WINMATE INC

Enabler of Enterprise Mobility

3416 TT

INVESTOR PRESENTATION

May 2021

COMPANY SNAPSHOT

Winmate Inc. (3416 TT)

We are a pioneer in rugged mobile computing technology, particularly in rugged tablet.

We have provided business leaders with reliable, mobile, rugged solutions made for the most challenging industrial conditions worldwide.

Market Cap: USD186m	2020 Total sales: USD65m 2020 Gross margin: 35% 2020 ROE: 12% 2020 Net cash: USD35m Net cash to equity: 46%	50+ Distribution Channels (ODM, OEM, Direct, SI)	400+ Employees Worldwide 150+ R&D Engineers

EXECUTIVE SUMMARY

Winmate to see rapid multi-year growth from the Enterprise Mobility trend

2020 was a big year for us, as we garnered two of the biggest rugged tablet orders in play in the market from two Tier 1 clients, solidifying our position as a key enabler of Enterprise Mobility and as a leader in the global rugged tablet solutions market. We aim to become the World #1 rugged tablet solution provider and to achieve 20-30% annual revenue growth for the next few years, as we make further market share gains and benefit from the global trend towards Enterprise Mobility.

Continue to attack key verticals with our market-ready solutions

As our economies of scale continue to rise, our plan is to aggressively attack key verticals to further enhance our scale efficiency and operating leverage. Most solutions are customized for certain verticals, so the use-case within each vertical will be similar from one company to the next. As time to market is key, this offers us a head start.

High growth, high net-cash-to-equity ratio, robust dividend policy

We aim to achieve 20-30% revenue growth per annum for the next few years and we also have a strong balance sheet. 1Q21 net-cash-to-equity was 41%. We are committed to return earnings back to our shareholders, having paid out an average of 103% of annual net income over the past 5 years. We expect our payout ratio to be around 75%+ going forward.

AGENDA

- Key concept: Enterprise Mobility
- Industry Outlook
- Who we are & What we do
- Growth Strategy
- Commitment to Sustainability
- Financial Performance


ENTERPRISE
MOBILITY
WINMATE

KEY CONCEPT: ENTERPRISE MOBILITY

01 Enterprise Mobility is an approach to work in which employees can do their jobs from anywhere using a variety of devices and applications.

02 Commonly refers to the use of mobile devices, such as smartphones and tablets.

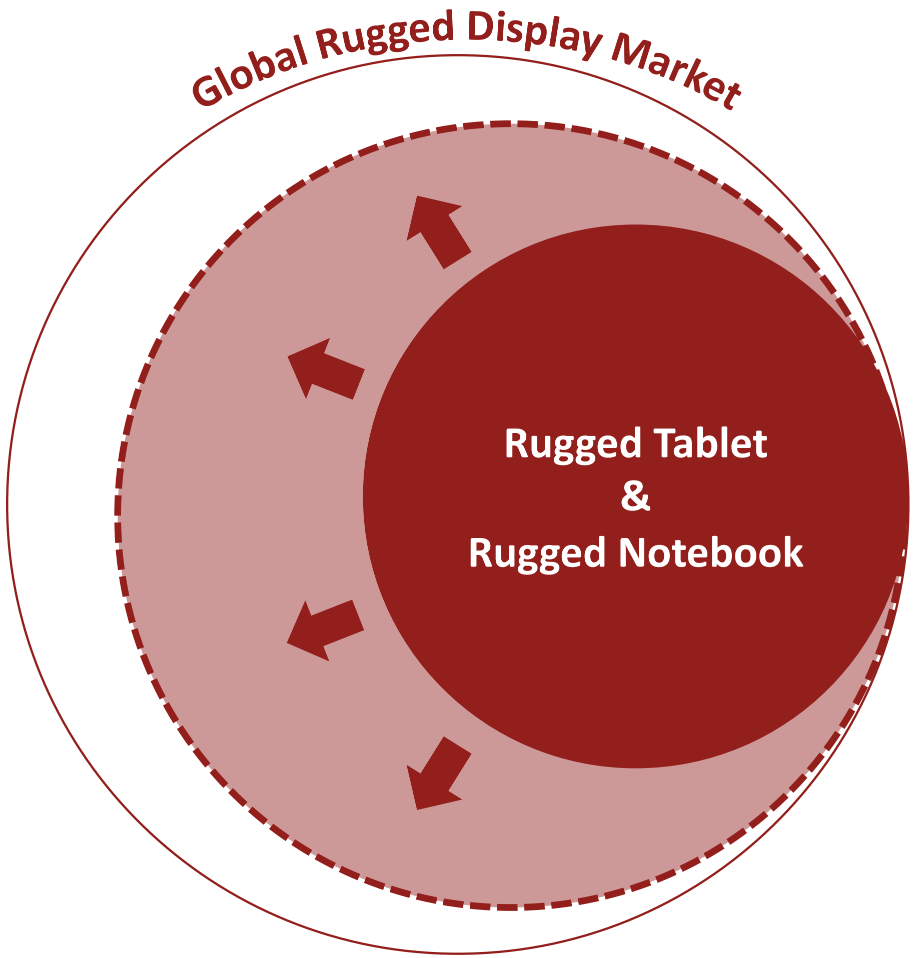
MORE MOBILITY NEEDED FROM THE INDUSTRIAL SPACE

03 Early adaptors of Enterprise Mobility in the industrial space are the Utilities, Mining, Oil & Gas, and Field Service industries due to their widely dispersed workforce. Rugged tablets have become indispensable due to their portability.

04 As the smart manufacturing transformation takes hold, more and more manufacturing companies are using rugged tablets for enhanced mobility on the production line, as well as in warehouses and service centers.

INDUSTRY OUTLOOK

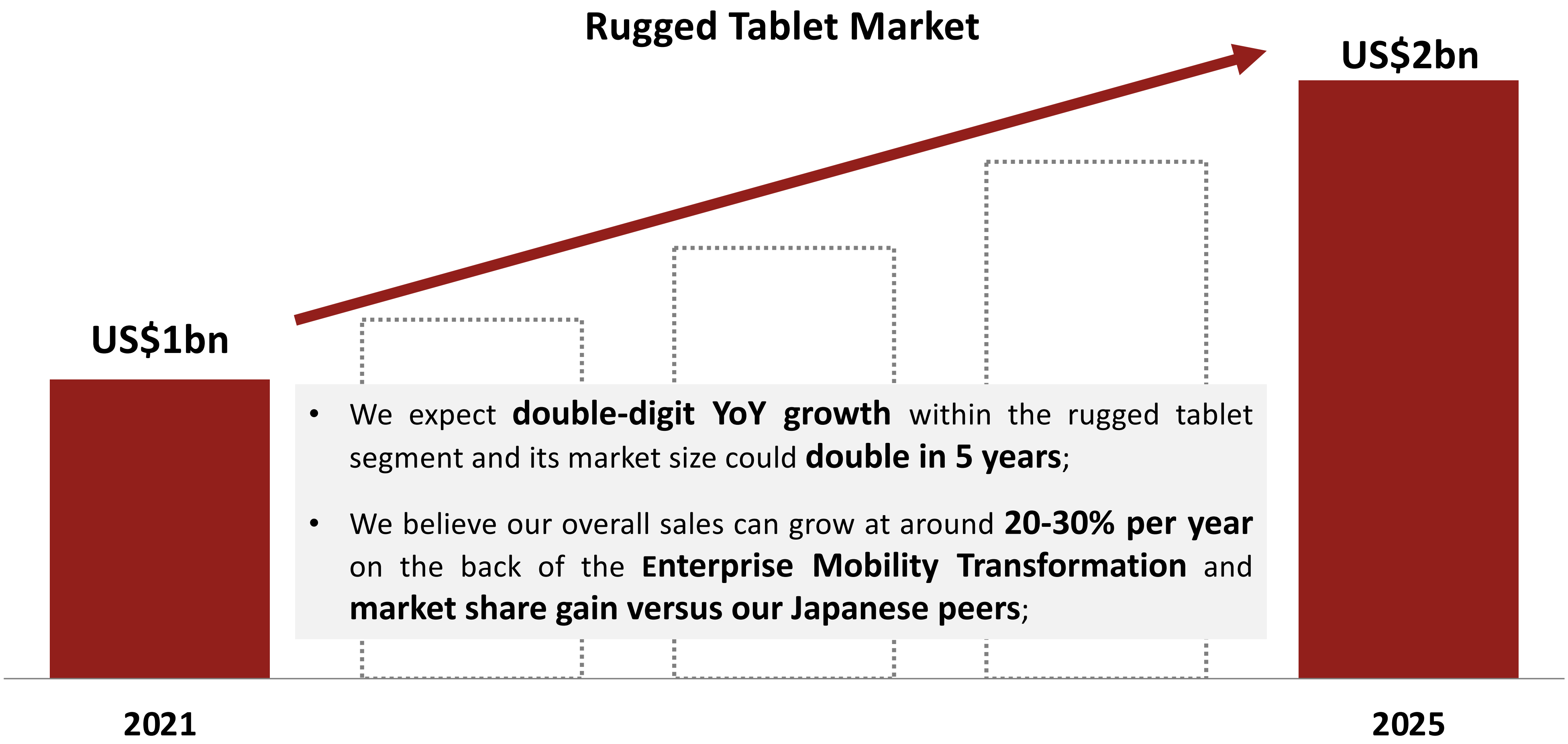
RUGGED TABLET OFFERS THE MOST MOBILITY IN ENTERPRISE MOBILITY



- We look only at the industrial segment (global rugged display market) under Enterprise Mobility. The market size is about US$7.5bn with growth of 6-7% per annum.
- The Global rugged display market encompasses rugged display, rugged PDA, rugged tablet, and rugged NB.
- Within the industrial space, the Enterprise Mobility transformation is causing a demand shift towards rugged tablet and rugged NB, from stationary products such as rugged display and Embedded PC.
- The shift to rugged tablet is especially apparent.

Source: Market study report, Winmate estimates

ENTERPRISE MOBILITY – RUGGED TABLET THE BIGGEST BENEFICIARY



- We expect **double-digit YoY growth** within the rugged tablet segment and its market size could **double in 5 years**;
- We believe our overall sales can grow at around **20-30% per year** on the back of the **Enterprise Mobility Transformation** and **market share gain versus our Japanese peers**;


WHO WE ARE
&
WHAT WE DO
WINMATE

WHAT IS A RUGGED TABLET?

- Rugged tablets are designed to **withstand hard knocks, long drops, high or low temperatures, moisture, dust and even explosions (for oil rigs or military usage)**, yet still provide a great user experience.

- Rugged tablets have been put through rigorous testing to make sure they can survive extreme conditions. A few examples of mission-critical uses are oil and gas, marine, military, aerospace, and medical.

- Other key rugged tablet use cases are production lines, field service, logistics and warehouses.

MILESTONES & TRANSFORMATION

1996
Started out as Touch panel (ELO) distributor in Taiwan

2005
Transformation into an IPC company

2008
Winmate was one of the first to successfully develop rugged tablets

2010
Apple launched 1st generation iPad

First major breakthrough with Mercedes Benz (small order)

2014
Bid for Mercedes Benz worldwide service centers rugged tablet orders (large quantity) but failed

2019
Five years later, Winmate beat all other vendors and won a multi-year contract to supply Mercedes Benz service centers globally
Many new order inquiries soon followed…

OUR PRODUCTS – TOUCH DISPLAY CENTRIC SOLUTIONS

8”~10.1”
Rugged Tablet Series

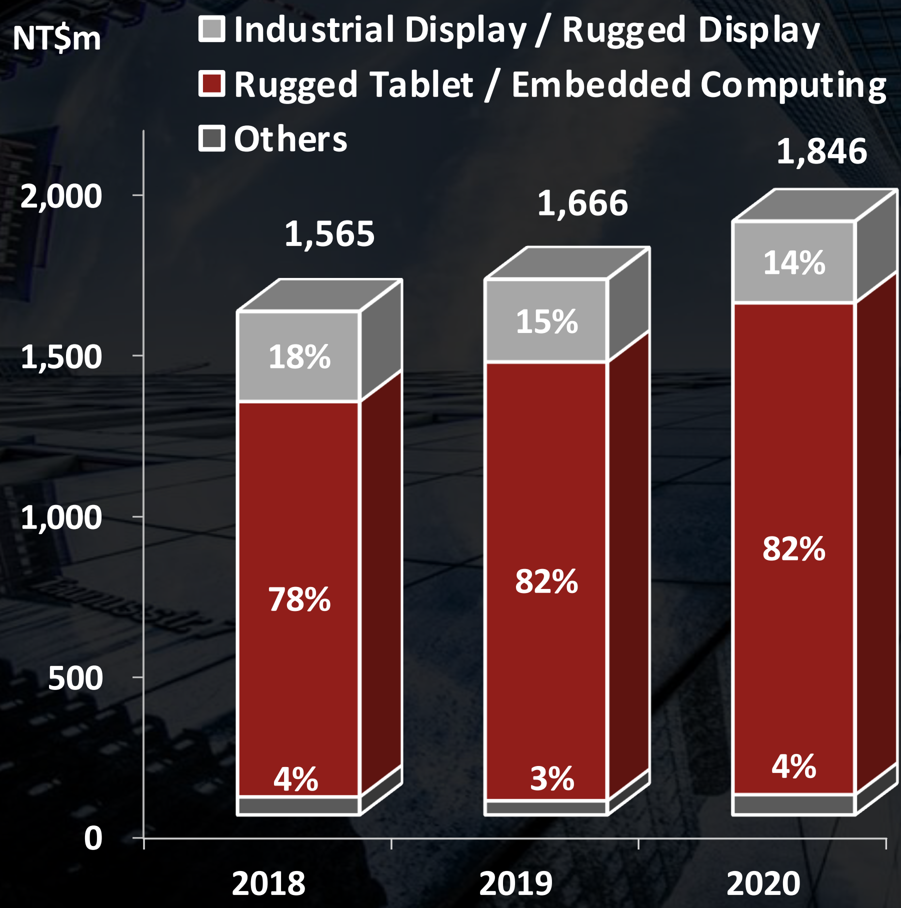
7”~10.1”
Vehicle Mounted Computer Series

11.6”~13.3”
Ultra Rugged Tablet Series

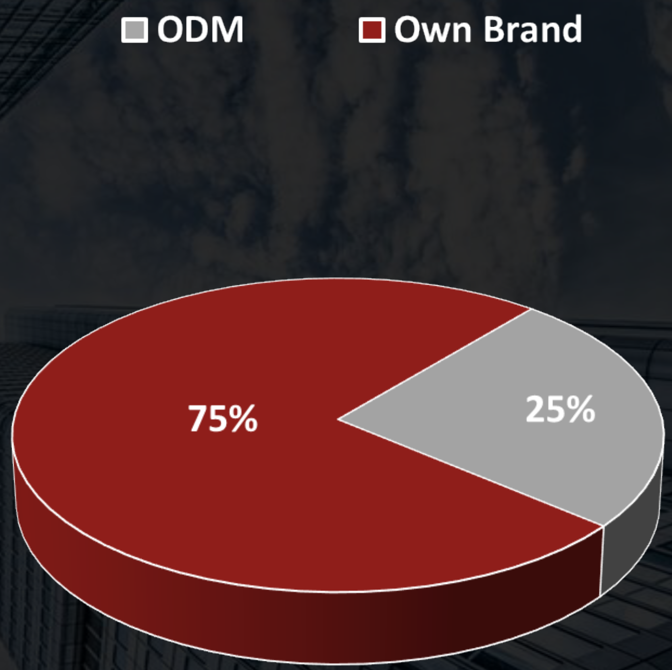
4.3”~13.3”
Medically Certified Rugged Tablet Series

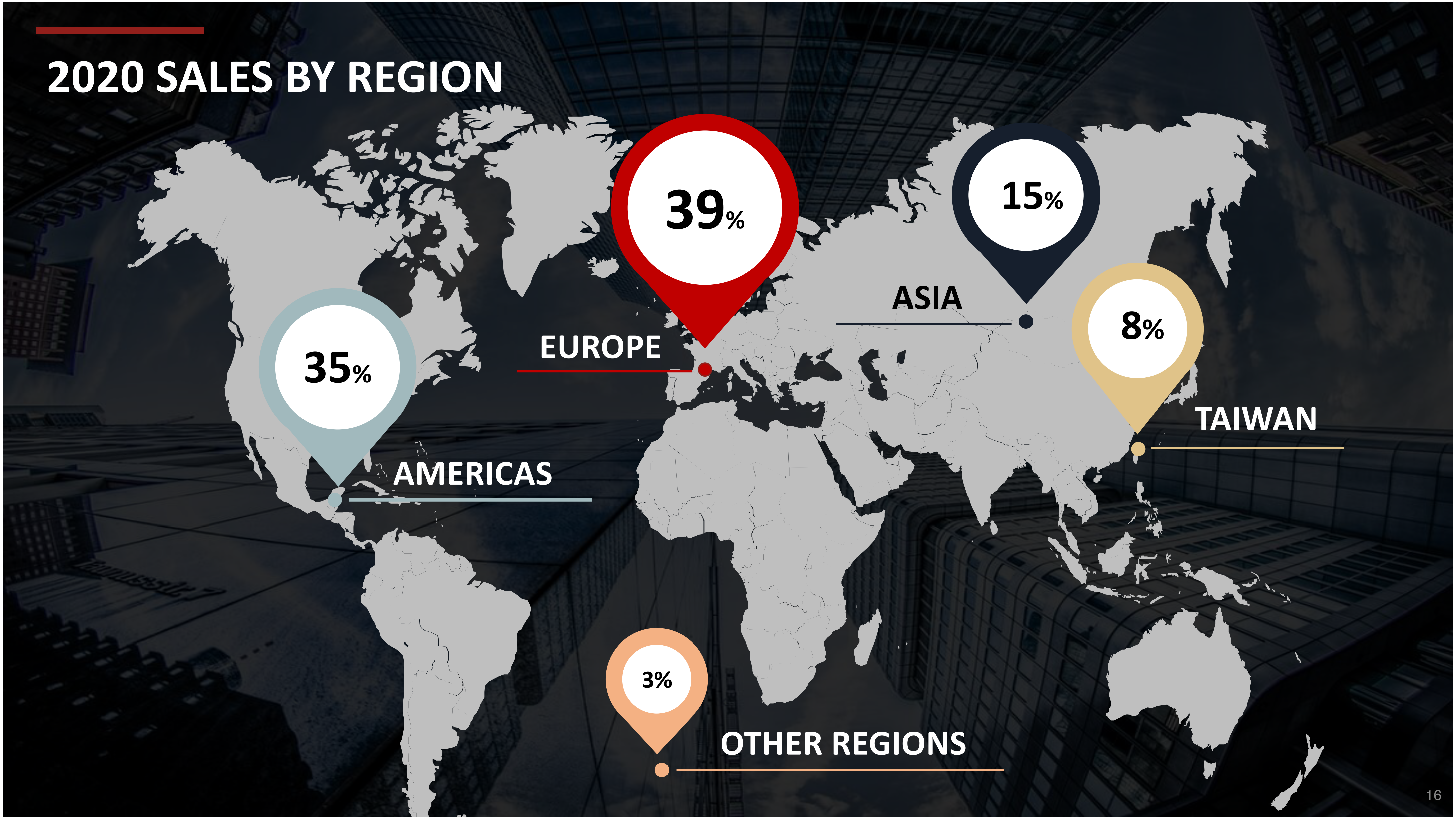
KEY CUSTOMERS

SALES BY PRODUCT TYPE



SALES BY BRAND (2020)




2020 SALES BY REGION
39%
EUROPE
15%
ASIA
8%
TAIWAN
35%
AMERICAS
3%
OTHER REGIONS

2021 FOCUS INDUSTRIES & MARKETS

25% Warehouse & Logistics

10% Industrial Automation

31% Vehicle Diagnostics
Electric Vehicles

7% Healthcare
Applications

20% Field Service
Heavy Duty Vehicles
Oil & Gas/ Public Safety

7% Military/ Marine/ Aviation


GROWTH
STRATEGY
WINMATE

OUR RUGGED SOLUTIONS ARE GAINING MOMENTUM

- Opportunities in Enterprise Mobility – Companies, manufacturing facilities, even mission critical industries are all collecting Big Data.
- Rugged tablets are the best way to collect data due to their portability. We are attacking key verticals with market-ready solutions.

Industrial Market (Full Rugged & Ultra Rugged)


Industrial Automation (IIOT)


Warehousing & Logistics


Field Service


Oil & Gas Chemical


Heavy Duty


Food & Beverage


Transportation


Public Safety


Mobile computing for Vehicle Diagnostics (810G/IP65~68) Ultra-Rugged Tablet


Warehouse & Logistics for inventory management with Rugged Handheld Tablet


ATEX and C1D2, Zone2 collecting data in remote rig and pipeline locations


MIL-STD-810G/810F certified rugged design for Aviation

Mission Critical (Military Standard & Medically Certified)


Marine


Military


Healthcare


Meet the regulatory requirements of the Marine industry (IEC60945/IACS-E10/DNV)


Military-grade (C1D2/ATEX/461F/810G) for challenging tasks and tough environments


Healthcare-grade (UL60601/ISO13485) Rugged Tablet

WHY CUSTOMERS CHOOSE WINMATE

Client-centric design philosophy yields accurately defined products

Different from traditional R&D led design, our design philosophy is based on what the end client needs (the process is led and defined by our Chairman), resulting in products best suited for each niche/specific use case. Many clients also use our market-ready solutions due to their well-defined specs, thereby eliminating 1.5-2 years of design process and certification time.

In-house lamination process to ensure best touch module quality

Given that our DNA is from touch panel, we understand the importance of touch module as it is the only human machine interface (HMI) for tablets. Our in-house touch module ensures high standards in touch sensitivity, light transmittance and product longevity.

Modularized functions and features

Customization is key. We are able to customize features and functions for end customers specific needs and usage, resulting in superior products and faster time to market (faster time to market by 3-6 months)

The most complete line of rugged tablet solutions

Our rugged tablet product line ranges from 4.3” to 13.3”. The most complete line in the industry. We have custom solutions for all key applications.

KEY ENTRY BARRIERS FOR RUGGED PRODUCTS

Strong rugged design team	In order to meet extreme environmental challenges, such as extreme temperatures, sunlight, dustproof, waterproof, explosions, etc.
Talented Software team	To enable our products to connect seamlessly to other IoT industrial applications
System Integration Experience	Our rugged mobile devices are designed to function as part of a larger system
Own lab to simulate tests for certifications	Decrease time to market when we can perform all the tests to ensure product certification by third parties goes smoothly
Manufacturing capability	We hold multiple production certifications needed to manufacture embedded systems and rugged products such as ISO 9001, 13485, 14001, IECQ QC80000, ATEX IECEx C1D2, etc. In-house developed testing program to ensure high product quality

OUR NEXT STEP: RUGGED NOTEBOOKS

Oligopoly industry dynamic with a TAM of about US$2.5-3bn

We know this market – Some of our rugged tablet customer base overlaps with that of rugged notebook

We already own rugged notebook design know-how for rugged exteriors, heat dissipation, internal structure, testing and certifications


COMMITMENT
TO
SUSTAINABILITY
WINMATE

CONTINUED ESG EFFORTS

Materials Sourcing:

- Adopted IECQ/QC 080000:2017 Hazardous Substance Management System
- Comply with RoHS, REACH and regulations of SVHC
- Prohibit use of conflict materials

Supply Chain Management:

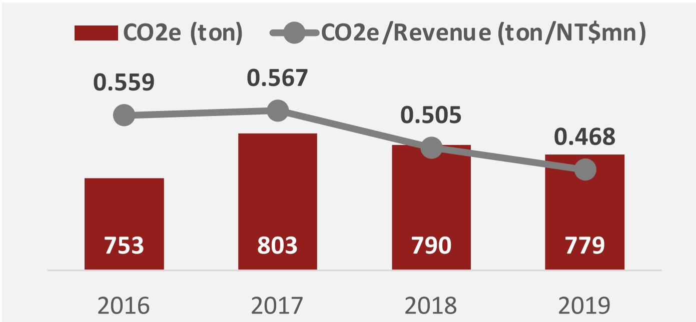
- Supplier evaluation system implemented
- Follow the Code of Conduct of the Responsible Business Alliance (RBA)

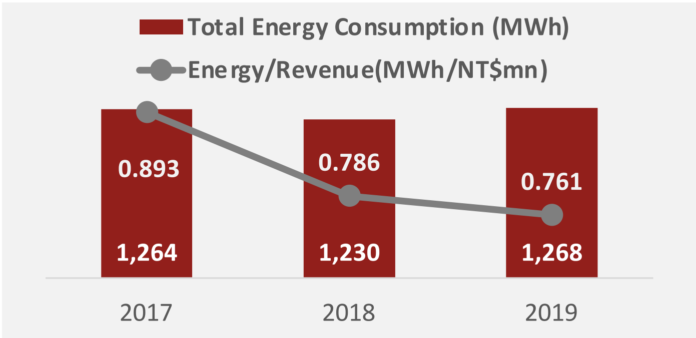
Customer Privacy Protection:

- Regularly conduct annual customer satisfaction surveys to ensure that we judiciously incorporate feedback and maintain strong relationships.
- Vigilant in protecting customer privacy and customer information.

Green Manufacturing:

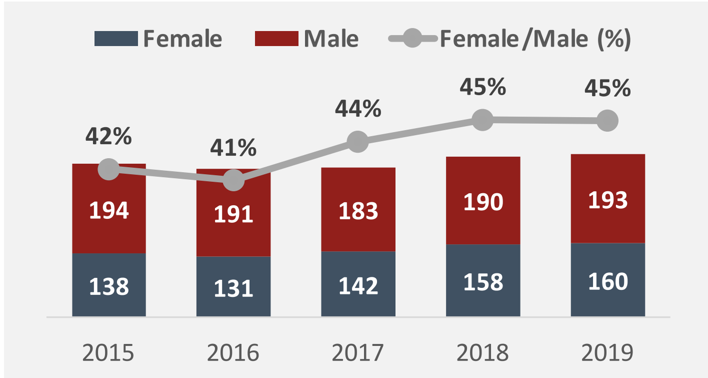
- Adopt ISO 14001:2015 Environmental Management System Certification and ISO 14064 Greenhouse Gas Inventory
- CO2 emission intensity has decreased 16.28% in 2019 compared to the base year in 2016.





Employee Diversity:

- As of December 2019, the number of employees was 353, with 45% female staff members.



Employee Health & Safety:

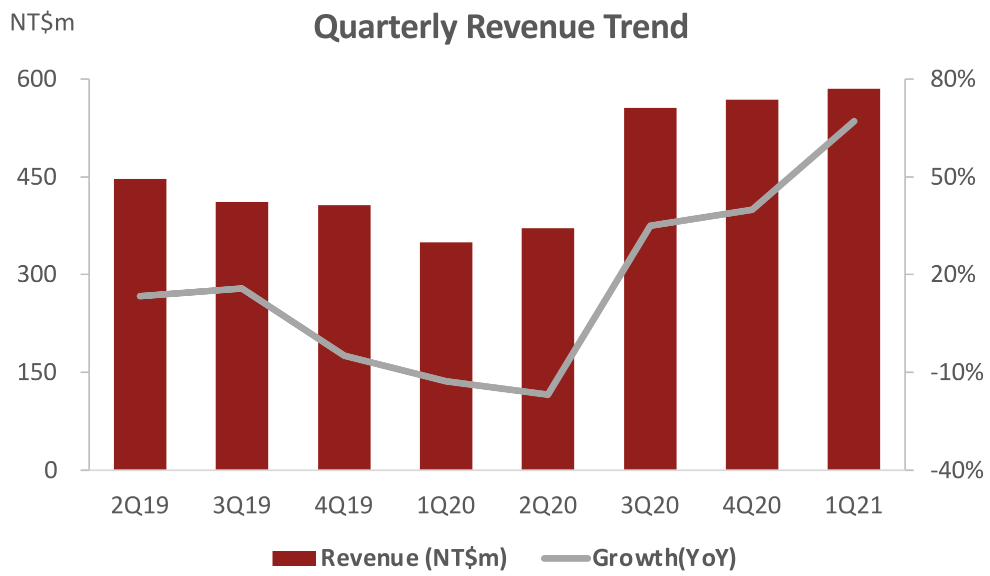
- Occupational health and safety committee consists of 10 members, 6 of which are workforce representatives.
- No fatal occupational accidents in 2019, and only two minor incidents.

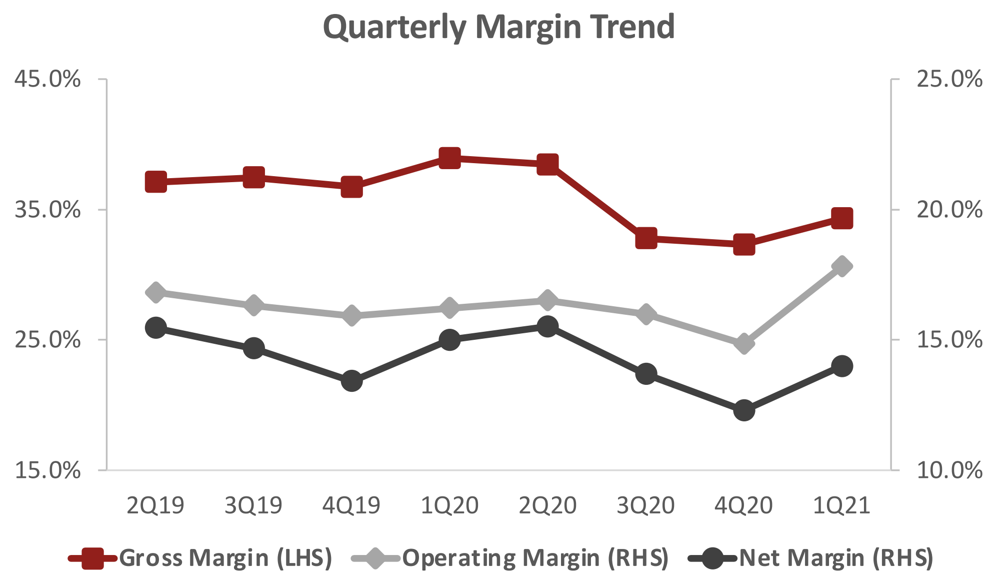

FINANCIAL
PERFORMANCE
WINMATE

REVENUES & MARGINS

1Q21 Revenues and Margins

- 1Q21 Revenue reached a record high of NT$585m, increasing 67% YoY and 3% QoQ.
- 1Q21 Gross Margin was 34.3%, increasing from 32.3% in 4Q20. Operating margin was 17.8%, increasing from 14.8% in 4Q20. Net margin was 14.0%, increasing from 12.3% in 4Q20.

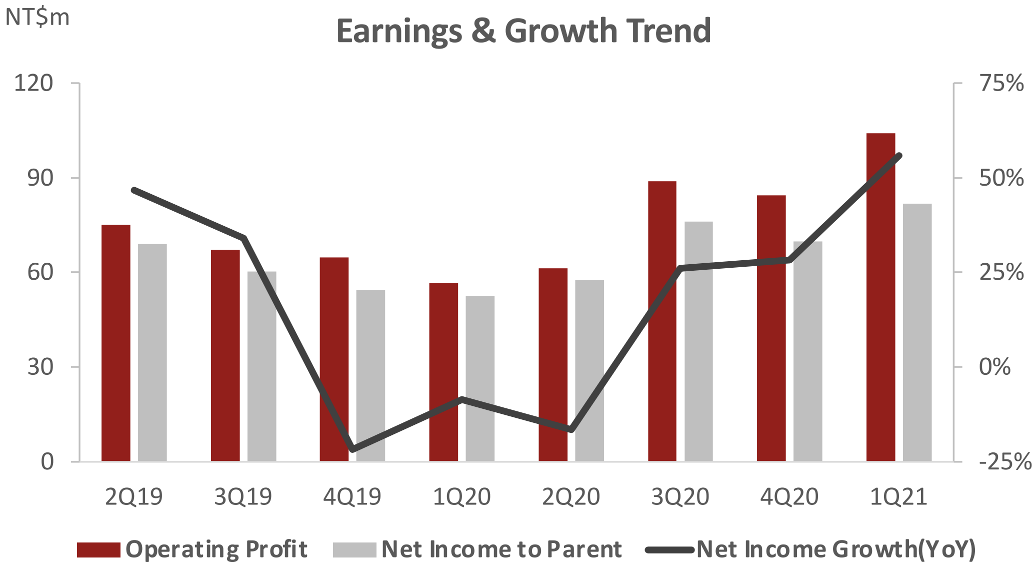


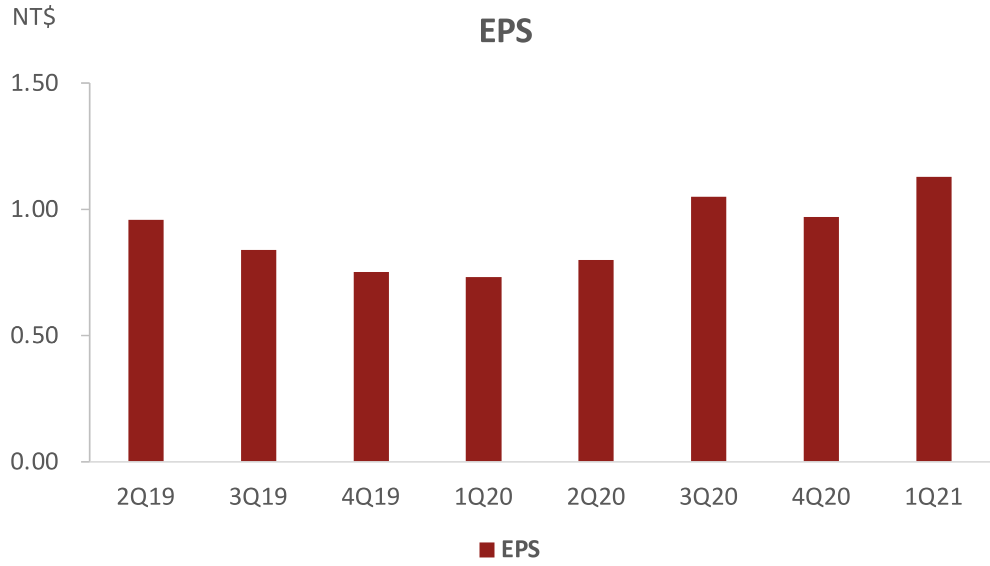


EARNINGS & GROWTH

1Q21 Earnings and Growth

- 1Q21 Operating Income reached a record high of NT$104m, increasing 84% YoY and 23% QoQ.
- 1Q21 Net Income and EPS also reached a record high. Net Income rose 56% YoY and 17% QoQ to NT$82m. EPS rose 55% YoY and 16% QoQ to NT$1.13.





CONSOLIDATED INCOME STATEMENT – 1Q21

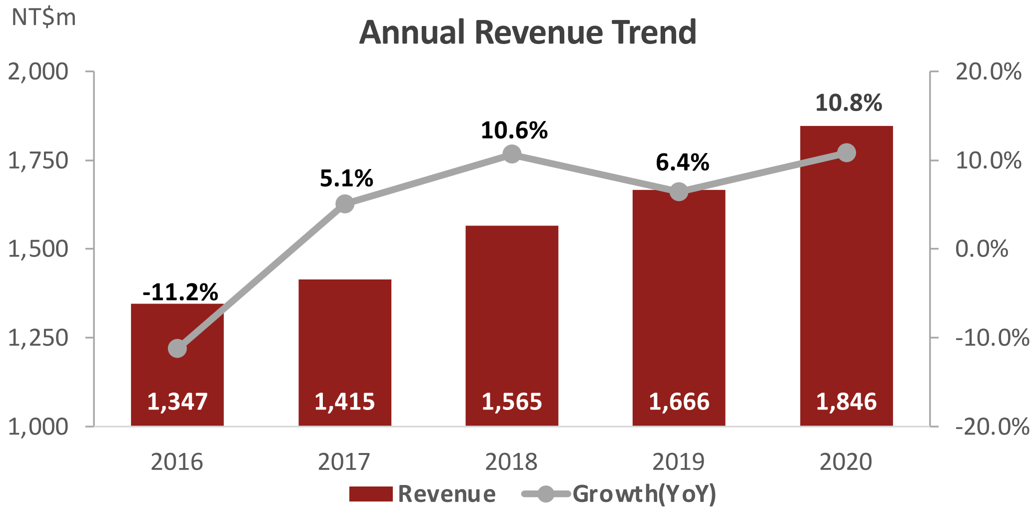
NT$ million	1Q21	4Q20	1Q20	QoQ	YoY
Net Revenue	585	568	350	3	67
Gross Profit	201	184	136	9	47
Gross Margin	34.3%	32.3%	38.9%		
Operating Expenses	96	99	80	(3)	21
SG&A percent of Sales	16.5%	17.5%	22.7%		
Operating Income	104	84	57	23	84
Operating Margin	17.8%	14.8%	16.2%		
Net Non-Operating Income (Loss)	(2)	3	9	(154)	(120)
Pre-Tax Income	102	88	66	17	55
Income Tax Expense	20	18	13		
Minority Interest	0	0	0		
Net Income to Parent	82	70	53	17	56
Net Margin	14.0%	12.3%	15.0%		
EPS (NT$)	1.13	0.97	0.73	16	55

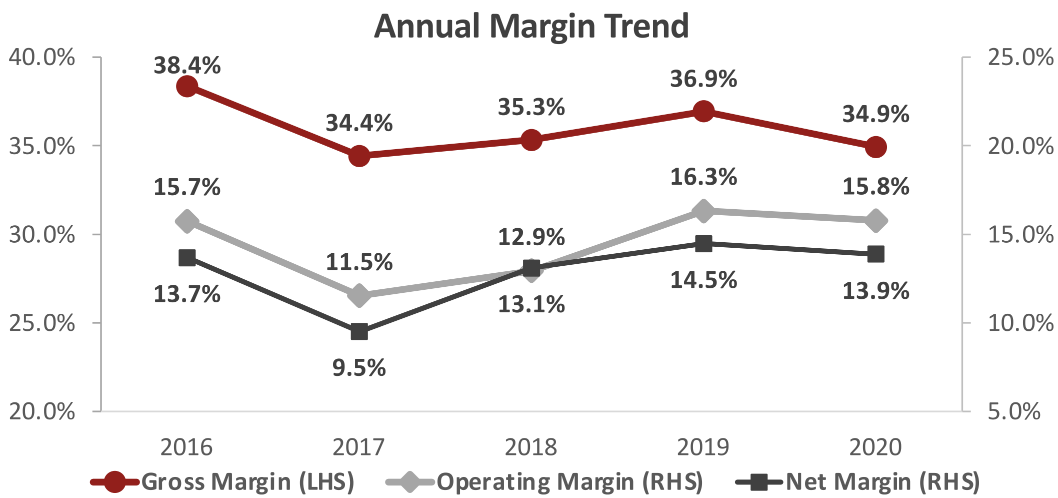
ROE (annualized)	14.5%	12.9%	9.6%
Depreciation & Amortization	14	12	8
CAPEX	5	6	5

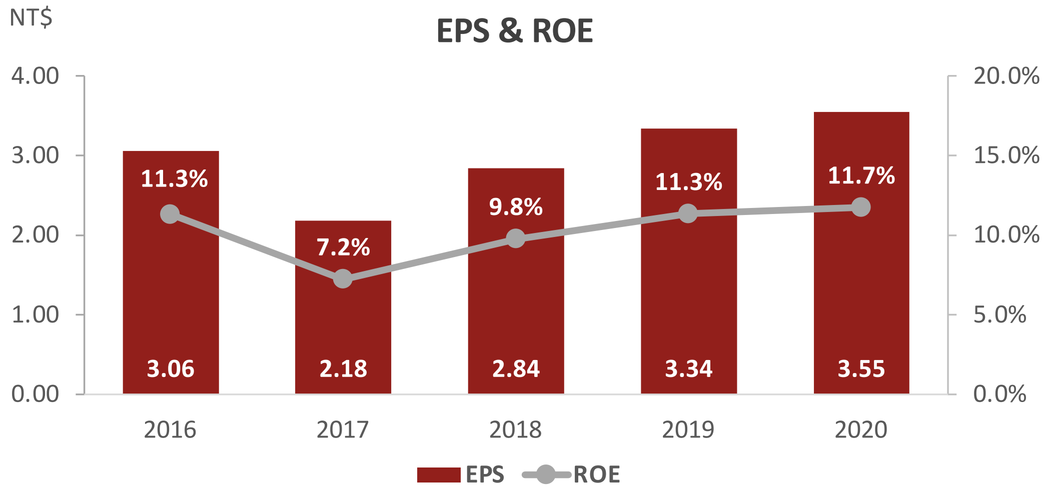
CONSOLIDATED BALANCE SHEET – 1Q21

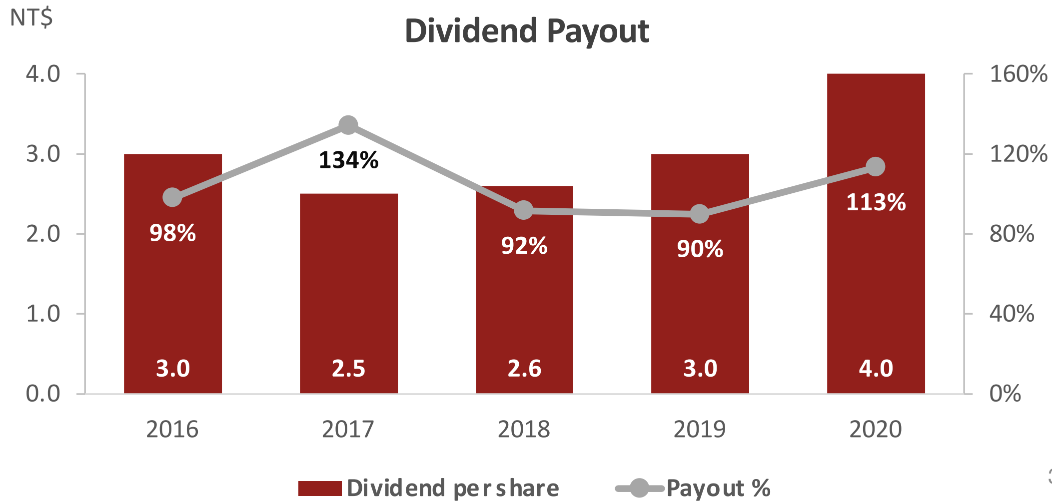
NT$ million	2021/3/31		2020/12/31		2020/3/31	
	$	%	$	%	$	%
Cash and Cash Equivalents	838	25	426	15	457	18
Notes and Accounts Receivable, Net	333	10	234	8	158	6
Inventories	451	14	443	16	286	11
Other Current Assets	620	19	610	22	614	24
Fixed Assets	952	29	955	35	952	38
Other Long-term Assets	92	3	97	4	82	3
Total Assets	**3,286**	**100**	**2,765**	**100**	**2,548**	**100**
Notes and Accounts Payable, Net	210	6	255	9	127	5
Other Current Liabilities	282	9	296	11	215	9
Non-Current CB Payable	480	15	0	0	0	0
Other Non-Current Liabilities	16	0	12	0	10	0
Total Liabilities	**987**	**30**	**563**	**20**	**352**	**14**
Common Stock	725		724		722	
Total Equity	**2,298**	**70**	**2,202**	**80**	**2,196**	**86**
Book Value per Share (NT$)	31.7		30.4		30.4	
Key Indices						
Current Ratio (Current Assets / Current Liabilities)	456%		311%		443%	
Net Cash to Equity	41%		46%		47%	

FINANCIAL HIGHLIGHTS









INCOME STATEMENT HIGHLIGHTS

NT$ million	2016	2017	2018	2019	2020
Sales Revenue	1,347	1,415	1,565	1,666	1,846
Gross Profit	517	487	553	615	645
Operating Profit	212	163	203	272	291
Net Non-Operating Income (Loss)	4	(11)	39	15	16
Pretax Income	216	152	242	287	308
Net Income	184	134	205	241	256
EPS (NT$)	3.06	2.18	2.84	3.34	3.55

	YoY (%)				
	2015	2016	2017	2018	2019
Sales Revenue	(11.2)	5.1	10.6	6.4	10.8
Gross Profit	(11.0)	(5.7)	13.6	11.2	4.8
Operating Profit	(15.8)	(23.0)	24.2	34.2	7.1
Net Non-Operating Income (Loss)	339.7	(397.7)	-	(60.8)	6.2
Pretax Income	(14.6)	(29.3)	58.7	18.8	7.1
Net Income	(13.0)	(27.0)	52.4	17.6	6.2
EPS (NT$)	(13.1)	(28.8)	30.3	17.6	6.3

	2016	2017	2018	2019	2020
Gross Margin	38.4%	34.4%	35.3%	36.9%	34.9%
Operating Margin	15.7%	11.5%	12.9%	16.3%	15.8%
Net Margin	13.7%	9.5%	13.1%	14.5%	13.9%
ROE	11.3%	7.2%	9.8%	11.3%	11.7%

BALANCE SHEET HIGHLIGHTS

NT$ million	2016	2017	2018	2019	2020
TOTAL ASSETS	**1,929**	**2,473**	**2,502**	**2,485**	**2,765**
Cash	617	1,096	762	433	426
NR & AR	120	157	210	194	234
Inventory	236	281	289	254	443
Fixed Assets	511	496	495	487	955
TOTAL LIABILITIES	**307**	**367**	**405**	**326**	**563**
NP&AP	148	197	182	84	255
TOTAL EQUITY	**1,621**	**2,106**	**2,097**	**2,159**	**2,202**

Percent of total assets (%)				
2016	2017	2018	2019	2020
100.0	**100.0**	**100.0**	**100.0**	**100.0**
32.0	44.3	30.5	17.4	15.4
6.2	6.3	8.4	7.8	8.5
12.2	11.3	11.6	10.2	16.0
26.5	20.0	19.8	19.6	34.5
15.9	**14.8**	**16.2**	**13.1**	**20.4**
7.7	8.0	7.3	3.4	9.2
84.1	**85.2**	**83.8**	**86.9**	**79.6**

A/R turnover days	**34**	**36**	**43**	**44**	**42**
Inventory turnover days	**92**	**102**	**103**	**95**	**106**
A/P turnover days	**58**	**68**	**68**	**46**	**52**
Cash conversion cycle	**68**	**70**	**77**	**92**	**97**

DIVIDEND PAYOUT & CAPEX

NT$ million	2016	2017	2018	2019	2020
Net profit	184	134	205	241	256
Dividend Paid	181	180	188	217	290
DPS (NT$)	3.0	2.5	2.6	3.0	4.0
Payout ratio	98%	134%	92%	90%	113%
Dividend yield	4.9%	4.4%	4.7%	4.9%	5.0%
Capex	49	18	12	488	30
Capex/Sales	3.6%	1.3%	0.8%	29.3%	1.6%

Note: 2016-2019 Yield calculated using market cap on the day prior to ex-dividend date. 2020 Yield calculated using market cap on 2021/4/29.

SAFE HARBOR STATEMENT

The following presentation contains projections and statements related to future business performance developments involving Winmate Inc. that may be seen as forward-looking statements. Actual events and results may differ materially from what is projected in the forward-looking statements and are subject to several risks and uncertainties what are beyond Winmate's control.

The forward-looking statements in this report reflect the views of Winmate as of the date they are made. Winmate Inc. does not intend, nor are obligated to revise or update these forward-looking statements in light of new events or information.