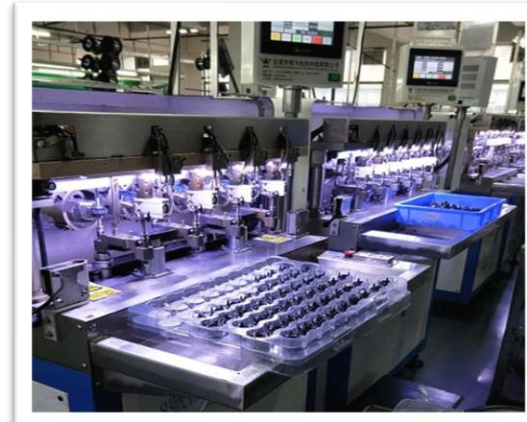
Equipment (Automated Manufacturing)



Injection Process



SMT Machine



Winding Process



PCB Process



Dynamic Balancing Machine



Assembly Process



PWMFunction Test



Burn-in Machine

R&D Capability

- Mock-up Facility



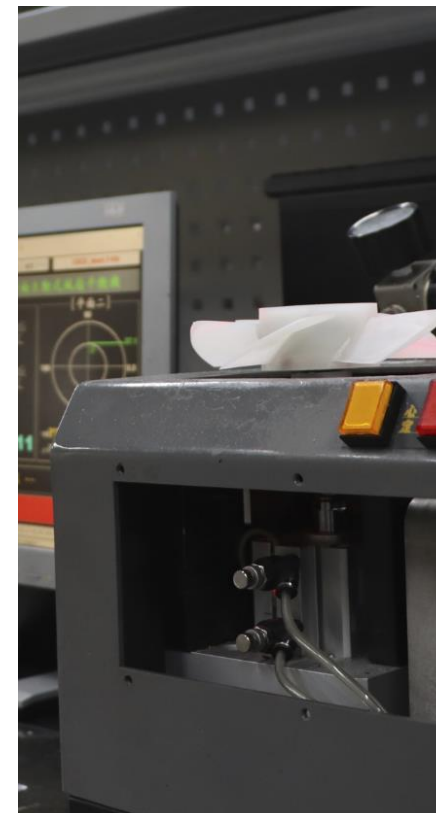
Prototype



CNC



3D Printer



Dynamic Balancing

R&D Capability

- Wind Tunnel & Thermal Chamber



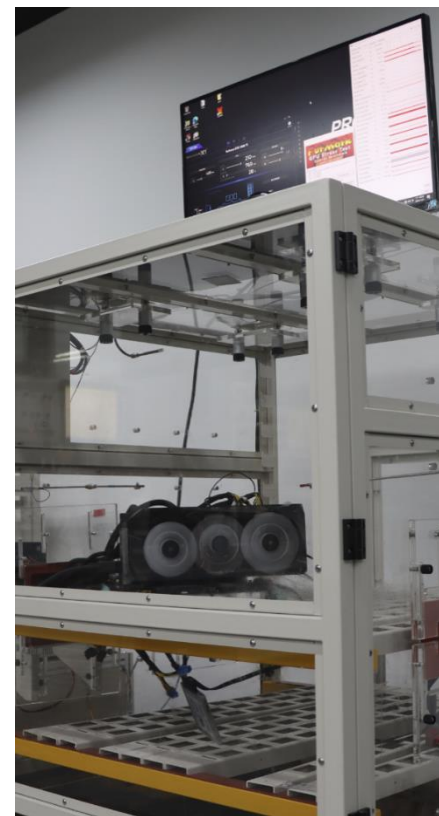
Wind Tunnel (L)



Wind Tunnel (M)



Wind Tunnel (S)

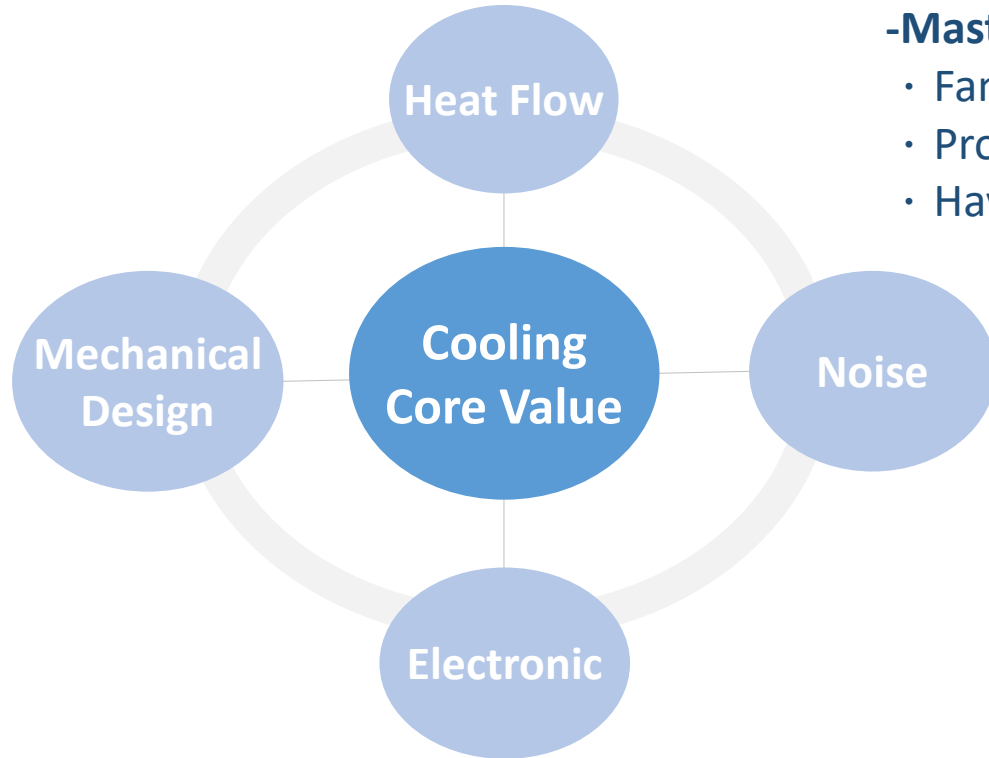


Thermal Chamber



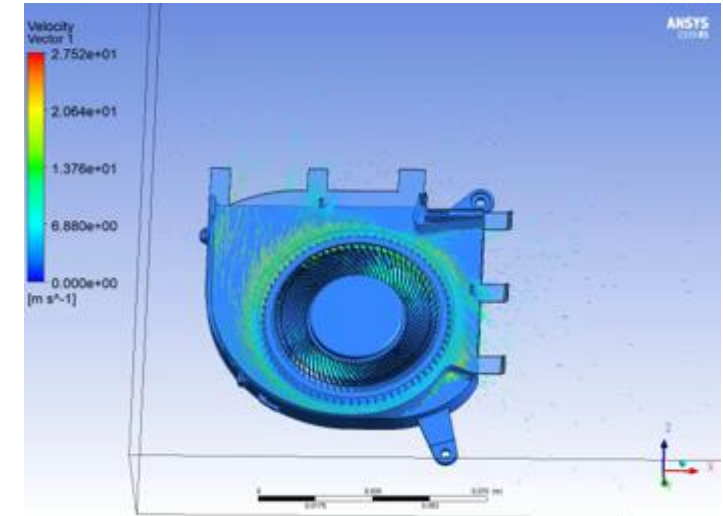
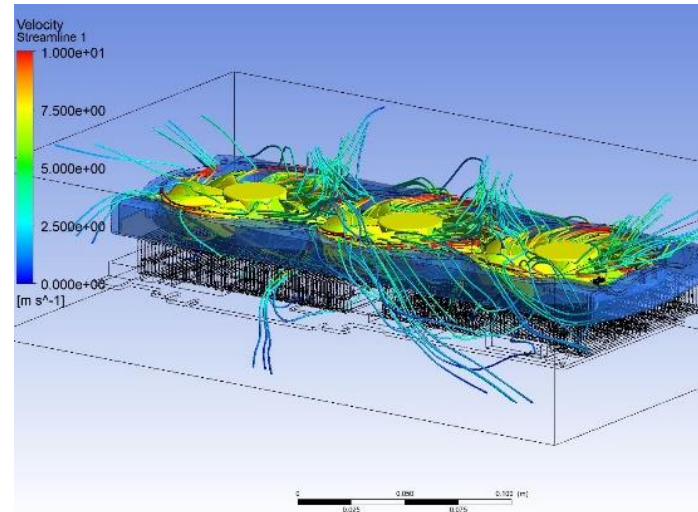
Thermal Chamber

R&D Capability



-Master the key technologies and core values of fans

- Fans that meet the cooling requirements of low noise and high motor efficiency
- Provide customized service
- Have advanced patented technology



Europe: 6



Japan: 7



Taiwan: 157



China: 145



USA: 4

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Wide Gaming Market Development

◆ The scale of the gaming market is expected

- ◇ According to the recent “Global Game Market Report 2022” released by the game market research agency NEWZOO, the game market will still show a growth trend by 2025. The revenue of the gaming industry is expected to be as high as 211.2 billion US dollars by 2025, and the development of the game market is still optimistic in the next few years.



◆ The gaming market generates business opportunities and develops an interlocking industrial chain

- ◇ Gaming is a new trend that has been developing over the years. The growth of the gaming market and the derived economy cannot be ignored. The gaming culture has evolved from a simple game console to an industrial chain with many layers. If we divide gaming business opportunities, they can be divided into game software and hardware, event systems, media operations, etc. Under the diverse needs of gaming, it is expected that there will still be development potential in the future.



Description of Current Market

◆ New graphics cards will be launched, which is expected to stimulate a sales volume

- ◇ The RTX 40 series is the world's first GPU product that adopts the new NVIDIA Ada Lovelace architecture. The computing performance and efficiency are significantly improved compared with the previous generation. The performance of the Ada architecture is four times that of the previous generation.

Nvidia – GPU Specification					
	RTX 4090	RTX 4080	RTX 4070 Ti	RTX 3090	RTX 3080
Release Date	2022.09	2022.09	2023.01	2020.09	2020.09
Process	TSMC 4nm	TSMC 4nm	TSMC 4nm	Samsung 8nm	Samsung 8nm
Architecture	Ada Lovelace	Ada Lovelace	Ada Lovelace	Ampere	Ampere
CUDA cores	16384	9728	7680	10496	8704
Performace	82.58 TFLOPS	48.74 TFLOPS	40.09 TFLOPS	35.6 TFLOPS	29.8 TFLOPS
Memory	24 GB GDDR6X	16 GB GDDR6X	12 GB GDDR6X	24 GB GDDR6X	10 GB GDDR6X
Launch Price (Not FE)	US\$1,599	US\$1,199	US\$799	US\$1,499	US\$699

Source: Nvidia 、Yuanta Investment Consulting 、Sun Max

Description of Current Market

◆ Channel and brand operators accelerate the pace of destocking

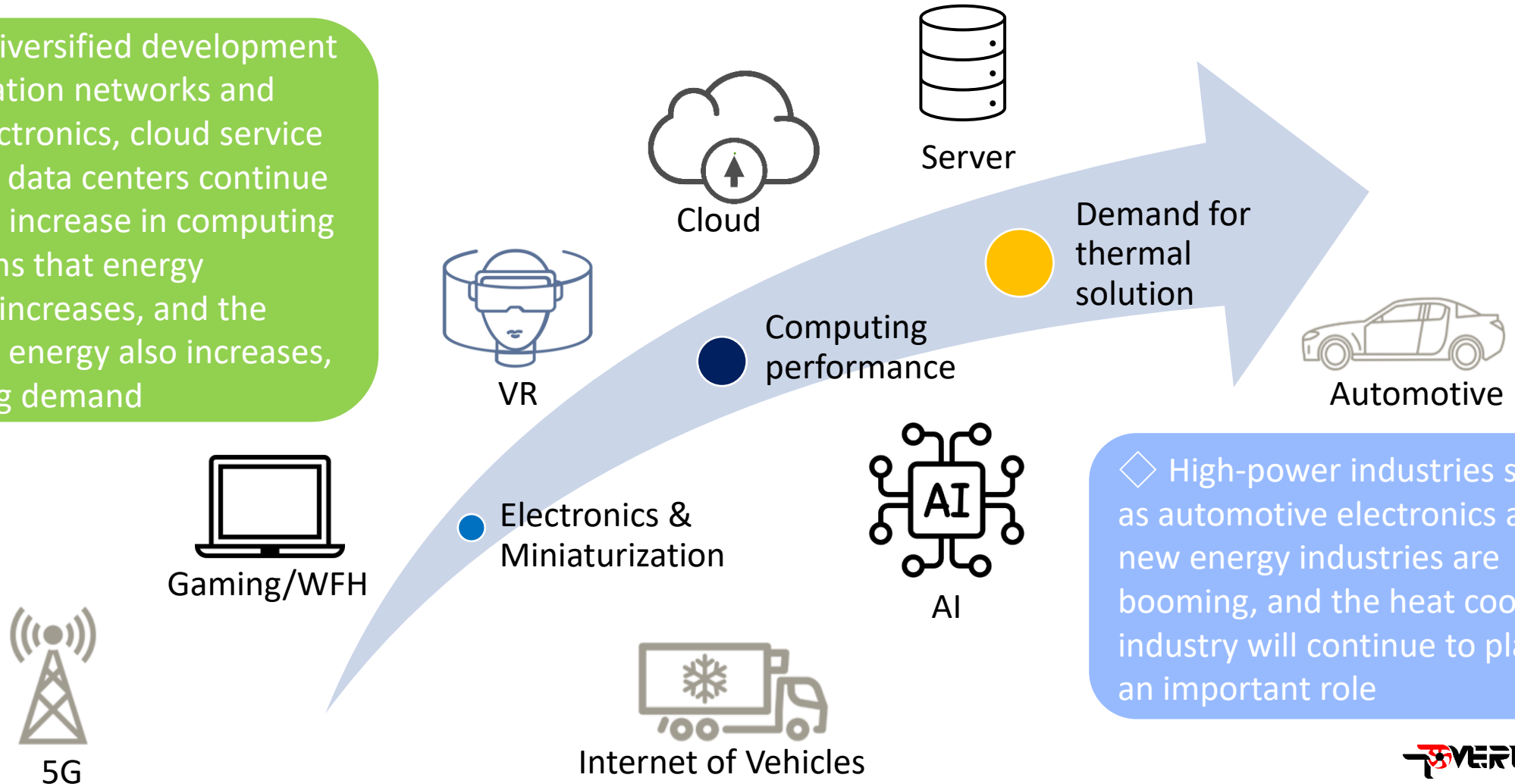
- ◇ After Nvidia, AMD and other new-generation GPU graphics card products were launched in the fourth quarter of last year, the overall destocking speed has accelerated accordingly.

According to relevant information from brand manufacturers, the pace of inventory removal is good. It is expected that other Taiwanese manufacturers will also accelerate their inventory clearance in the first quarter of this year to a considerable level, in order to link up with the next-generation graphics card series and gradually increase their volume after the second quarter of this year.

Industry development trend

◆ Artificial intelligence (AI) technology has gradually reached a practical level, and AI computing capabilities have gradually grown. In the era of computing power, the market's demand for thermal solution continues unabated

◇ With the diversified development of communication networks and consumer electronics, cloud service providers and data centers continue to deploy, the increase in computing demand means that energy consumption increases, and the resulting heat energy also increases, driving cooling demand



◇ High-power industries such as automotive electronics and new energy industries are booming, and the heat cooling industry will continue to play an important role

Automotive Fan Application

Driving System



Air purifier



Communication & Entertainment devices



Air conditioner



LED headlamp



Cooling fan



Oil/ Water Pump



Electronic control system



Instrument cluster

Front bumper

Rear bumper

Inside of car body

Fuel Pump



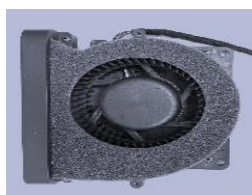
Cooling fan for battery



Cooling system



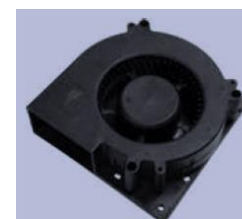
Rear air conditioner



Seat



Car radio devices



System Product ODM/OEM

- Well-experienced in designing system integration of smart home appliances, personal electronics, and robot platforms.
- Service range: RFI/RFQ, Prototype design, ODM/OEM Service and Brand agency cooperation.



Robot Platforms



Smart Home appliances



Personal electronics

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ESG-Summary of Results

Environmental

- ◆ The Jiangxi factory is equipped with solar power generation facilities, which can convert sunlight energy into electricity to achieve energy saving and carbon reduction benefits
- ◆ Participate in the donation of recycled computers to the ASUS Cultural and Educational Foundation to reduce carbon dioxide emissions
- ◆ SUM MAX is an ISO9001 certified company. It establishes a suitable environmental management system based on the characteristics of the industry, and continuously improves the production process with the principle of energy saving and carbon reduction.
- ◆ Remaining plastic materials produced during the production process, and other defective products or scraps from the production process are all scrapped and recycled by the legal cleaning and transportation company.



ESG-Summary of Results



Socia

- ◆ Participated in the Taiwan Merchant Association Dongguan -Changping Branch, charitable activities. (ex. organizing blood donation)
- ◆ Donate scholarship to the Tamkang University. (2019~Now)
- ◆ Donate scholarships and bursaries to the Alumni Association Tamkang University in Taipei.



Governance

- ◆ The "Code of Practice for Social Corporate Responsibility" has been formulated, which will fulfill corporate social responsibilities and implement the standards of the code.
- ◆ The "Code of Practice on Corporate Governance" has been formulated to protect the rights and interests of shareholders and strengthen the functions of the board of directors.

End

Sun Max Tech Ltd.

Beyond
limits.
Beyond
today.