

1Q22 Investor Presentation

TaiSol Electronics Co., Ltd.

(Stock Code : 3338)

2022/1/14

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Agenda

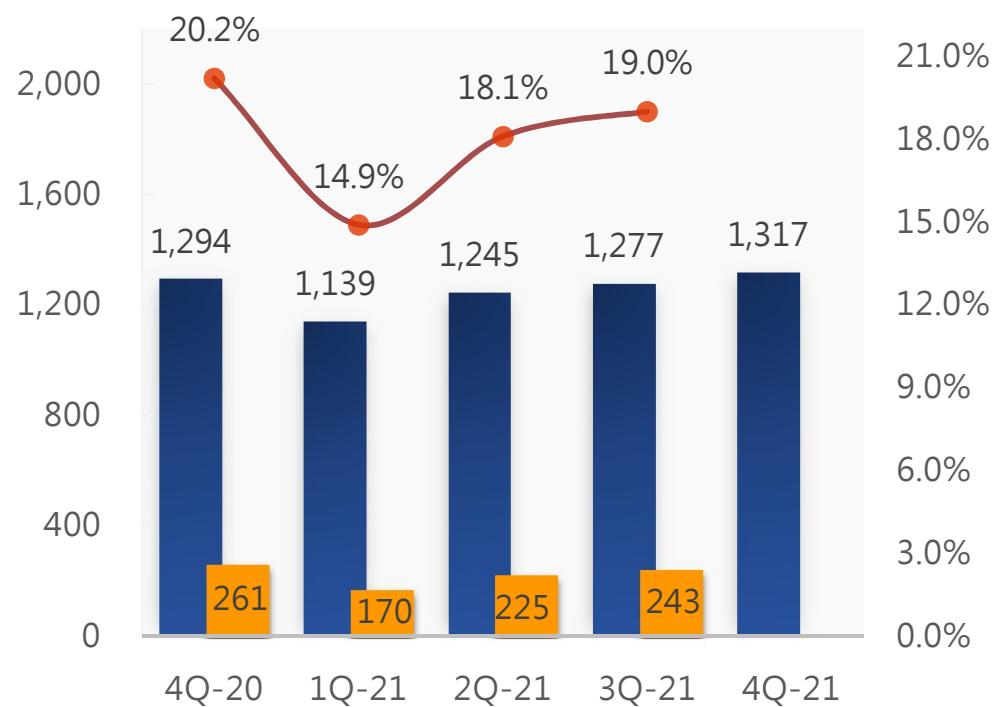
- **4Q21 Financial Results**
- **Business Outlook**
- **Q & A**

2021

4Q Financial Results

Net Sales & Gross Margin

NT\$Million



4Q, 2021

	YoY	QoQ
Sales	+2%	+3%

3Q21 Income Statement

NT\$ Million	3Q 2021		2Q 2021		QoQ	3Q 2020		YoY
Net Sales	1,277,316	100.0%	1,244,152	100.0%	3%	1,286,920	100.0%	-1%
Gross Margin	243,123	19.0%	224,878	18.0%	8%	240,444	19.0%	1%
Operating Exp	163,222	13.0%	145,183	12.0%		161,748	13.0%	
Operating Margin	79,901	6.0%	79,695	6.0%	0%	78,696	6.0%	2%
Non-Operating Items	4,088	0.0%	(17,931)	-1.0%		(27,311)	-2.0%	
Pre-Tax Income	83,989	6.0%	61,764	5.0%	36%	51,385	4.0%	63%
Income Tax	27,572	2.0%	14,597	1.0%		15,535	1.0%	
Net Income	56,417	4.0%	47,167	4.0%		35,850	3.0%	
Net Income to Parent	56,417	4.0%	47,167	4.0%	20%	35,850	3.0%	57%
Quarterly EPS (NT\$)	0.64		0.54			0.41		
Accumulated EPS (NT\$)	1.31					2.13		

Note : Financial data is IFRS adoption

3Q21 Balance Sheets

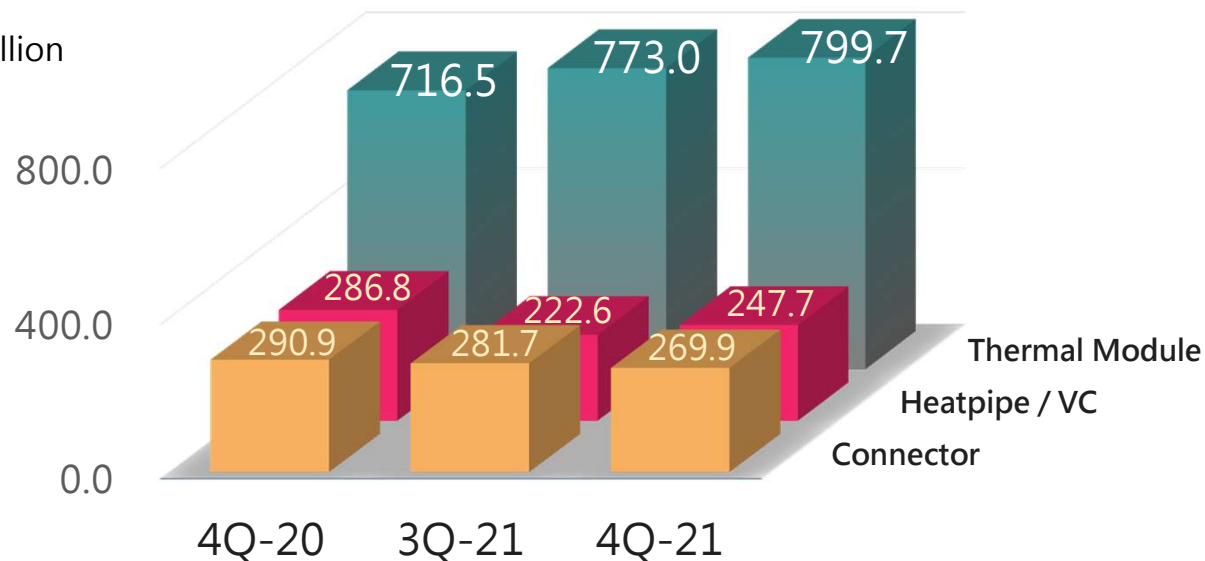
NT\$ Million	3Q 2021		2Q 2021		3Q 2020	
Cash and Cash Equivalents	440,349	11%	572,112	14%	573,640	12%
Accounts Receivable	1,966,554	50%	1,831,109	46%	2,383,066	51%
Inventories	624,655	16%	639,727	16%	668,717	14%
Current Assets	3,156,889	80%	3,184,331	80%	3,771,036	81%
Total Assets	3,931,494	100%	3,964,428	100%	4,634,971	100%
Accounts Payable	1,186,803	30%	1,076,972	27%	1,466,317	32%
Current Liabilities	2,130,755	54%	1,852,029	47%	2,617,629	56%
Total Liabilities	2,307,562	59%	2,237,783	56%	3,019,531	65%
Shareholders' Equity	1,623,932	41%	1,726,645	44%	1,615,440	35%
BVPS-Parent (NT\$)	\$18.5		\$19.6		\$18.4	
AR days	151		150		156	
Inventory days	57		59		49	
AP days	110		107		114	
CCC days	98		101		90	

Note : Financial data is IFRS adoption

Sales- Product



NT\$Million



PRODUCT	4Q-20	3Q-21	4Q-21	QoQ	YoY	2021 NOTES
CONNECTOR	23%	22%	20%	-4.2%	-7.2%	Shortage of raw materials and deferred orders, but demand remains stable
HEATPIPE / VC	22%	17%	19%	11.3%	-13.6%	Optionally taking orders on 5G mobile phone
THERMAL MODULE	55%	61%	61%	3.0%	12.7%	Remote work & stay-at-home economy keep pushing demands of NB ,Server and EV

Sales- Application

APPLICATION	4Q-20	3Q-21	4Q-21	2021 NOTES
NB	51%	47%	48%	Shortage of raw materials and demand deferred but remains stable
DT & AIO	16%	13%	13%	Demand remains stable
SERVER	11%	14%	14%	Increasing demand on server development
TELECOM	7%	10%	9%	5G infrastructure establishment deferred by the pandemic
SMART PHONE	1%	1%	1%	Strategically taking 5G smartphone orders selectively
EV / IN-VEHICLE SYSTEM	2%	5%	7%	The growth of demands on EV / In-Vehicle System.
OTHERS	12%	10%	8%	Shortage of raw materials but demand remains stable on projector and consumer electronics products
TOTAL	100%	100%	100%	

2022

Business Outlook

Base Station

5G traditional base station & O-RAN base station cooling opportunity strategy



- Affected by US-China trade war, the 5G infrastructure planting schedule will be slightly delayed and need to be observed . Now, ZTE remains the main customer of Taisol and the cooperation and development are still in progress.
- Multi-channel **AAU** is still required to achieve the benefits of 5G due to the increase of the users. In addition, the opportunities of communication system cooling business have expanded to **BBU** and **optical communications**. The demand of core network will be doubled in 2022, and the main models Taisol involved and designed have been recognized.
- Overseas communication base stations mostly use 5G open architecture **O-RAN**, and will focus on developing **CU/DU** cooling solutions, **core network** (x86 server cooling), **small base stations** & **RU cooling solutions** in response to adapt to 5G scenarios. Taiwan ODM manufacturers are the main customers, and they have reached mass trial production stage.



PC

Traditional laptop: Steady demand
High-end laptop : Strong demand



High-end laptop

- Demand for commercial/gaming products ↗
- Complex design → Demand for efficient heat dissipation ↗ → Numbers of heat pipes and usage rate of vapor chamber ↗

Grow

ASP of VC and ultra-thin heat pipe is comparatively high



DT & AIO

- The office workers gradually back to their building, and the demand of commercial DT is steady
- Cooperate with fan manufacturers, the risk of material shortage is reduced

Steady

Demand for commercial desktop computer keeps growing



Eeducation and consumer market: Slow demand

- Chromebooks accounts for a low percentage of revenue, the impact will be very slight
- Increase caseload of consumer models and new customers

Steady

Increase the number of cases and the revenue in response to slowing demand



Material shortage

- Uncertainty in the supply chain: the shortage of semiconductor, the rising epidemic in China, the Beijing Winter Olympics, and the chaos of international logistics will all bring changes to the supply chain

Variable

Fully prepared, the situation remains to be seen



Server

Cloud and online economy expands,
the demand for server is strong



Current

- Intel. AMD. NVIDIA
- The pandemic has brought huge opportunities for cloud data centers, driving the market share of white-label servers

Grow

The demand for server is gradually growing

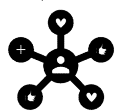


Future

- 5G core network, AI, metaverse, edge computing, etc
- The server market possess explosive growth potential

Optimistic

The growth of server is expected



Advantage

- Become the main supplier of international brands
- Rapid growth in China's server business market
- Cooperate with end customers for various product lines ,and liquid-cooled products have gradually grown in 2022

Active

Diversified Product range
Increase ASP
Steady Growth in Revenue



Technology

- Liquid cooling technical team and related inspection equipment setup
- CDU and cabinet water cooling are jointly developed to increase product diversity and breadth
- CPU power consumption increase. VC ,heat pipe, and high-end liquid cooling are applied simultaneously

Upgrade

Accelerate innovative technologies
and high-end markets deployment

Consumer- electronics Smartphone



Boom of metaverse VR &AR

Participate in simulation and sample production for international AR manufacturer



5G Smartphone

High cost of materials has caused pressure on ASP, and orders selection have been executed
Continuous focus on the changes in the mobile phone market, strategic planning of 2022 H2 new models is in progress



High-end NB VC development

Supply the world's top 4 brands of commercial NB. 2022 shipment is expected to increase month by month and is beneficial to increasing the ASP of VC



High Power Laser Projector

In recent years, laser light source technology has developed rapidly. High-end projection application grows extensive. Cooperate with European and Japanese brand customers, with considerable scale and stable shipment performance



EV

On-board system



Electric vehicle (motor, electronic control, battery, ADAS, headlight) business opportunities and development



Central control system thermal module TEC thermoelectric chip cooling, controller cooling box

Customers estimate sales growth in 2022, opportunities of product introduction in some high-end hybrid electric vehicles and gasoline vehicles. Revenue is expected to grow; ASP maintain

Automotive electronic control unit cooling ECU/DCU/MDC thermal module

Assist customers to verify the best combination of various water-cooled plate forming and welding processes to meet product reliability and mass production availability

Advanced Driver Assistance Systems (ADAS) thermal module

Small batch trial production of water-cooled products (China), and cooperation with Taiwan ODMs for international manufacturers and ODMs are in progress

Battery pack heat dissipation/insulation

Technical cooperation with customers. Assist in reliability and mass production feasibility assessment

High power LED headlights, Sensing Camera & ECU thermal module

Modular cooling requirements

Q & A

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TaiSol Electronics Co., Ltd.

Thank You