

A nighttime city skyline with a network overlay. The background shows a city at night with many lit-up buildings. Overlaid on this is a large, semi-transparent blue network of nodes and lines, resembling a globe or a data network. The text is centered over this graphic.

# Ennoconn Corporation

## 1Q 2022 Investor Conference Call

May 17<sup>th</sup>, 2022

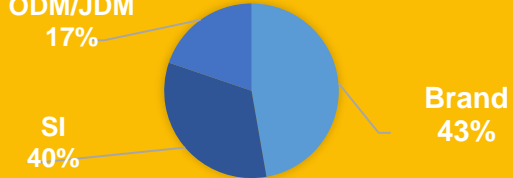
## Safe Harbor Statement

Our discussion may include predictions, estimates and other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. Undue reliance should not be placed on any forward-looking statements, which reflect our opinions only as of the date of this presentation. We undertake no obligation to update them.

# 1Q22 Financial Results

NT\$M	1Q21	1Q22	YoY	Notes	
<b>Revenues</b>	20,191	24,272	20.2%	<ul style="list-style-type: none"> <li>Ennoconn is committed to implementing the important strategy of integrating diversified product, market, service operations, decentralizing sales, supply chain, production bases and other global layouts. Revenue was up 20% year-over-year, with growth in all three segments, setting a new record for single-quarter revenue over the same period.</li> <li>The current environmental factors such as the war in Russia and Ukraine and the epidemic closure in China, the gross margin performance improved with the optimization of the purchase orders and cost control. Although it was 2.5ppt lower than the same period last year, it increased by 2.5ppt quarter-on-quarter.</li> </ul>	
<b>Gross Profit</b>	4,754	5,104	7.4%		
<b>Gross Margin %</b>	23.5%	21.0%	-2.5ppt		
Selling expenses	-852	-820			
G&A expenses	-1,175	-1,277			
R&D expenses	-2,113	-2,205			
Expected credit loss	-15	-72			
<b>Operating Income</b>	599	730	21.8%		
<b>Operating Marg%</b>	3.0%	3.0%			
Interest income (expense)	-123	-120			<ul style="list-style-type: none"> <li>A strong US dollar exchange rate versus New Taiwan Dollar was a positive factor, and a foreign exchange gain of NT\$159 million was recognized in 1Q 2022, an increase from the same period last year.</li> <li>Other non-operating income increased by NT\$34 million, mainly from government subsidies for R&amp;D personnel.</li> <li>Net income attributable to the parent company after tax was NT\$314 million increased 59.6% to a record high for the same period last year.</li> <li>The effective tax rate was 26.6% and 24.5% in 1Q 2022 compared to the same period last year.</li> </ul>
FX gain (loss)	4	159			
Other non-operating income (expenses)	240	274			
<b>Income Tax</b>	177	277	56.5%		
<b>Net Income</b>	544	765	40.6%		
<b>Net Income (deducted minority interest)</b>	197	314	59.6%		
<b>EPS (NT\$)</b>	2.06	2.97	44.3%		
				<ul style="list-style-type: none"> <li>EPS was NT\$2.97. Despite a 10.4% increase in equity over the previous year, EPS in the first quarter rose 44.3% year-over-year and was the second highest in history for the same period.</li> </ul>	

# 2022 Performance by Business Segment

Business Segments		Key Members	Revenue Contribution (NT\$M)	Revenue YoY	GM	OpM	EPS Contribution (NT\$)	Notes
Ennoconn Consolidation		1Q22	24,272	20.2%	21.0%	3.0%	2.97	<p><b>1Q22 Revenue Contribution</b></p>  <ul style="list-style-type: none"> <li>• Branding and Channel in the first quarter of 2022, the revenue increased slightly by 3.1% year-over-year, and the gross margin decreased by 3.3%. This was due to the shortage of materials and the increase in the cost of raw materials, the operating margin decreased by 2.1% due to the increase in labor costs and warranty expenses.</li> <li>• System Integration in the first quarter of 2022, the revenue increased by 47.2% year-over year, and the gross margin and operating margin increased by 0.4% and 1.1% respectively.</li> <li>• Design Manufacturing Service in the first quarter of 2022, the revenue increased by 18.8% year-over-year, mainly due to the strong increase in demand for smart retail, finance, lottery related products from major entertainment and financial customers, and the gross and operating margin increased by 1.7% and 1.8% respectively.</li> <li>• Shareholding ratio: S&amp;T 27.6%; MIC 43.0%; Goldtek 56.7%; CASwell 31.8%.</li> </ul>
		1Q21	20,191		23.5%	3.0%	2.06	
Brand		1Q22	10,368 (43%)	3.1%	28.9%*	-0.3%	0.63 (21%)	
		1Q21	10,058 (50%)		32.2%*	1.8%	0.64 (31%)	
System Integration		1Q22	9,668 (40%)	47.2%	11.4%	5.7%	1.45 (49%)	
		1Q21	6,569 (33%)		11.0%	4.6%	0.91 (44%)	
ODM / JDM		1Q22	4,236 (17%)	18.8%	23.9%	5.0%	0.89 (30%)	
		1Q21	3,564 (17%)		22.2%	3.2%	0.51 (25%)	

\* We adjusted the GM and OpM of S&T due to the difference in accounting principles between EU and Taiwan.

S&T's announcement: 2022O1 GM was 36.4%; 2021O4 GM was 33.3%; 2021O1 GM was 39.5%.

# Revenue by Region

		Revenue (NT\$M)	Revenue YoY	1Q22 Revenue (NT\$M)	Notes
<b>Ennoconn Total</b>	1Q22	24,272	20.2%	24,272	<p><b>1Q22 Revenue</b></p> <ul style="list-style-type: none"> <li>The Americas : 22% of revenue comes from Design Manufacturing Service, and 20% from Branding and Channel.</li> <li>Europe:85% of revenue comes from Branding and Channel.</li> <li>Mainland China : 68% of revenue comes from System Integration, and 25% comes from Design Manufacturing Service.</li> <li>Asia Pacific : 80% of revenue comes from System Integration.</li> </ul>
	1Q21	20,191			
<b>The Americas</b>	1Q22	3,260 (13%)	65.2%	3,260 (13%)	
	1Q21	1,973 (10%)			
<b>Europe</b>	1Q22	10,394 (43%)	6.9%	10,394 (43%)	
	1Q21	9,721 (48%)			
<b>China</b>	1Q22	3,801 (16%)	25.0%	3,801 (16%)	
	1Q21	3,040 (15%)			
<b>Asia Pacific</b>	1Q22	6,817 (28%)	24.9%	6,817 (28%)	
	1Q21	5,457 (27%)			