Merry Electronics
2021 Fourth Quarter
Earnings Result Conference

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Date: Feb. 25, 2022

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.

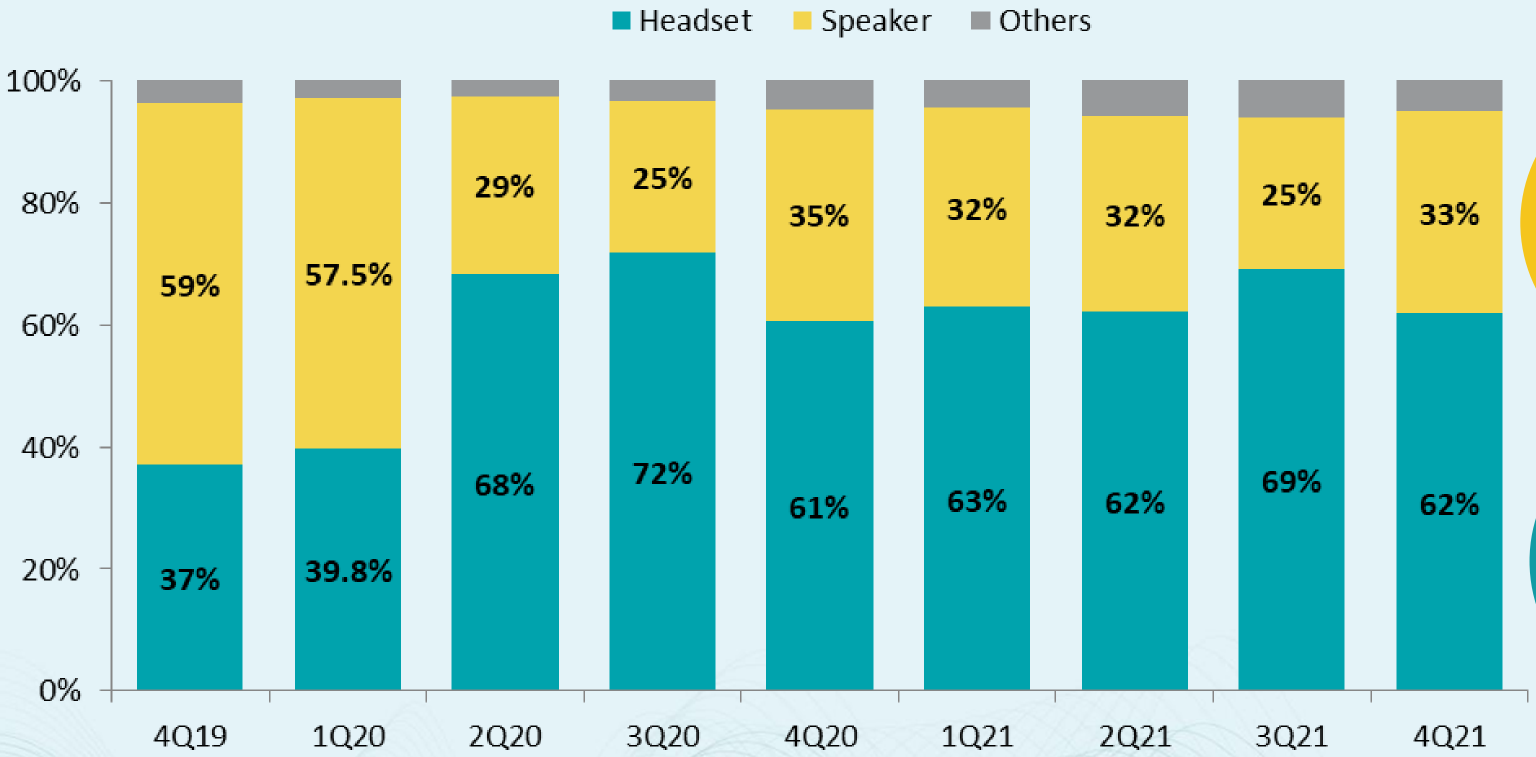
Statement of Comprehensive Income

(NT$ Thousand)

Items	2020Q4	2021Q3	2021Q4	QoQ	YoY
Net Revenue	12,686,801	8,463,889	11,815,370	39.60%	-6.87%
Gross Profit	**11.88%**	**15.95%**	**12.34%**	**-3.61pp**	**0.46pp**
Operating Expenses	-994,444	-856,970	-725,668	-15.32%	-27.03%
Operating Margin	**4.04%**	**5.83%**	**6.20%**	**0.37pp**	**2.16pp**
Non-Operating Income	256,604	139,882	9,584	-93.15%	-96.27%
Net Income	587,994	493,364	595,202	20.64%	1.23%
Net Profit Margin	**4.63%**	**5.83%**	**5.04%**	**-0.79pp**	**0.41pp**
EPS(NT$)	2.79	2.20	2.56	0.36	-0.23

※ Diluted weighted average outstanding shares were 208,855K units in 4Q2021.

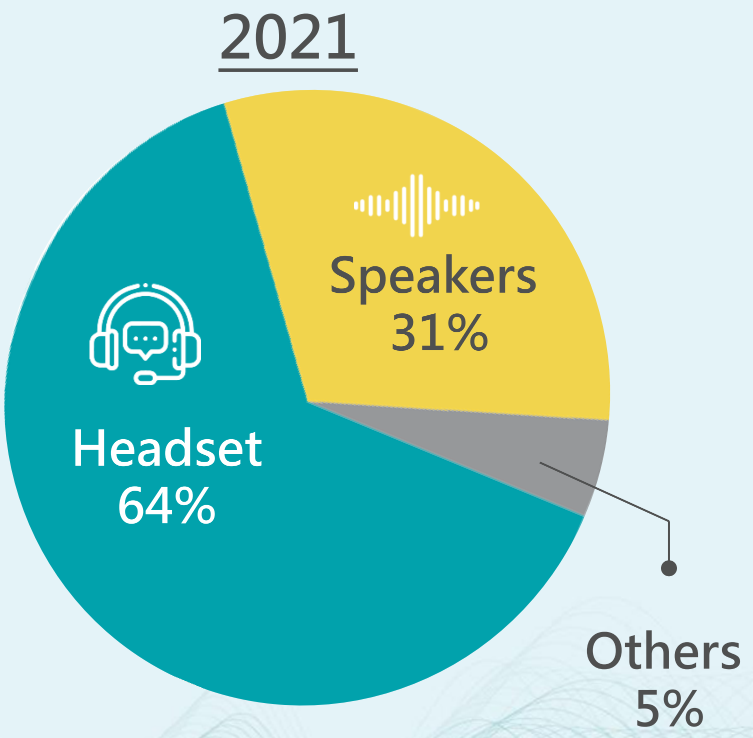
Product Mix (Quarterly)

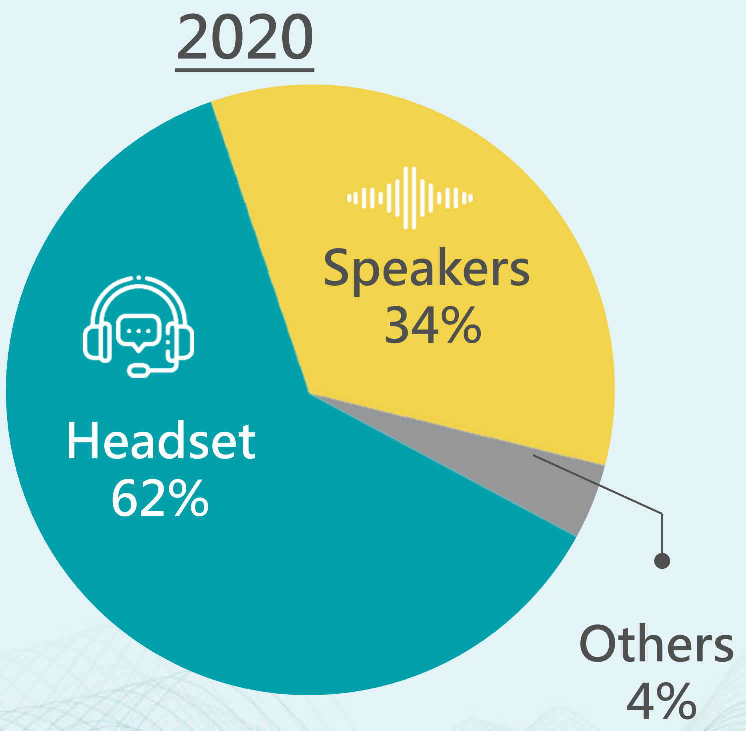


Speaker
QoQ : 74%
YoY : -15%

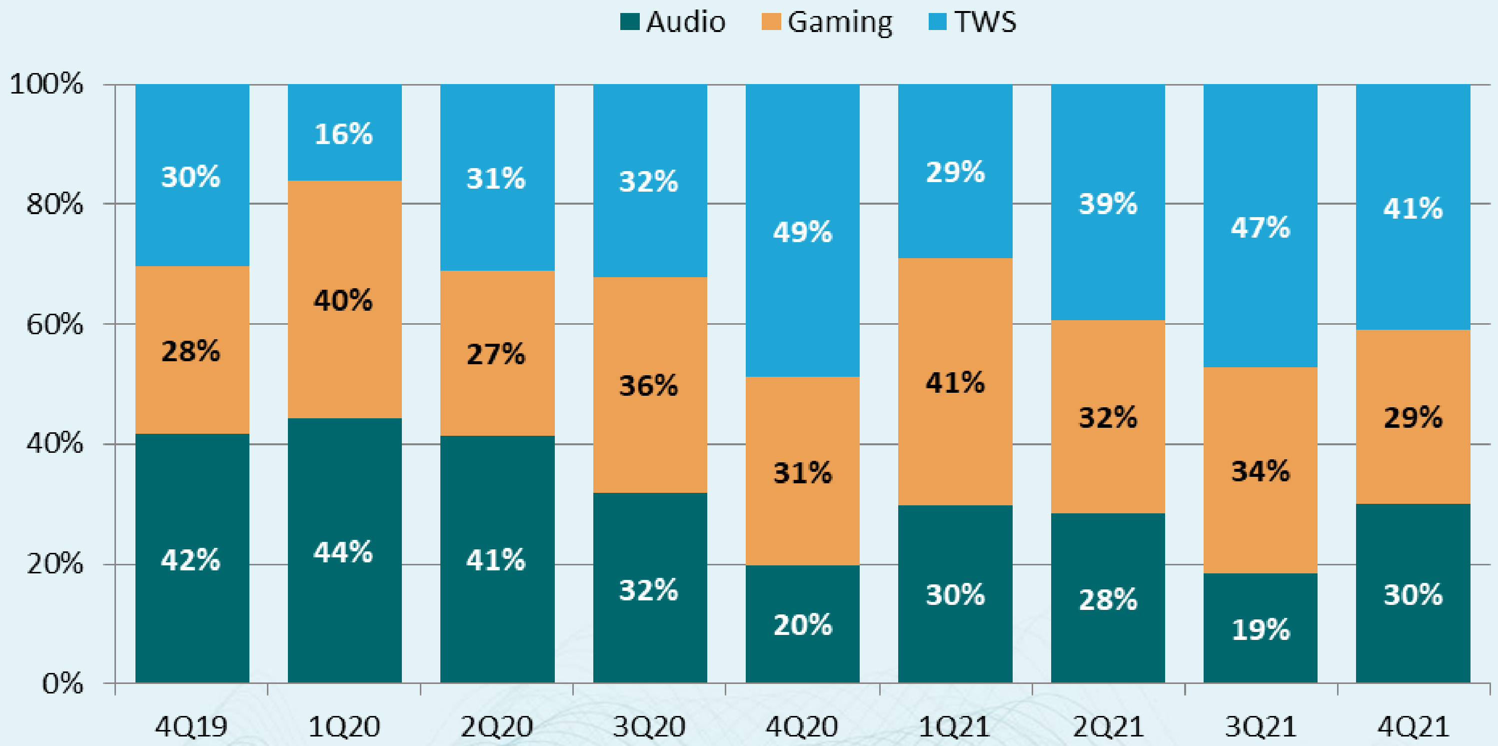
Headset
QoQ : 18%
YoY : -8%

Product Mix (Yearly)

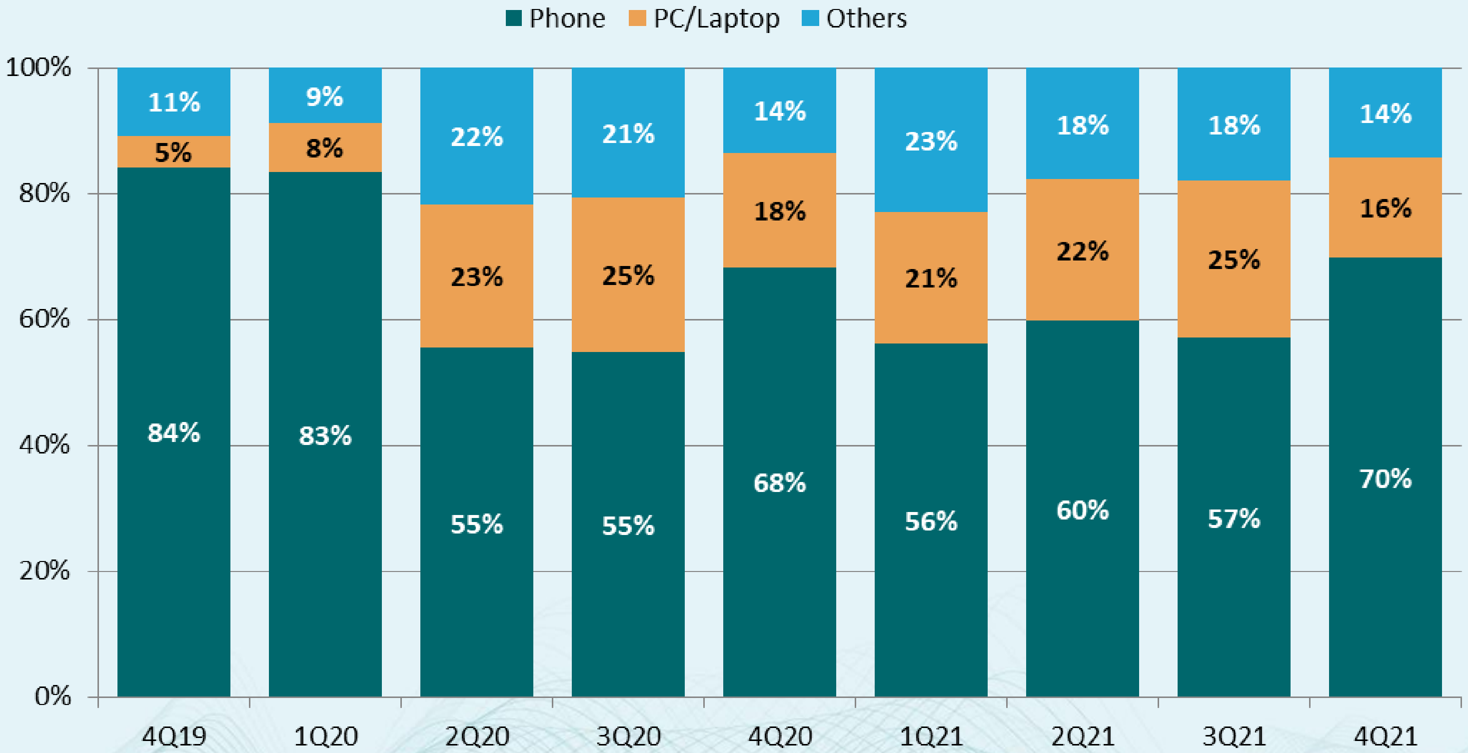




Headset Revenue Breakdown (%)



Speaker Revenue Breakdown (%)



Balance Sheet & Key Indices(CQ)

(NT$ Thousand)	20201231 Amount	%	20210930 Amount	%	20211231 Amount	%
Cash and Cash Equivalents	3,046,963	9%	6,266,608	18%	4,841,969	14%
Account Receivable	12,714,950	37%	7,859,493	23%	9,403,320	28%
Inventories	3,791,659	11%	6,091,992	18%	5,146,042	15%
Other Current Assets	2,625,977	8%	1,984,156	6%	2,786,072	8%
Investments	4,479,708	13%	4,635,839	14%	4,699,769	14%
Property, plant and equipment	3,694,738	11%	3,894,606	11%	3,951,003	12%
Other Non-current Assets	3,801,353	11%	3,254,601	10%	3,034,449	9%
Total Assets	34,155,348	100%	33,987,295	100%	33,862,624	100%
Current Liabilities	19,660,268	58%	16,697,277	49%	15,866,052	47%
Non-current Liabilities	2,224,337	7%	5,824,638	17%	5,841,949	17%
Total Liabilities	21,884,605	64%	22,521,915	66%	21,708,001	64%
Total Shareholders' Equity	12,270,743	36%	11,465,380	34%	12,154,623	36%
Key Indices						
A/R Turnover (CQ)	78		85		73	
Inventory Turnover Days (CQ)	32		79		46	
Current Ratio (x)	1.1		1.3		1.4	
ROE	4.95%		4.37%		5.04%	

Cash Flow

(NT$ Thousand)	2020Q4	2021Q3	2021Q4
Beginning Balance	4,191,857	5,651,209	6,266,608
Cash from operating activities	-1,733,742	1,009,409	400,353
Capital Expenditures	-303,022	-416,937	-291,972
Short-term Loans	721,080	-2,975,064	1,236,407
Long-term Loans	371,370	406,998	7,857
Issuance of corporate bonds	-	3,015,000	-2,231,900
Issuance of common stock for cash	-	-	432,000
Distribution of cash dividends	-	-1,068,244	31
Investments and Others	-200,580	644,237	-977,415
Ending Balance	3,046,963	6,266,608	4,841,969
Free Cash Flow	-2,036,764	592,472	108,381

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

Operation Results in 2021

(NT$ Thousand)	FY2020	FY2021	YoY
Net Revenue	34,444,819	36,182,719	5.05%
Gross Profit	**12.54%**	12.09%	**-0.45pp**
Operating Expenses	3,177,806	3,276,541	3.11%
Operating Margin	**3.31%**	3.04%	**-0.28pp**
Non-Operating Income	561,963	483,616	-13.94%
Net Income	1,319,400	1,291,090	-2.15%
Net Profit Margin	**3.83%**	**3.57%**	**-0.26pp**
EPS(NT$)	**6.39**	**5.40**	**-0.99元**
Cash from Operating Activities	-3,195,037	2,659,945	83.3%
Capital Expenditures	1,584,900	1,240,205	-21.75%
Free Cash Flow	-4,779,937	1,419,740	29.70%
Cash Dividends	1,608,376	1,068,213	-33.58%
Cash & Marketable Securities	4,187,661	6,320,737	50.94%
Return On Equity (ROE)	**10.72%**	**11.04%**	**0.32pp**

Disposition of Net Earnings of 2021

Cash Dividends : NT$4

Payout Ratio 74%

2022Q1 Business Outlook

Headset

Speaker

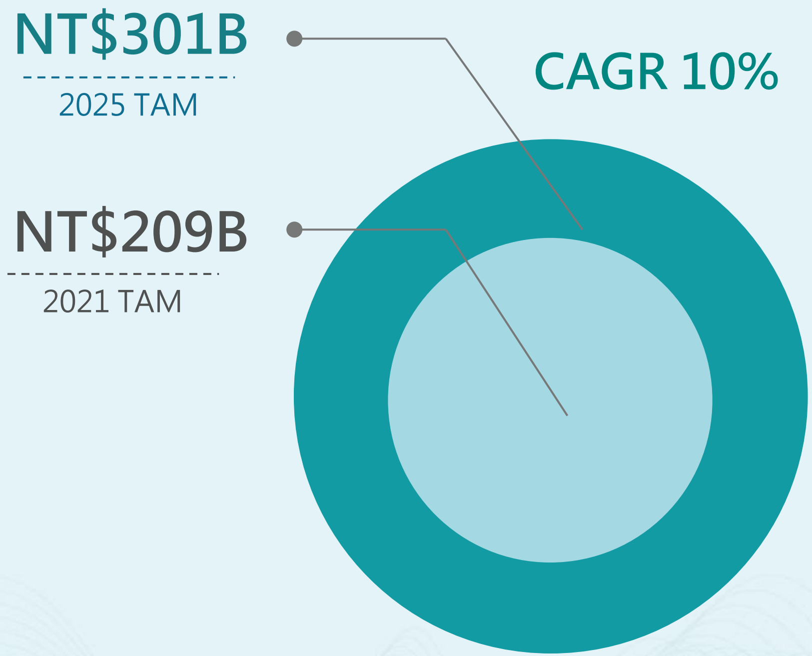
Battery

Mic

	Headset	Speaker	Battery	Mic
QoQ	↓	↓	↑	↓
YoY	↓	↓	↑	↑

Overview of Market Trend

Market Trend of Headset (Total Addressable Market)



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

Key Growth Drivers

- Rapid grow on headset market by the driven of phone brand
- TWS keeps the main growth driver in headset market
- Demand of enterprise headset increases due to WFH in the post COVID-19
- More demand on wireless gaming headset

Market Trend of Speaker (Total Addressable Market)

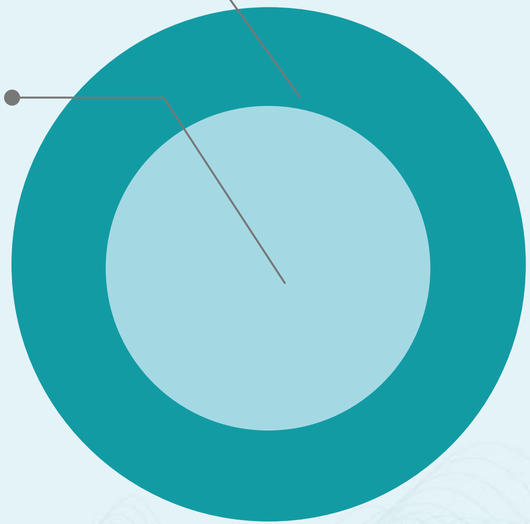
NT$82B

2025 TAM

CAGR 8%

NT$61B

2021 TAM



Speaker Component includes :
Speaker and Transducer

Key Growth Driver

- Market growth by the driven of headset, smart speaker, soundbar, tablet, and smart devices
- Demand increase on remote work

Environment

- Joined RE100 and committed carbon neutrality by 2050.
- Sustainable Design.
- Won the gold award of TCSA Sustainability Report/ Awarded the Top 50 Excellence in Corporate Social Responsibility by CW magazine.

Social

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

Governance

- 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.

"Delivering Fidelity Sound to Enrich Human's Life"

- Mr. Leo Liao, the Founder and Chairman

Q & A

Thank You

MERRY