



Sun Max Tech Ltd. (TWSE 6591)

2023.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

Agenda

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

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

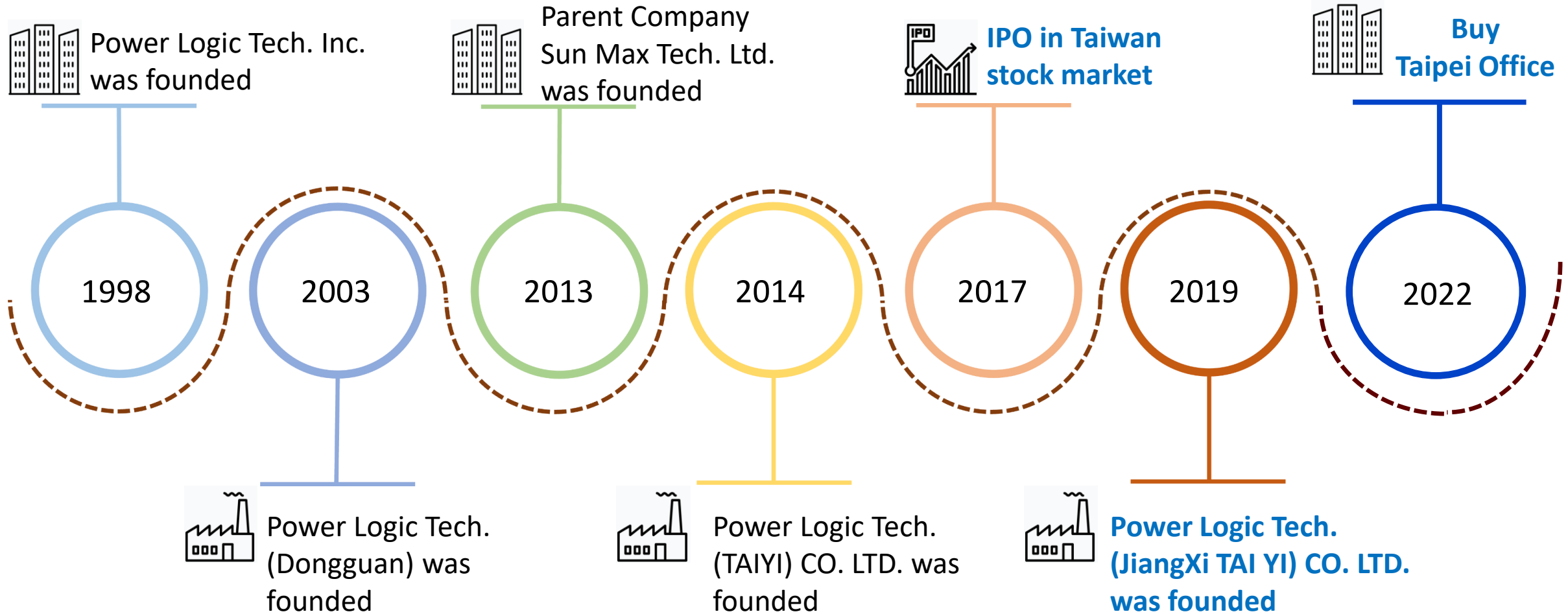


Taiwan

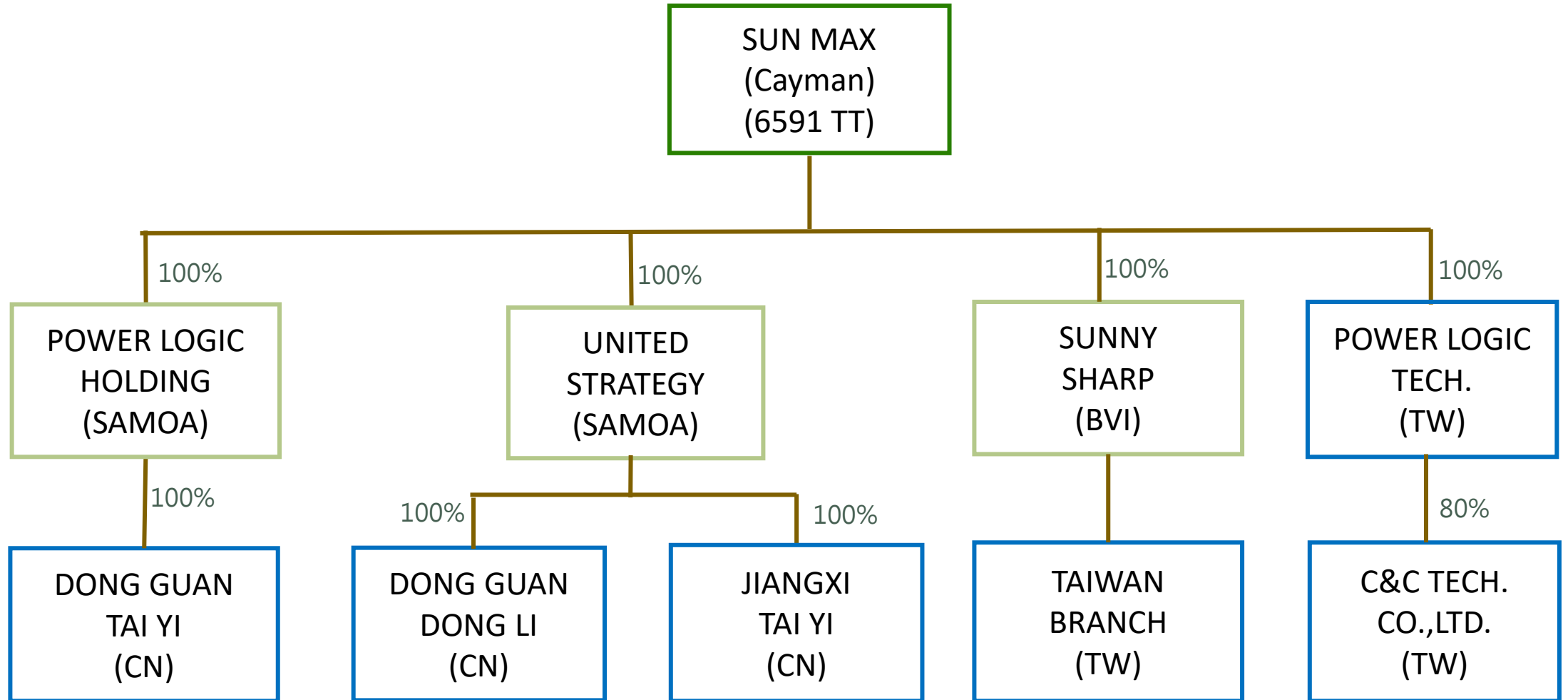


Guangdon

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

650

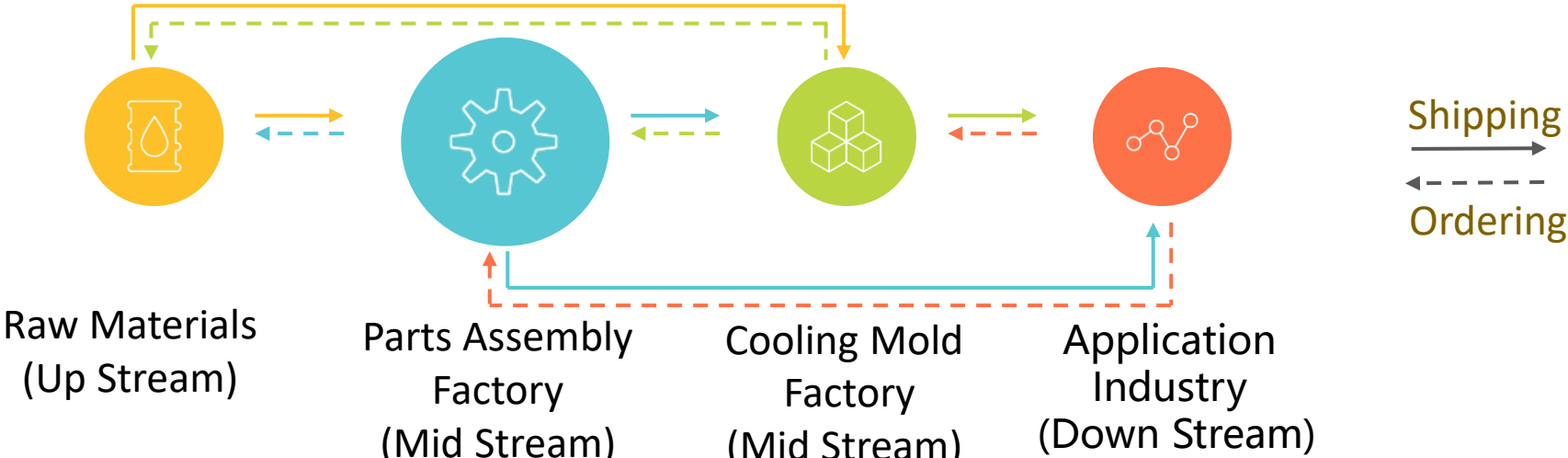
R&D Number

35

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

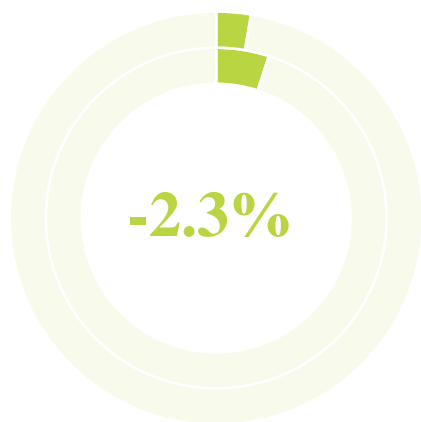


Agenda

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

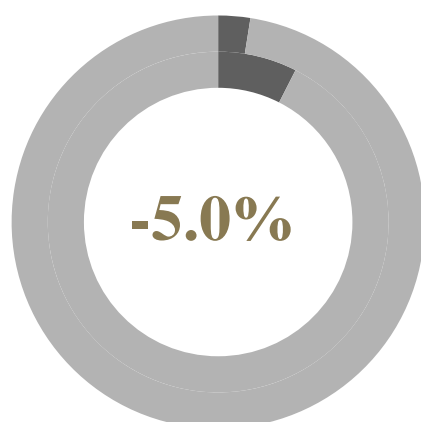
2023 Product Mix

2023 / 2.7%
2022 / 5.0%



Industrial Control
/ Intelligent
Home Appliances

2023 / 2.5%
2022 / 7.5%



PC

2023 / 90.4%
2022 / 84.6 %



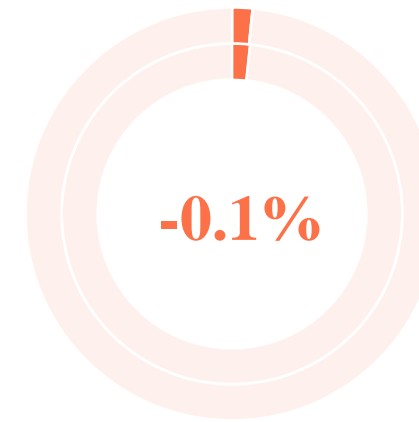
Gaming

2023 / 2.8%
2022 / 1.2%



Netcom

2023 / 1.6%
2022 / 1.7%



Others /
Automotive

2023 Statements of Comprehensive Income (YOY)

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

Items	2023	%	2022	%	Diff.	YOY(%)
Revenue	1,382,210	100.0%	1,658,588	100.0%	-276,378	-16.7%
Gross Profit	390,973	28.3%	515,507	31.1%	-124,534	-24.2%
Selling Expenses	37,231	2.7%	35,072	2.1%	2,159	6.2%
G&A Expenses	162,860	11.8%	156,929	9.5%	5,931	3.8%
R&D Expenses	68,551	5.0%	63,709	3.8%	4,842	7.6%
Operating Expenses	268,642	19.4%	255,710	15.4%	12,932	5.1%
Operating Profit	122,331	8.9%	259,797	15.7%	-137,466	-52.9%
Non-Operating Items	53,930	3.9%	78,923	4.8%	-24,993	-31.7%
Profit before income tax	176,261	12.8%	338,720	20.4%	-162,459	-48.0%
Net profit for the period	118,311	8.6%	225,947	13.6%	-107,636	-47.6%
EPS(NT\$)	3.40		6.90			

2023 Consolidated Balance Sheets

Unit: NT\$ Thousands

Items	2023	%	2022	%
Cash and cash equivalents	627,497	23.9%	916,884	31.2%
Accounts receivable	560,958	21.4%	528,335	17.9%
Inventories	220,274	8.4%	263,093	8.9%
Other Current Assets	31,323	1.2%	34,131	1.2%
Property, plant and equipment	1,092,586	41.6%	1,086,895	36.9%
Other assets	91,317	3.5%	114,107	3.9%
Total assets	2,623,955	100%	2,943,445	100%
Short- term borrowings	26,011	1.0%	44,094	1.5%
Accounts payable	151,141	5.8%	143,833	4.9%
Other payable	175,602	6.7%	202,360	6.9%
Other current liabilities	181,057	6.9%	284,228	9.7%
Corporate bonds payable	-	0.0%	189,086	6.4%
Long-term loan	183,400	7.0%	198,040	6.7%
Other liabilities	148,211	5.6%	145,749	5.0%
Total liabilities	865,422	33.0%	1,207,390	41.0%
Total equity	1,758,533	67.0%	1,736,055	59.0%
Important Financial Metrics				
Debt Ratio	32.98%		41.02%	
Inventory Turnover (times)	4.10		3.29	
Receivables Turnover Ratio(times)	2.54		2.79	

2023 Statement of Cash Flows

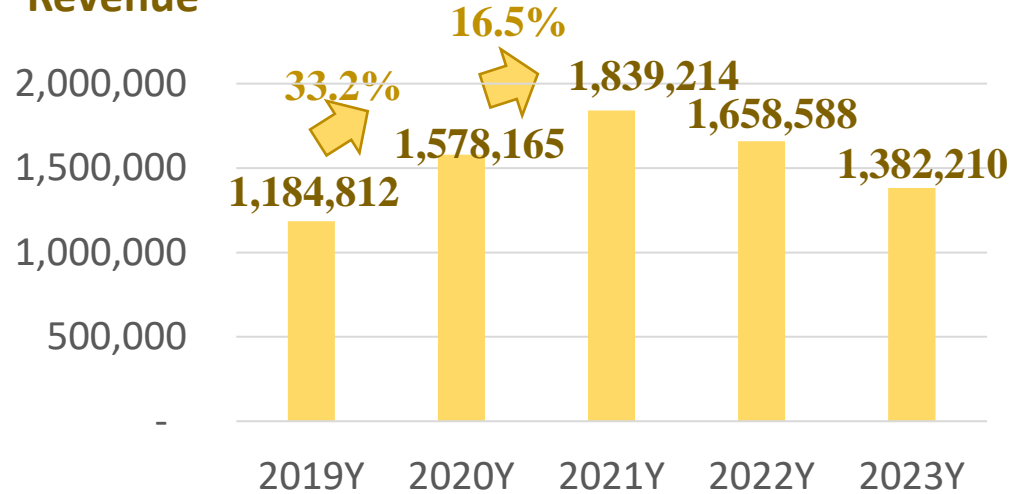
Unit: NT\$ Thousands

Items	2023	2022
Beginning Cash Balance	916,884	366,114
Net Operating Sources	<u>112,181</u>	<u>547,244</u>
Cash payment from investing activities-		
Capital Expenditures	(66,557)	(356,044)
Other Investing Source/(Uses)	23,430	9,052
Net Investing Uses	<u>(43,127)</u>	<u>(346,992)</u>
Cash flow from financing activities-		
Short-term Borrowings	(18,083)	26,912
Long-term Borrowings	(14,640)	212,680
Issuance of CB	-	197,175
Repayments of Long-term Loans	(163,100)	(31,412)
Cash Dividends	(136,788)	(128,391)
Other Financing Uses	(13,207)	54,957
Net Financing Sources	<u>(345,818)</u>	<u>331,921</u>
Effects of Exchange Rate Changes	(12,623)	18,597
Ending Cash Balance	<u>627,497</u>	<u>916,884</u>

Financial Performance for the recent years

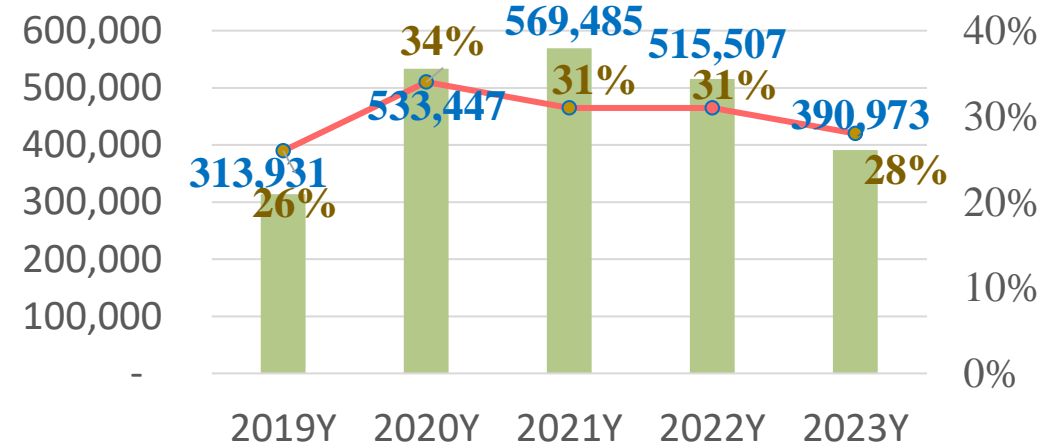
NT\$ Thousands

Revenue



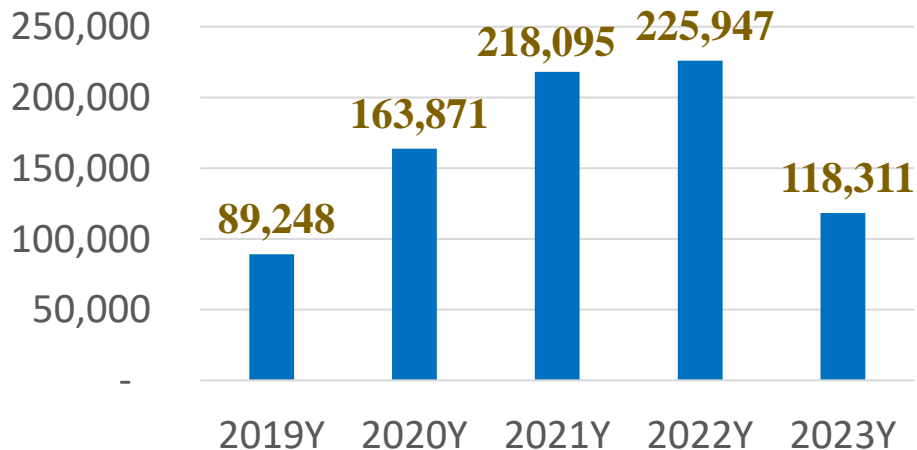
Gross Profit

NT\$ Thousands



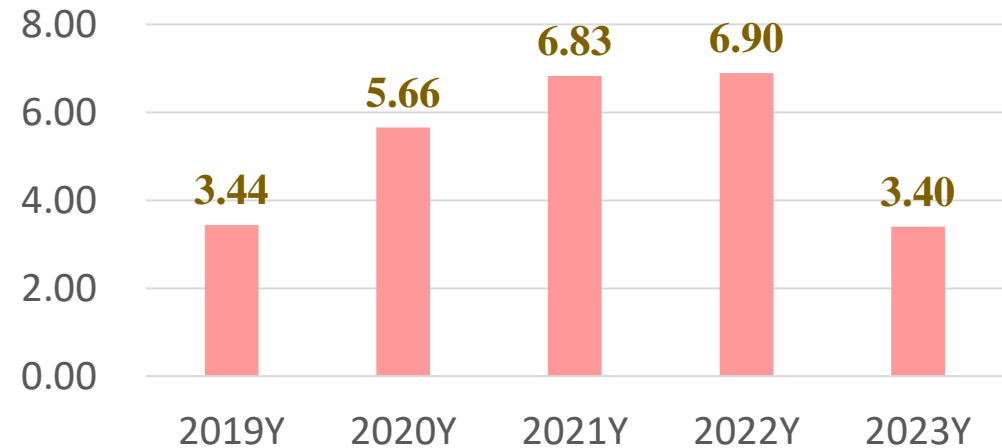
Net Income

NT\$ Thousands



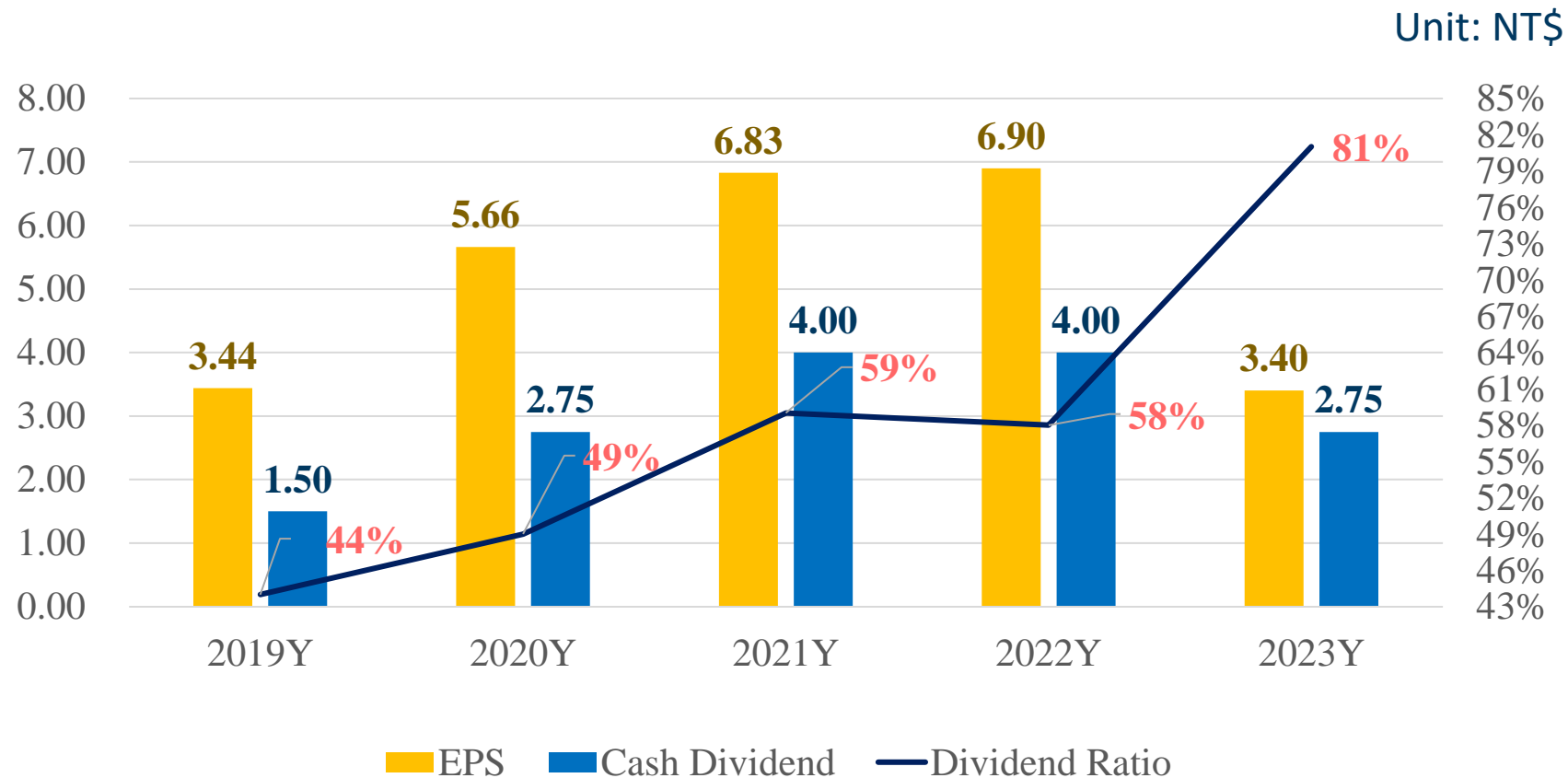
EPS

NT\$



Dividend Policy

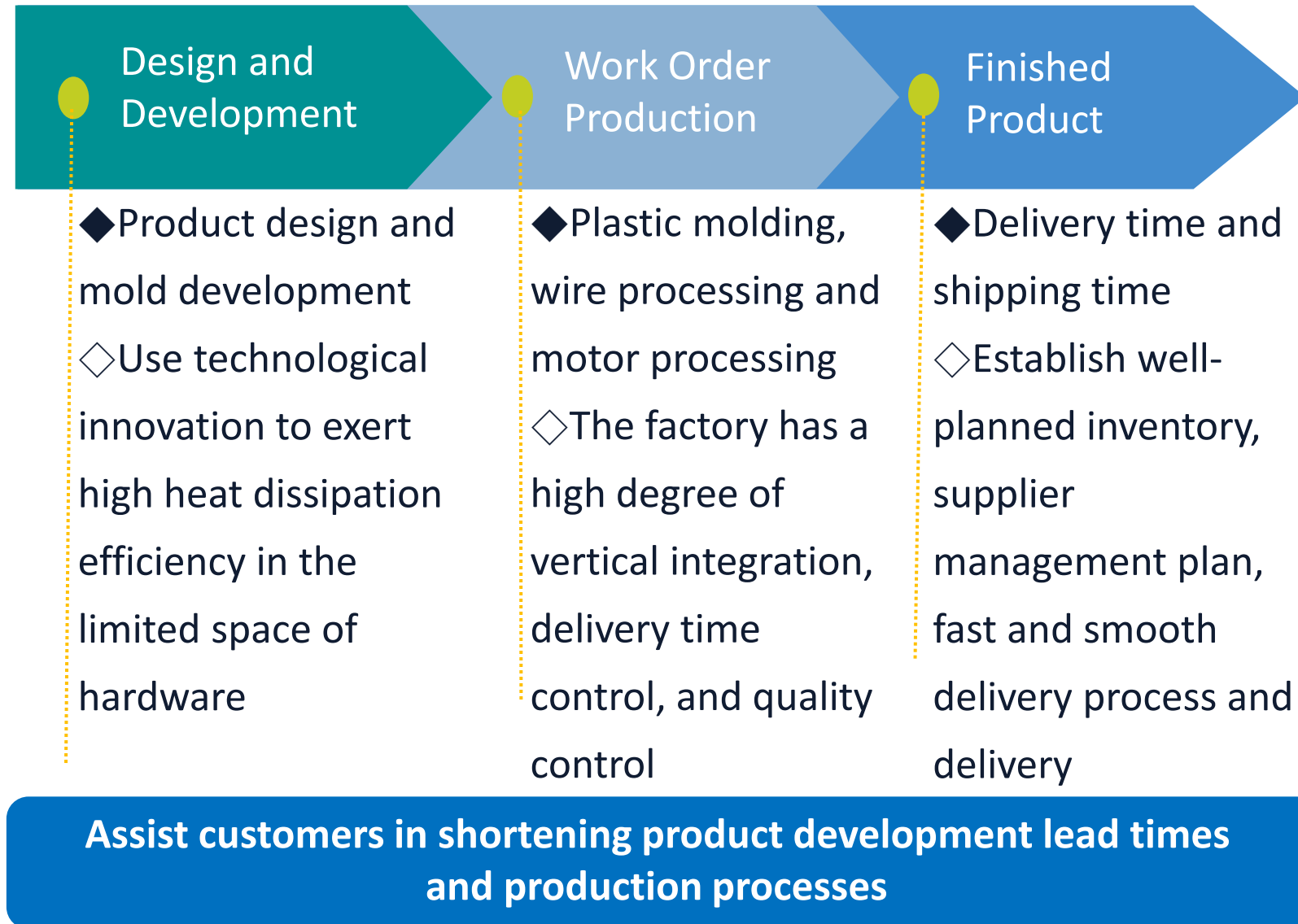
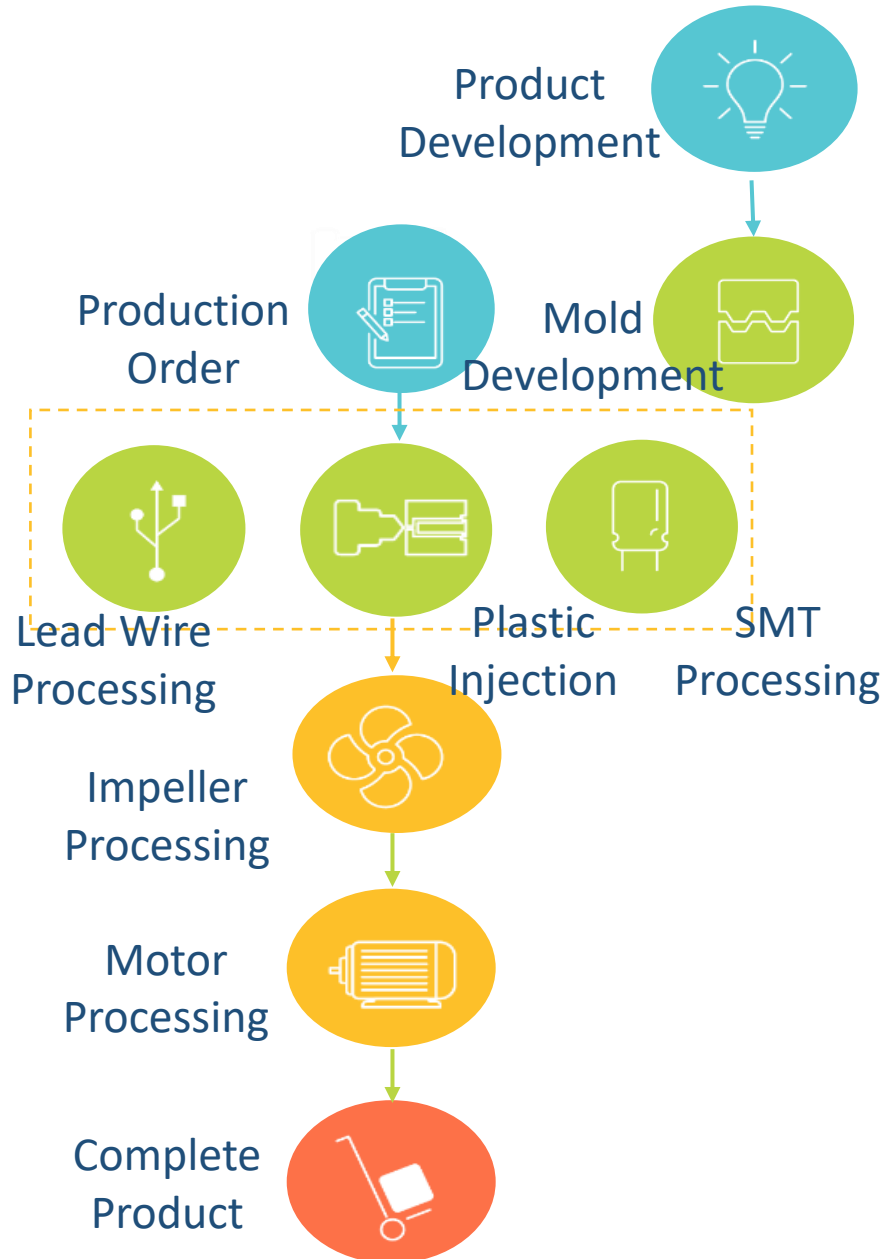
- ◇ In order to create a good growth momentum for medium and long-term operations, the dividend payout rate has been around 50%~60% in recent years . The allotment rate will reach 80% in 2023, and the company's operating results will be shared with all shareholders.

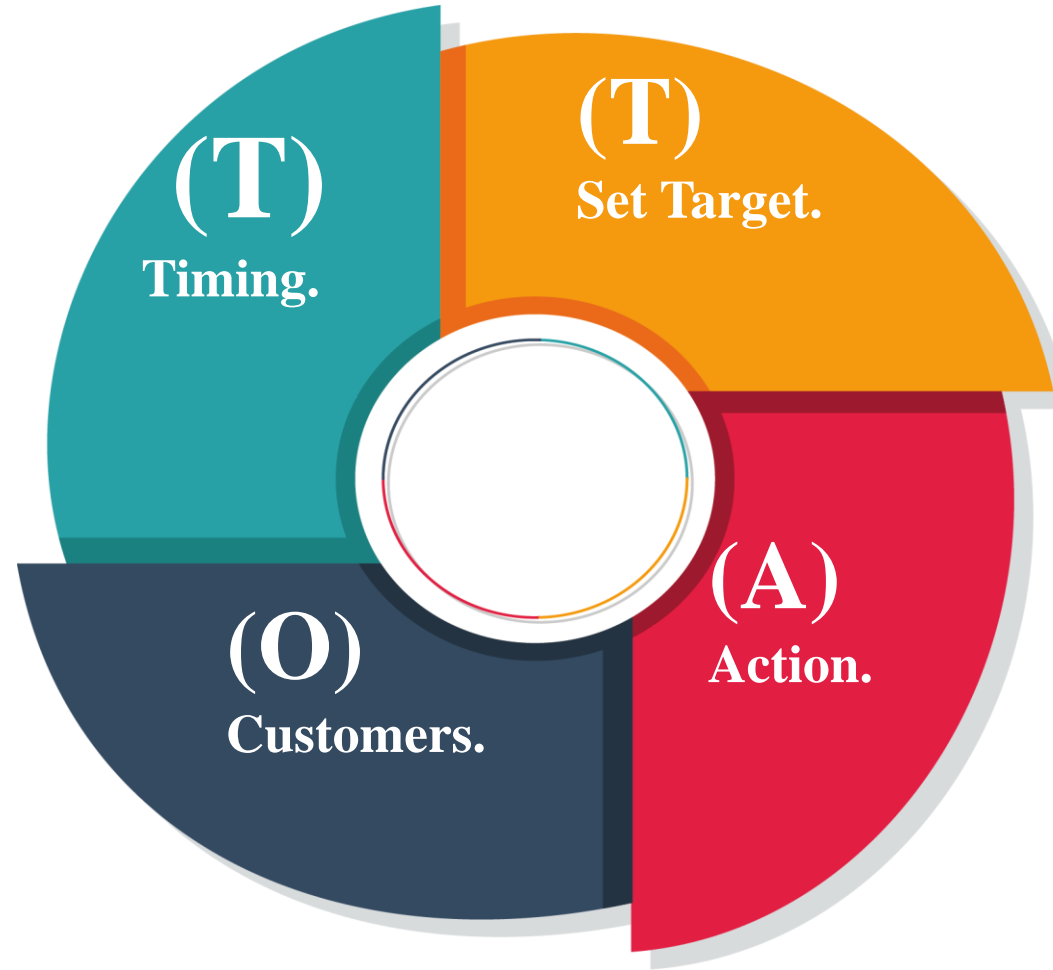


Agenda

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

Vertical Integration





Equipment (Automated Manufacturing)



Injection Process



SMT Machine



Winding Process



PCB Process



Dynamic Balancing
Machine



Assembly Process



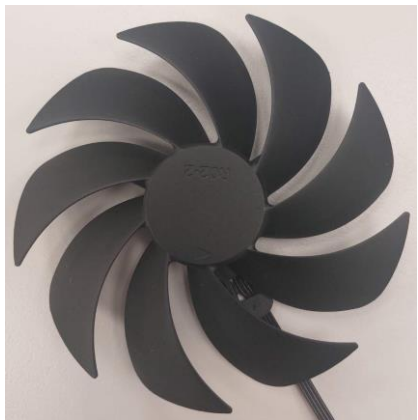
PWM Function Test



Burn-in Machine

R&D Capability

- Mock-up Facility



Prototype



CNC



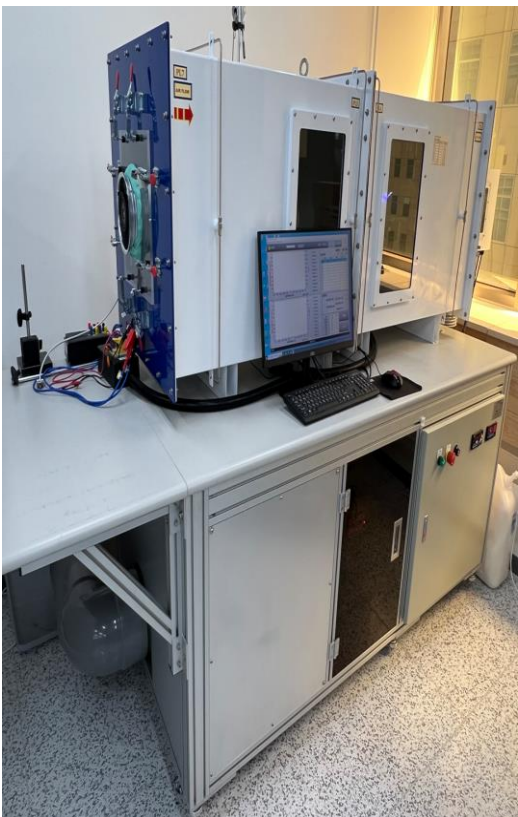
3D Printer



Dynamic Balancing

R&D Capability

- Wind Tunnel & Thermal Chamber



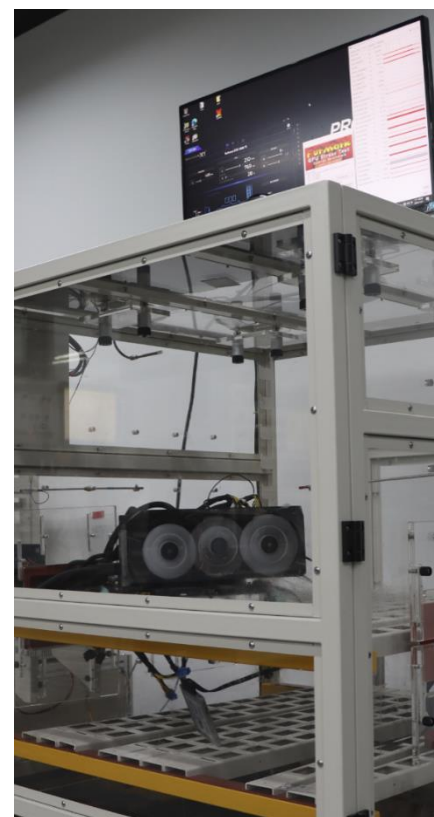
Wind Tunnel (L)



Wind Tunnel (M)



Wind Tunnel (S)

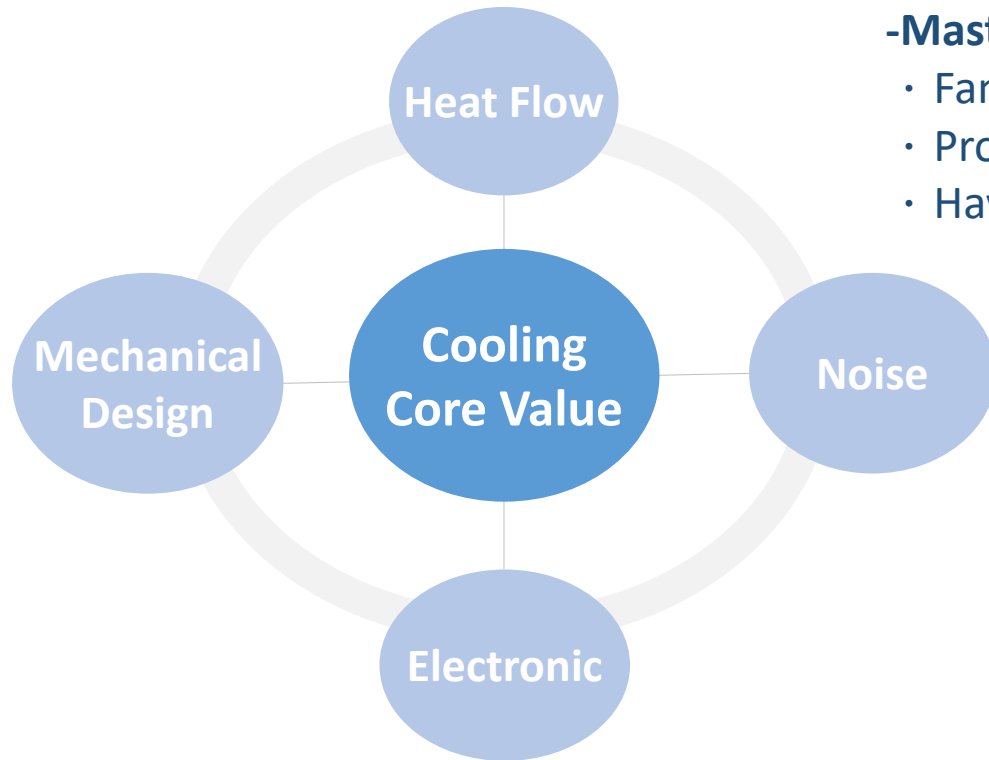


Thermal Chamber



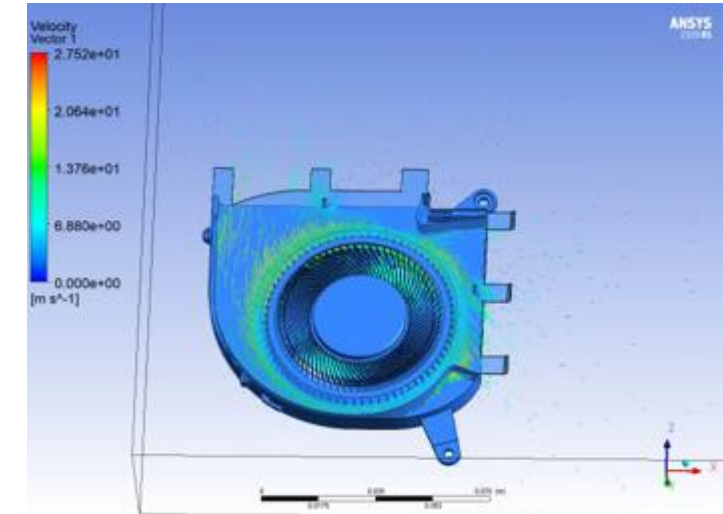
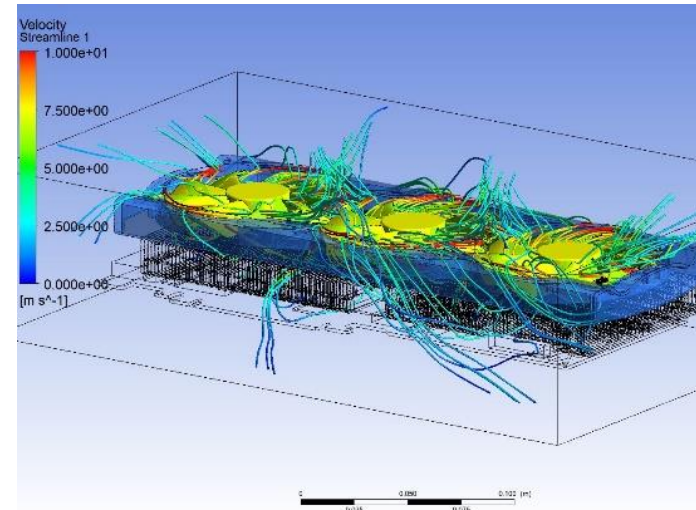
Thermal Chamber

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: 1



Japan: 7



Taiwan: 137



China: 115



USA: 1

Agenda

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

Wide Gaming Market Development

◆ The game market shows an upward trend of recovery

- ◇ According to Newzoo's January 2024 report, the total revenue of the global game market in 2023 currently reaches approximately US\$184 billion US dollars, and a slight increase from the previous year (182.9 billion US dollars). Newzoo pointed out in its latest report that the global game market experienced a recovery last year and will grow slowly in 2024 and beyond.

During the period from 2021 to 2026, the entire market is expected to grow at an average annual compound growth rate of 1.3%. Newzoo is optimistic about the prospects for PC and console games in 2024.



Wide Gaming Market Development

◆ The combination of emerging technologies and e-sports expands the development space of the e-sports industry

- ◇ Technological innovation has provided important support for the development of the e-sports industry. At present, emerging technologies such as 5G, VR/AR, AI, Internet of Things, and cloud computing have been widely used in e-sports games, e-sports events, e-sports live broadcasts and e-sports venues, etc.

Overall, the combination of technology in the e-sports industry and its derivative applications not only helps explore new industry models and expand new space for industrial development, but also optimizes and enhances the consumption experience of e-sports users and releases the economic benefits of the e-sports industry model.



Description of Current Market

◆ The launch of new graphics cards will boost demand

- ◇ RTX 40 SUPER series new graphics cards, including GeForce RTX 4080 SUPER, RTX 4070 Ti SUPER and RTX 4070 SUPER graphics cards. The three GeForce RTX 40 SUPER series GPUs are faster than their predecessors and equipped with the RTX platform.

Powerful features that enhance the performance of games, applications, and AI tasks, making them highly attractive to eSports players

Nvidia – GPU Specification					
	RTX 4080	RTX4080 Super	RTX 4070 Ti	RTX 4070 Ti Super	RTX 4070 Super
Release Date	2022.09	2024.01	2023.01	2024.01	2024.01
Process	TSMC 5nm	TSMC 5nm	TSMC 5nm	TSMC 5nm	TSMC 5nm
Architecture	Ada Lovelace	Ada Lovelace	Ada Lovelace	Ada Lovelace	Ada Lovelace
CUDA cores	9728	10240	7680	8448	7168
Performace	48.74 TFLOPS	52.22TFLOPS	40.09 TFLOPS	44.1TFLOPS	35.48TFLOPS
Memory	16 GB GDDR6X	16 GB GDDR6X	12 GB GDDR6X	16 GB GDDR6X	12 GB GDDR6X
Launch Price (Not FE)	US\$1,199	US\$999	US\$799	US\$799	US\$599

Source: Nvidia 、Sun Max

Description of Current Market

◆ AI PC will bring about hardware specification upgrades

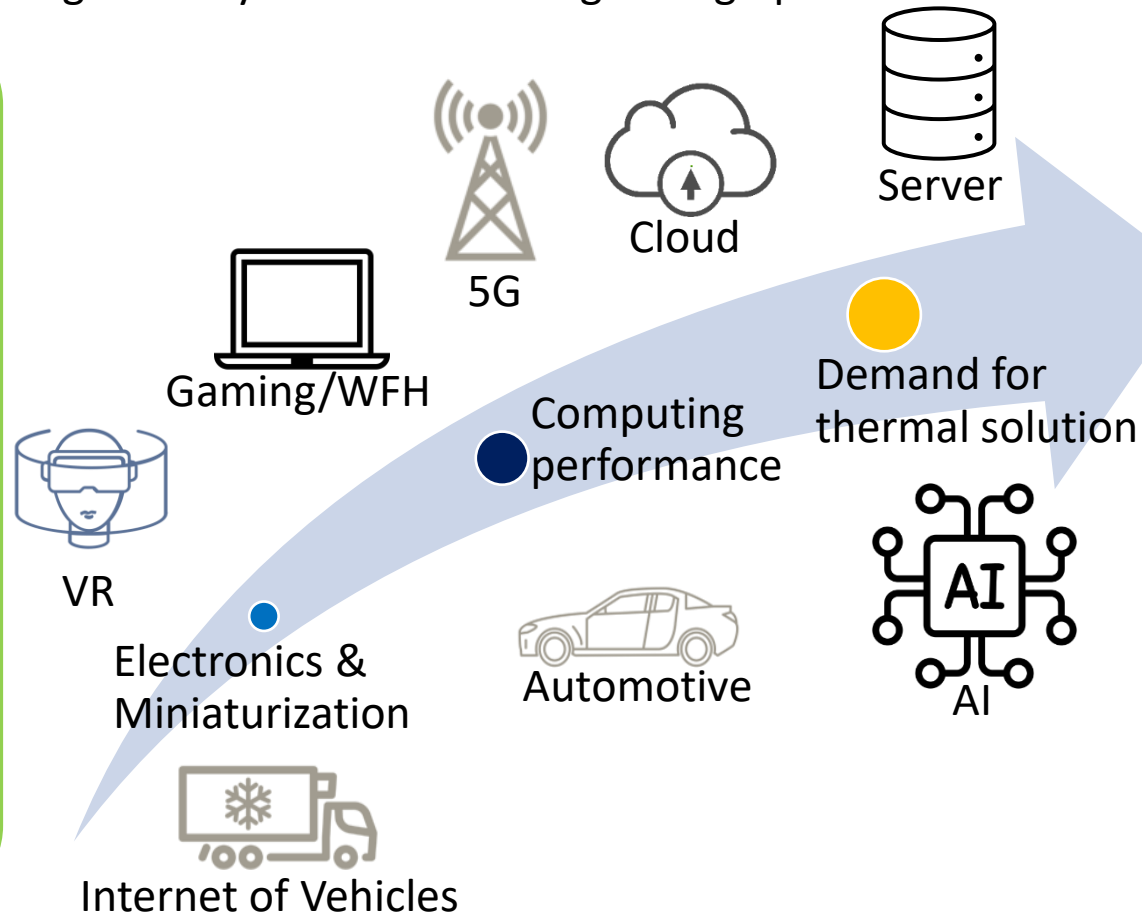
- ◇ Generative AI applications drive the PC industry into the first year of AI PC this year. However, until AI PC products, software application types and industrial ecosystems mature, PC brand manufacturers will still regard e-sports as the main battlefield, and are particularly optimistic about independent configurations. PC computing demand for graphics cards will increase.



Industry development trend

- ◆ The heat dissipation industry is widely used. Computer products, graphics cards, electric vehicles, network equipment, data centers and servers all have huge heat dissipation needs. In the future, electronic products will develop in the direction of high precision and high performance. For chips, The demand for computing power will continue to increase. At this time, more powerful cooling capabilities must be equipped to maintain the operation of electronic products. It is expected that driven by the growth momentum of emerging applications, AI servers and liquid cooling business opportunities, the cooling industry will continue to growing up.

◇ Emerging applications have good growth momentum: In recent years, with the rise of 5G, cloud computing, data centers, electric vehicles, industrial computers and other applications, the demand for chip "computing power" has increased significantly.



◇ Liquid cooling is gradually developing: If the cooling system cannot effectively cool down, it may lead to risks such as reduced performance and shortened life of the chip. As the computing power of the chip increases, the thermal design power consumption (TDP) of the CPU and GPU also continues to increase. Traditional Air-cooling heat dissipation is gradually insufficient, so the market is gradually introducing liquid cooling heat dissipation technology.

Automotive Fan Application

Driving System



Air purifier



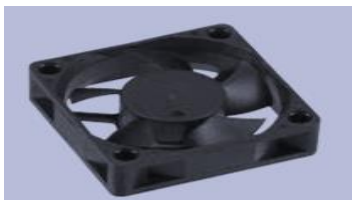
Communication & Entertainment devices



Air conditioner



LED headlamp



Cooling fan



Oil/ Water Pump



Electronic control system



Instrument cluster

Front bumper

Rear bumper

Inside of car body

Fuel Pump



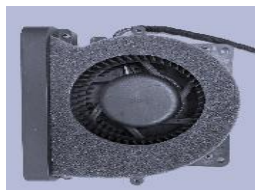
Cooling fan for battery



Cooling system



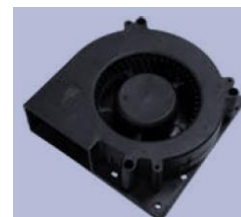
Rear air conditioner



Seat



Car radio devices



Agenda

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

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.
- ◆ In response to the international carbon reduction trend, SUN MAX will proactively implement greenhouse gas inventories in the second half of 2023 to understand the greenhouse gas emissions in the factory. It is expected to obtain the "ISO 14064-1 Greenhouse Gas Inventory" third-party verification in the second half of this year.



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.
- ◆ Respond to customers' ESG actions, participate in joint beach cleanups, and work together to protect the oceans.



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.