



Sun Max Tech Ltd. (TWSE 6591)

2023.Q3 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

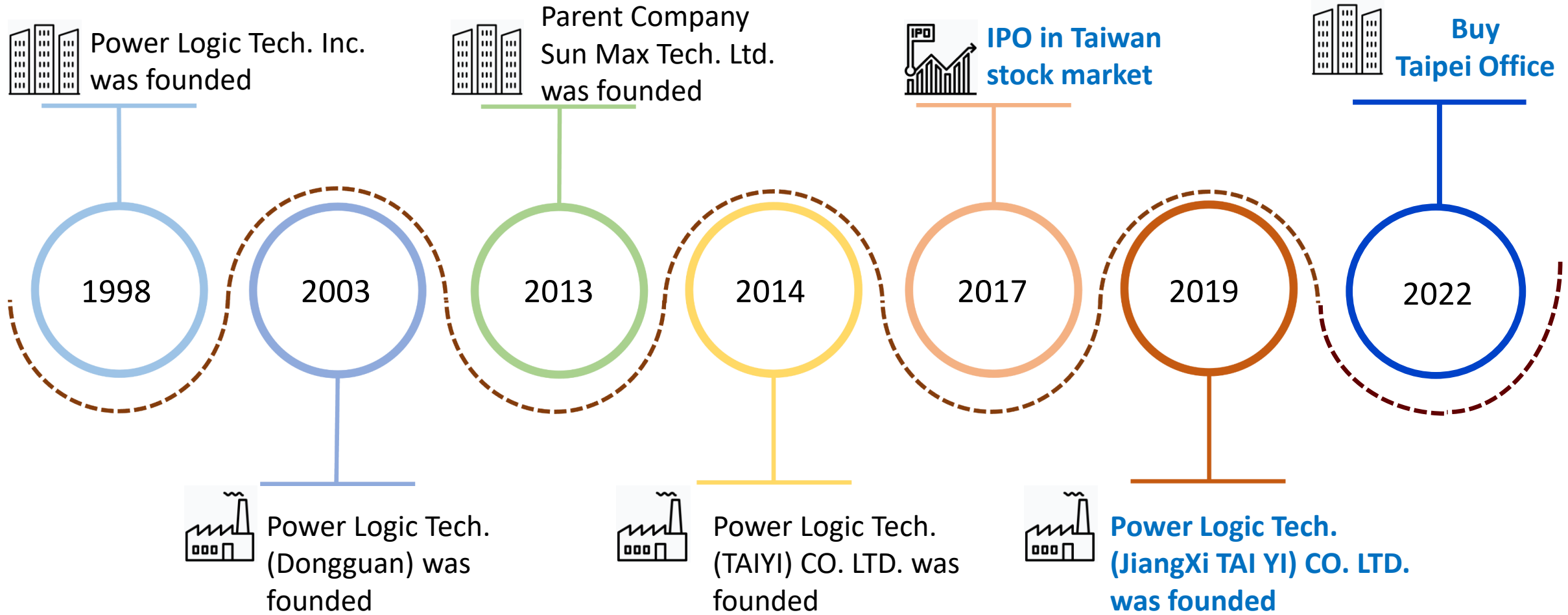


Taiwan

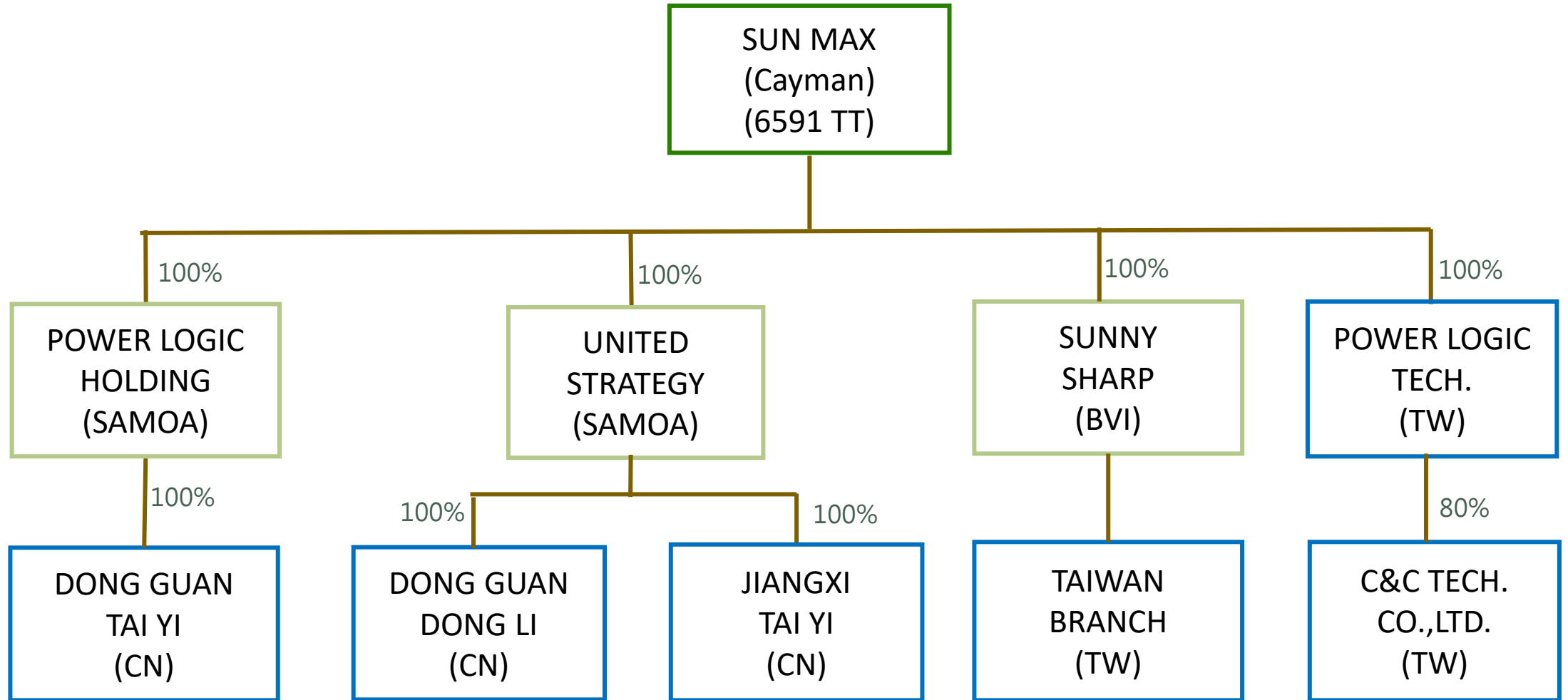


Guangdon

History



Organization Structure



Group Overview

Sun Max Tech Limited

Dong Guan Dong Li
Dian Zi Co., LTD

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

Location

Headquarters
New Taipei City, Taiwan

Production Base
Dong Guan, China

Production Base
Jiang Xi, China



Area (m^2)

5,000

25,000

74,000

Employee

70

300

700

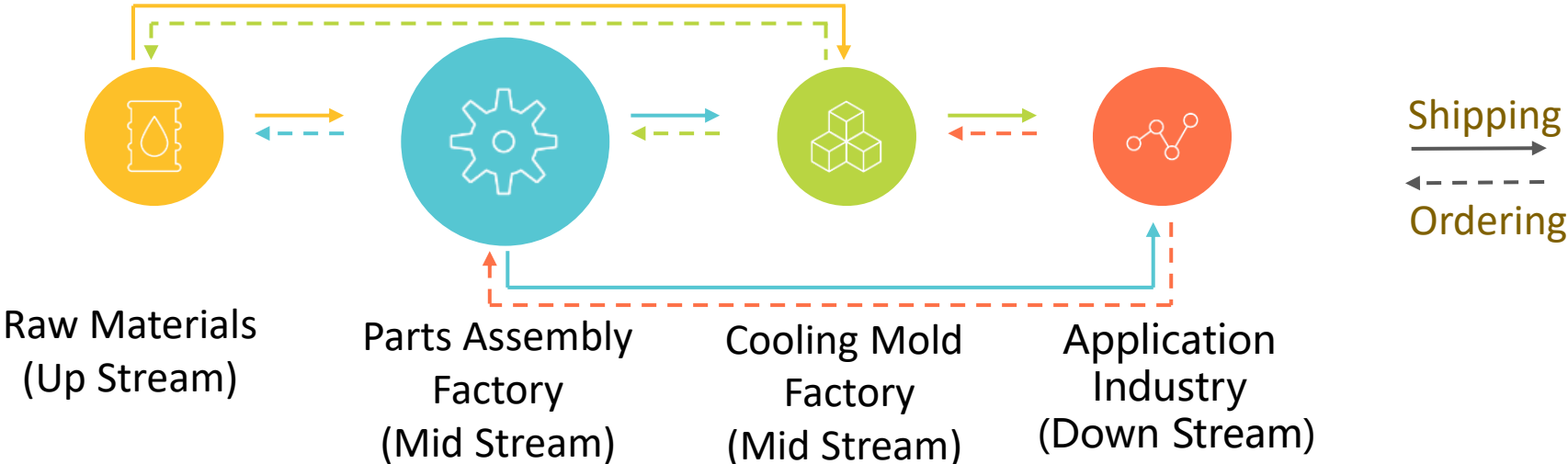
R&D Number

30

20

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



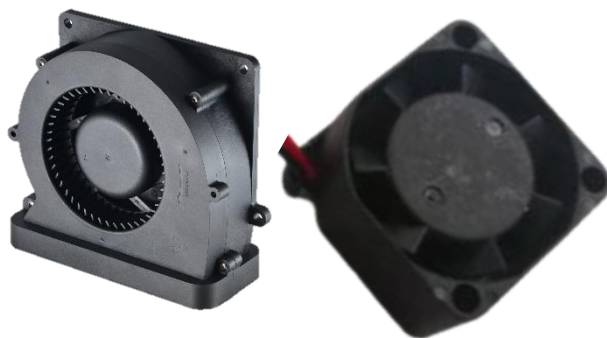
GPU & PC Related Fan



Industrial Control & Server & Netcom



Automotive Fan



Led Fan



Home appliances



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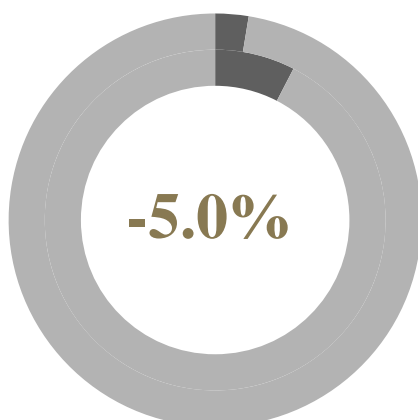
2023.Q1~Q3 Product Mix

2023.Q3/ 2.8%
2022.Q3/ 4.4%



Industrial Control
/ Intelligent
Home Appliances

2023.Q3 / 2.6%
2022.Q3 / 7.6%



PC

2023.Q3/ 90.1%
2022.Q3/ 84.4 %



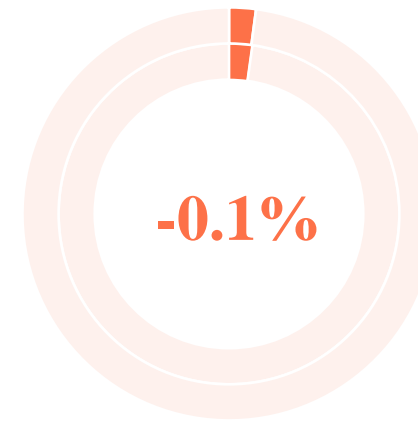
Gaming

2023.Q3/ 2.4%
2022.Q3 / 1.4%



Netcom

2023.Q3/ 2.1%
2022.Q3/ 2.2%



Others /
Automotive

2023.Q1~Q3 Statements of Comprehensive Income (YOY)

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

Items	2023.Q1~Q3	%	2022.Q1~Q3	%	Diff.	YOY(%)
Revenue	1,038,764	100.0%	1,262,299	100.0%	-223,535	-17.7%
Gross Profit	293,258	28.2%	378,467	30.0%	-85,209	-22.5%
Selling Expenses	28,328	2.7%	25,557	2.0%	2,771	10.8%
G&A Expenses	127,994	12.3%	114,546	9.1%	13,448	11.7%
R&D Expenses	52,966	5.1%	46,994	3.7%	5,972	12.7%
Operating Expenses	209,288	20.1%	187,097	14.8%	22,191	11.9%
Operating Profit	83,970	8.1%	191,370	15.2%	-107,400	-56.1%
Non-Operating Items	58,483	5.6%	92,999	7.4%	-34,516	-37.1%
Profit before income tax	142,453	13.7%	284,369	22.5%	-141,916	-49.9%
Net profit for the period	98,013	9.4%	192,130	15.2%	-94,117	-49.0%
EPS(NT\$)	2.83		5.95			

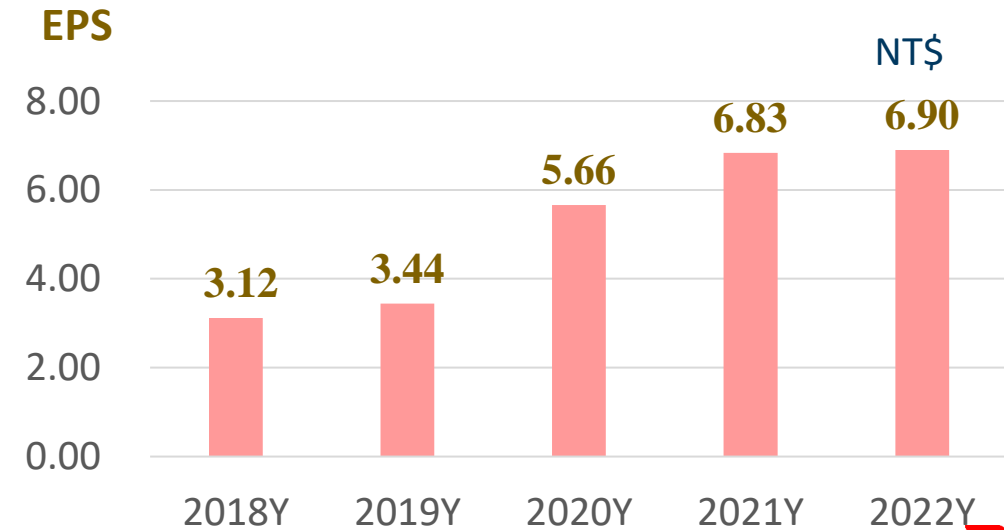
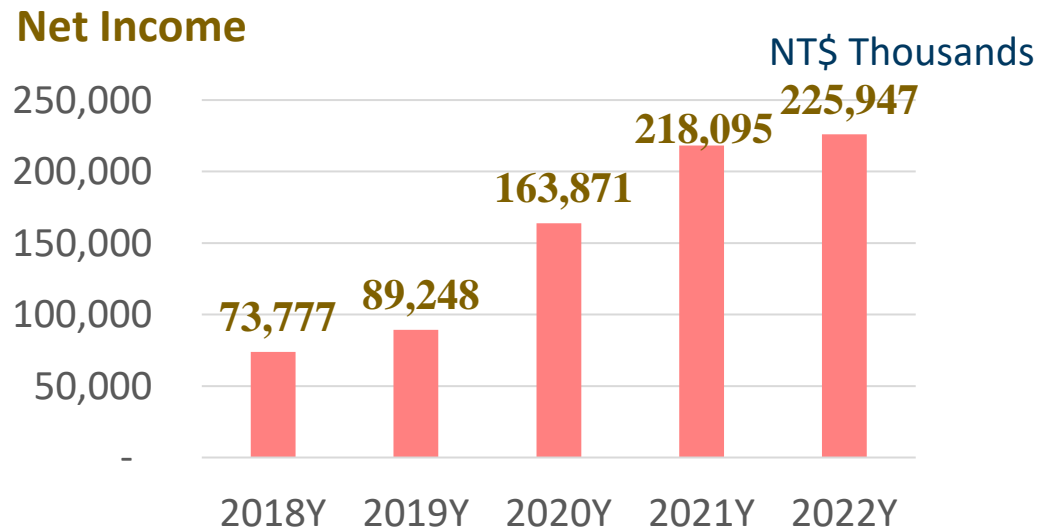
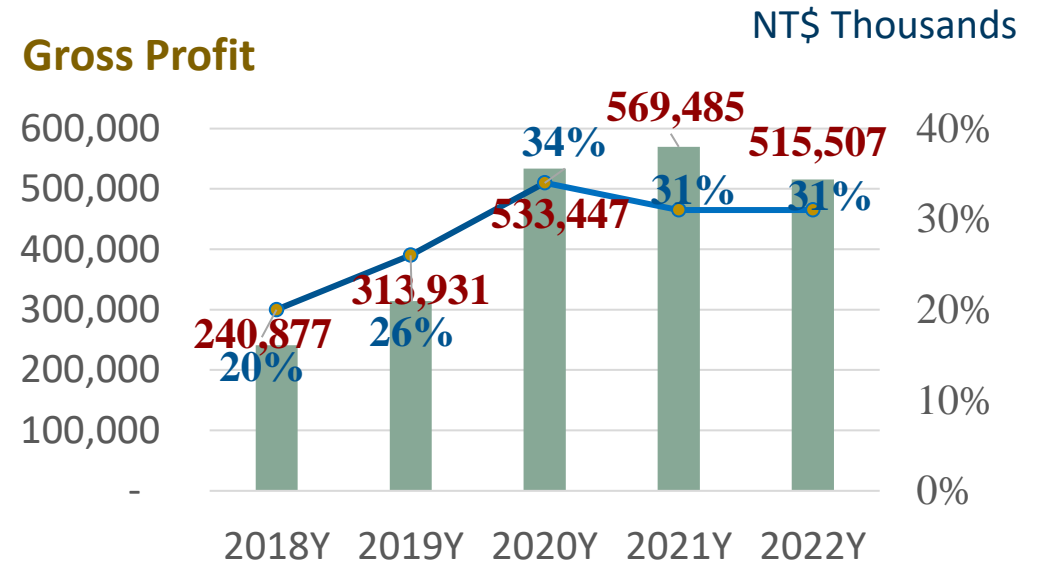
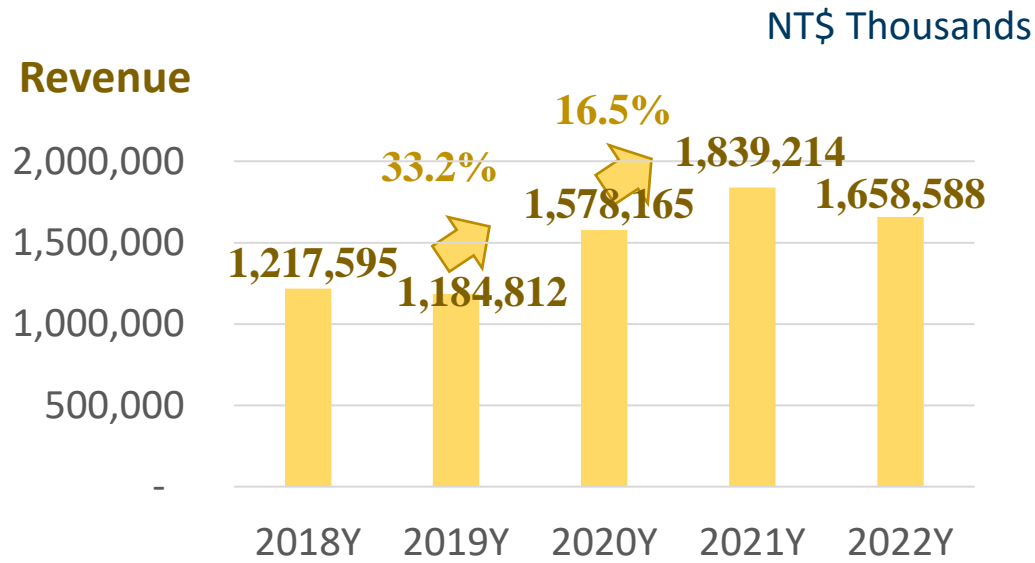
2023.Q3 Consolidated Balance Sheets

Items	Unit: NT\$ Thousands					
	2023.Q3	%	2022	%	2022.Q3	%
Cash and cash equivalents	590,996	22%	916,884	31%	991,682	35%
Accounts receivable	579,496	22%	528,335	18%	362,229	13%
Inventories	239,662	9%	263,093	9%	280,914	10%
Other Current Assets	43,797	2%	34,131	1%	27,309	1%
Property, plant and equipment	1,109,203	41%	1,086,895	37%	1,072,688	38%
Other assets	107,202	4%	114,107	4%	123,839	4%
Total assets	2,670,356	100%	2,943,445	100%	2,858,661	100%
Short- term borrowings	10,000	0%	44,094	1%	25,652	1%
Accounts payable	164,159	6%	143,833	5%	73,326	3%
Other payable	192,808	7%	202,360	7%	238,557	8%
Other current liabilities	181,367	7%	284,228	10%	254,587	9%
Corporate bonds payable	-	0%	189,086	6%	188,066	7%
Long-term loan	187,060	7%	198,040	7%	201,700	7%
Other liabilities	150,606	6%	145,749	5%	154,784	5%
Total liabilities	886,000	33%	1,207,390	41%	1,136,672	40%
Total equity	1,784,356	67%	1,736,055	59%	1,721,989	60%
Important Financial Metrics						
Debt Ratio	33.18%		41.02%		39.76%	
Inventory Turnover (times)	3.95		3.29		3.31	
Receivables Turnover Ratio(times)	2.50		2.79		3.29	

2023.Q1~Q3 Statement of Cash Flows

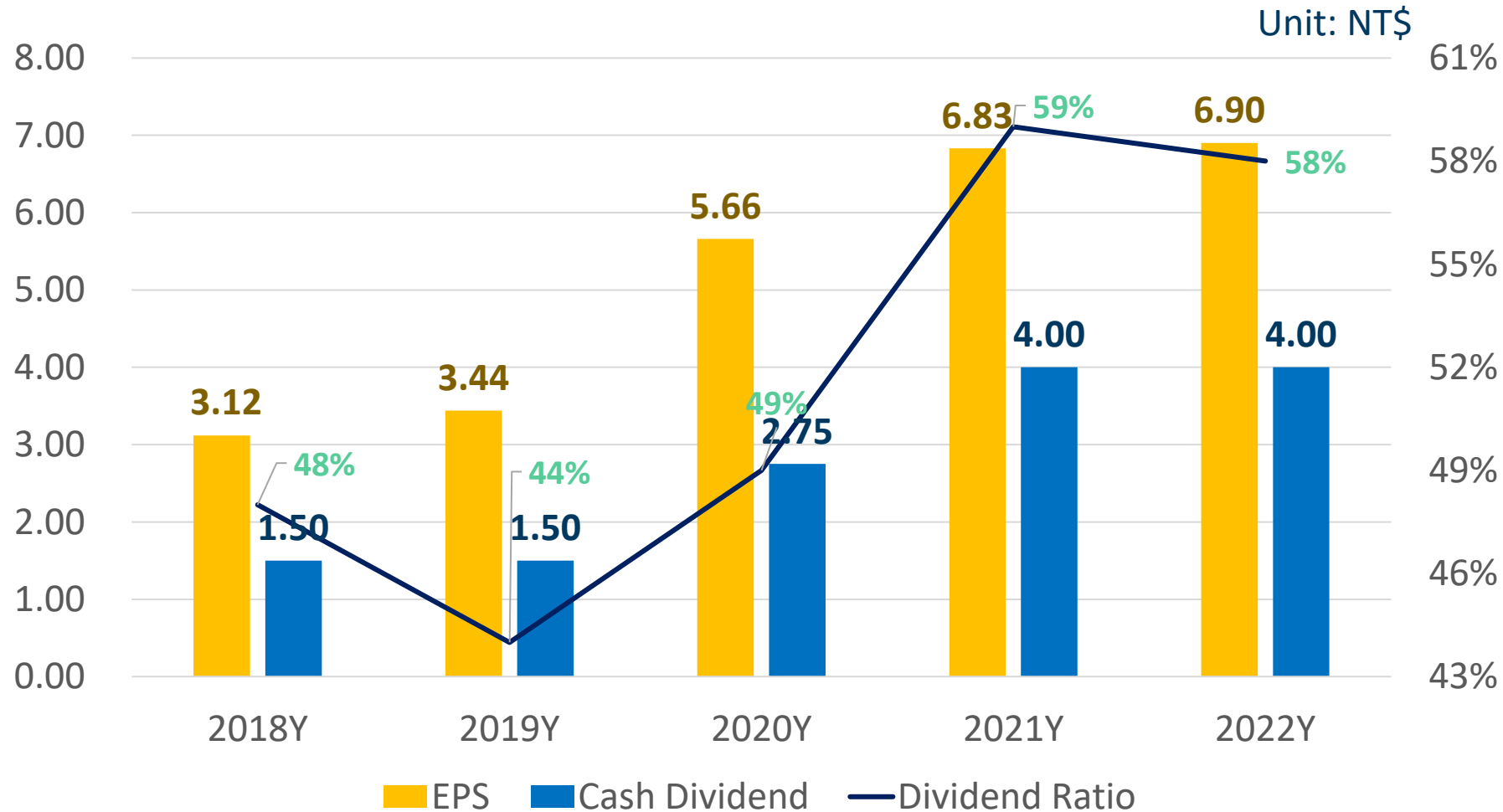
Items	Unit: NT\$ Thousands	
	2023.Q1~Q3	2022.Q1~Q3
Beginning Cash Balance	916,884	366,114
Net Operating Sources	66,675	594,170
Cash payment from investing activities-		
Capital Expenditures	(44,549)	(321,895)
Other Investing Source/(Uses)	(6,944)	2,036
Net Investing Uses	(51,493)	(319,859)
Cash flow from financing activities-		
Short-term Borrowings	(34,094)	8,470
Long-term Borrowings	(10,980)	216,340
Issuance of CB	-	197,175
Repayments of Long-term Loans	(163,100)	-
Cash Dividends	(136,788)	(128,391)
Other Financing Uses	(10,526)	27,164
Net Financing Sources	(355,488)	320,758
Effects of Exchange Rate Changes	14,418	30,499
Ending Cash Balance	590,996	991,682

Financial Performance for the recent years



Dividend Policy

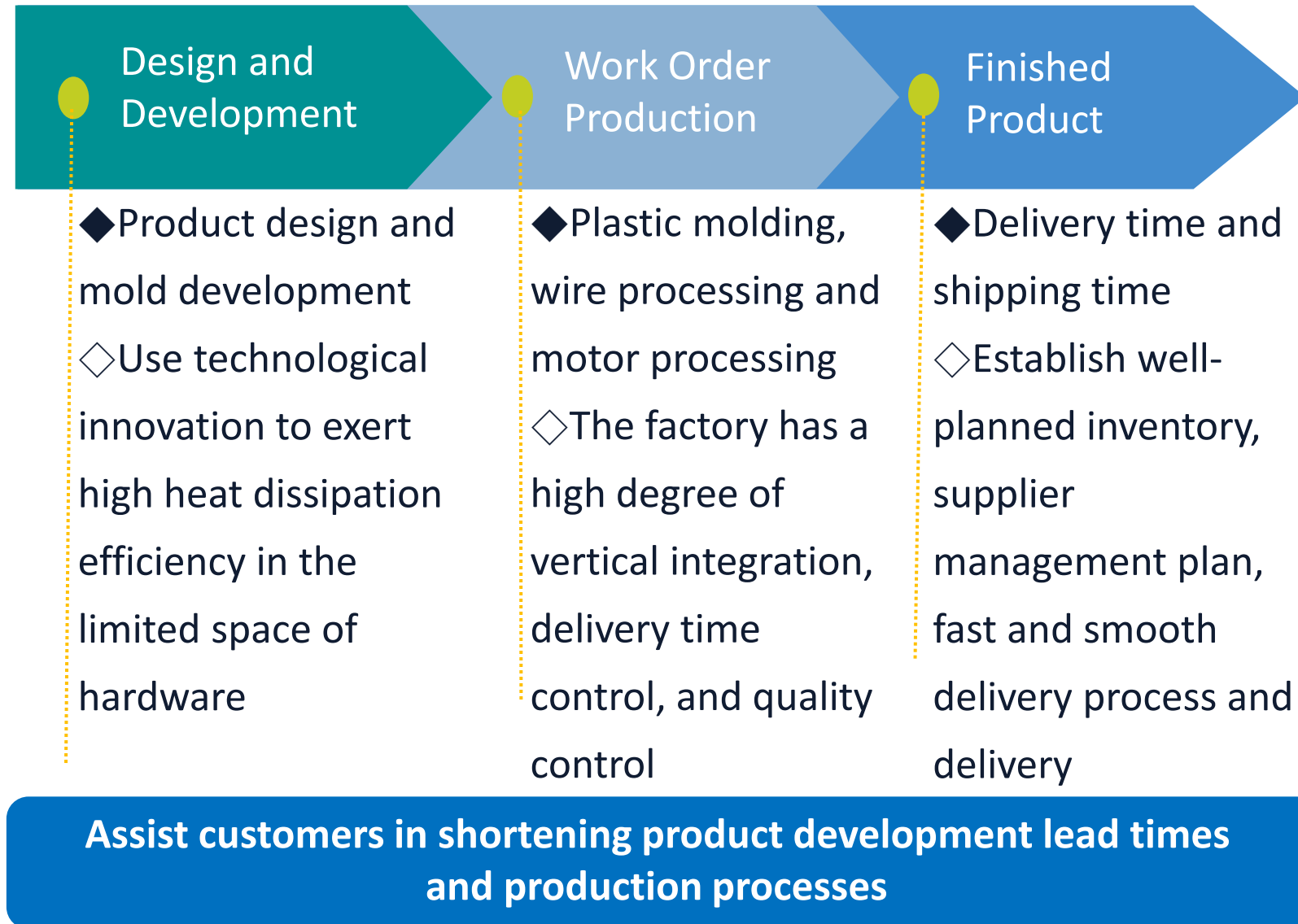
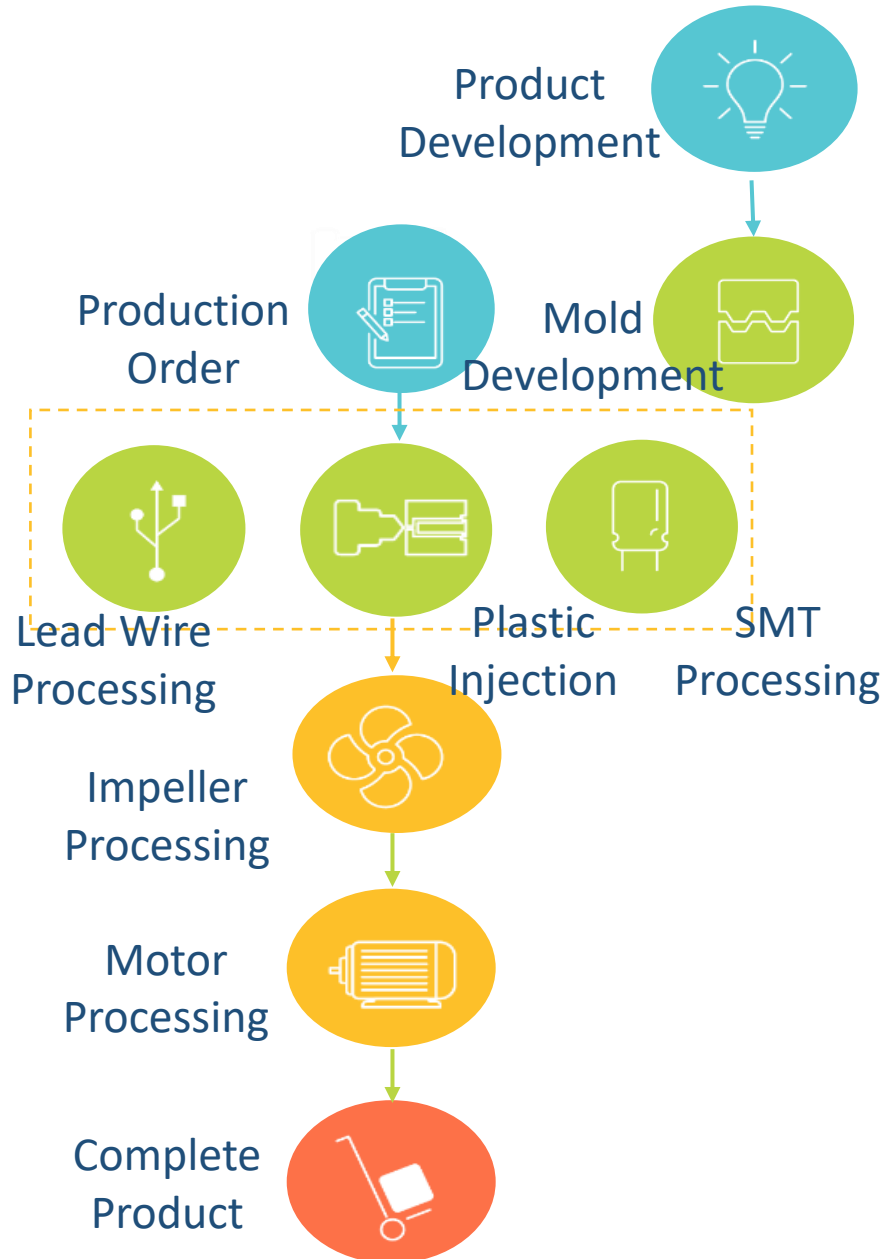
- ◇ In order to create a good growth momentum for medium and long-term operations, the dividend payout rate has been around 50% in recent years

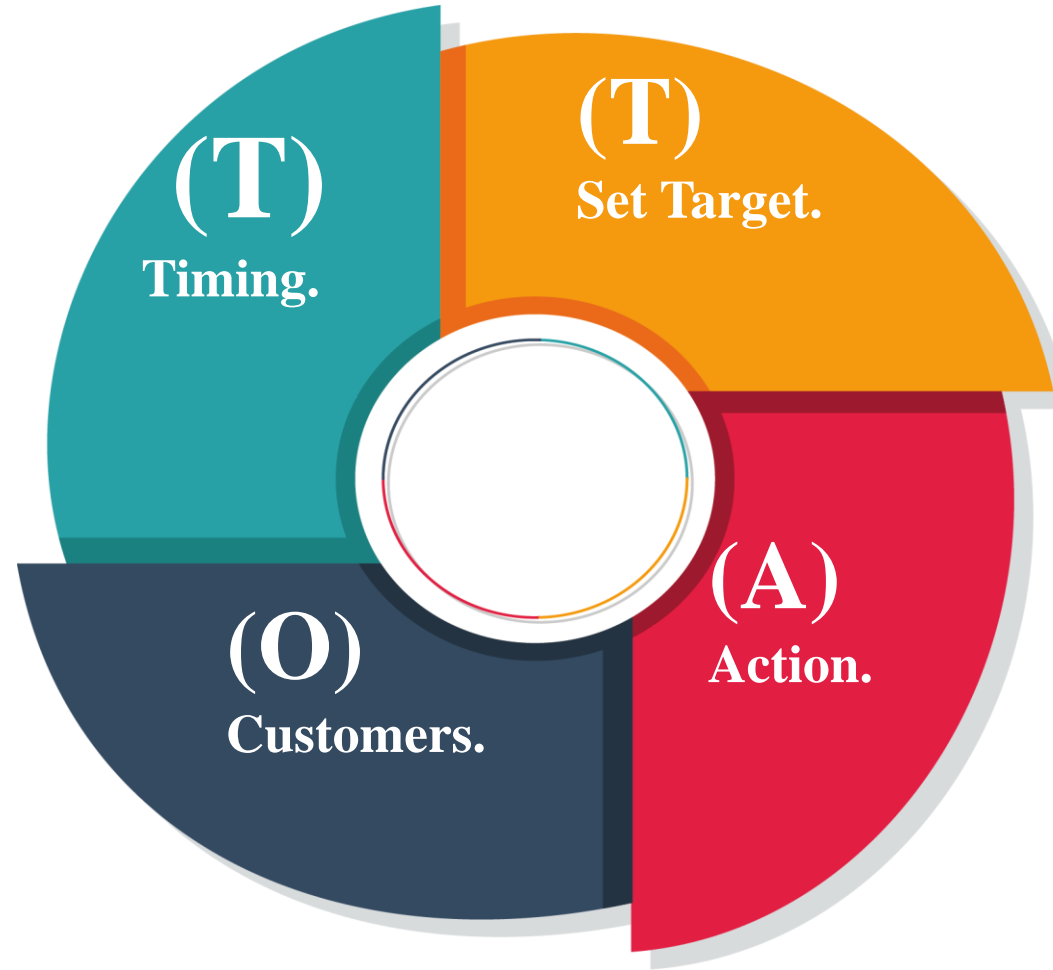


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Vertical Integration





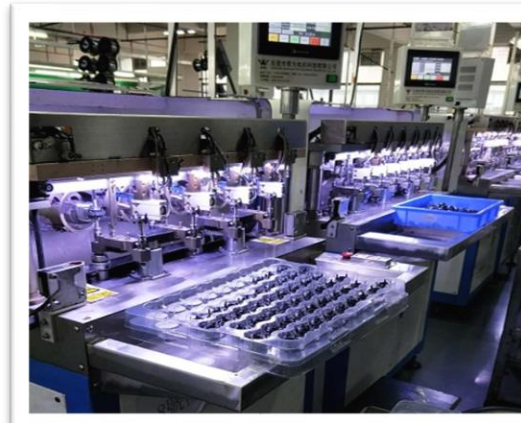
Equipment (Automated Manufacturing)



Injection Process



SMT Machine



Winding Process



PCB Process



Dynamic Balancing
Machine



Assembly Process



PWMFunction Test



Burn-in Machine

R&D Capability

- Mock-up Facility



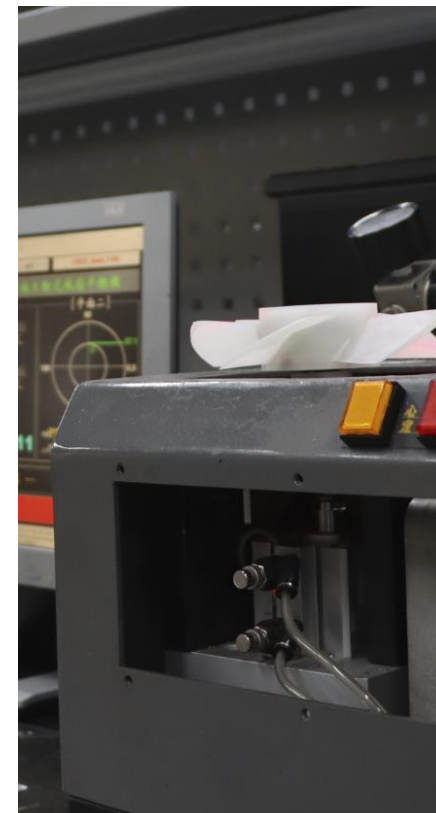
Prototype



CNC



3D Printer



Dynamic Balancing

R&D Capability

- Wind Tunnel & Thermal Chamber



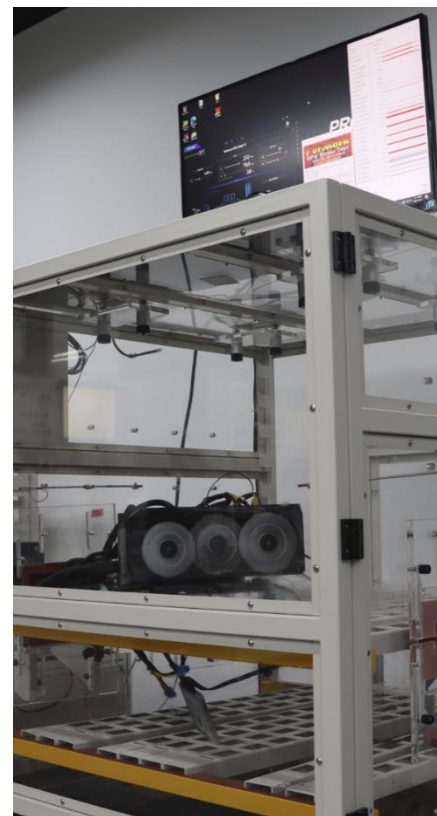
Wind Tunnel (L)



Wind Tunnel (M)



Wind Tunnel (S)

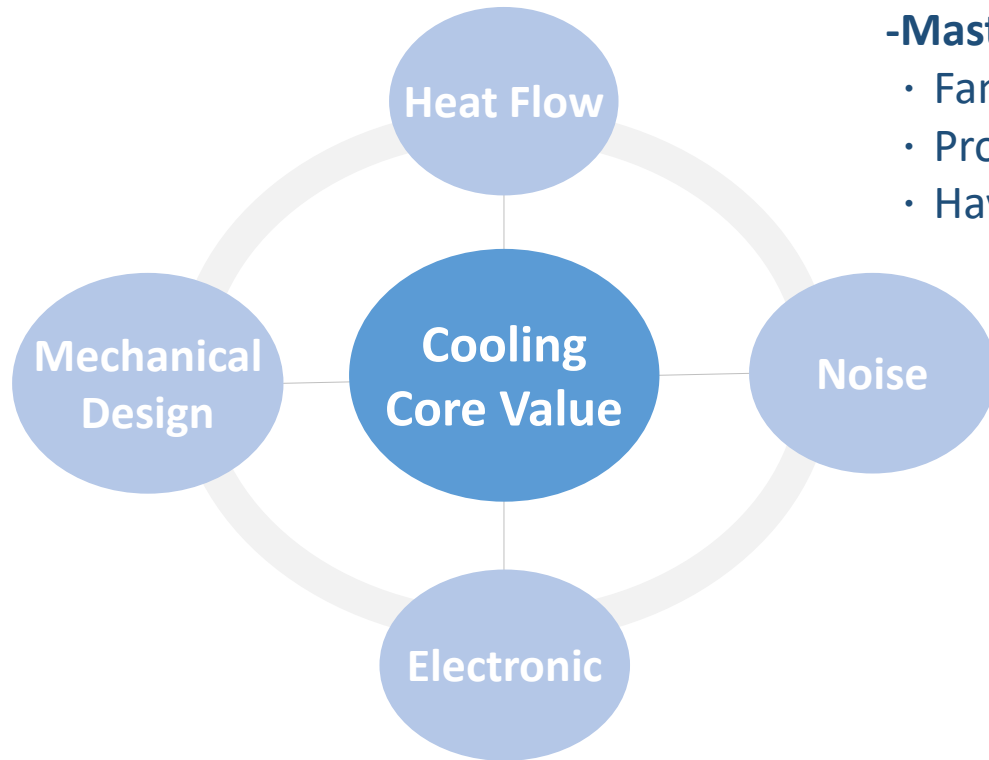


Thermal Chamber



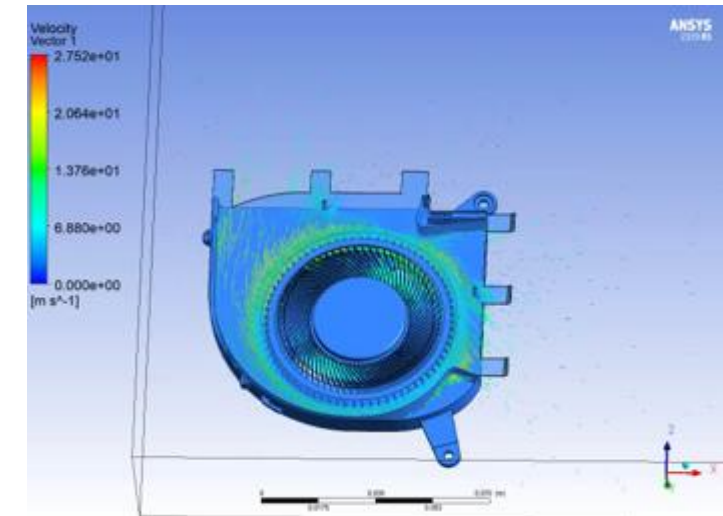
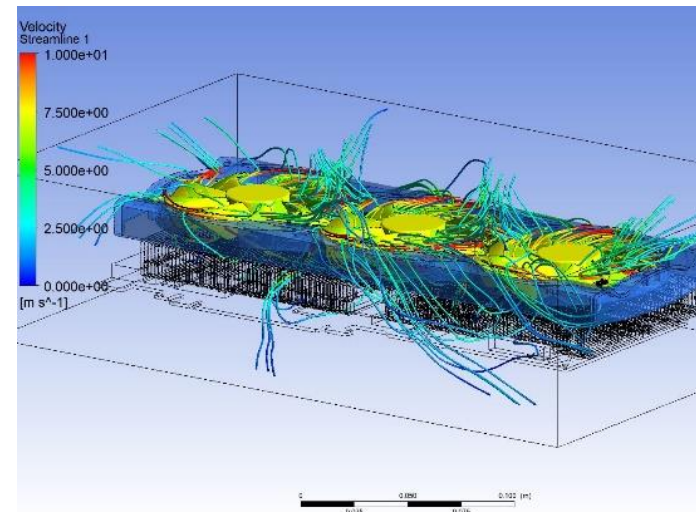
Thermal Chamber

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: 7



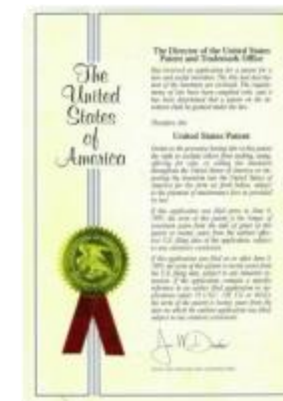
Japan: 8



Taiwan: 143



China: 146



USA: 3

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Wide Gaming Market Development

◆ The development of gaming as a sport and the scale of the gaming market are promising.

- ◇ Catalyzed by the COVID-19, online games have become one of people's important pastimes. Among them, the gaming industry has become one of the most valuable categories in the entire game market. E-Sports became an official event at this year's 19th Asian Games Hangzhou for the first time, and industry development is expected to accelerate. The International Olympic Committee (IOC) has also stated that "e-sports" can be regarded as a "Sporting activity", which will usher in a new wave of peaks in the gaming industry. The market size is now considerable.

According to the "Global Game Market Report 2023" recently released by the game market research agency NEWZOO, the game industry's revenue is expected to reach US\$212.4 billion by 2026. This means that the market is still optimistic about game development potential and business opportunities in the next few years.



Wide Gaming Market Development

- ◆ **Gaming has transformed from entertainment to career, developing new business opportunities in the industry**
- ◇ 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

◆ Gaming drives hardware specification upgrades

- ◇ In order to pursue a better gaming experience, smooth operation and special functions designed for gaming, gaming players require hardware specifications and demands that are increasing year by year.

The equipment requirements of gaming computers are becoming higher and higher. Graphics cards that are most relevant to game image output are driving the introduction of higher-performance specifications every year.

Nvidia – GPU Specification					
	RTX 4090	RTX 4080	RTX 4070 Ti	RTX 4060 Ti	RTX 4060
Release Date	2022.09	2022.09	2023.01	2023.5	2023.6
Process	TSMC 4nm	TSMC 4nm	TSMC 4nm	TSMC 5nm	TSMC 5nm
Architecture	Ada Lovelace	Ada Lovelace	Ada Lovelace	Ada Lovelace	Ada Lovelace
CUDA cores	16384	9728	7680	4352	3848
Performace	82.58 TFLOPS	48.74 TFLOPS	40.09 TFLOPS	22.06 TFLOPS	15.11 TFLOPS
Memory	24 GB GDDR6X	16 GB GDDR6X	12 GB GDDR6X	8 GB GDDR6	8 GB GDDR6
Launch Price (Not FE)	US\$1,599	US\$1,199	US\$799	US\$399	US\$299

Source: Nvidia · Yuanta Investment Consulting · Sun Max

Description of Current Market

◆ **Inventories tend to be healthy and inflation pressure gradually stabilizes**

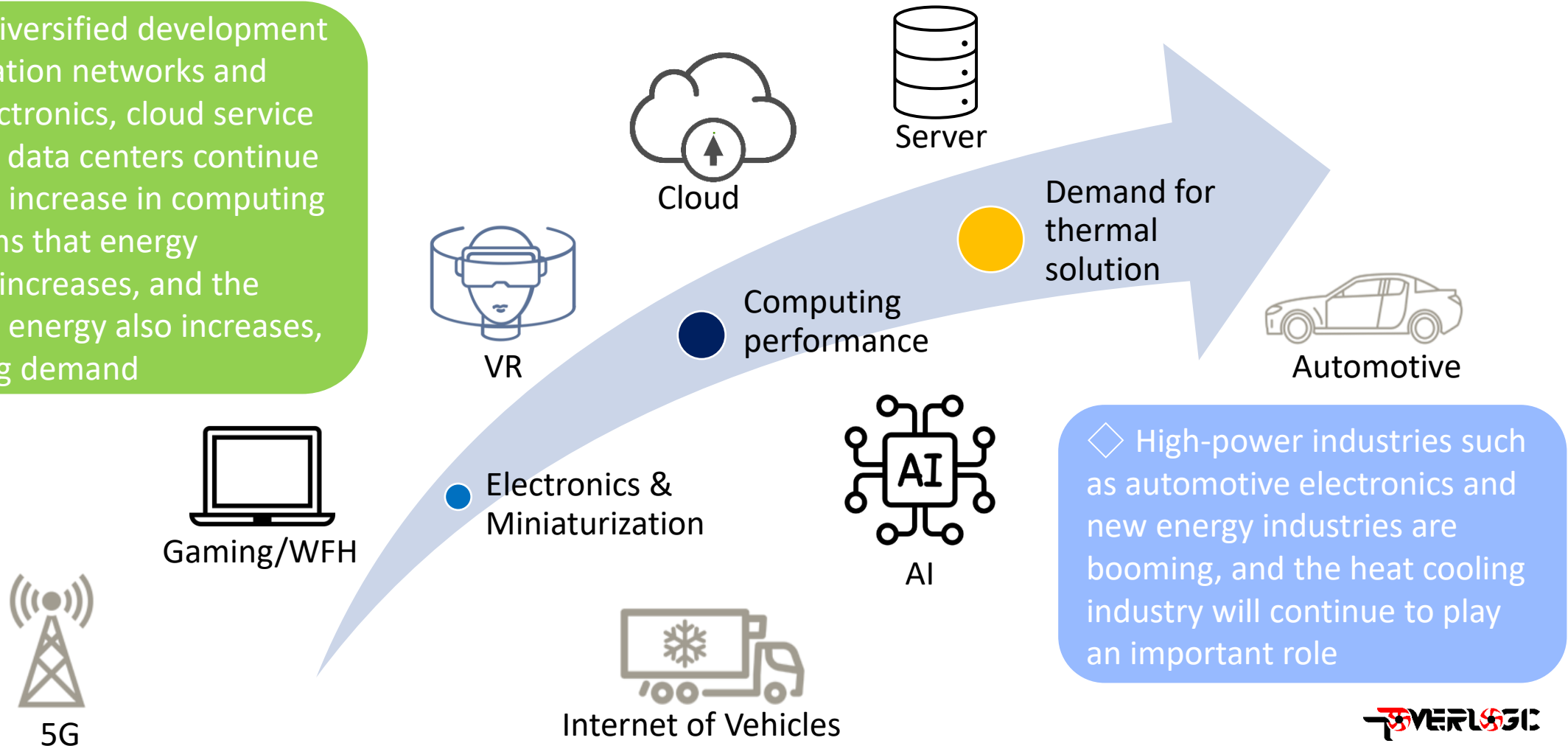
- ◇ Looking at the trend in 2024, as market inventories turn healthy and inflationary pressure is expected to gradually stabilize, industrial development is expected to reverse in 2024. However, the global consumption environment is still under pressure, and even if demand is slowly recovering, the market has not yet observed highly optimistic signals. Perhaps the overall market is expected to be slightly higher than pre-pandemic levels.

After the inventory problem is resolved, the overall market will slowly return to healthy flow, and whether we can expect higher shipment growth remains to be seen.

Industry development trend

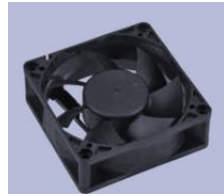
◆ With the advancement of electronic technology, the functions of high-tech products are increasing day by day. Coupled with the light, thin and short mechanical design, the functions and computing speed are constantly improving, resulting in the continuous increase in the power consumption of electronic components and the heat dissipation per unit area. Therefore, the need for electronic heat dissipation has become the key issue that electronic products must overcome.

◇ 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



Automotive Fan Application

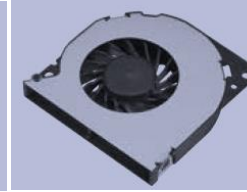
Driving System



Air purifier



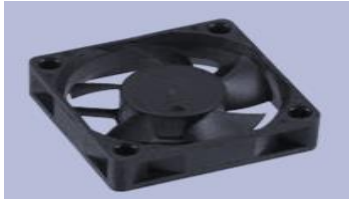
Communication & Entertainment devices



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



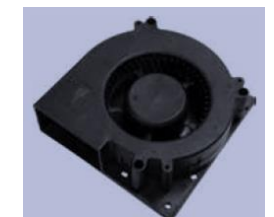
Rear air conditioner



Seat



Car radio devices



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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



Social

- ◆ 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.