



Merry Electronics 2021 First Quarter Earnings Result Conference

Presented by : Allen Huang, CEO
Date: May 4, 2021

Safe Harbor Notice

Except for historical information contained herein, the matters set forth in this presentation are forward looking statements subject to significant risks and uncertainties that could cause actual results to differ materially, including the impact of competitive products and pricing strategies, whether the design is accepted by our customers timely, the prompt introduction of new technologies, the capability for mass production of new products, the risk of excess capacity, the availability of production capacity, the financial stability in terminal markets or other risks, and so on.

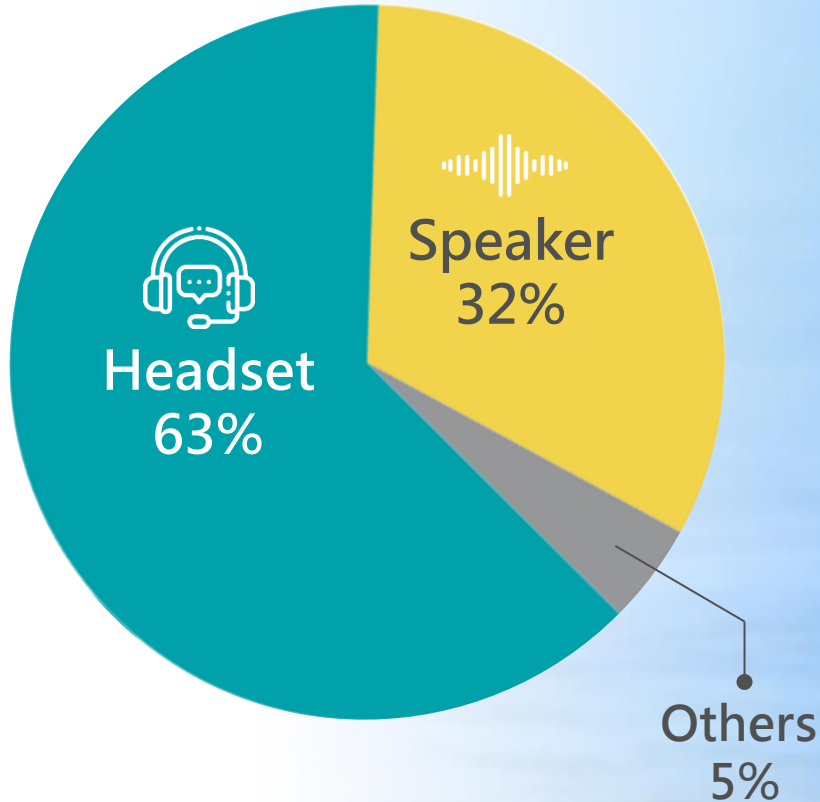
Statement of Comprehensive Income

(NT\$ Thousand)

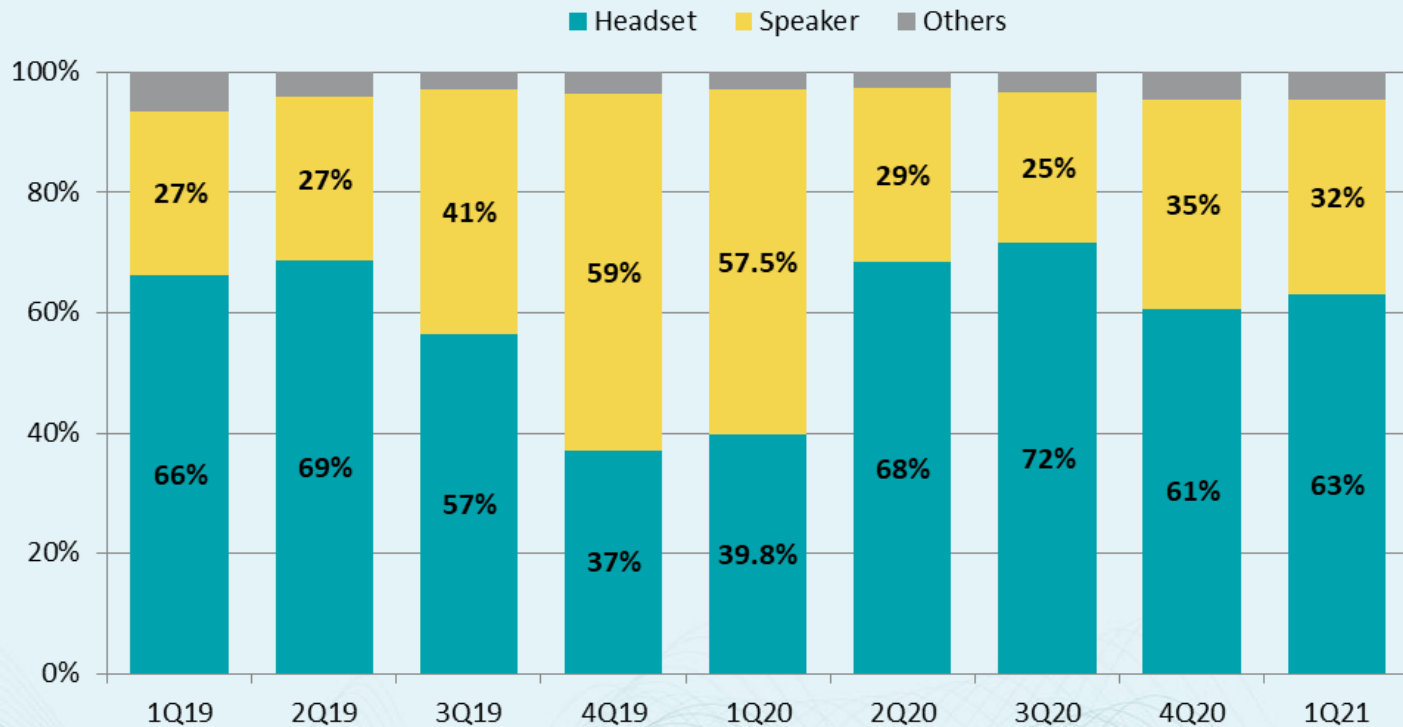
Item	1Q2020	4Q2020	1Q2021	QOQ	YOY
Net Revenue	5,176,663	12,686,801	7,734,792	-39.03%	49.42%
Gross Profit	10.75%	11.88%	10.13%	-1.75pp	-0.62pp
Operating Expenses	-601,312	-994,444	-859,518	-13.57%	42.94%
Operating Margin	-0.87%	4.04%	-0.99%	-5.03pp	-0.12pp
Non-Operating Income	87,308	256,604	110,036	-57.12%	26.03%
Net Income	40,564	587,994	53,483	-90.90%	31.85%
Net Profit Margin	0.78%	4.63%	0.69%	-3.94pp	-0.09pp
Profit Attributable to Owners of the Parent	47,381	577,986	20,920	-96.38%	-55.85%
EPS(NT\$)	0.23	2.79	0.10	-2.69	-0.13

※ Diluted weighted average outstanding shares were 207,683K units in Q12021.

Q12021 Product Mix



Product Mix by Quarterly



Speaker

QoQ : -42%

YoY : -12%

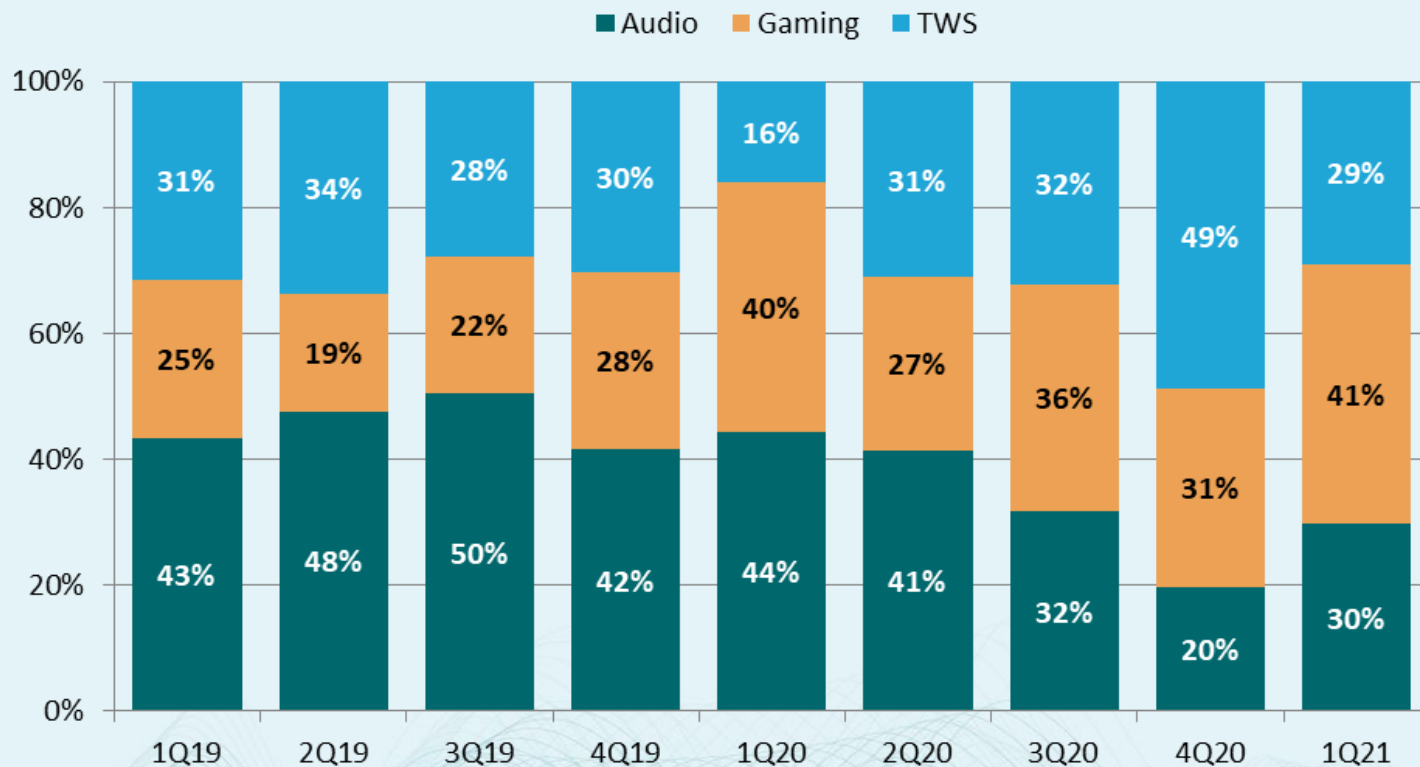


Headset

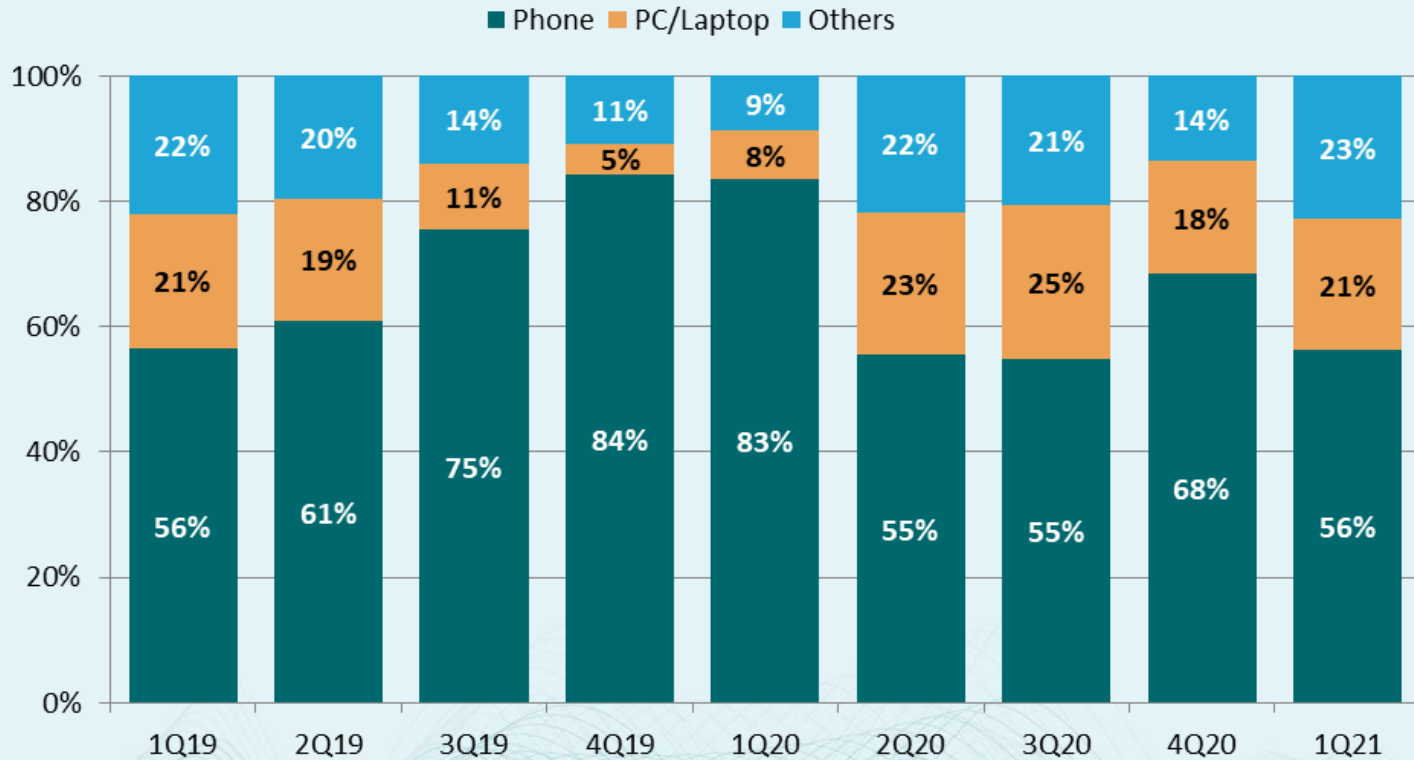
QoQ : -35%

YoY : 146%

Headset Revenue Breakdown (%)



Speaker Revenue Breakdown (%)



Balance Sheet & Key Indices(CQ)

(NT\$ Thousand)	20200331		20201231		20210331	
	金額	%	金額	%	金額	%
Cash and Cash Equivalents	7,137,339	29%	3,046,963	9%	5,321,982	17%
Account Receivable	3,957,331	16%	12,714,950	37%	7,663,641	24%
Inventories	2,160,257	9%	3,791,659	11%	4,408,468	14%
Other Current Assets	1,619,124	7%	2,625,977	8%	2,823,874	9%
Investments	3,953,955	16%	4,479,708	13%	4,548,565	14%
Property, plant and equipment	2,260,918	9%	3,694,738	11%	3,796,532	12%
Other Non-current Assets	3,423,102	14%	3,801,353	11%	3,624,068	11%
Total Assets	24,512,026	100%	34,155,348	100%	32,187,130	100%
Current Liabilities	10,207,870	42%	19,660,268	58%	18,604,551	58%
Non-current Liabilities	3,963,877	16%	2,224,337	7%	2,478,872	8%
Total Liabilities	14,171,747	58%	21,884,605	64%	21,083,423	66%
Total Shareholders' Equity	10,340,279	42%	12,270,743	36%	11,103,707	34%

Key Indices

A/R Turnover (CQ)	69	92	89
Inventory Turnover Days (CQ)	42	31	57
Current Ratio (x)	1.5	1.1	1.1
ROE	0.35%	4.65%	0.16%

Cash Flow

(NT\$ Thousand)	1Q2020	4Q2020	1Q2021
Beginning Balance	6,589,863	4,191,857	3,046,963
Cash from operating activities	1,961	-1,733,742	2,102,778
Capital Expenditures	-208,632	-303,022	-356,167
Short-term Loans	586,497	721,080	554,520
Long-term Loans	130,640	371,370	304,348
Investments and Others	37,010	-200,580	-330,460
Ending Balance	7,137,339	3,046,963	5,321,982
Free Cash Flow	-206,671	-2,036,764	1,746,611

*. *Free cash flow = Cash from operating activities - Capital expenditures*

Recap of Recent Major Events

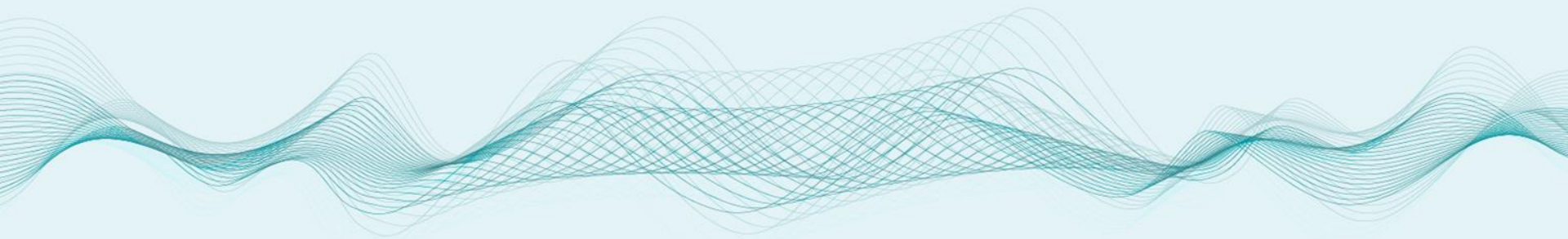
To issue common stocks for cash to sponsor GDR offering, or issue common stocks or CB/ECB through a private placement.

**Top 5% of TWSE Corporate Governance Evaluation
(905 listed companies)**

2Q2021 Outlook

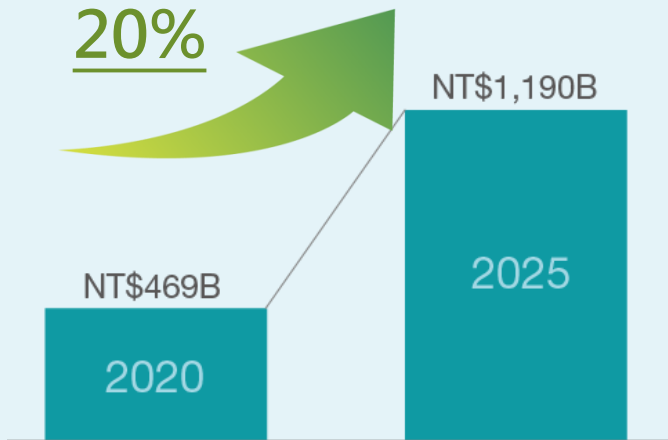


Overview of the Market Trend



Continuously Growing on TAM (Total Available Market)

CAGR
20%



TAM includes the market of Headset, Speaker, SiP, Video Conference System, Healthcare Device, MEMS Mic/ AI Mic Module and Battery related device.

Key Growth Drivers

Growing on the existing market demand:



Headset



Healthcare

Growing on the new product lines:



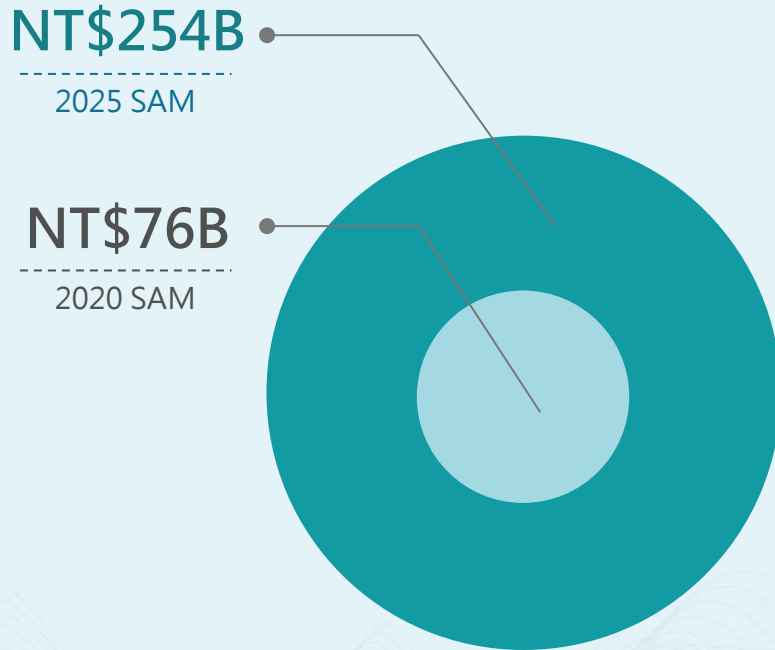
SiP



Video Conference System

Growing on Headset SAM

(Service Addressable Market)



Headset includes : Gaming Headset, TWS, Enterprise Headset, Consumer Headset.

Key Growth Drivers



Growing on TWS market demand

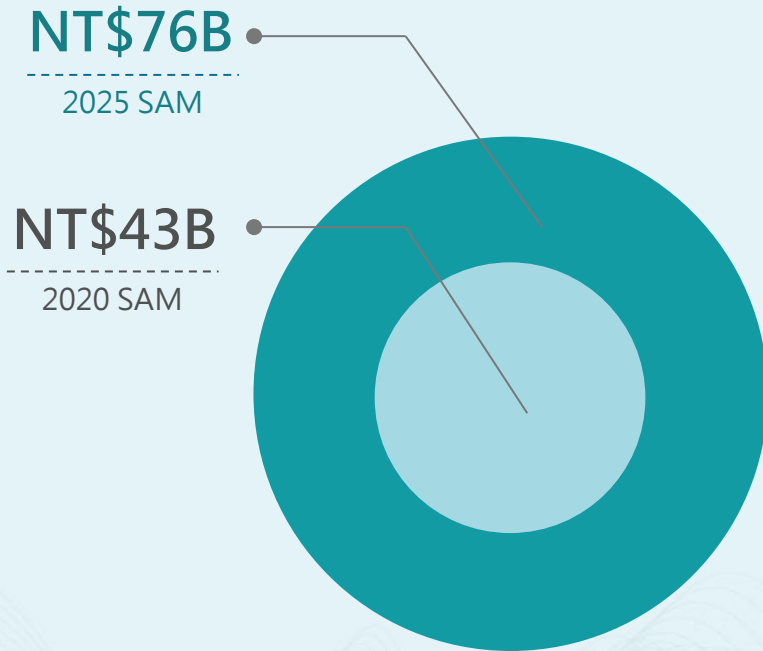


New customers



Growing on existing customers

Growing on Healthcare SAM (Service Addressable Market)



Key Growth Drivers



An increase of hearing loss people because of aging of population and lacking of general knowledge of ear health.



An increase of wearing rate for hearing-aids device while the passage of OTC in USA.
(wearing rate now is around 10%)

New Product - SiP

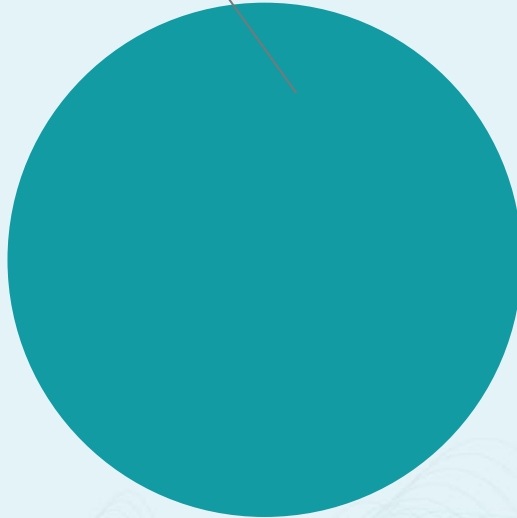
(Service Addressable Market)

NT\$135B

2025 SAM

NT\$0

2020 SAM



Key Growth Drivers



New Product Line



Growing on the market demand: SiP technology would be used on around 70% of mid/high-end TWS for miniaturization in the future.

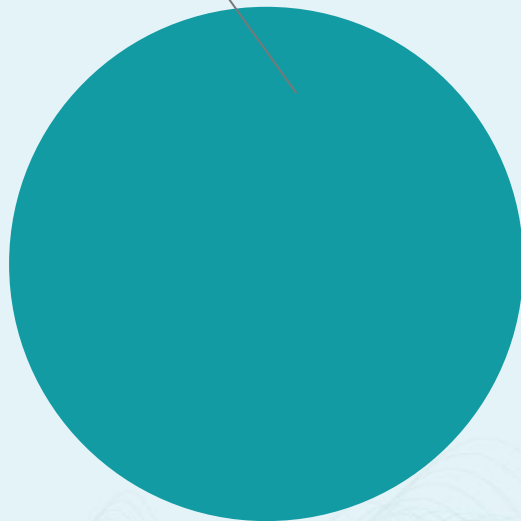
New Product - Video Conference System (SAM)

NT\$4.7B

2025 SAM

NT\$0

2020 SAM



Key Growth Drivers



New Product Line



More demand and requirement on video conference at post COVID-19 era.



*E*nvironment

- Aimed to join the RE100 and would commit 100% renewable electricity in 2050.
- Sustainable Design.
- Energy Efficiency and Carbon Reduction



*S*ocial

- Raising the public awareness on minimal hearing loss
- Equal Employment Opportunities and Safe Working Conditions



*G*overnance

- Formed 4 task forces under BOD to achieve ESG missions: Sustainability, Ethical Mgmt., Risk Mgmt., and Information Security teams.
- Top 5% of TWSE Corporate Governance Evaluation among 905 listed companies.

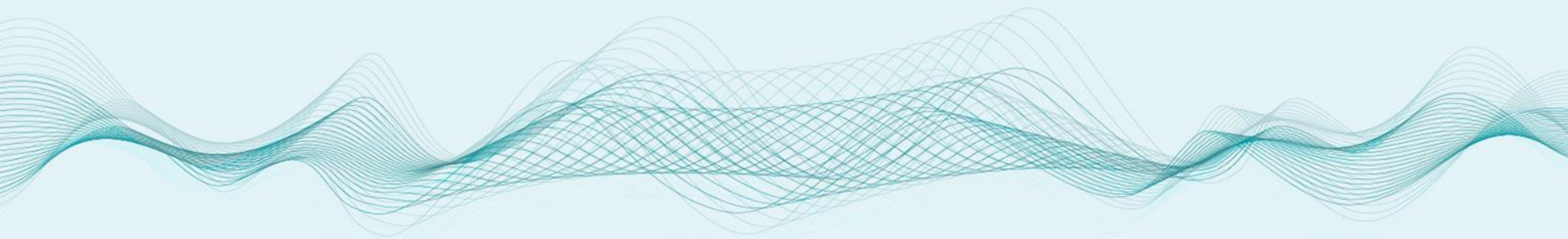


Our
Vision

“Delivering Fidelity Sound to
Enrich Human’s Life”

- Mr. Leo Liao, the Founder and Chairman

Q & A



Thank You

