



ITEQ Corporation

2022 Fourth Quarter Investor Presentation

ITEQ

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

April 2023

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\$3,630 million



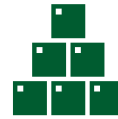
Employees
~4,000



Chairman
Dennis Chen



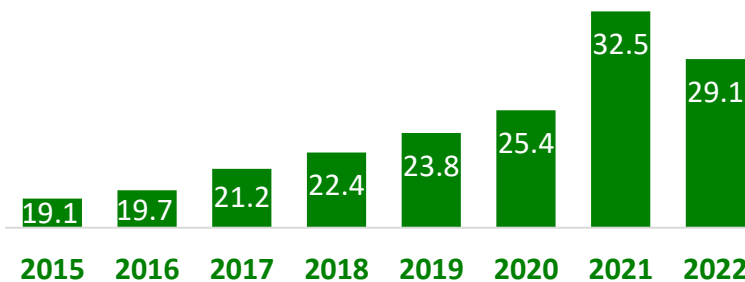
CEO
Audrey Tsai



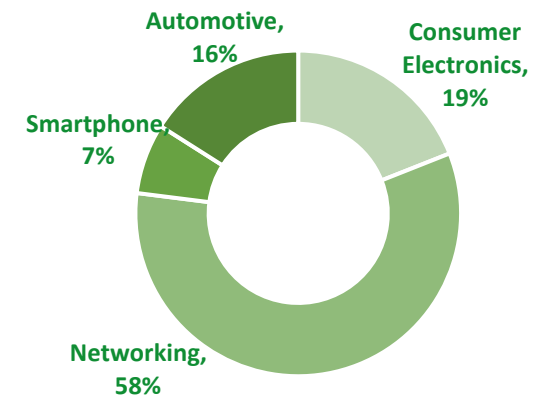
Main Products

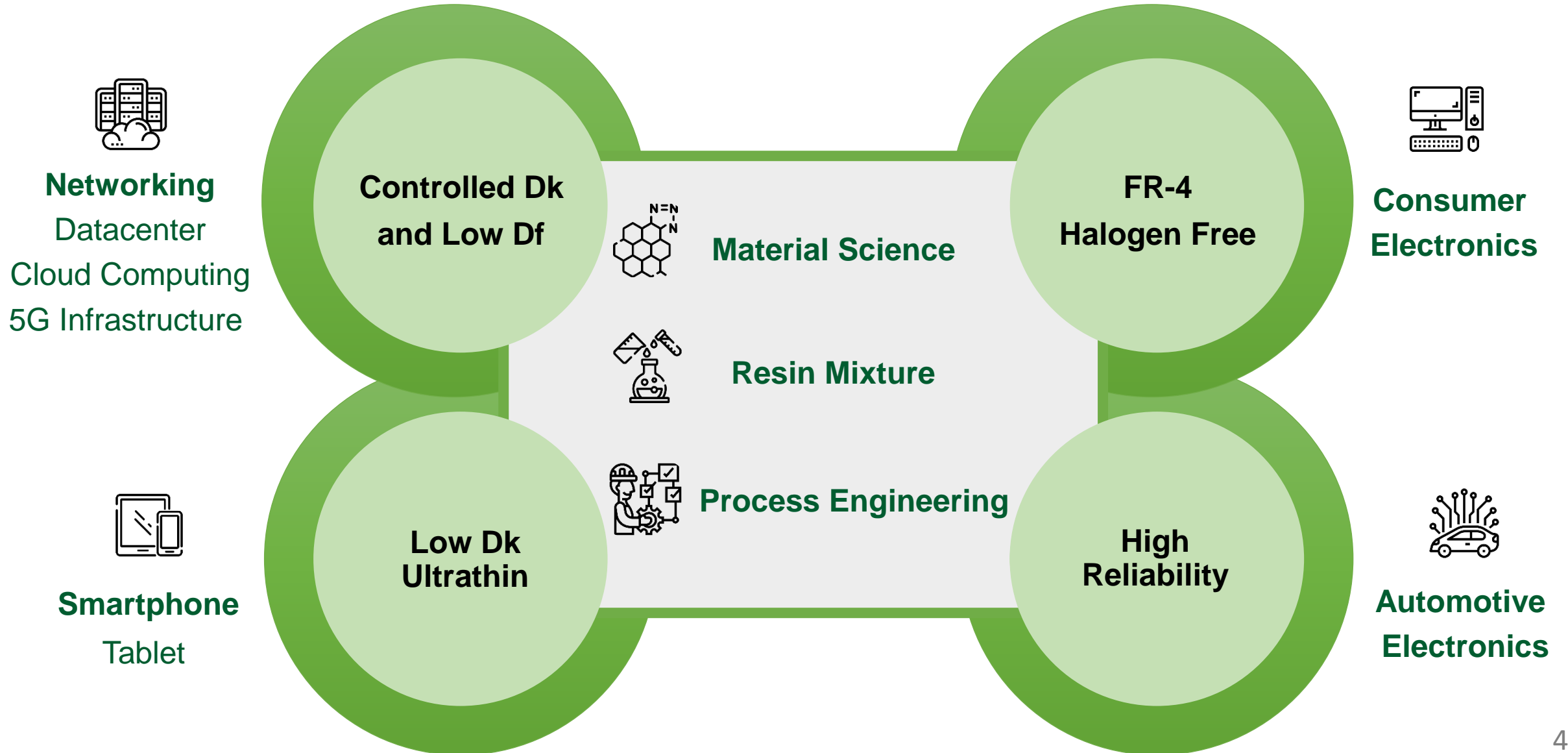
Copper Clad Laminate (CCL) & Prepreg (PP) | Masslam service | Flexible CCL

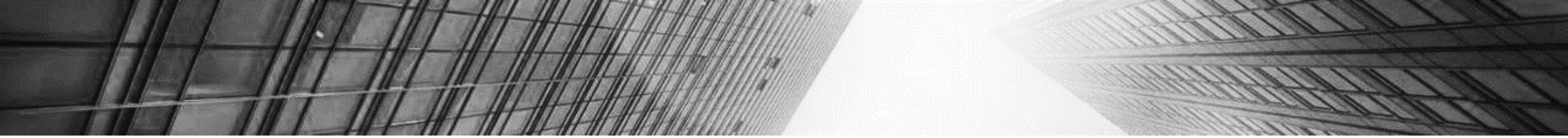
Revenue (NT\$ billion)



Revenue by Application (FY22)







Growth Strategy Blueprint

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Path of Innovation

Widely adopted in consumer electronics



Engaged with tier 1 automotive players



Enhanced ultra-thin dielectric capability for handheld devices



Biz kick-off with top server OEMs & ODMs



Dominant CCL supplier for Intel Purley server platform



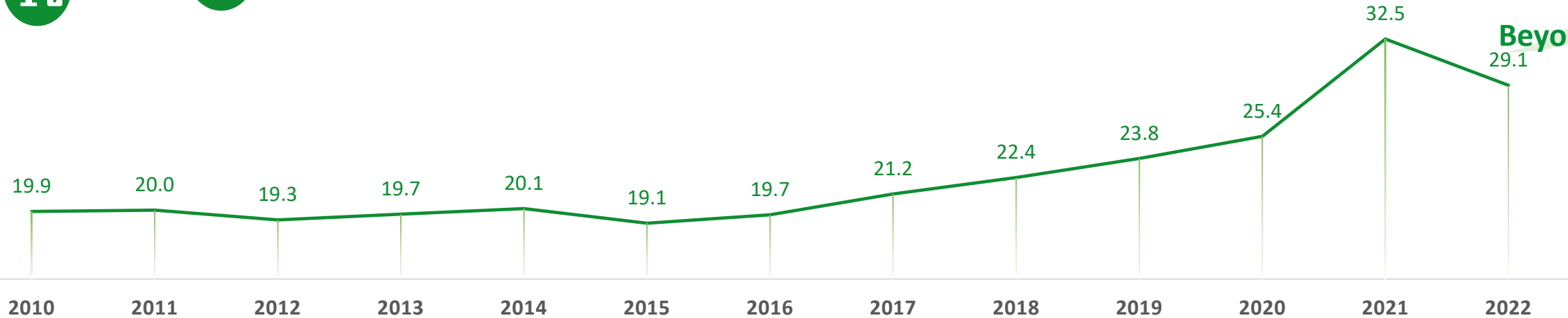
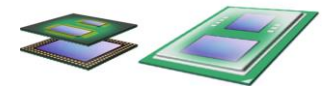
No. 1 Taiwan CCL supplier for 5G base station



New product for HDI PCB: Resin Coated Copper (RCC)

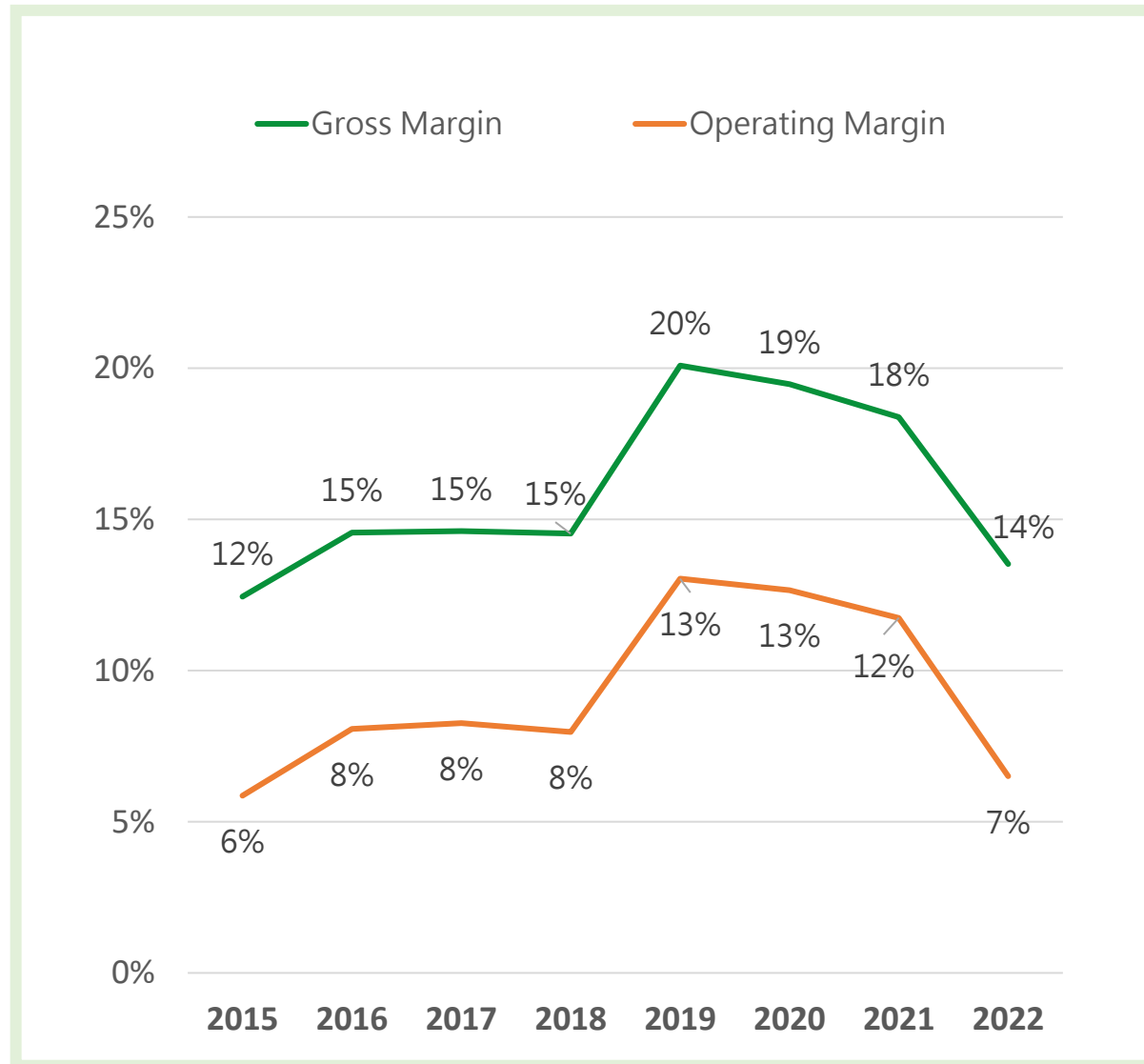
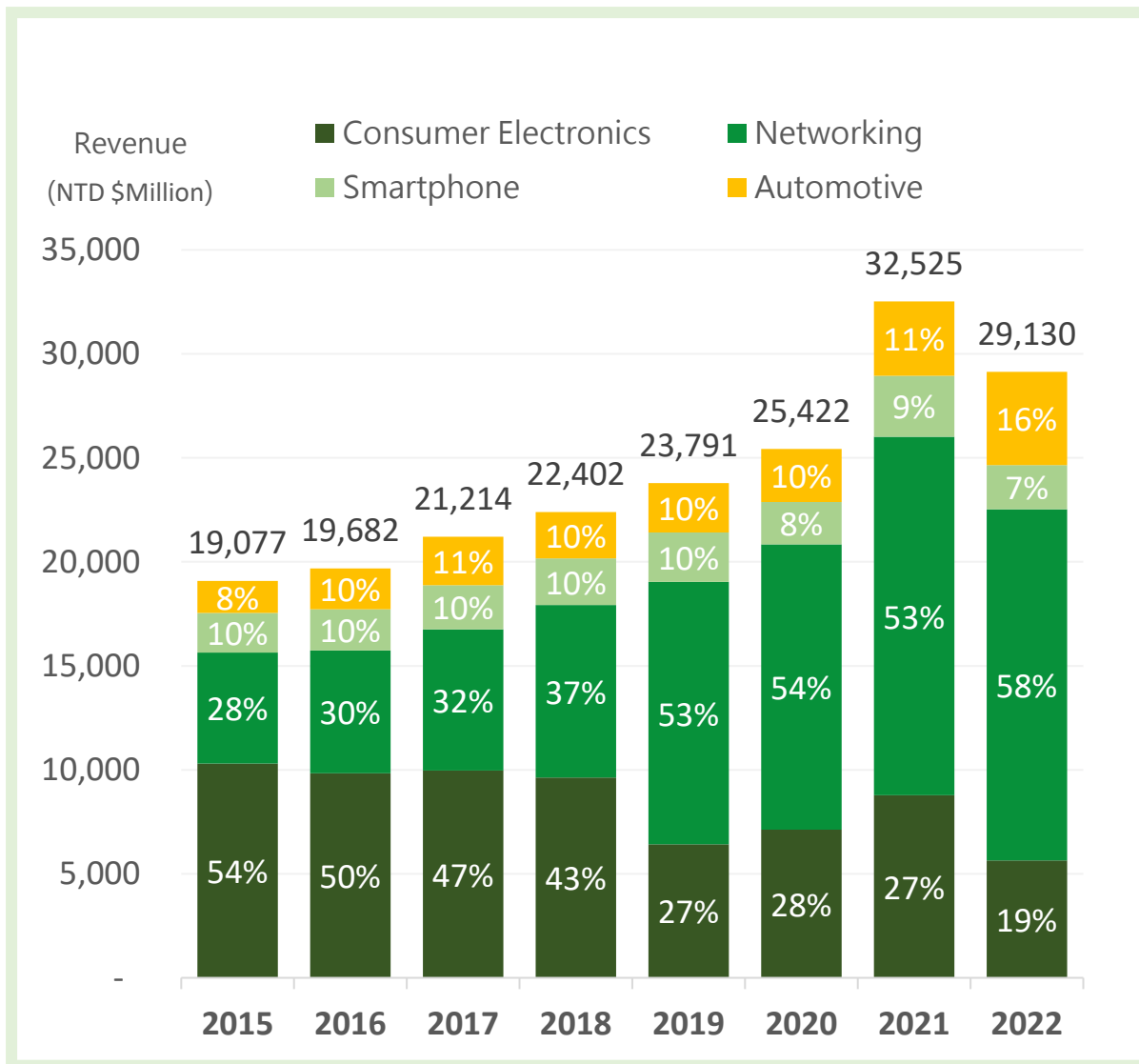


Substrate Like PCB (SLP) IC Packaging Substrate Laminate

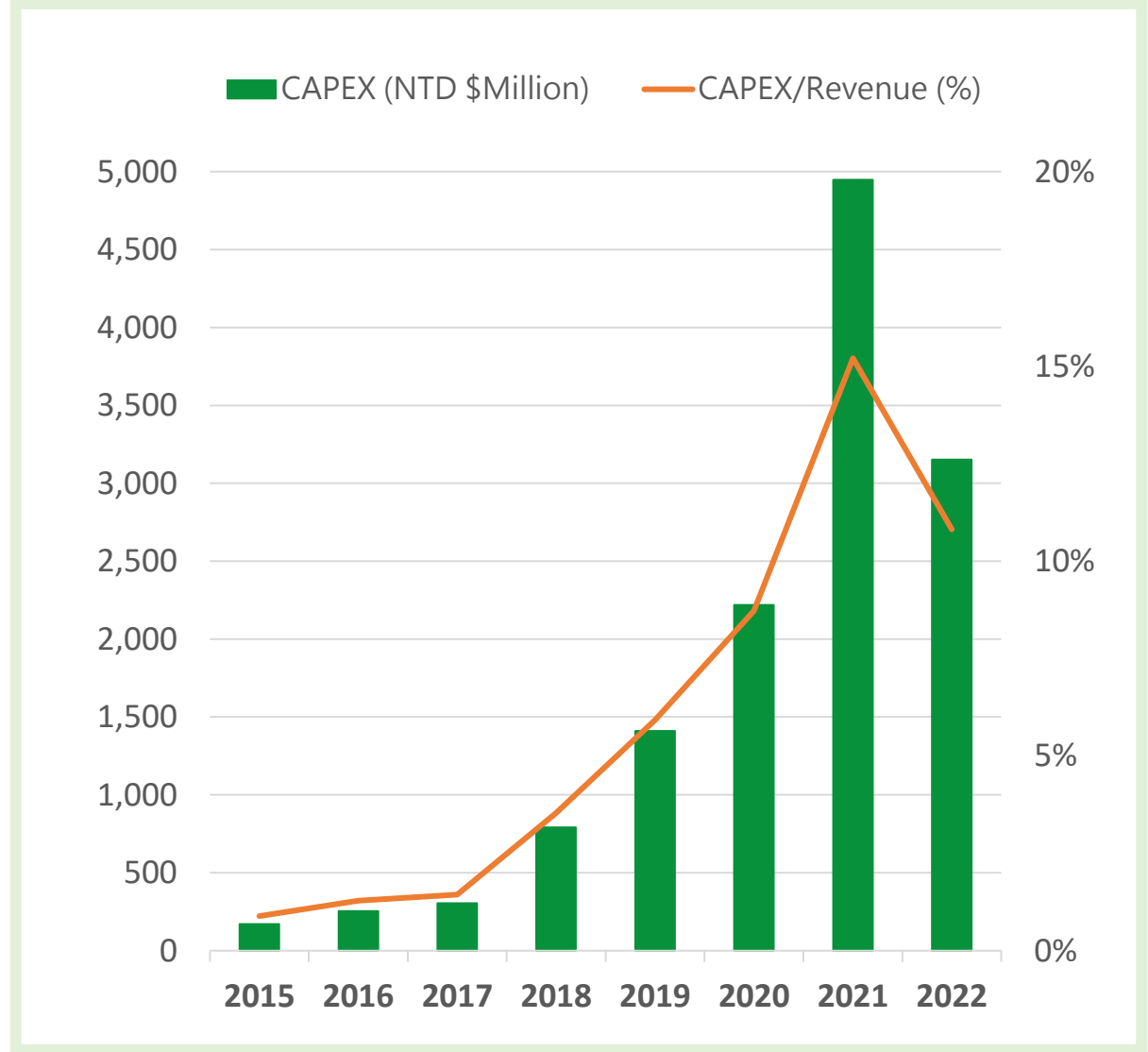
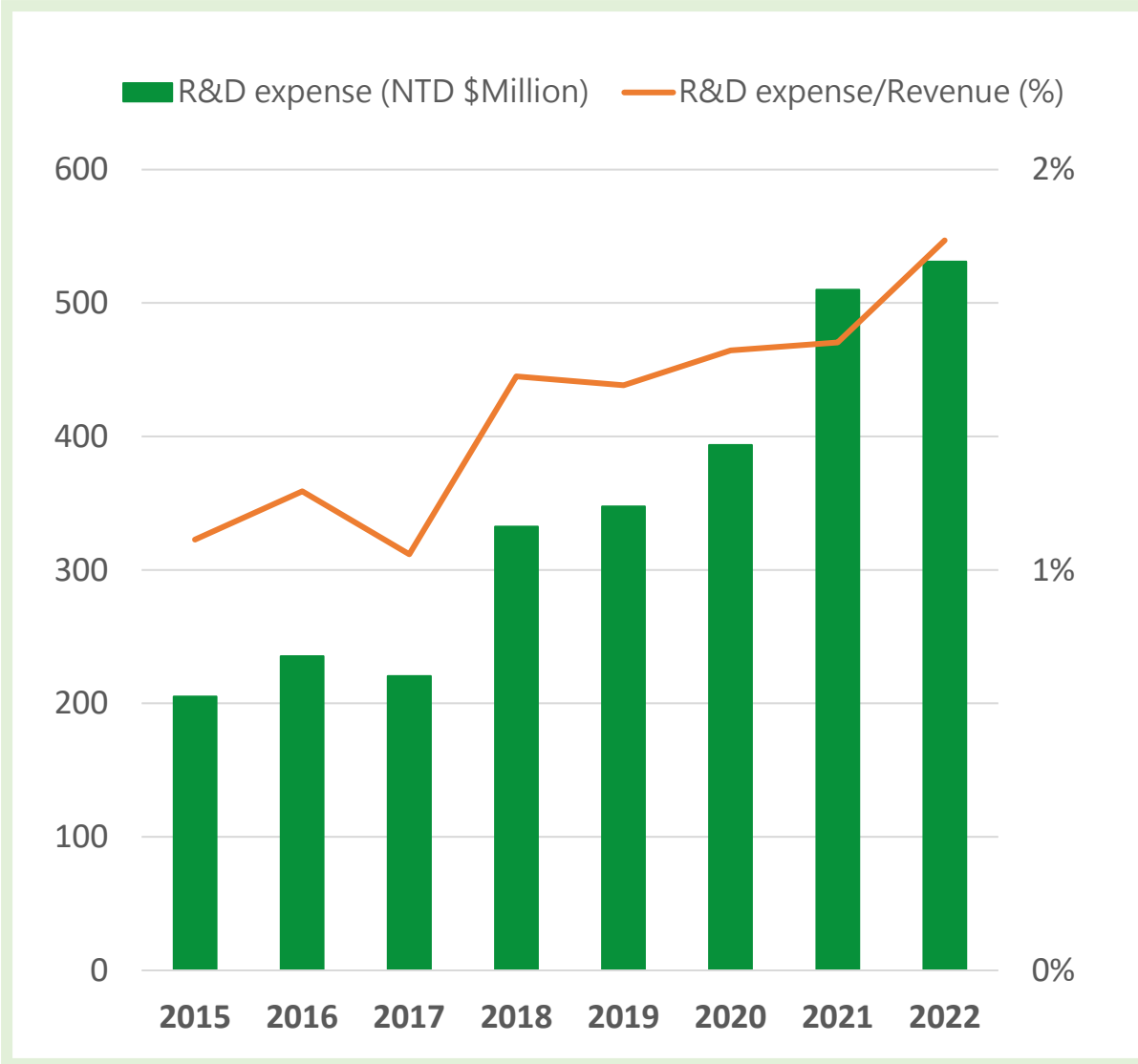


— 營收 (NT\$ 十億元)

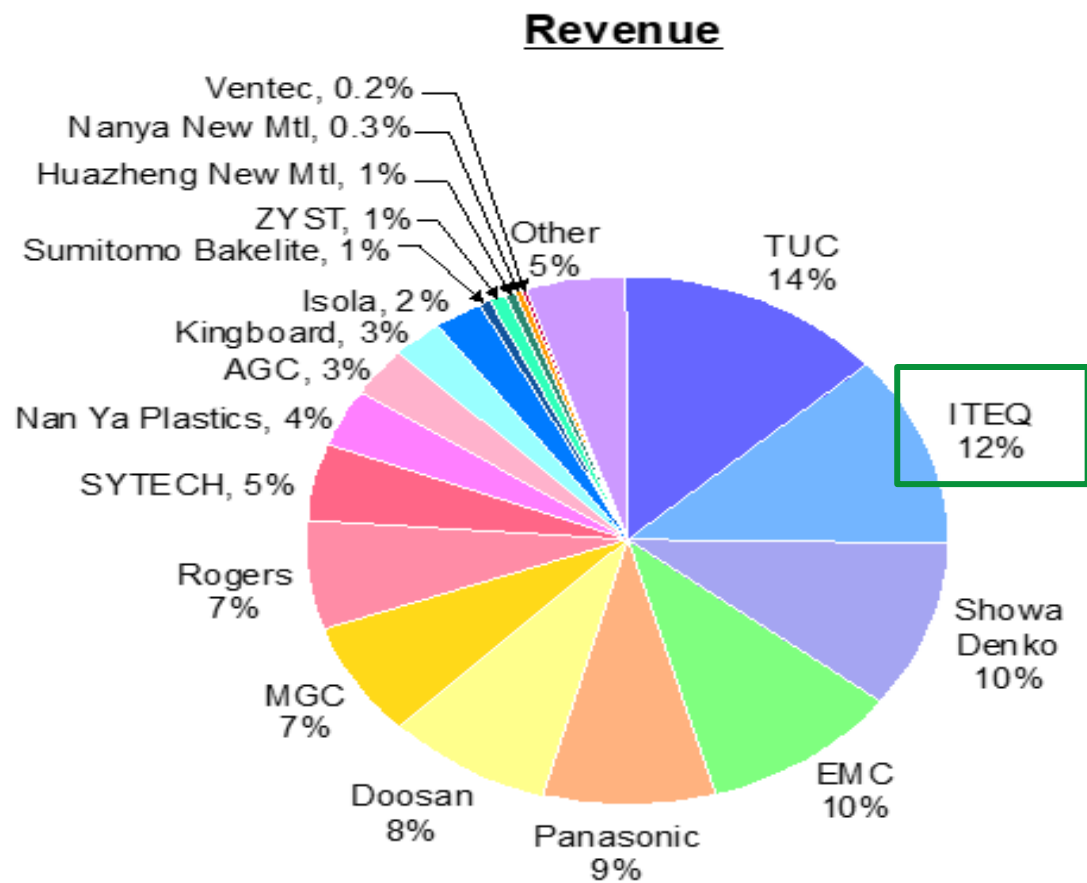
Optimized Mix with Product Innovation



R&D and Capex to Pursuit Sustainable Growth



2021 WW Specialty Laminate Market Share



Total: \$4.65Bn (\$USD)

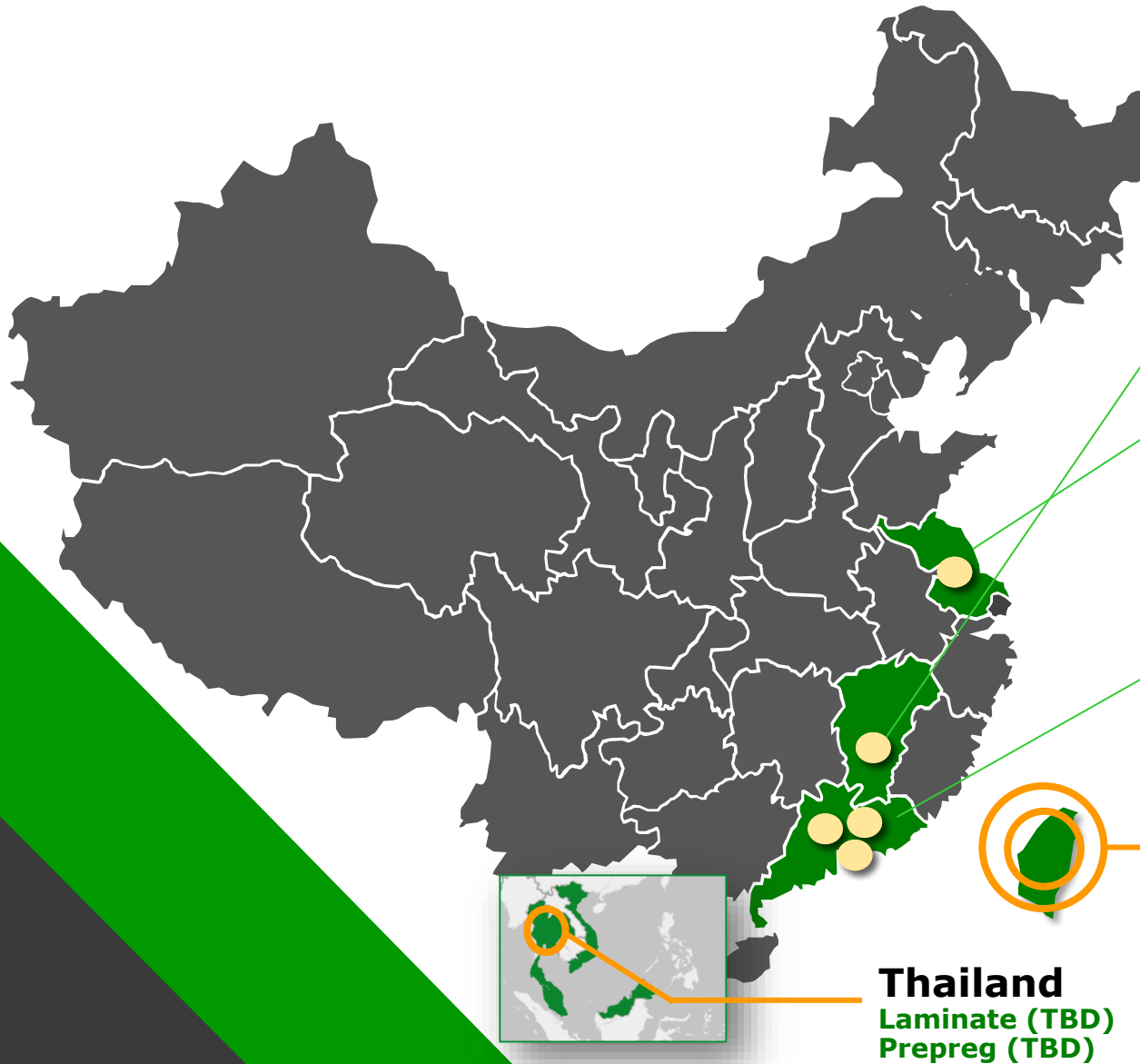
*Specialty Laminate includes: High speed, package substrate, RF
Source: Prismark Report, 2022/05

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

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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)

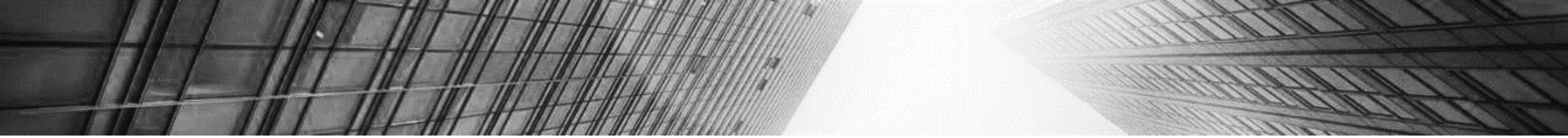


HuangJiang Plant
Masslam Service (500K SQFT/Month)



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

Distributor/Agent: USA, Europe, Israel, Korea, Japan and Singapore



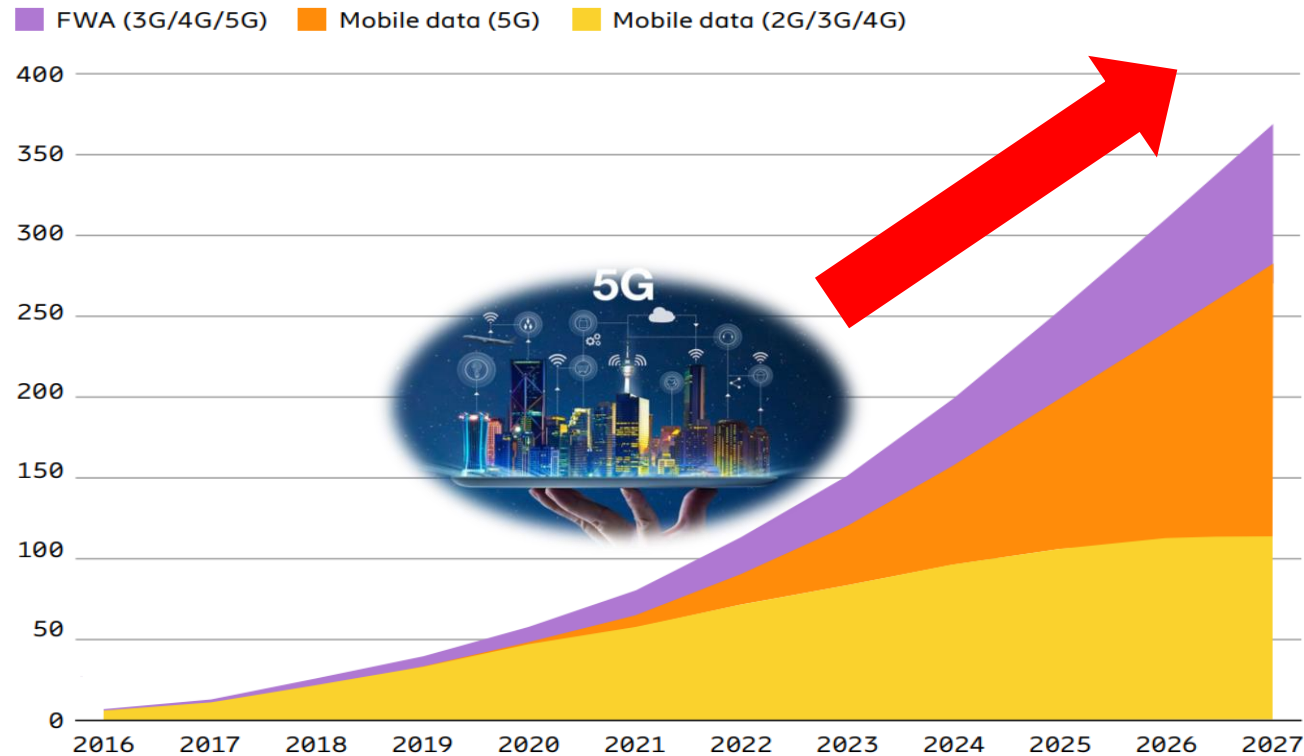
Market Trend & Growth Drivers

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Global Mobile Network Data Traffic (EB per month)



Source : Ericsson Mobility Report, 2022/06

● The Expansion of Global Mobile Network Data Traffic Continues on the Rise

- Telecommunications equipment & datacenter
 - Base station, ground satellite transceiver station
 - Core (traditional / cloud datacenter)
 - Edge computing (Enterprise enhanced infrastructure, such as data center & internal/external servers, signal transmission stations, etc.)
- End user products (computers, smartphones, IoT devices)
- IoT related applications (Smart Home & Telemedicine)
- Internet of Vehicles (ADAS & Self-Driving)
- Big Data Analysis & AI & High Performance Computing
- Cloud Computing and Cloud Storage
- Virtual Reality (VR) and Augmented Reality (AR)

- 5G mobile data traffic share to reach 60% in 2027.
- The expansion of global mobile network data traffic has driven network service operators, telecommunications companies and IoT & IoV manufacturers to expand/upgrade product specs to meet the needs of low latency, high reliability and high-speed computing processing

Diversified High-Speed Materials for HPC/Datacenter ITEQ

High Speed Application

Super Ultra Low-loss

IT-999G

R&D

IT-998G

IT-998 / IT-998SE

IT-998SE : Low-Dk glass
IT-998 : Low-Dk 2 glass

▲ Next

- 800G Ethernet
- 112Gbps

0.001

Ultra Low-loss 2
(with Low Dk glass)

IT-988GSE

IT-968GSE

IT-968SE

Intel EGS / BHS
AMD Genoa / Turin

- PCIe 5.0
- 200G Ethernet
- 400G Ethernet
- 56Gbps

0.002

0.003

Ultra Low-loss 1

IT-988G

IT-968G

IT-968

Intel EGS / BHS
AMD Genoa / Turin

- PCIe 5.0
- 100G Ethernet
- 25~32Gbps

0.004

0.005

Very Low-loss

IT-150DA

IT-958G

IT-170GRA2

Intel Whitley
AMD Rome / Milan

- PCIe 4.0
- 40G Ethernet
- 10~20Gbps

0.006

0.007

Low-loss

IT-170GRA1

Intel Purley
AMD Naples

- PCIe 3.0

0.009

Mid-loss

Loss Level

Halogen Free

Halogenated

Platform

Application

13

Df @10GHz (RC 50%)

Datacenter Server Platform Upgrade

Intel	Platform	Purley		Whitley	Eagle Stream		Birch Stream
	CPU	Skylake	Cascade Lake	Ice lake	Sapphire Rapids	Emerald Rapids	Granite Rapids
	Nano Process	14 nm	14 nm+	10 nm	Intel 7	Intel 7	Intel 3
	PCIe Gen	PCIe 3.0	PCIe 3.0	PCIe 4.0	PCIe 5.0	PCIe 5.0	TBA
	MP Time	2017 Q3	2019 Q3	2021 Q1	2023 H1	2023 H2	2024
	CCL Material	Mid Loss	Mid Loss	Low Loss	Very Low Loss	Very Low Loss	TBD
	Layer count	8 to 12	8 to 12	12 to 16	16 to 20	16 to 20	TBD



AMD	Architecture	Zen	Zen2	Zen3	Zen4		Zen5
	CPU	Naples	Rome	Milan	Genoa	Bergamo	Turin
	Nano Process	14 nm (Global Foundries)	7 nm (TSMC)	7 nm (TSMC)	5 nm (TSMC)	5 nm (TSMC)	3 nm (TSMC)
	PCIe Gen	PCIe 3.0	PCIe 4.0	PCIe 4.0	PCIe 5.0	PCIe 5.0	PCIe 5.0
	MP Time	2017 Q3	2019 Q3	2020 Q4	2022 Q4	2023	2024
	CCL Material	Mid Loss	Low Loss	Low Loss	Very Low Loss	Very Low Loss	TBD
	Layer count	8 to 12	12 to 16	12 to 16	16 to 20	16 to 20	TBD

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

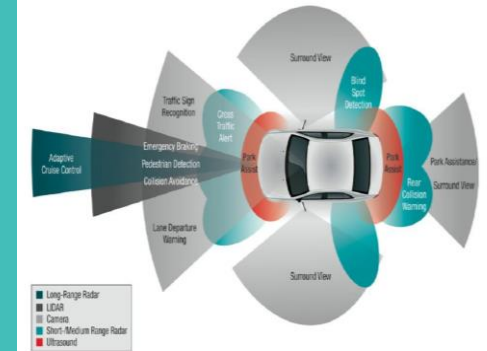


- Infotainment
- Networking

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
- PCB usage for EV is 3 folds of conventional gasoline vehicle

HDI New Product: Resin Coated Copper (RCC)

Resin Coated Copper (RCC)

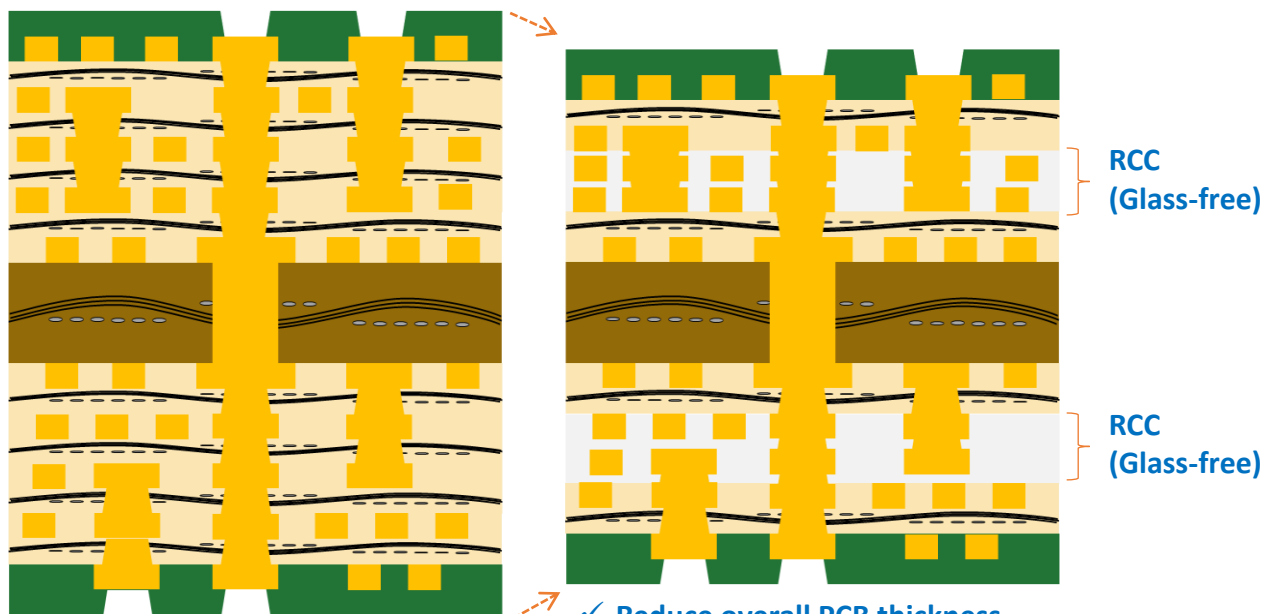
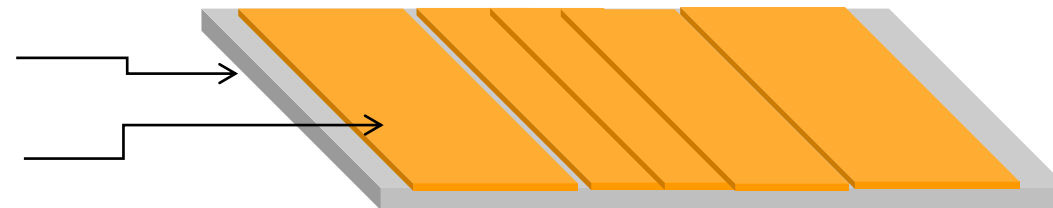
- ✓ Glass-free solution which enables further thickness reduction of dielectric layer while satisfies the needs towards fine-line pattern design and hybrid HDI/Substrate-Like PCB production.



Dielectric Layer : 10~50um

※ Available for thickness up to 150um

Conductors : Copper Foil



- ✓ Reduce overall PCB thickness
- ✓ Eliminate the fiber weave effect with enhanced reliability of signal transmission

ITEQ RCC Advantages

Glass-Free

Reduce thickness of the dielectric layer and overcome minimum thickness constraints (15-20um)

Reduce Material Costs

Copper foil + glass fiber + resin → Copper foil + resin; replace traditional stacking

Simplify PCB Lamination process

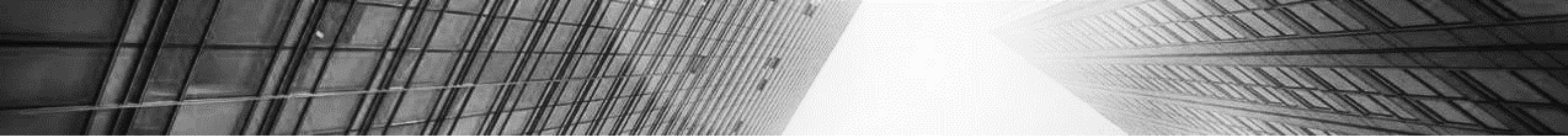
Combine the processes of PP/Copper foil stack-up into one

Better Dielectric Constant (Dk) and Impedance Control

RCC uses pure glue material enabling stable dielectric constant

Better Laser Processability

RCC is a glass fiber free material, which is easier to form holes through laser drilling with more stable Via quality



4Q22 & 2022 Financial Results

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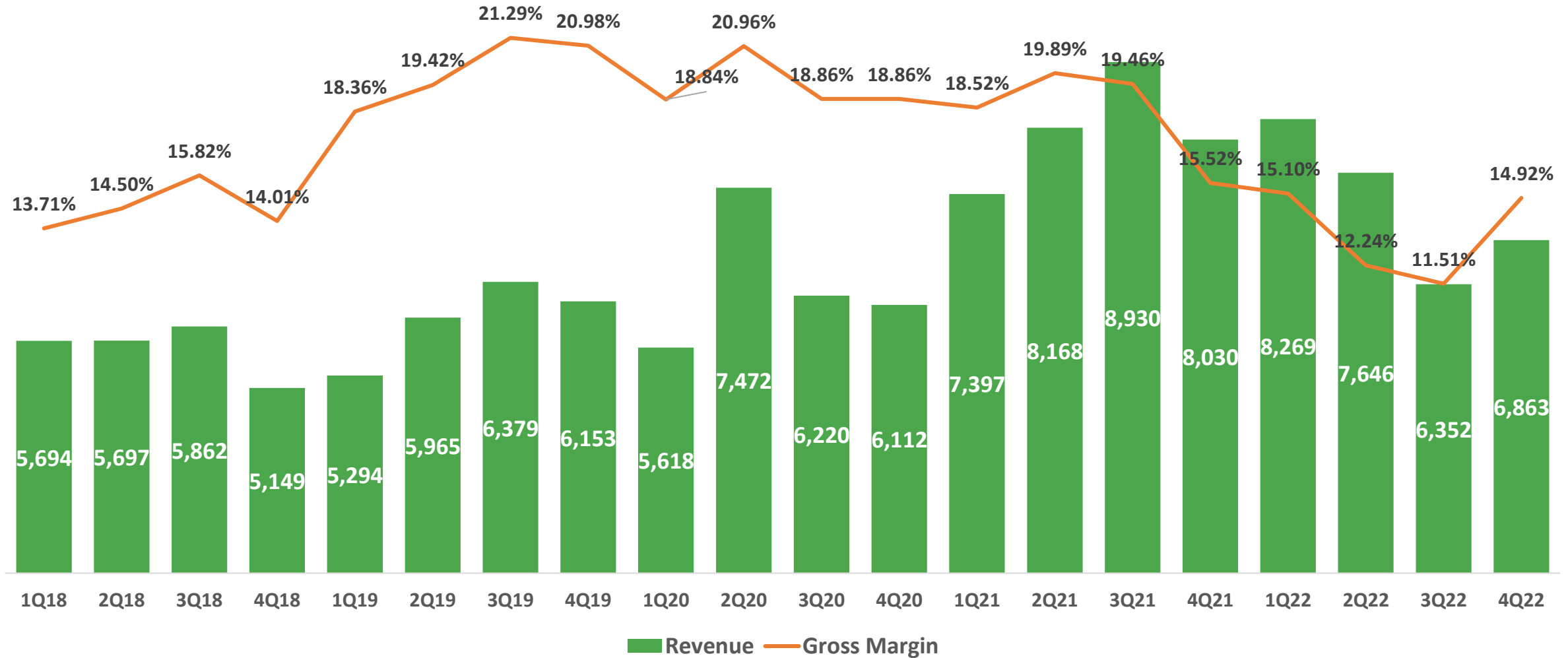
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4Q22 & FY22 Income Statement

NTD \$Million	4Q22	3Q22	4Q21	QoQ	YoY	2022	2021	YoY
Revenue	6,863	6,352	8,031	8.0%	-14.5%	29,130	32,525	-10.4%
Gross Profit	1,024	731	1,246	40.1%	-17.8%	3,940	5,980	-34.1%
Operating Expense	570	382	543	49.2%	5.0%	2,043	2,160	-5.4%
Operating Profit	454	349	703	30.1%	-35.4%	1,896	3,819	-50.4%
Non-Op Income / Loss	(72)	13	49			419	(5)	
Income before Tax	381	362	752	5.2%	-49.3%	2,315	3,815	-39.3%
Tax Expense	47	85	(55)			460	670	
Net Income to Parent	334	277	807	20.6%	-58.6%	1,855	3,145	-41.0%
EPS(NT\$)	0.92	0.74	2.11	24.3%	-56.4%	4.94	9.00	-45.1%
Key Financial Ratio								
Gross Margin	14.92%	11.51%	15.52%			13.52%	18.38%	
Operating Expense Ratio	8.31%	6.01%	6.76%			7.01%	6.64%	
Operating Margin	6.60%	5.49%	8.75%			6.51%	11.74%	
Effective Tax Rate	12.34%	23.48%	-7.31%			19.87%	17.56%	
Net Margin	4.87%	4.36%	10.05%			6.37%	9.67%	

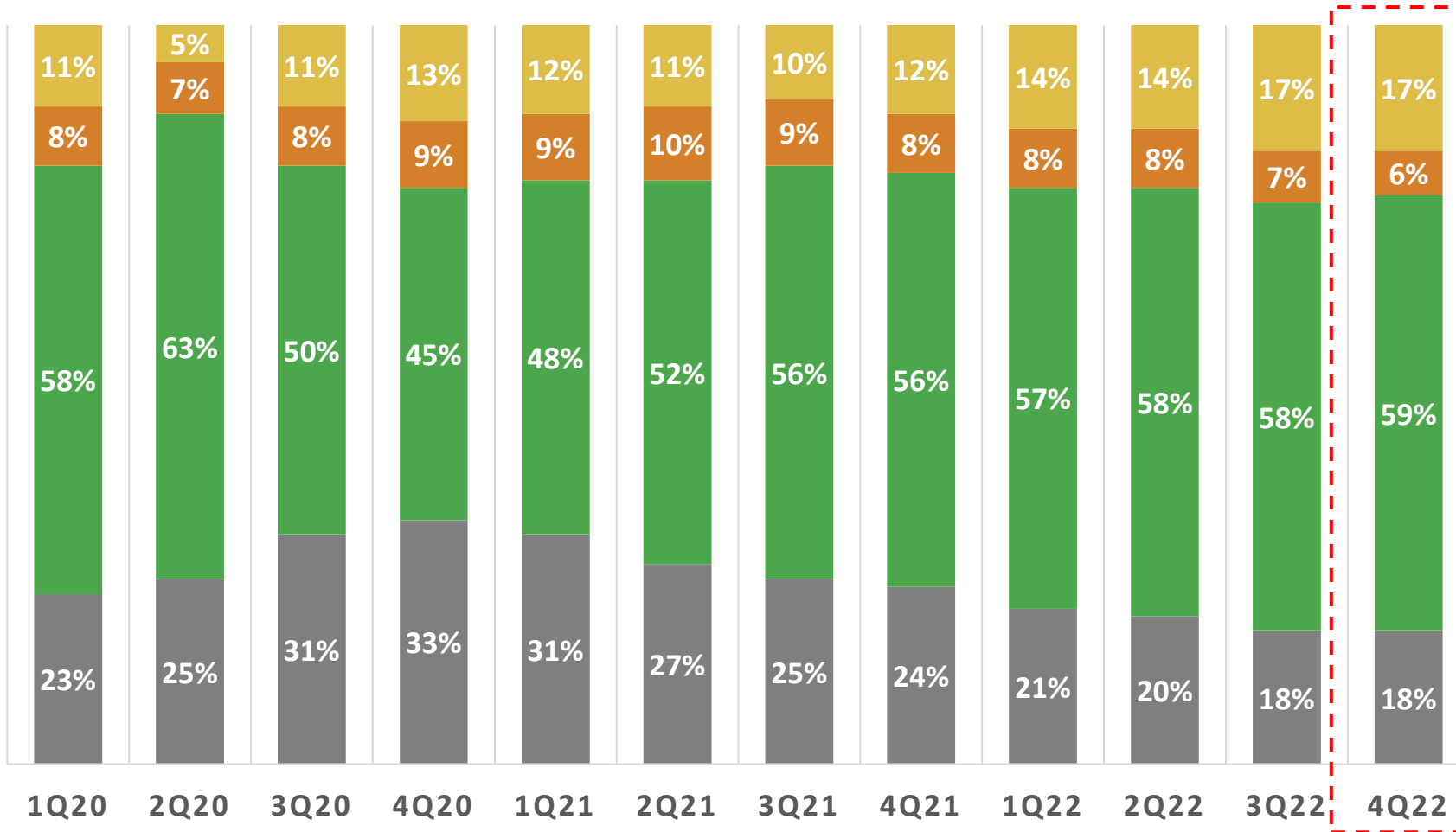
Revenue & Gross Margin Rate

(Million \$NTD)



1Q20~4Q22 Product Mix

■ Consumer Electronics ■ Networking ■ Smartphone ■ Automotive



4Q22 Product Growth %	QoQ	YoY
Automotive	+8.0%	+21.1%
Smartphone	-7.4%	-35.9%
Networking	+9.9%	-10.0%
Consumer Electronics	+8.0%	-35.9%

4Q22 Balance Sheet

NTD \$Million	4Q22	3Q22	4Q21
Total Assets	33,383	32,523	36,237
Cash	5,214	4,310	4,423
Marketable Securities	3	5	5
NR / AR	12,119	12,315	13,260
Inventories	2,731	2,579	5,167
Fixed Assets	11,102	11,166	11,078
Total Liabilities	13,272	12,525	14,922
Short-term Debt	2,633	3,521	2,131
NP / AP	5,926	3,954	7,121
Long-term Debt	1,677	1,477	-
Total Equity	20,111	19,998	21,315
Key Financial Index			
Days Sales Outstanding	159	154	136
Days Sales of Inventory	62	58	62
Days Payable Outstanding	95	77	83
ROE (%)	8.96	11.30	18.12
ROA (%)	5.57	6.99	10.37
Debt ratio (%)	39.76	38.50	41.18

2016 – 2022 Dividend Policy

Year	EPS(NT\$)	Dividend(NT\$)	Cash Dividend(NT\$)	Pay-out Ratio(%)
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%
2022	4.94	3.0	3.0	61%

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

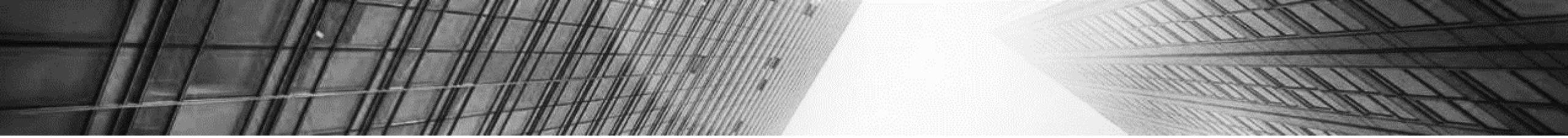
**New shares issuance of 50 million common shares concluded on September 2nd 2021

***Factoring in the repurchase and cancellation of 20 million shares in 3Q22; current total outstanding common share: 363 million



Thank you

Question and Comment



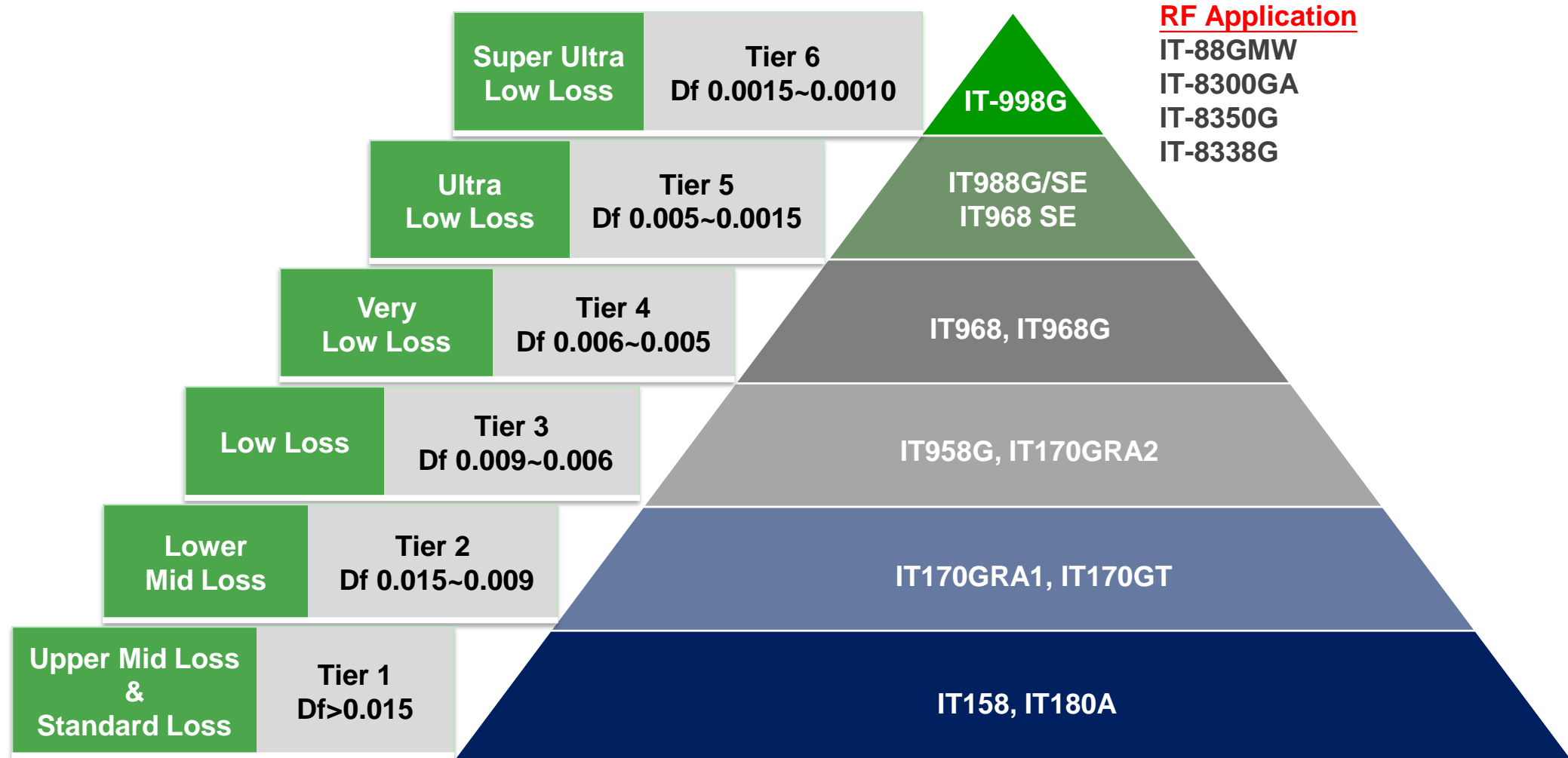
Appendix

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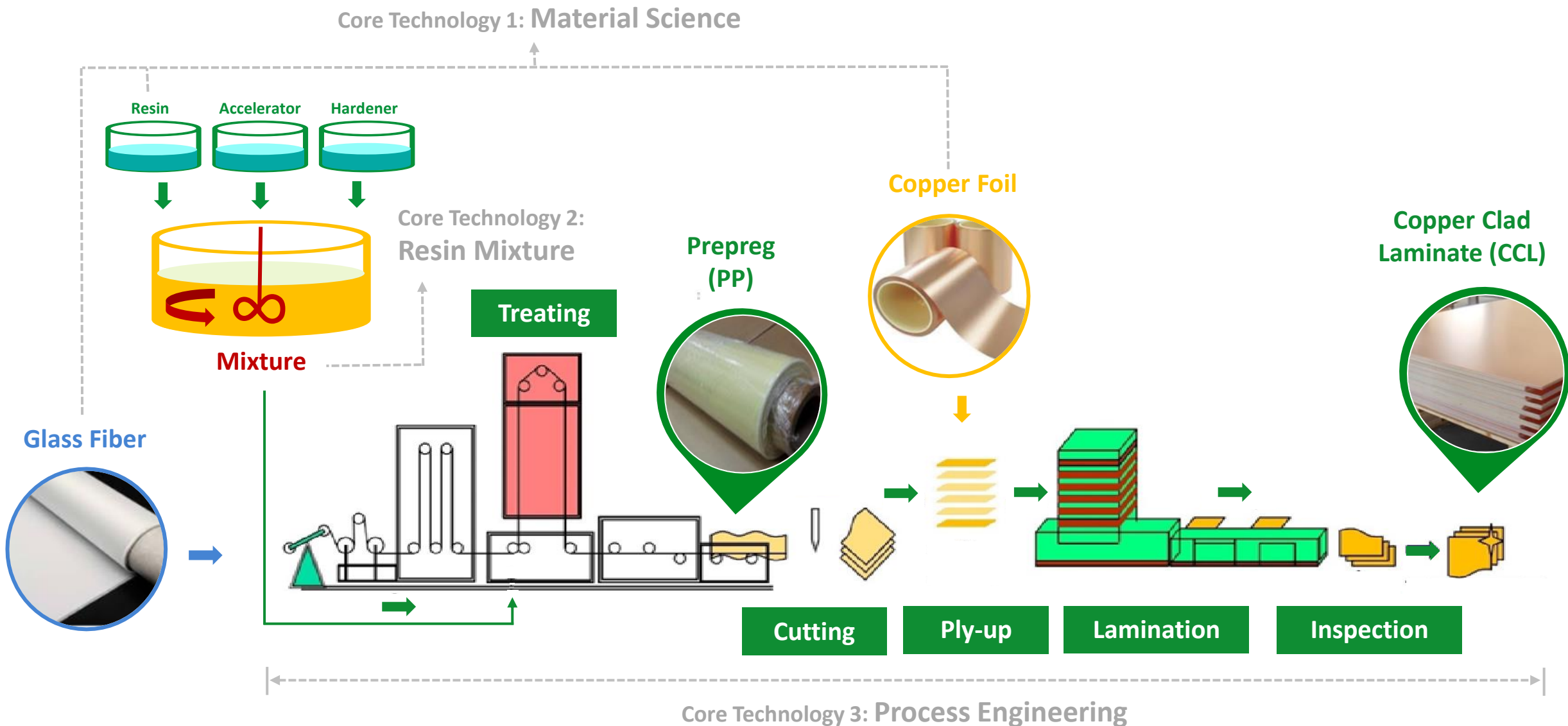
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Well-Expanded Product Line

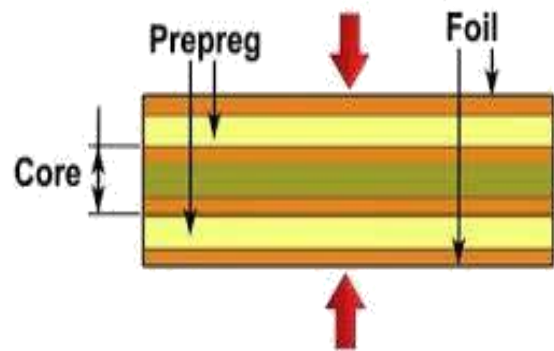
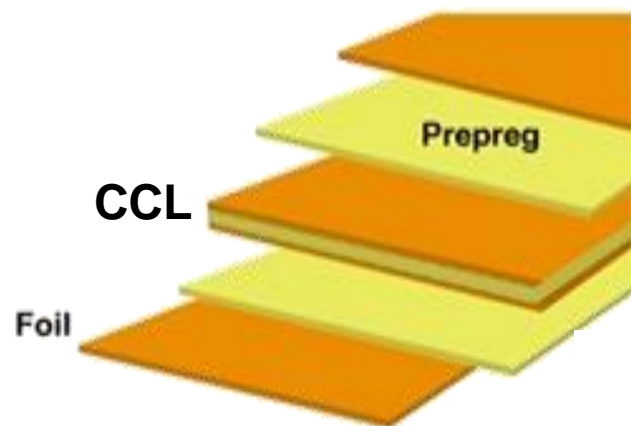


- The need for 5G commercialization and server upgrade to expedite the growth of high speed / frequency material demand
- ITEQ's market share in high speed / frequency material to uplift robustly

CCL & PP Manufacturing Flow



CCL/PP



CCL Manufacturing Process

