



TXC Corporation Investor Conference

August 16, 2023



Making Every Connections Better

Precise Clock for Seamless Synchronization & Ultimate Data Transmission

Topic

Presenter

Agenda

14:00~15:00

Introduction

Peter Lin, Chairman

Trends & Market

Oak Yu, Director of Sales & Marketing

Financial Performance

Vivien Hung, Chief Financial Officer

Q & A

Peter Lin, Chairman

Disclaimer

- Except for statements in respect of historical matters, the statements in this release are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance, financial condition or results of operations of TXC to be materially different from what may be implied by such forward-looking statements.
- The financial forecasts and forward-looking statements in the release reflect the current belief of TXC as of the date of this release and TXC undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to such date.
- The statements in respect of historical matters may contain unaudited information, which may have certain deficiency or weakness so as not to fairly present financial condition or the results of operations of TXC.



Peter Lin, Chairman

Introduction

Accelerating Key Growth of 5G & Automotive



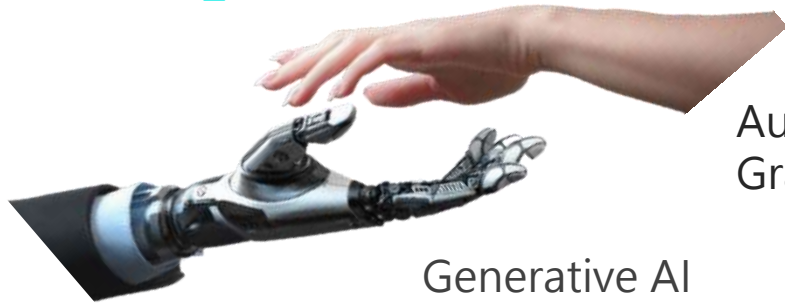
Timing Solution Plays a Significant Role in ICT Industry



Advanced Crystal & Oscillator Growth Target in AI Ecosystem

Features Requirement of HPC/High Speed Transmission/Meta-mobility

Connecting
People



Generative AI

XTAL/XO

Photo Blank
Technology



Ultra
Miniature



Automotive
Grade



Advanced
Performance



Ultra High Frequency/Stability
Ultra Low Phase Noise/Jitter

Automotive



5G Infrastructure



Mobile Communication

AIoT Industry



Oak Yu, Director of Sales & Marketing

Trends and Key Segments

Key Growth Factors & Mass Applications-Driven



We delivered Value at a Global Scale

TXC Inside , Stabilizing & Making Every Connections Better



SENSE



THINK



CONNECT



BEHAVE

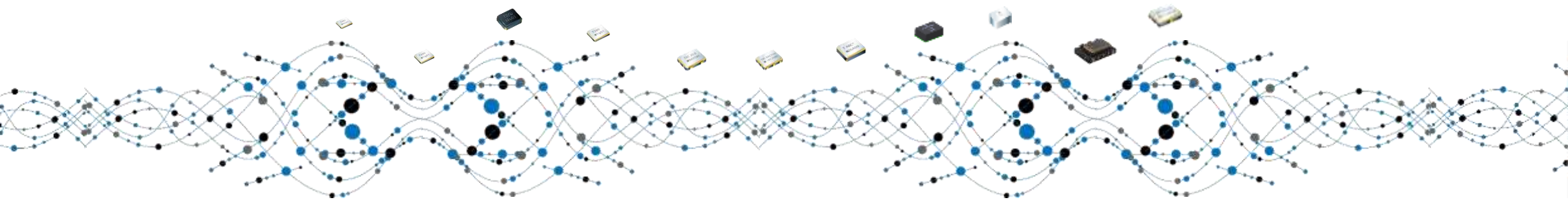
Awareness



Smart Connections

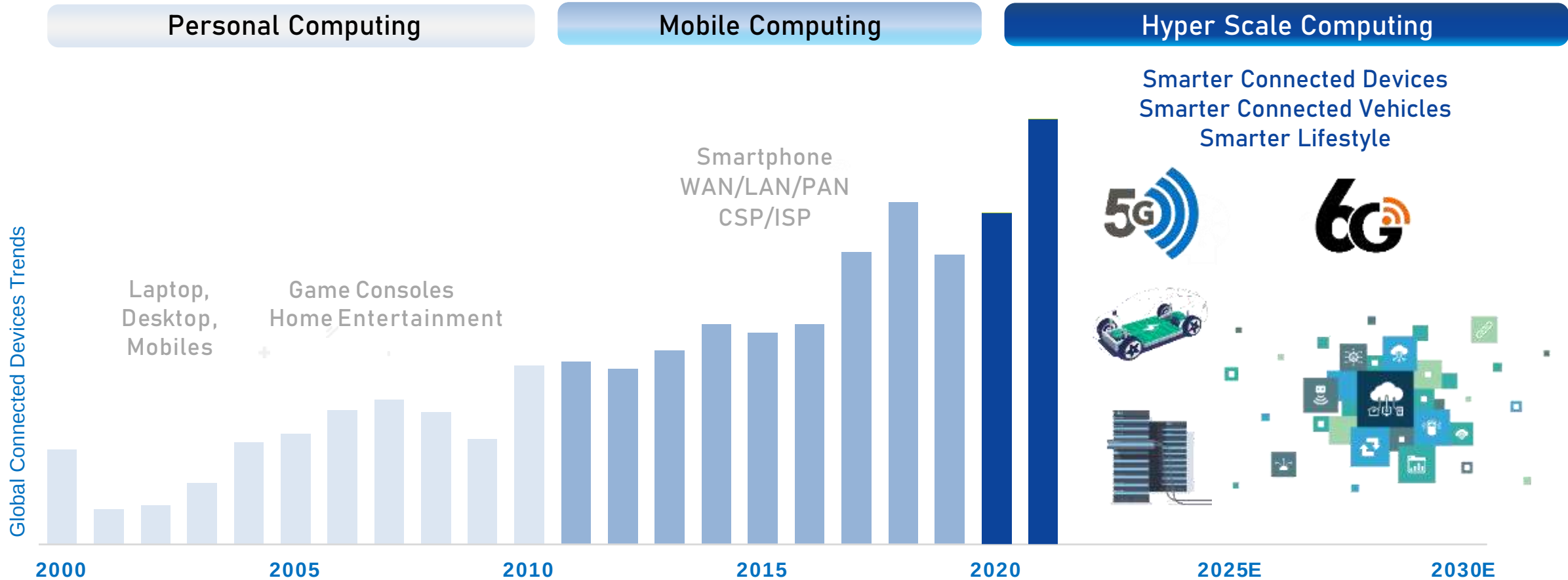


Efficiency



Tremendous Opportunity is Everywhere...

The differentiation is catching up on “What, When, How”



Key Factors Drive the Ecosystem Further

Evolved Sensing, Computing, & Communication Technology with AI-Embedded Devices



70%+ Penetration

Share of AI-Embedded Penetration Rate will be over 70% by 2030.



Adaptive AI & ML



Enhanced Cloud Computing



20+ Times

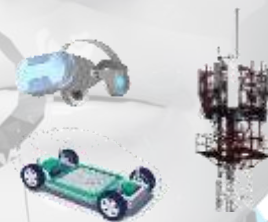
Data Transmission Rate up to 20Gbps from B5G to 6G



Hybrid Connectivity



Metamobility



100% Accuracy

Ultra Low Latency < 1ms for Seamless Connections



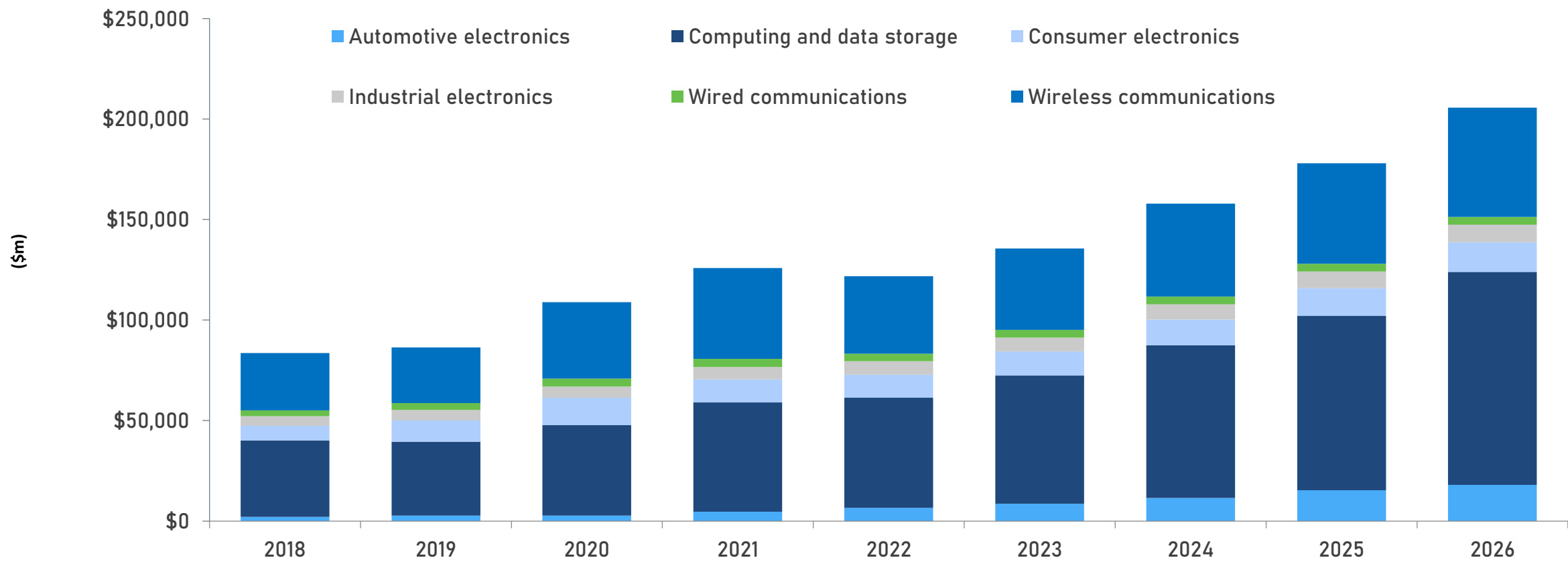
Automation Everywhere



AI-Enhanced Applications Growth By Fields

Automobile , Computing , and Communications

Market revenue for processors with graphics and AI integration by application, 2018–26

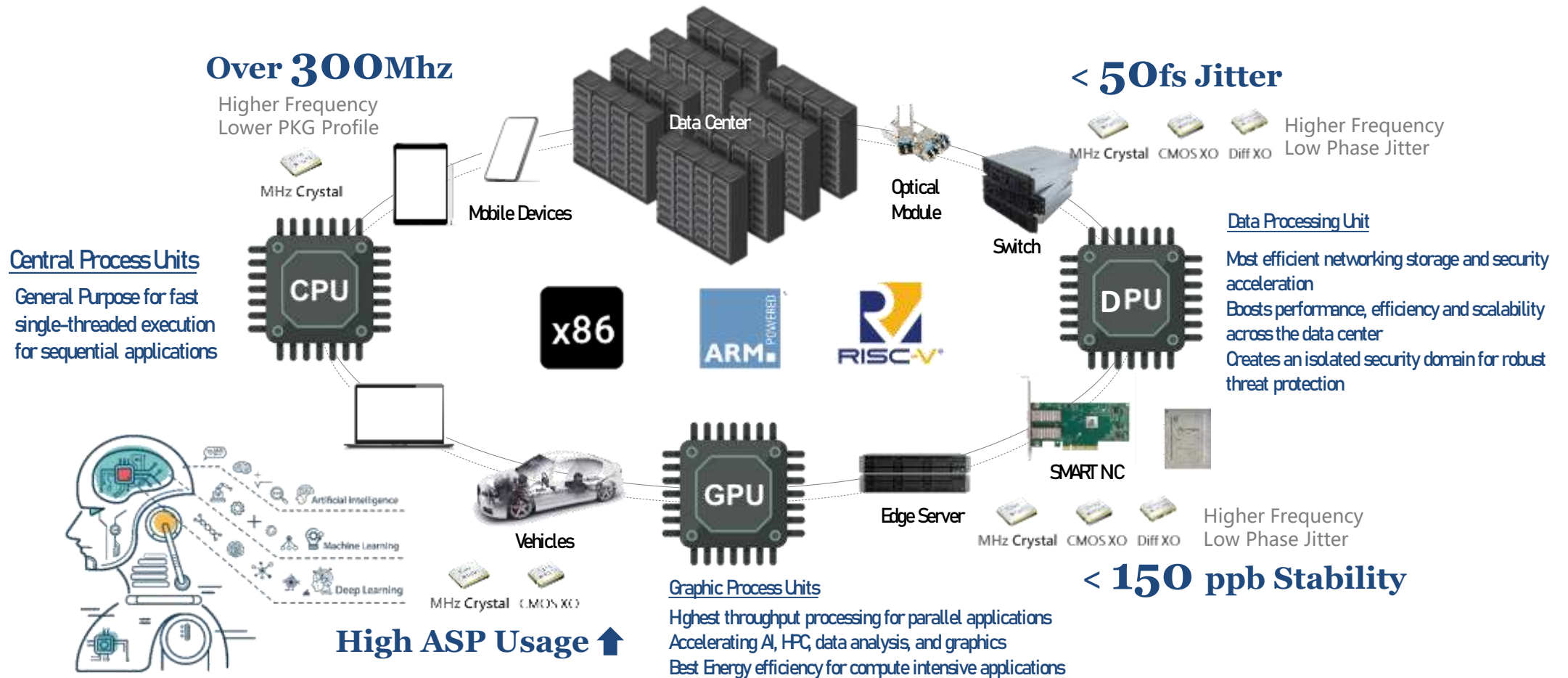


Source: Omdia

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AI Processor Empower the UX of Ecosystem

Accelerate the Efficiency of All Use Cases with Extreme Data Pass



Increase Data Traffic is folding Business growth

Data Transmission Upgrade for Advanced Oscillators Deployment

ThermSym Hercules Chronos Eros


OCXO
Industry-wide
Smallest(5x3 mm)
ppt Level
-40 to 105°C OT

Infrastructure

+20%
RU/DU/CU/Core/RAN

Data Computing

+25%
Server/Switch/IDC/Edge

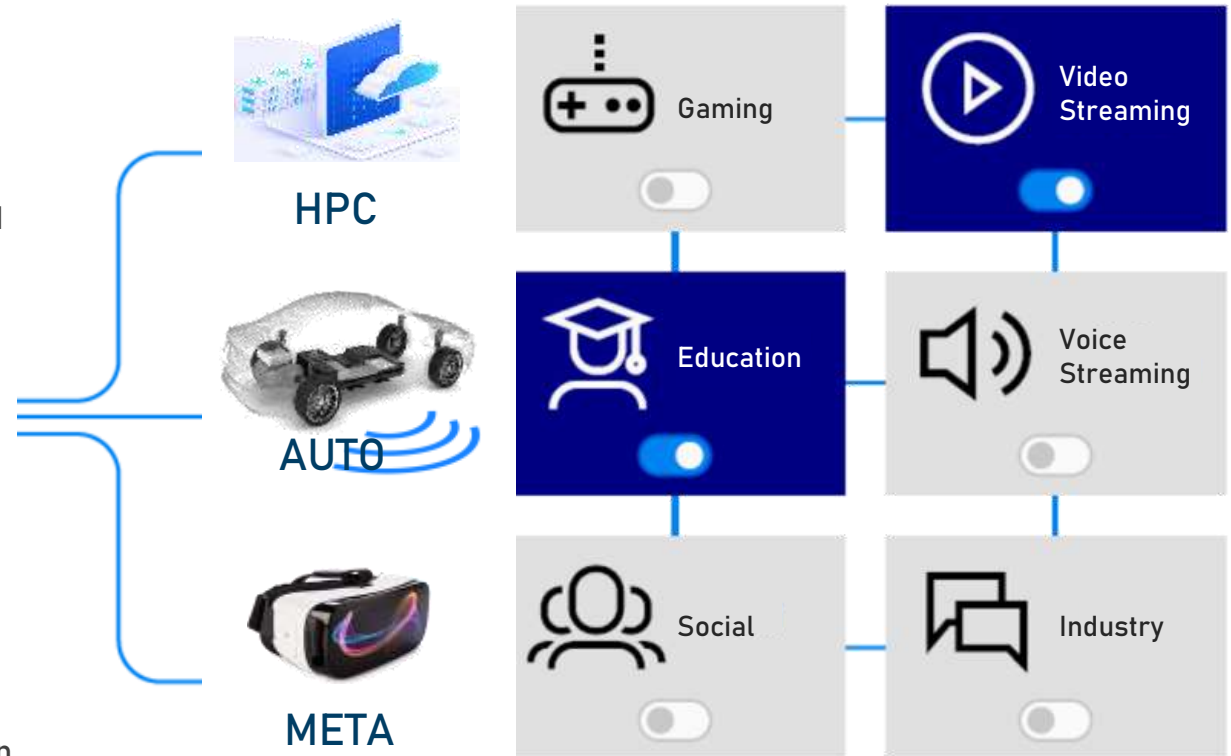

S3-TCXO
-40 to 105°C OT
Standard PKG
7050/5032


CMOS/Diff XO
Portfolio
Optimization
Ultra Low PN & PJ

Optical/Smart NIC

+26%
100/200/400G/Next Gen

Mobile Network Traffic Growing **3 – 5 times** in the Next 5 Years



+% CAGR of equipment or device sales revenues projection during 2022-2025

Data Traffic (EB per Month): 2021: 84, 2024: 255, 2027: 368

Source: Ericsson Mobility Report, June 2022

Hybrid Connectivity of Communication

Connectivity Everywhere with Trusty Digital Identity



2X Frequency

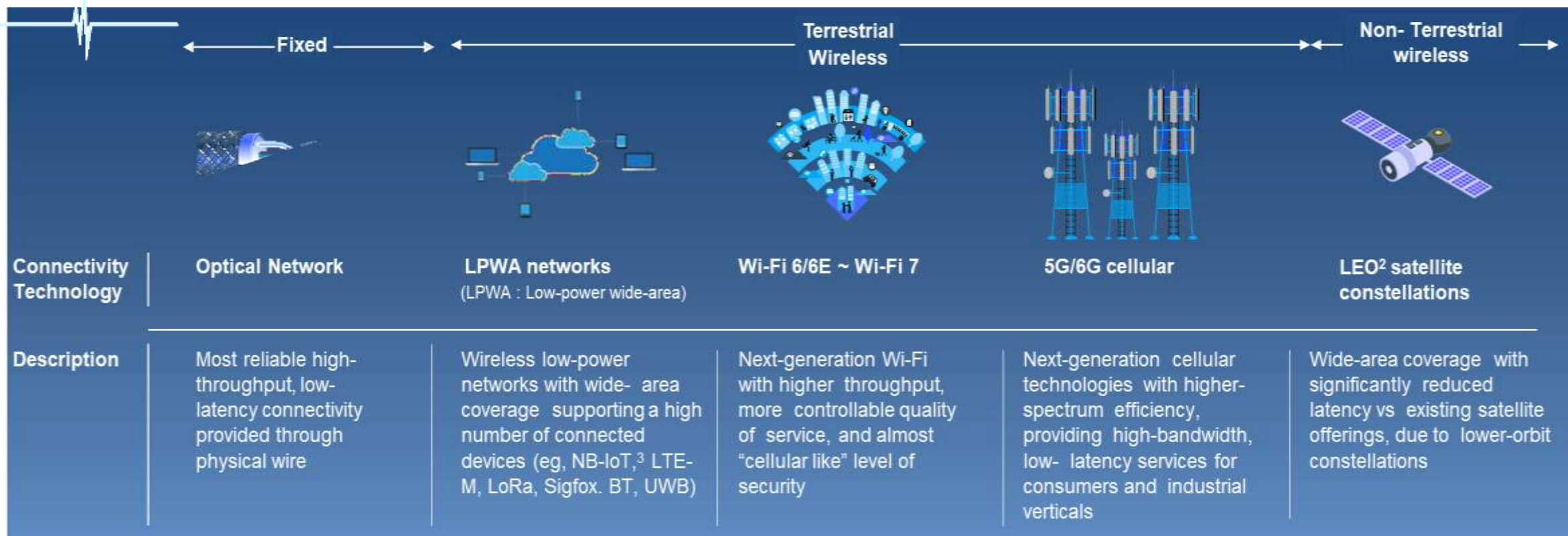
Increase Usage & Product ASP

40%+ Penetration

FWA Service in 5G+ Operation

17%+ CAGR of AIoT Connections

Global Market During 2021-2026



Hybrid Computation Is Everywhere

Seamless Data Communication & Feedback Anytime, Anyplace and All Kinds Scenarios



Enhanced
Cloud Computing

4X + Data Throughput

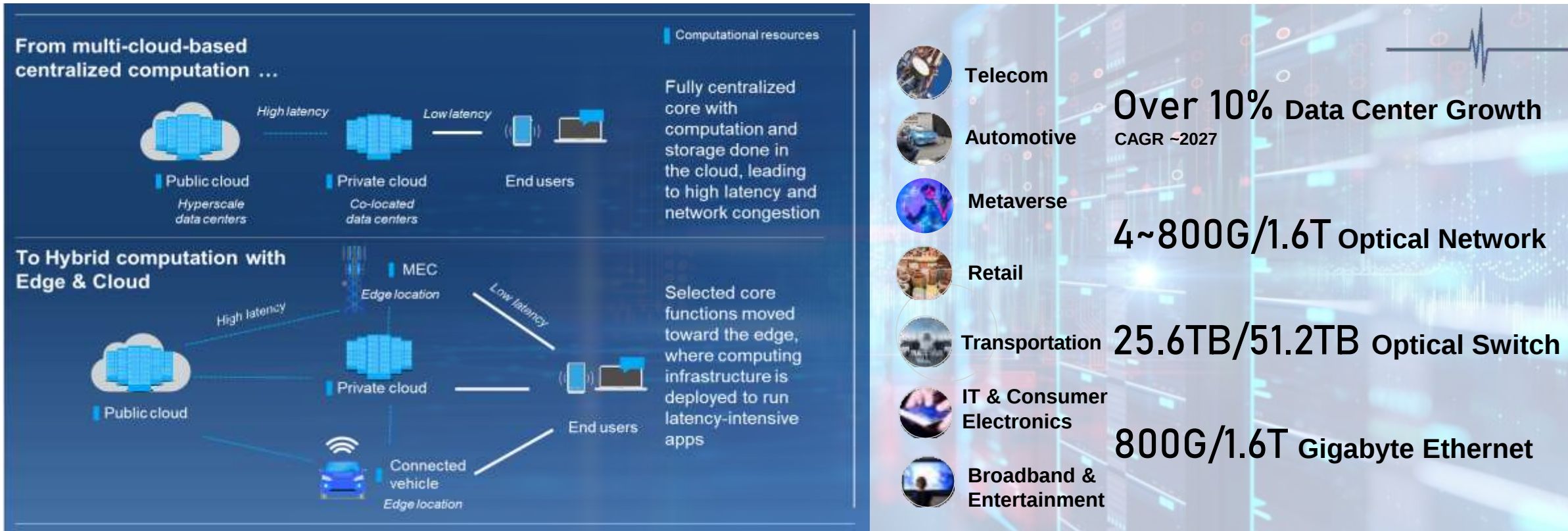
Network Data Upgrade

22%+ CAGR of AI Server

Shipment During 2022-26

27%+ CAGR of Automotive HPC

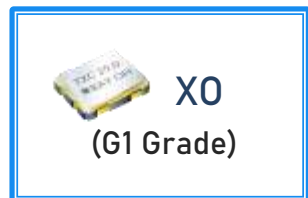
Semiconductor Market During 2022-2027



Electrification & Smarter Vehicles

Define Key Growth Applications with Strong Forecast & Projections

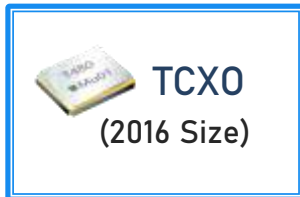
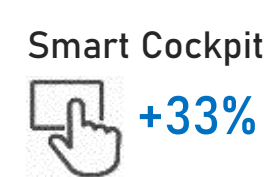
Automotive Grade, AEC-Q100, AEC-Q200 & Other Specified Compliances



Autonomous
+43%



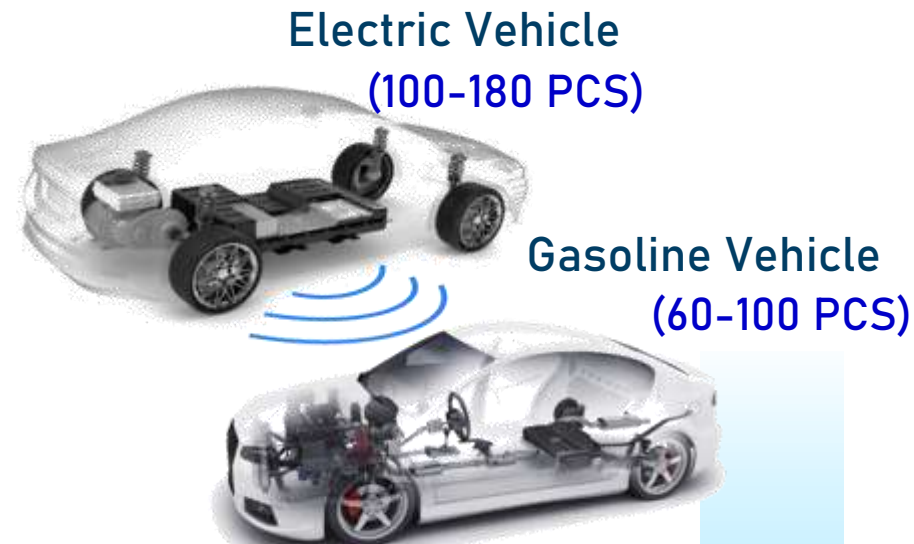
Safety & Motion
+16%



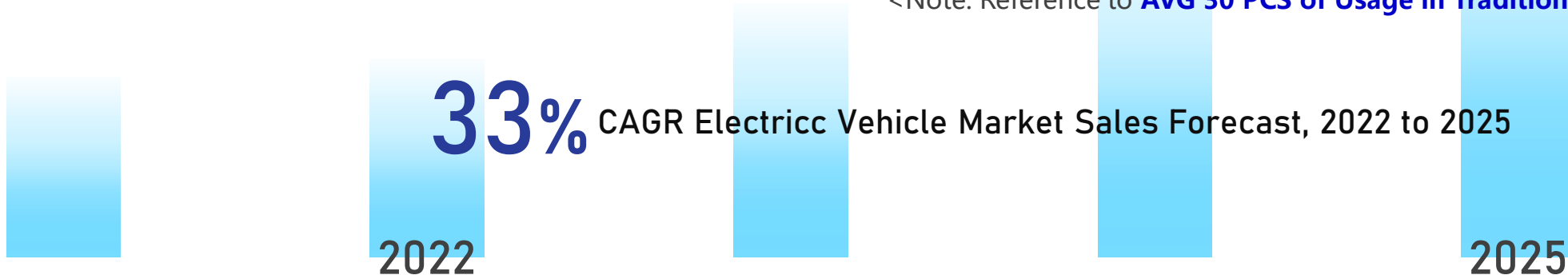
Body Control
+36%



+% CAGR of TXC Sales Estimation during 2021-2025

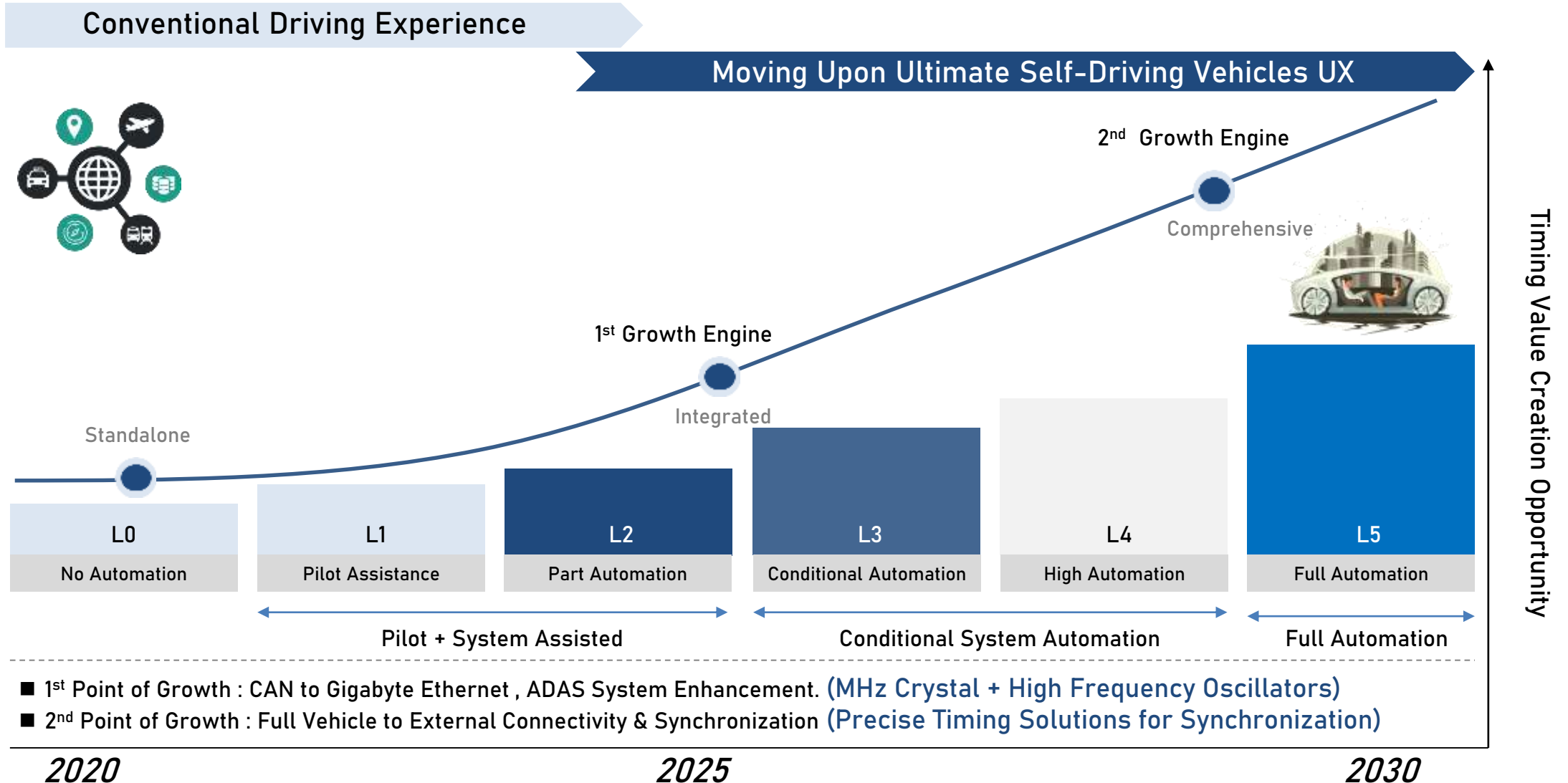


<Note: Reference to **AVG 30 PCS of Usage in Traditional Vehicle**>



Heading Toward Next Level - Autonomous Driving

Self-Driving Boost Timing Demand with New Trendy Technology



Deployment & Expansion

Stronger Growth & Penetration of Automotive Market

Deployed

- IC Design House by Applications (Designed-in)
- Global Tier 1 & Branding(EV) AVL (Product Verified & Factory Audited)
- Growth in China Area (50%+ Market Share)

- Automotive Comprehensive Ecosystem (Applications Focus)
- Modularization, Electrification & HPC (Now implemented for Level 2 above)
- Strong Growth in EV Market (32% of CAGR during 2021-2025)

Expanding



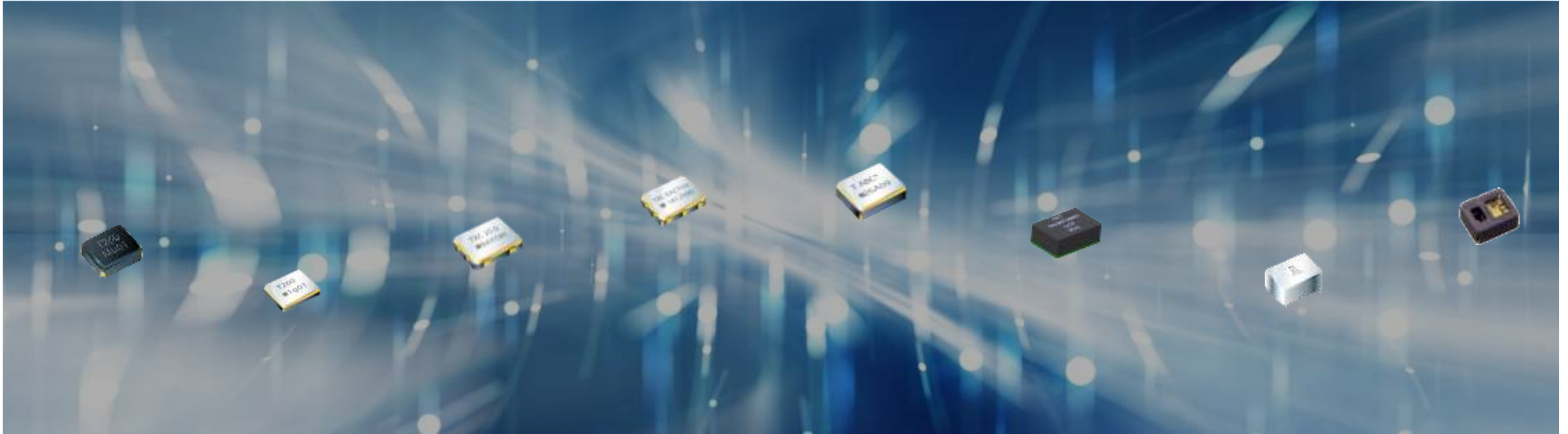
Timing Solutions Cover All Requirements

Ultra High Frequency, Ultra Low Stability, Phase Noise & Jitter as Purest Clock Source



Leading Timing Industry Moving Forward

TXC Evolved Sensing, Computing, & Communication Technology with AI-Embedded Devices



**Innovative Leadership in
High Growth Rate Market
Segments. (~10+% R&D Investment)**



**Precise Timing Solution for
Telecommunication & Data
Computing**



**Higher Frequency &
Miniature in
Communications**

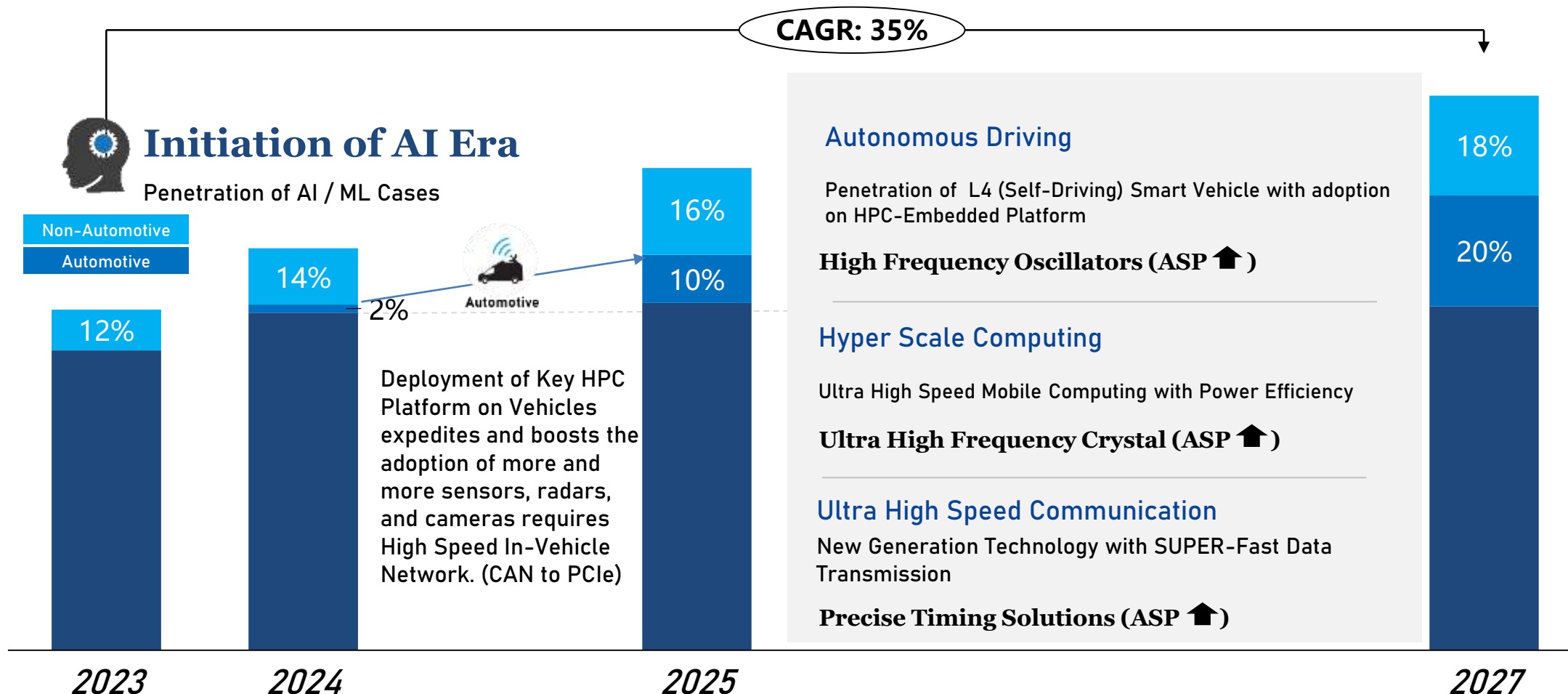


Transform the Impossibility to Possibility

Business Sustainability with Infinity AI-Boosting Opportunity

Smarter Computation & Communication enables various kinds of scenarios with tremendous applications.

Higher Frequency / Higher Performance / Higher Temperature / Miniature Size (3H + 1M)





Vivien Hung, Chief Financial Officer

Financial Performance

Financial Results, DPS, CAPEX, ESG



Statements of Comprehensive Income

Unit: NT\$ Million	(Property Excluded)				(Consolidated)			
	Q2'23	Q1'23	QoQ	YOY	Q2'23	Q1'23	QoQ	YOY
Net Revenue	2,422	2,296	5.5%	-30.8%	2,426	2,298	5.6%	-31.0%
Gross Profit	831	791	5.1%	-39.6%	832	793	4.9%	-39.8%
Operating Expenses	474	440	7.6%	-17.5%	477	448	6.5%	-17.9%
Operating Profit	357	351	1.8%	-55.4%	355	345	2.8%	-55.6%
Non-Operating Items	147	5	2773.5%	-36.9%	141	6	2403.2%	-38.7%
Income before Tax	504	356	41.7%	-51.3%	496	351	41.4%	-51.9%
Net Income	429	292	46.9%	-49.2%	421	287	46.7%	-49.9%
Basic EPS (NT\$)	1.38	0.94	46.8%	-49.3%	1.35	0.93	45.2%	-50.4%
Gross Margin(%)	34.31%	34.46%			34.30%	34.52%		
OPEX(%)	19.55%	19.17%			19.66%	19.49%		
Operating Margin(%)	14.75%	15.29%			14.64%	15.03%		
Income before Tax Margin(%)	20.83%	15.51%			20.46%	15.28%		
Net Profit Margin(%)	17.70%	12.71%			17.34%	12.48%		

Statements of Comprehensive Income

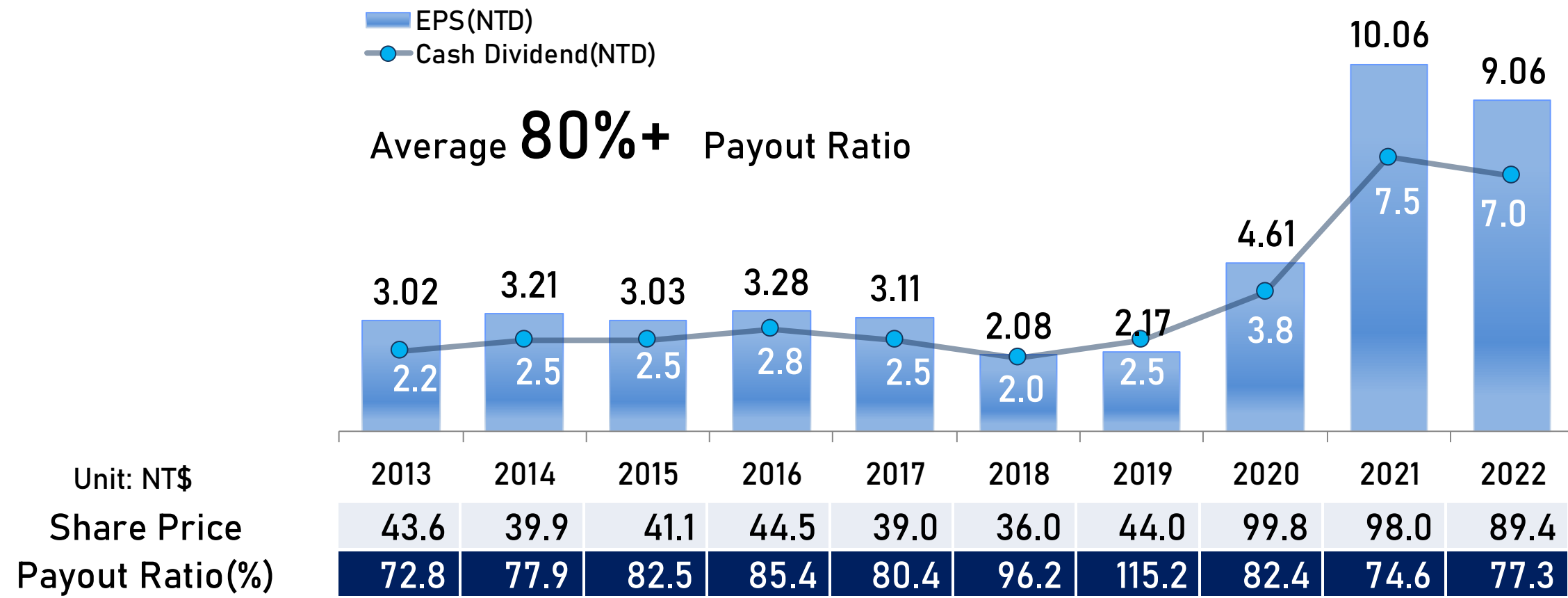
Unit: NT\$ Million	(Property Excluded)			(Consolidated)		
	H1'23	H1'22	YOY	H1'23	H1'22	YOY
Net Revenue	4,718	6,706	-29.6%	4,724	6,731	-29.8%
Gross Profit	1,622	2,571	-36.9%	1,626	2,581	-37.0%
Operating Expenses	914	1,098	-16.8%	925	1,113	-16.9%
Operating Profit	708	1,473	-51.9%	701	1,468	-52.3%
Non-Operating Items	152	380	-60.0%	147	374	-60.8%
Income before Tax	861	1,853	-53.6%	847	1,843	-54.0%
Net Income	721	1,521	-52.6%	707	1,510	-53.2%
Basic EPS (NT\$)	2.33	4.91	-52.5%	2.28	4.88	-53.3%
Gross Margin(%)	34.38%	38.34%	-	34.41%	38.35%	-
OPEX(%)	19.36%	16.38%	-	19.58%	16.53%	-
Operating Margin(%)	15.01%	21.96%	-	14.83%	21.81%	-
Income before Tax Margin(%)	18.24%	27.64%	-	17.94%	27.38%	-
Net Profit Margin(%)	15.27%	22.68%	-	14.97%	22.44%	-

Balance Sheet

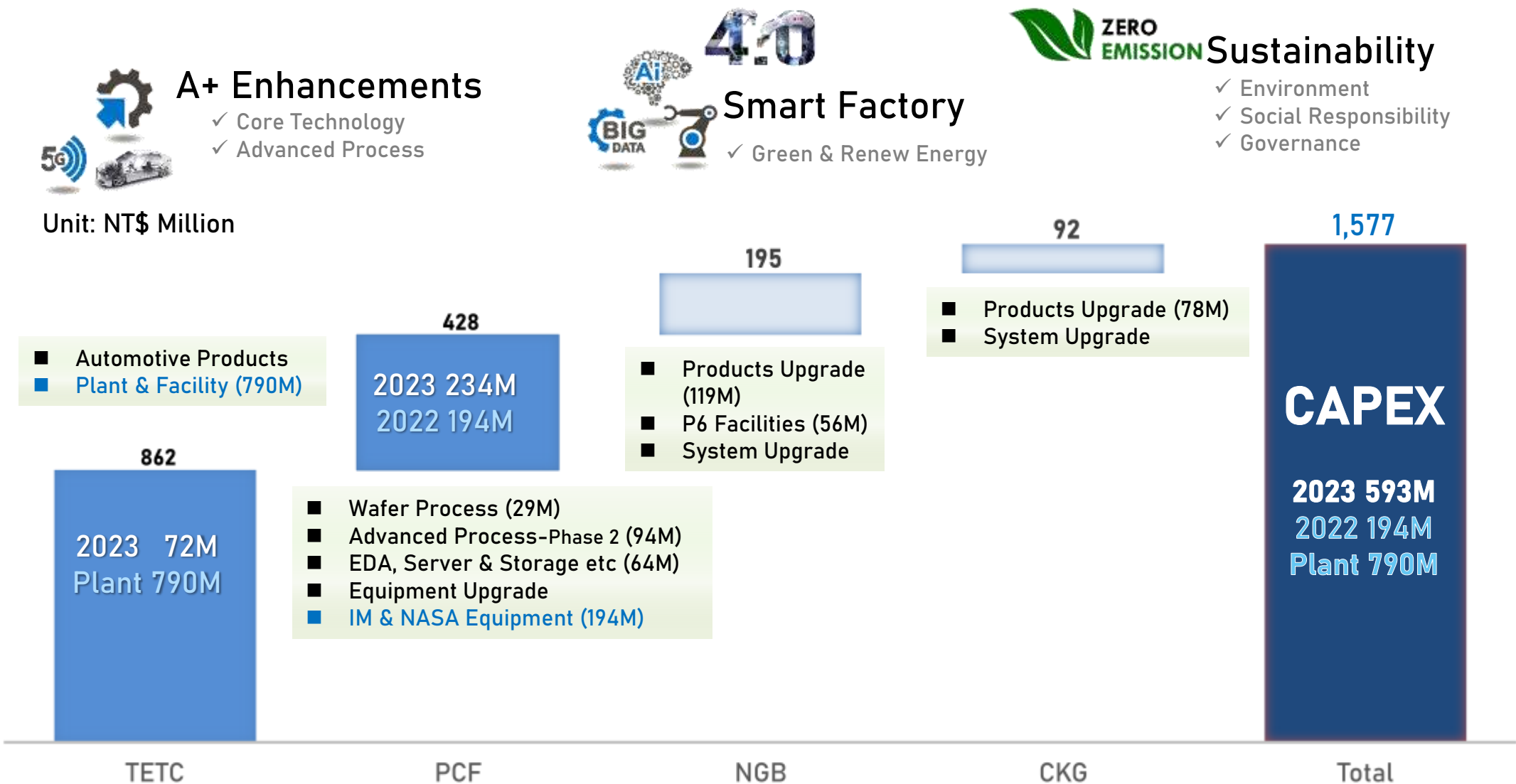
Unit: NT\$ Million	Jun. '23		Dec. '22		Jun. '22	
Item	Amount	%	Amount	%	Amount	%
Cash & Cash equivalents	4,501	23.6%	4,223	21.3%	4,795	22.4%
NR+AR	2,646	13.9%	3,557	17.9%	3,870	18.1%
Inventories	2,522	13.2%	2,700	13.6%	3,001	14.0%
Current Assets	10,902	57.1%	11,412	57.5%	12,673	59.1%
PP&E	5,929	31.0%	6,320	31.8%	6,173	28.8%
Total Assets	19,105	100.0%	19,851	100.0%	21,434	100.0%
Current Liabilities	5,498	28.8%	4,336	21.8%	7,050	32.9%
Non-current Liabilities	2,726	14.3%	3,042	15.3%	2,985	13.9%
Total Liabilities	8,224	43.0%	7,378	37.2%	10,035	46.8%
Total Shareholders' Equity	10,880	57.0%	12,473	62.8%	11,400	53.2%
A/R Turnover Days	120		106		108	
Inventory Turnover Days	154		120		124	
Inventory Turnover Days (exclu.)	139		105		104	
Current Ratio(%)	198%		263%		180%	
Debt Ratio(%)	43.0%		37.2%		46.8%	
Book Value Per Share(NT\$)	35.12		40.27		36.80	
ROA(%)	7.5%		14.0%		14.5%	
ROE(%)	12.1%		22.2%		25.0%	

EPS & DPS

High Dividends Payout, with Sustainable Business Growth



2023 CAPEX (incl. deferred)



Healthy Growth with Value based Sustainability

Dedicate on Continuous Enhancement of Environment, Society, and Governance

MORNINGSTAR SUSTAINALYTICS

ESG Risk Rating

19.4 pts Low Risk



Top 6%~20% Listed Corporates of the 9th Corporate Governance Evaluation



Top 249 Enterprises of CommonWealth Magazine



The Excellent Enterprise Award in Taoyuan City



IDB the 4th Gender Mainstreaming Benchmark Manufacturer



BSI Sustainability Leader Award



"Conform to 1.5°C temperature control target" label from CommonWealth Magazine



Operating solar power generation system to switch to renewable energy.



ISO 14064 Greenhouse Gas Emissions Verification

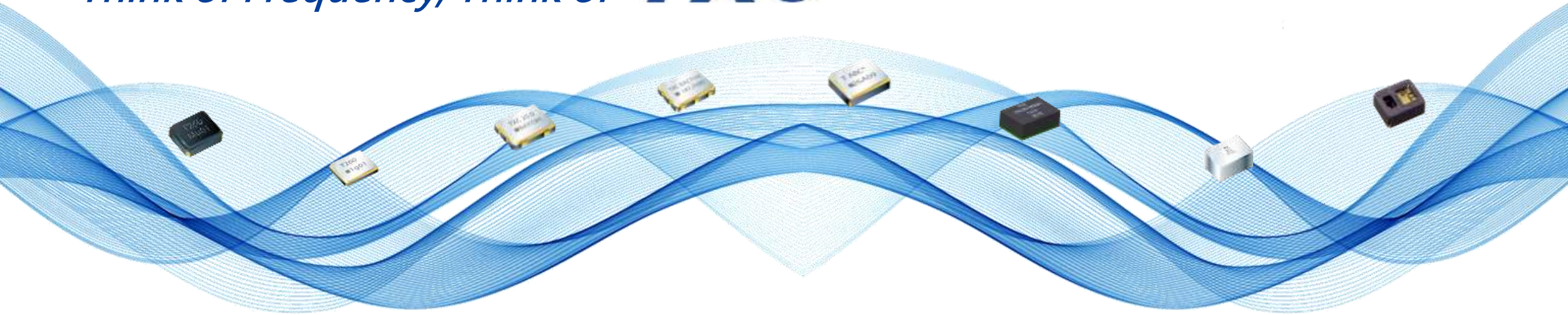


ESG Roadmap

- ISO 50001 Energy Management System Verification
- ISO 14067 product carbon footprint Verification
- 2030 RE25% , 2050 RE100% & Net Zero Carbon

Thank You

Think of Frequency, Think of **TXC**





Q&A Section

Thank You