



ITEQ Corporation

2022 First Quarter Earnings Result

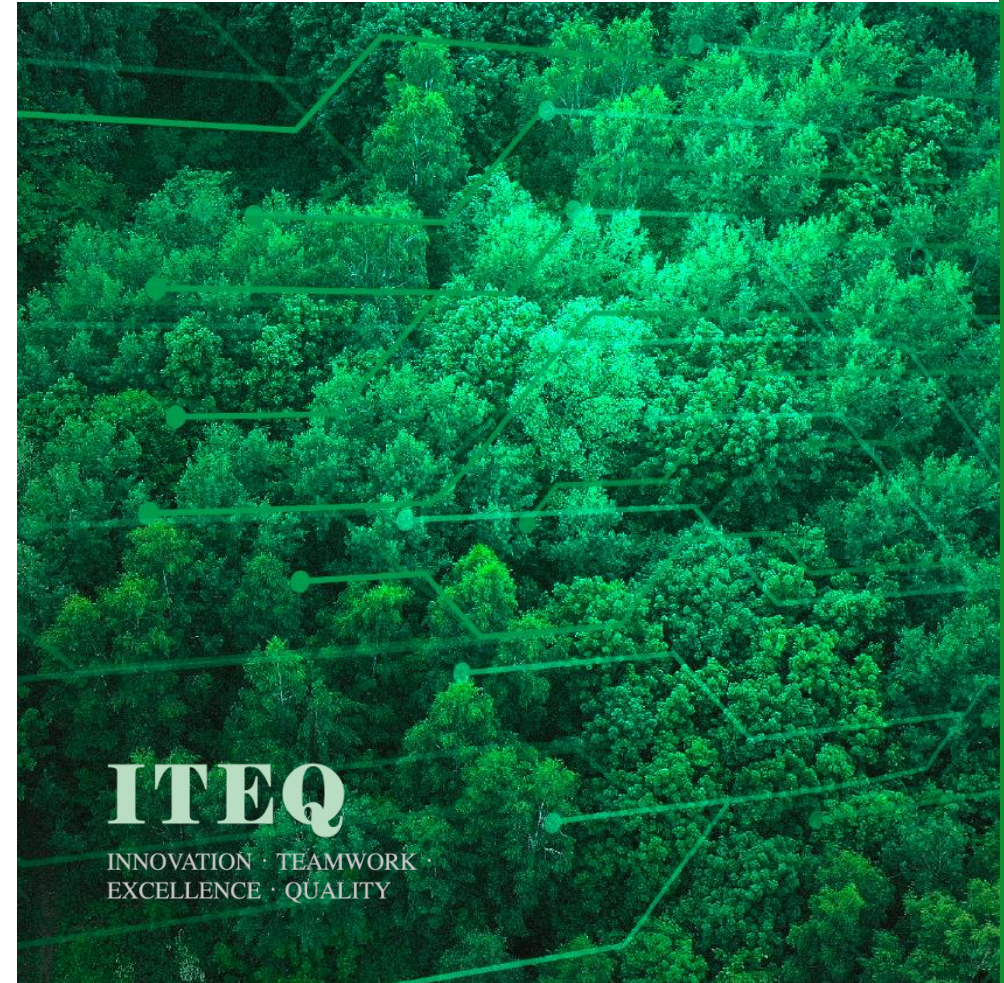
ITEQ

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

May 2022₁

Disclaimer Statement

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of ITEQ as of the date of this release. ITEQ undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.



Company Overview



Establishment
April 10th, 1997



Headquarters
HsinChu, Taiwan



Capital
NT\$3,830 million



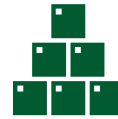
Employees
~4,000



Chairman
Dennis Chen



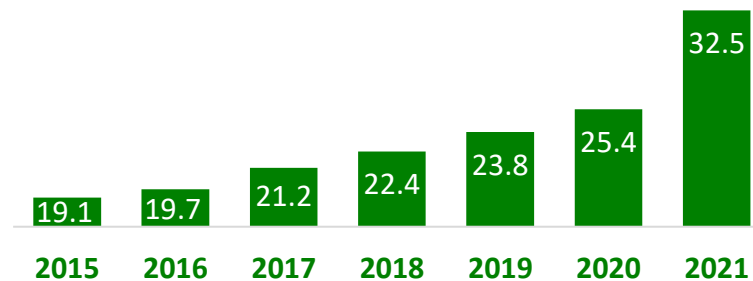
CEO
Audrey Tsai



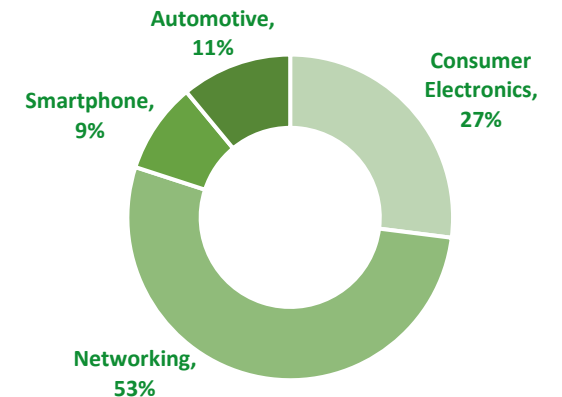
Main Products

Copper Clad Laminate (CCL) & Prepreg (PP) | Masslam service | Flexible CCL

Revenue (NT\$ billion)

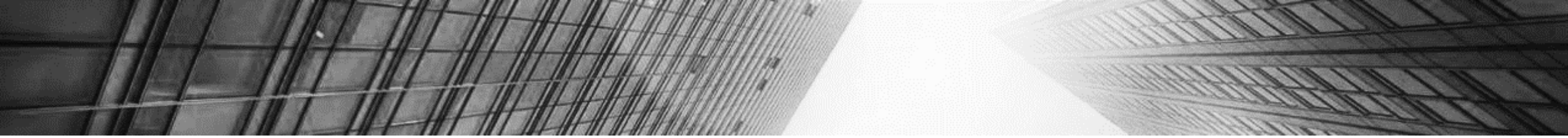


Revenue by Application (FY21)



Key Technology Applications





1Q22 Financial Results

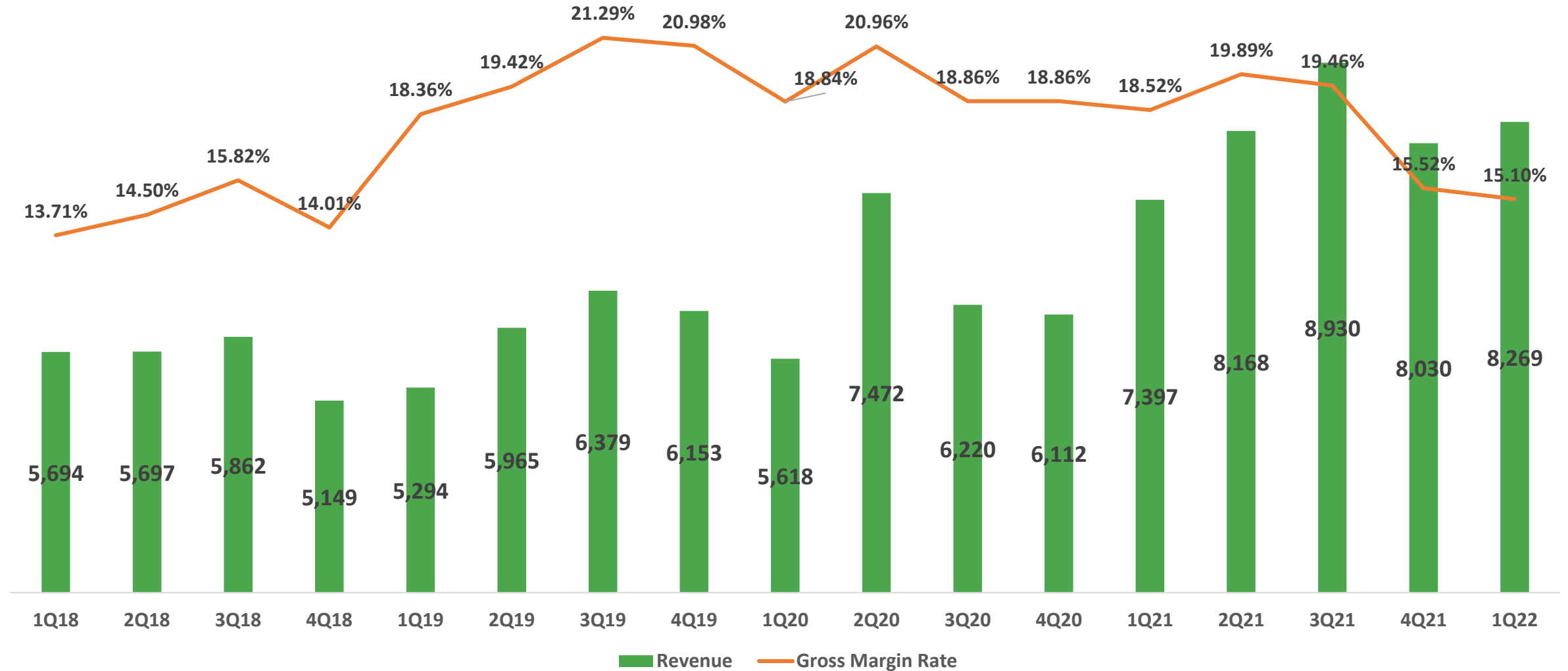
ITEQ

ITEQ

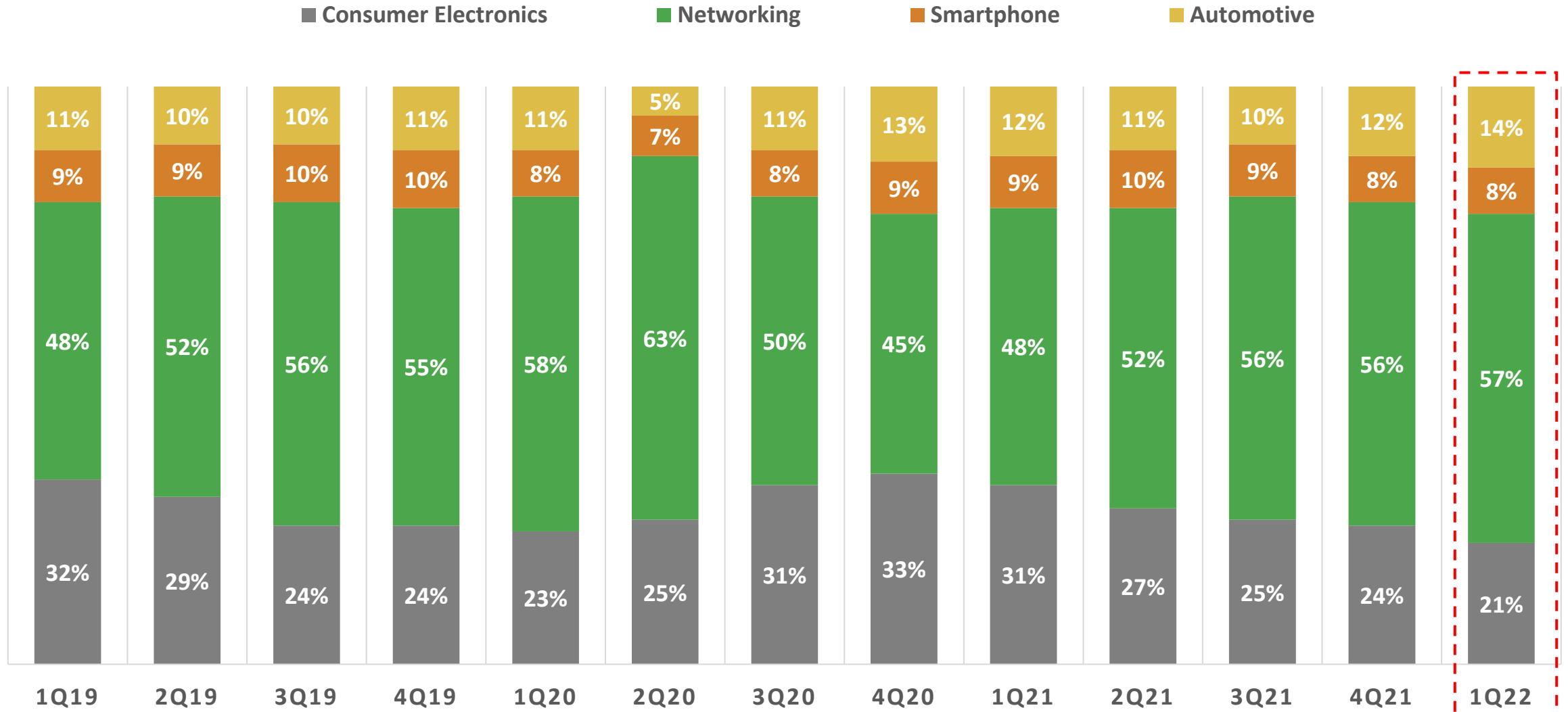
INNOVATION • TEAMWORK •
EXCELLENCE • QUALITY

Revenue & Gross Margin Rate

(Million \$NTD)



1Q19~1Q22 Product Mix



1Q22 Income Statement

| NTD \$Million | 1Q22 | 4Q21 | 1Q21 | QoQ | YoY |
|----------------------------|---------------|---------------|---------------|------------|-------------|
| Revenue | 8,269 | 8,030 | 7,397 | 3% | 12% |
| Gross Profit | 1,249 | 1,246 | 1,370 | 0% | -9% |
| Operating Expense | 605 | 543 | 503 | 11% | 20% |
| Operating Profit | 644 | 703 | 867 | -8% | -26% |
| Non-Op Income / Loss | 332 | 49 | (24) | | |
| Income before Tax | 976 | 752 | 843 | 30% | 16% |
| Tax Expense | 167 | (55) | 200 | | |
| Net Income to Parent | 809 | 807 | 643 | 0% | 26% |
| EPS(NT\$) | 2.11 | 2.11 | 1.93 | | |
| Key Financial Ratio | | | | | |
| Gross Margin | 15.10% | 15.52% | 18.52% | | |
| Operating Expense Ratio | 7.32% | 6.76% | 6.80% | | |
| Operating Margin | 7.78% | 8.75% | 11.72% | | |
| Effective Tax Rate | 17.11% | -7.31% | 23.72% | | |
| Net Margin | 9.78% | 10.05% | 8.69% | | |

1Q22 Balance Sheet

| NTD \$Million | 1Q22 | 4Q21 | 1Q21 |
|----------------------------|---------------|---------------|---------------|
| Total Assets | 35,614 | 36,237 | 29,350 |
| Cash | 3,711 | 4,423 | 3,511 |
| Marketable Securities | 5 | 5 | 6 |
| NR / AR | 14,377 | 13,260 | 11,115 |
| Inventories | 4,822 | 5,167 | 3,888 |
| Fixed Assets | 10,122 | 11,078 | 8,712 |
| Total Liabilities | 14,830 | 14,922 | 15,378 |
| Short-term Debt | 2,494 | 2,131 | 1,708 |
| NP / AP | 6,644 | 7,121 | 6,914 |
| Long-term Debt | - | - | 1,640 |
| Total Equity | 20,784 | 21,315 | 13,972 |
| Key Financial Index | | | |
| Days Sales Outstanding | 151 | 135 | 136 |
| Days Sales of Inventory | 69 | 61 | 54 |
| Days Payable Outstanding | 91 | 83 | 98 |
| ROE (%) | 15.73 | 18.12 | 21.42 |
| ROA (%) | 9.40 | 10.37 | 10.87 |
| Debt ratio (%) | 41.64 | 41.18 | 52.40 |

2015 – 2021 Dividend Policy

| Year | EPS(NT\$) | Dividend(NT\$) | Cash Dividend(NT\$) | Pay-out Ratio(%) |
|------|-----------|----------------|---------------------|------------------|
| 2015 | 1.92 | 1.6 | 1.6 | 83% |
| 2016 | 3.13 | 2.5 | 2.5 | 80% |
| 2017 | 4.11 | 3.1 | 3.1 | 75% |
| 2018 | 5.86 | 3.8 | 3.8 | 65% |
| 2019 | 8.13 | 5.0 | 5.0 | 62% |
| 2020 | 8.19 | 5.0 | 5.0 | 61% |
| 2021 | 9.00 | 5.0 | 5.0 | 56% |

*New shares issuance of 30 million common shares concluded on March 31st 2020

**New shares issuance of 50 million common shares concluded on September 2nd 2021; current total outstanding common share: 383 million



Growth Strategy Blueprint

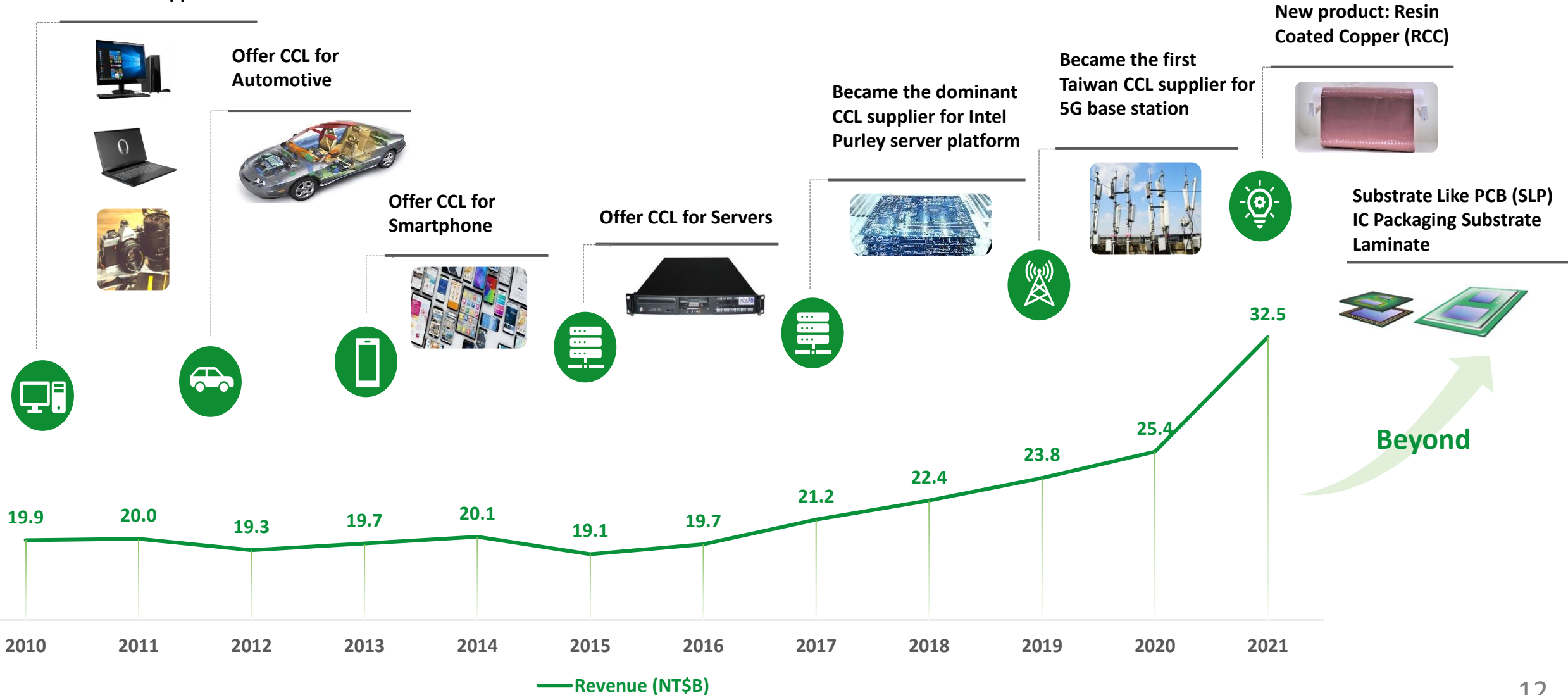
ITEQ

ITEQ

INNOVATION • TEAMWORK •
EXCELLENCE • QUALITY

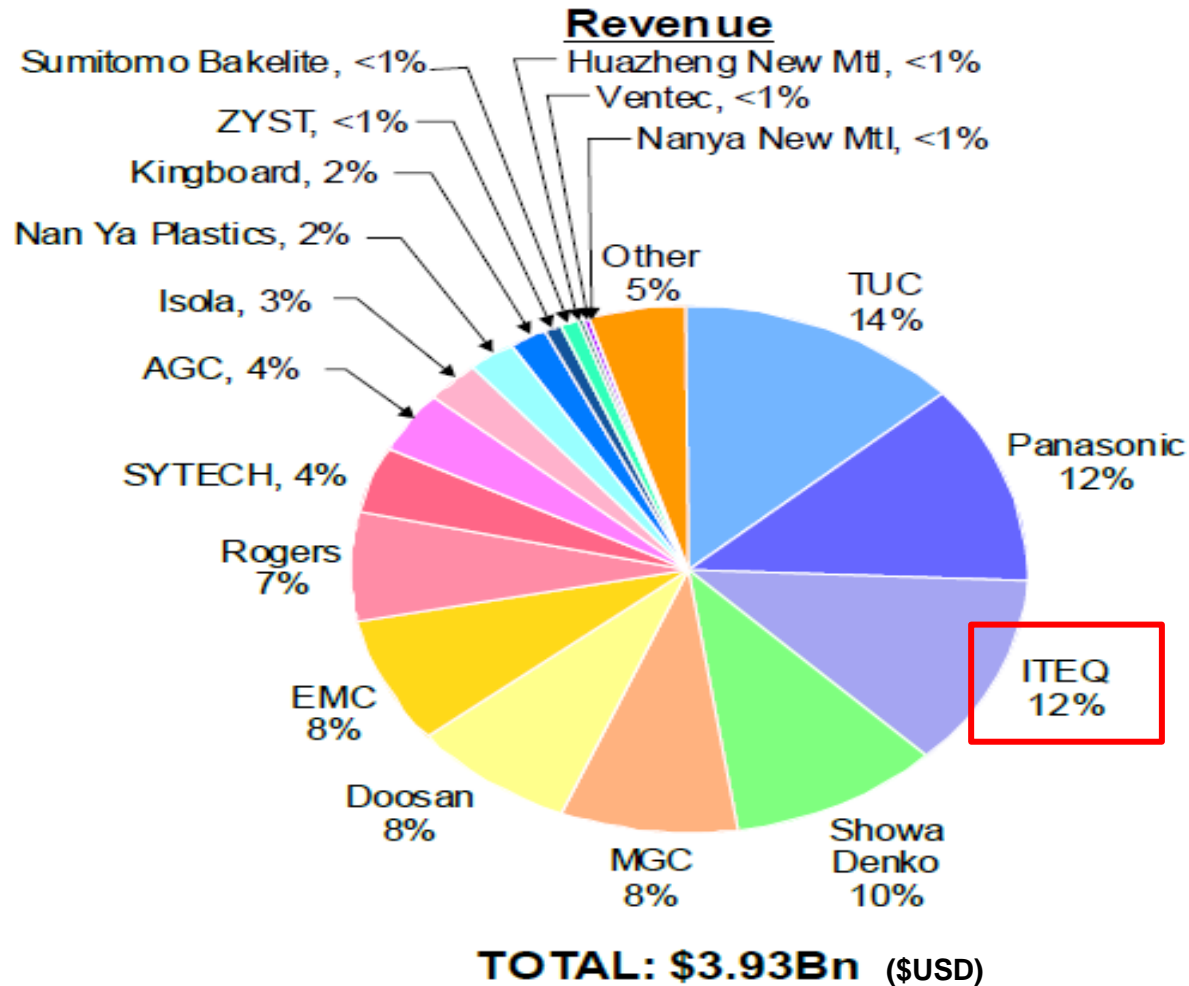
Path of Innovation

Focus on Consumer Electronics application



Beyond

2020 WW Specialty Laminate Market Share

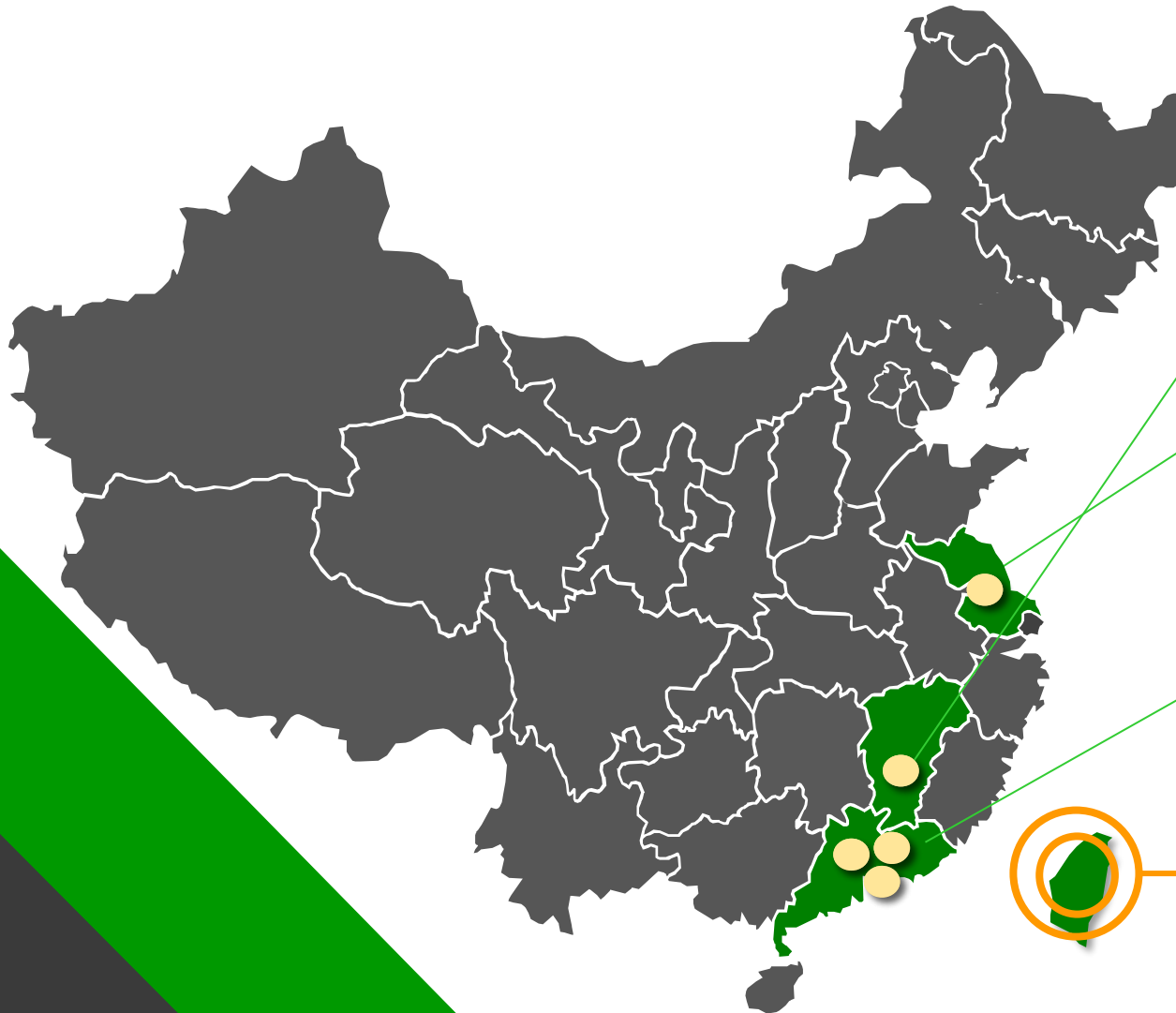


ITEQ: Leading CCL supplier

- Worldwide top supplier in high speed / frequency laminate
- Cutting-edge technology with MP track record
- Secular growth momentum in 5G network and data center opportunities
- Rising EV market to boost demand for high speed / frequency automotive CCL

INNOVATION · TEAMWORK ·
EXCELLENCE · QUALITY

Manufacturing Site & Capacity – Expansion Plan ITEQ



JiangXi Plant
(Phase I) - 2020
Laminate (600K SHT/Month)
Prepreg (3,500K M/Month)
(Phase II) - 2021
Laminate (600K SHT/Month)
Prepreg (3,500K M/Month)
(Phase III) – 2022 & 2023
Laminate (1,200K SHT/Month)
Prepreg (5,000K M/Month)



WuXi Plant
Laminate (1,650K SHT/Month)
Prepreg (8,000K M/Month)



DongGuan Plant
Laminate (1,000K SHT/Month)
Prepreg (4,000K M/Month)



GuangZhou Plant
FCCL(1,450 K M²/Month)

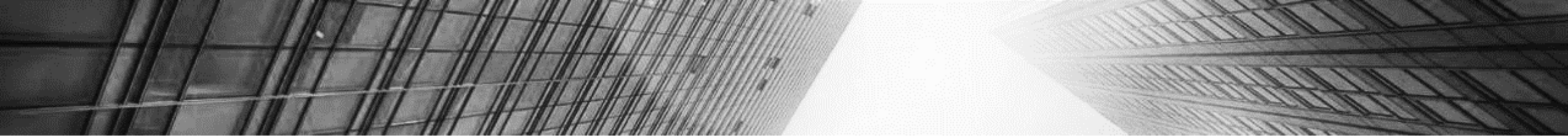


HuangJiang Plant
Masslam Service(500K SQFT/Month)



HsinChu (Headquarters)
Laminate(400K SHT/Month)
Prepreg (2,400K M/Month)

Distributor/Agent : USA 、 Europe 、 Israel 、 Korea 、 Japan 、 Singapore



Market Trend & Growth Drivers

ITEQ

ITEQ

INNOVATION • TEAMWORK •
EXCELLENCE • QUALITY

Datacenter Server Platform Upgrade

| Intel | Platform | Purley | | Whitley | | Eagle Stream | |
|-------|-----------------|----------|--------------|-------------|----------|-----------------|----------------|
| | CPU | Skylake | Cascade Lake | Copper Lake | Ice lake | Sapphire Rapids | Emerald Rapids |
| | Nano Process | 14 nm | 14 nm+ | 14 nm++ | 10 nm | Intel 7 | Intel 7 |
| | PCIe Generation | PCIe 3.0 | PCIe 3.0 | PCIe 3.0 | PCIe 4.0 | PCIe 5.0 | PCIe 5.0 |
| | MP Time | 2017 Q3 | 2019 Q3 | Cancel | 2021 Q1 | 2022 H2 | 2023 |
| | CCL Material | Mid Loss | Mid Loss | Cancel | Low Loss | Very Low Loss | Very Low Loss |
| | Layer count | 8 to 12 | 8 to 12 | Cancel | 12 to 16 | 16 to 20 | 16 to 20 |

| AMD | Architecture | Zen | Zen2 | Zen3 | Zen4 |
|-----|-----------------|--------------------------|-------------|-------------|---------------|
| | CPU | Naples | Rome | Milan | Genoa |
| | Nano Process | 14 nm (Global Foundries) | 7 nm (TSMC) | 7 nm (TSMC) | 5 nm (TSMC) |
| | PCIe Generation | PCIe 3.0 | PCIe 4.0 | PCIe 4.0 | PCIe 5.0 |
| | MP Time | 2017 Q3 | 2019 Q3 | 2020 Q4 | 2022 H2 |
| | CCL Material | Mid Loss | Low Loss | Low Loss | Very Low Loss |
| | Layer count | 8 to 12 | 12 to 16 | 12 to 16 | 16 to 20 |



Datacenter Equipment Cyclical Upgrade to Drive the Following;

- Corresponding CCL material upgrade
- Increase consumption and layer counts for CCL

Green Power/EV



- Energy Conservation
- Power Charging
- High Current & Voltage
- Heavy Cu

High Tg material

Internet of Vehicle

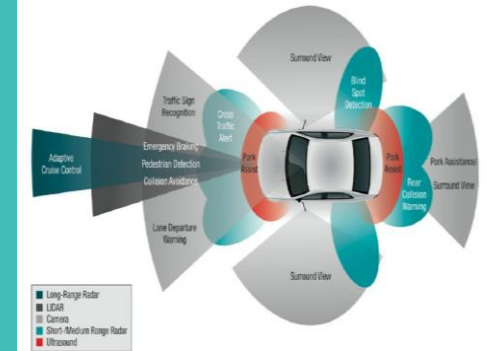


- Infotainment
- Networking

HDI

High Speed Material

Active Safety



- Active Safety System
- ADAS
- Radar
- Antenna Module

High Speed Material

High Frequency Material

Autonomous Driving



- HPC
- Graphic Processing
- Automated Driving Control Module

HDI

High Speed Material

- EV, IoV and Active Safety to boost demand for high performance automotive CCL



Thank you

Question and Comment

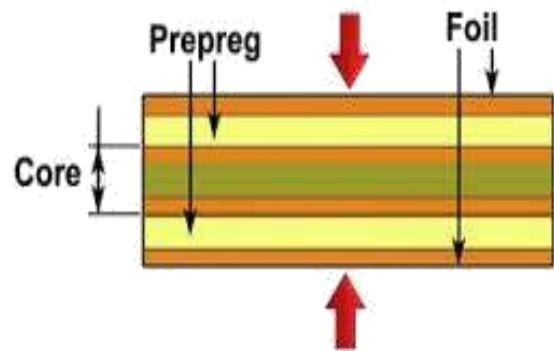
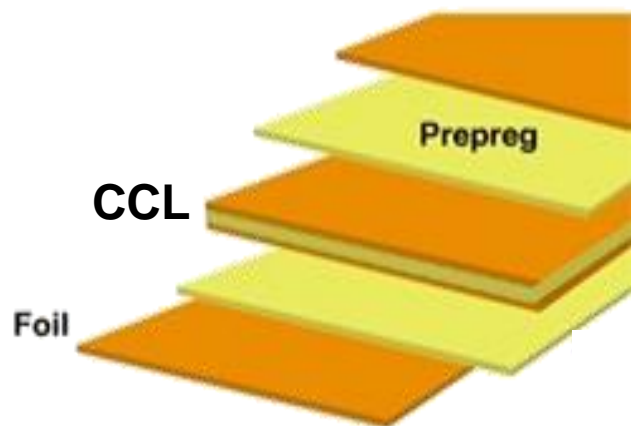


Appendix

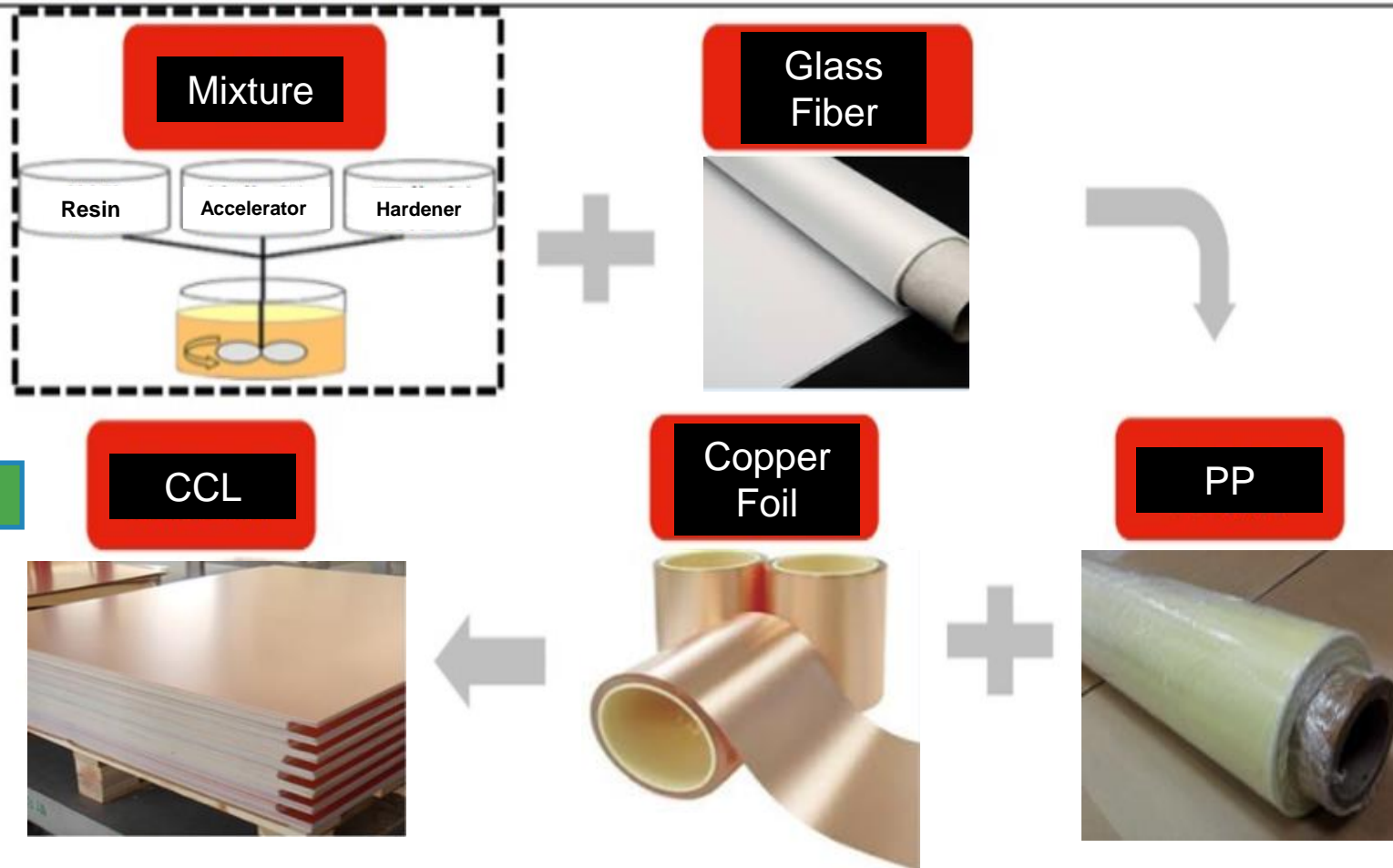
ITEQ

CCL & PP Composite Structure

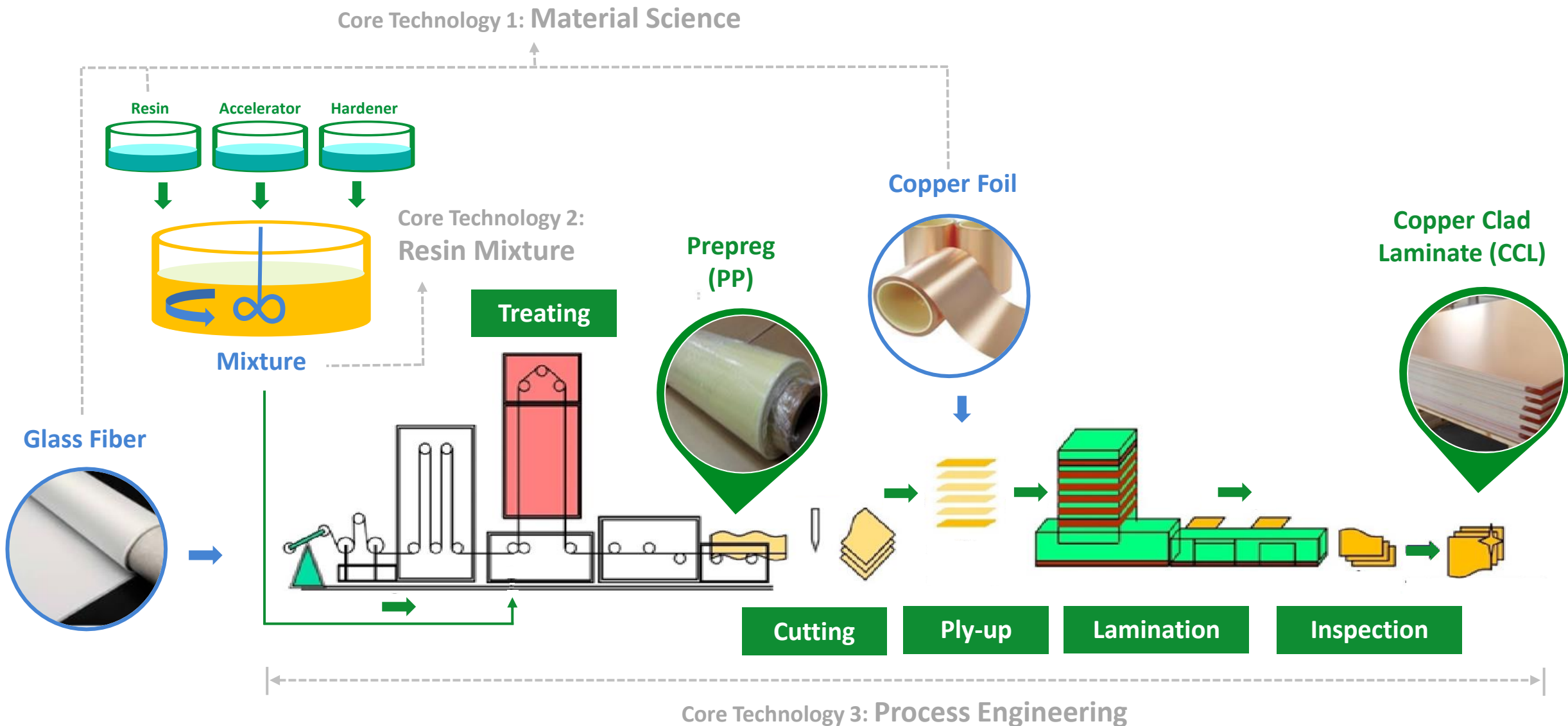
CCL/PP

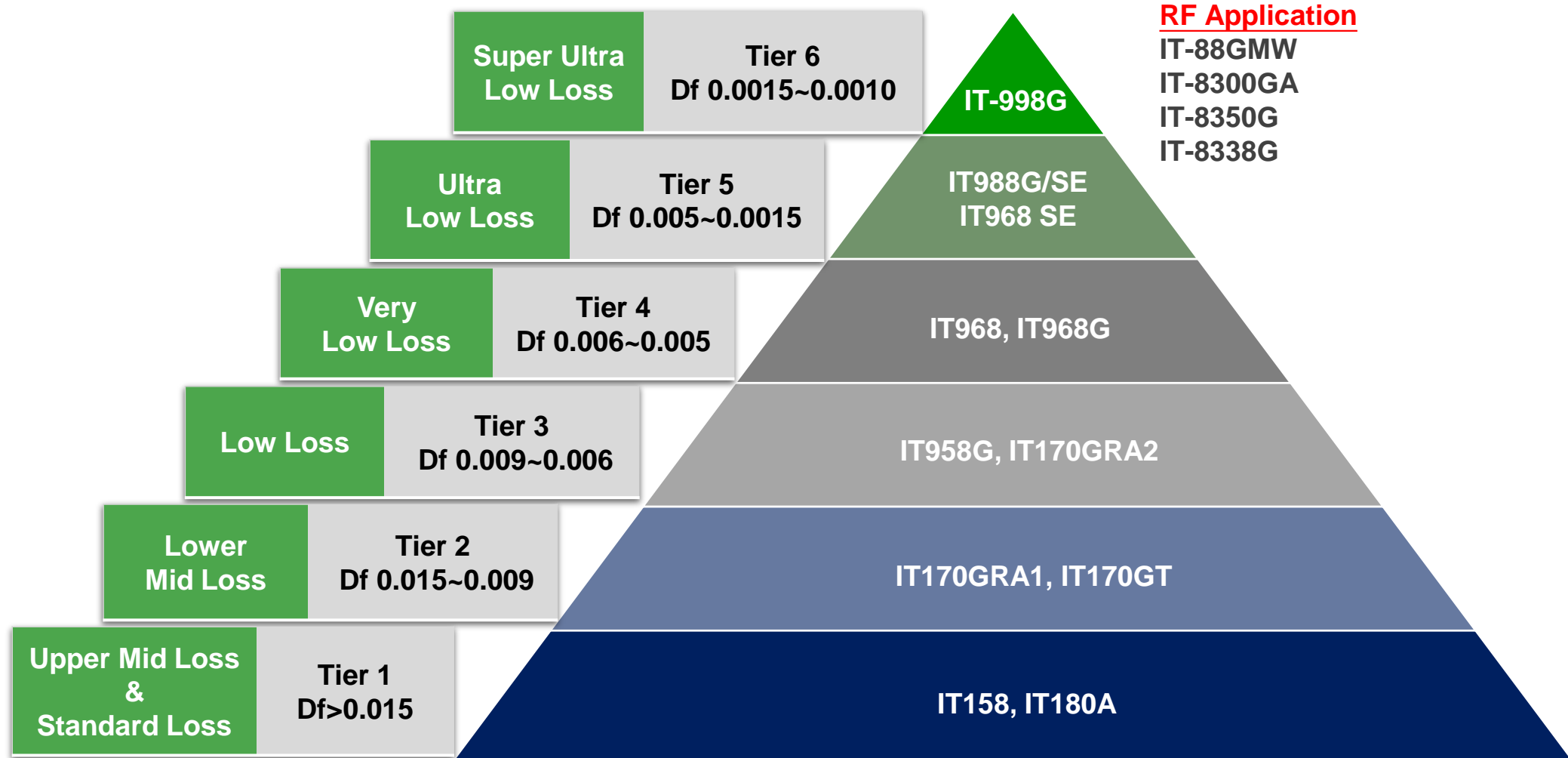


CCL Manufacturing Process



CCL & PP Manufacturing Flow





RF Application

- IT-88GMW
- IT-8300GA
- IT-8350G
- IT-8338G

- The need for 5G commercialization and server upgrade to expedite the growth of high speed / frequency material demand
- ITEQ's market share in high speed / frequency material to uplift robustly