

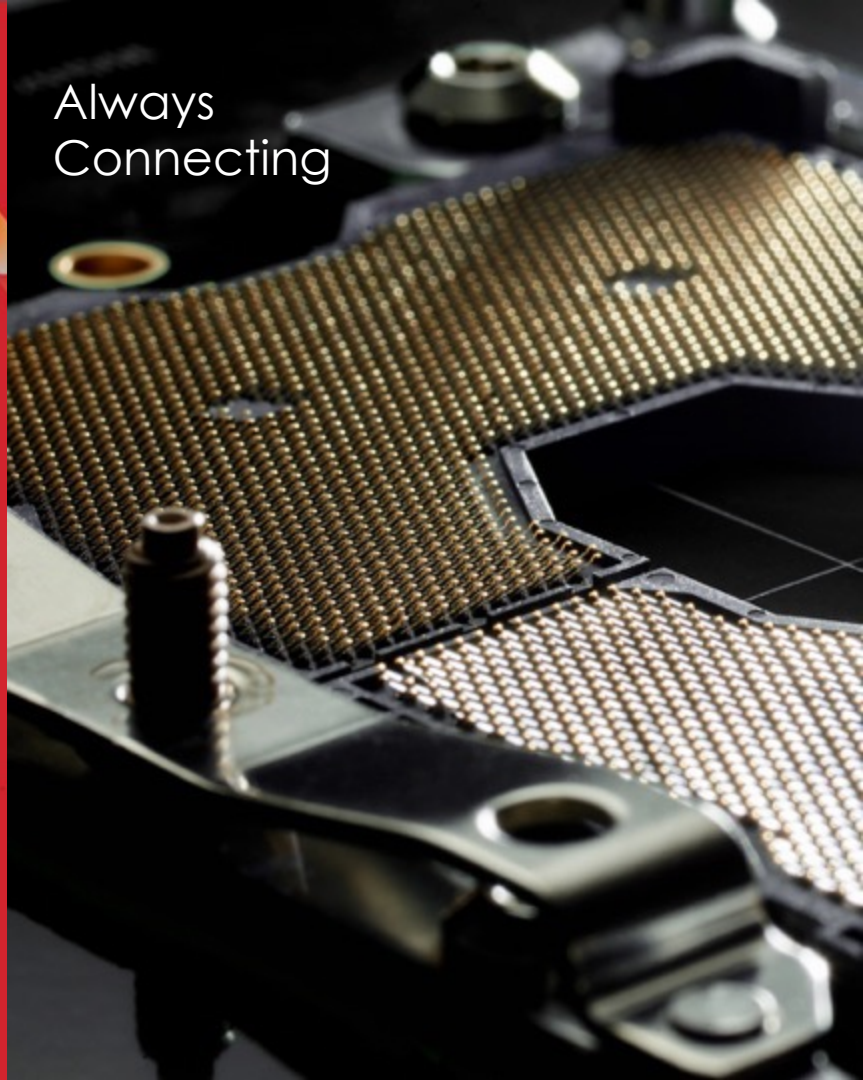
LOTES

嘉澤端子工業股份有限公司

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2023.8.14

Always
Connecting



Executive Summary

- ✓ LOTES specializes in the design and manufacture of inter-connect solutions for Server, PC, Automotive, Industrial and Medical. According to Bishop & associate, **LOTES rank no.4 in computer and peripherals and no.18 worldwide.**
- ✓ As **world wide top 3 CPU sockets supplier**, LOTES is being selected by many customers as their strategic partner. Thus LOTES has more chance to co-develop the front-end products with them.
- ✓ Being a connector and socket leading supplier in Server and PC industry, we see more and more opportunities in the upcoming generation.
- ✓ With world-renowned tier 1 customers in automotive industry, LOTES keep receiving inquiries from various automotive customers. We expect it will contribute more in few years.

經營綜合報告

- ✓ LOTES為一專業設計及製造連接器 / 連接線給伺服器、個人電腦、汽車、工控及醫療的廠商。依Bishop統計，在電腦暨週邊連接器廠商中**LOTES全球排名第四，不分行業別排名全球排名第十九。**
- ✓ 做為**全球前三大中央處理器插座供應商**，客戶多會將LOTES選為策略供應商。LOTES也因此得到許多與客戶共同開發新一代產品的機會。
- ✓ 做為伺服器及個人電腦連接器與插槽的領導廠商，LOTES在新一代的機型上取得很多的機會。
- ✓ 因打入全球知名汽車一階大廠供應鏈，LOTES持續取得各式車用連接器/連接線的詢單，車用市場將在未來數年內有更顯著的貢獻。

Agenda

- ✓ Company Profile
- ✓ Business Outlook
- ✓ Financials at Glance
- ✓ Q & A

議程

- ✓ 公司簡介
- ✓ 營運概況
- ✓ 財務概況
- ✓ 問答交流

公司簡介

COMPANY PROFILE

股票代號：3533.TW

Stock Symbol : 3533.TW

2019.12.6列為台灣中型100指數成份股

Inclusion in FTSE TWSE Taiwan Mid-Cap 100 Index in Dec 6th, 2019

2021.3.19列為台灣資訊科技指數成份股

Inclusion in FTSE TWSE IT Index in Mar 19th, 2021

2022.5.18列為特選小資高價30指數成份股

Inclusion in TIP Customized Investor Movement Aristocrats 30 Index in May 18th, 2022

About LOTES

- ✓ In 1986, Mr. Ju and Mr. Ho co-founded LOTES. They firmly believe continuous research and development, and non-stop improvement are the foundation of LOTES. With this belief, LOTES has become a **world class inter-connect solution provider**.
- ✓ LOTES owns **over 3200 patents** applied worldwide, top 2 among Taiwan connector makers.
- ✓ LOTES **fully integrated processes in house** including design, tooling, molding, stamping, electro-plating and automation assembly. It render us more flexibility to support our customers.
- ✓ With **ISO17025** certification, LOTES reliability test lab is capable of providing industry standard test reports and also meeting customers' test requirements. Which can shorten the time and lower the expense on product validation.
- ✓ Certified with ISO 9001, **IATF 16949, ISO 13485, AS 9100**, ISO 14001, OHSAS 18001, QC 080000, and ISO 14064.

關於 LOTES

- ✓ 董事長與總經理於1986年成立LOTEs，他們深信不斷研究、持續改善是LOTEs發展的基石。依著這樣的信念，LOTEs已成為世界級連接器/連接線的供應商。
- ✓ LOTES在全球擁有**超過3,200件**連接器 / 連接線專利
- ✓ LOTES高度製程整合，包括產品設計、模治具及自動化設備開發、射出成型、金屬沖壓、電鍍、組裝等，以使我們能更有彈性的服務客戶。
- ✓ LOTES有著已取得 **ISO 17025**認證的信賴性實驗室，可出具行業標準報告，亦可依客戶規範進行測試，並可縮短產品驗證時間，並降低驗證的費用。
- ✓ 已取得 ISO 9001, **IATF 16949, ISO 13485, AS 9100**, ISO 14001, OHSAS 18001, QC 080000 及 ISO 14064 等品質系統認證。

Geographic profile of LOTES 全球佈局



Geographic profile in China



- Established: 2010
- Employees : 1000
- Function: Tooling Center, Cable Assembly

Hengnan湖南



- Established: 1993
- Employees : 7000
- Function: R&D, Tooling, Molding, Stamping, Electro-Plating and Assembly

Guangzhou廣州

- Established: 2004
- Employees: 1000
- Function: Product Design, Tooling, Molding, Stamping, Electro-Plating and Assembly

Suzhou蘇州

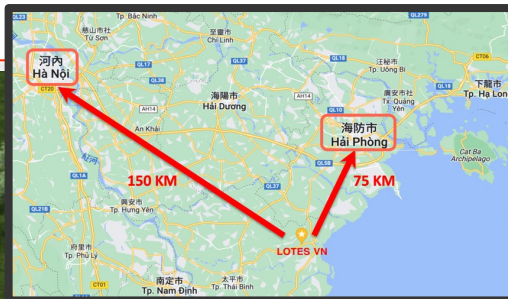
- Established in 2011
- Employees : 800
- Products: Thunderbolt, Type C, High Speed Cable, Active Optical Cable

LINTES中和



- Established: 1986
- Employees : 100
- Function: R&D, Sales, Finance

LOTES基隆



LOTES' Core Competence 核心競爭力

Stamping Die
沖壓模具

Injection Mold
塑膠模具

100% of design and fabrication in
house
100% 自行設計及製造

Assembly Jigs
組裝治具

Automation Machines
自動機



LINTES' Competiveness 嘉基核心競爭力

High Speed Socket Design
Capability
高速連接器設計

Precision Micro Lens design
capability
高精度光學鏡片設計

High Speed Cable 高速線纜
(Optical / Electrical / Active /
Passive)

Precision Die/Wire Bond
Capability
高精密固晶打線製程

Electrical/Optical Cable HVM
電子 / 光纖線量產能力

LINTES Technology listed in TWSE with
stock symbol **6715** in November 15th, 2018.

High end Docking Cable
use in between NB and
docking station
40G
Thunderbolt Type C

AOC 主動式光纖



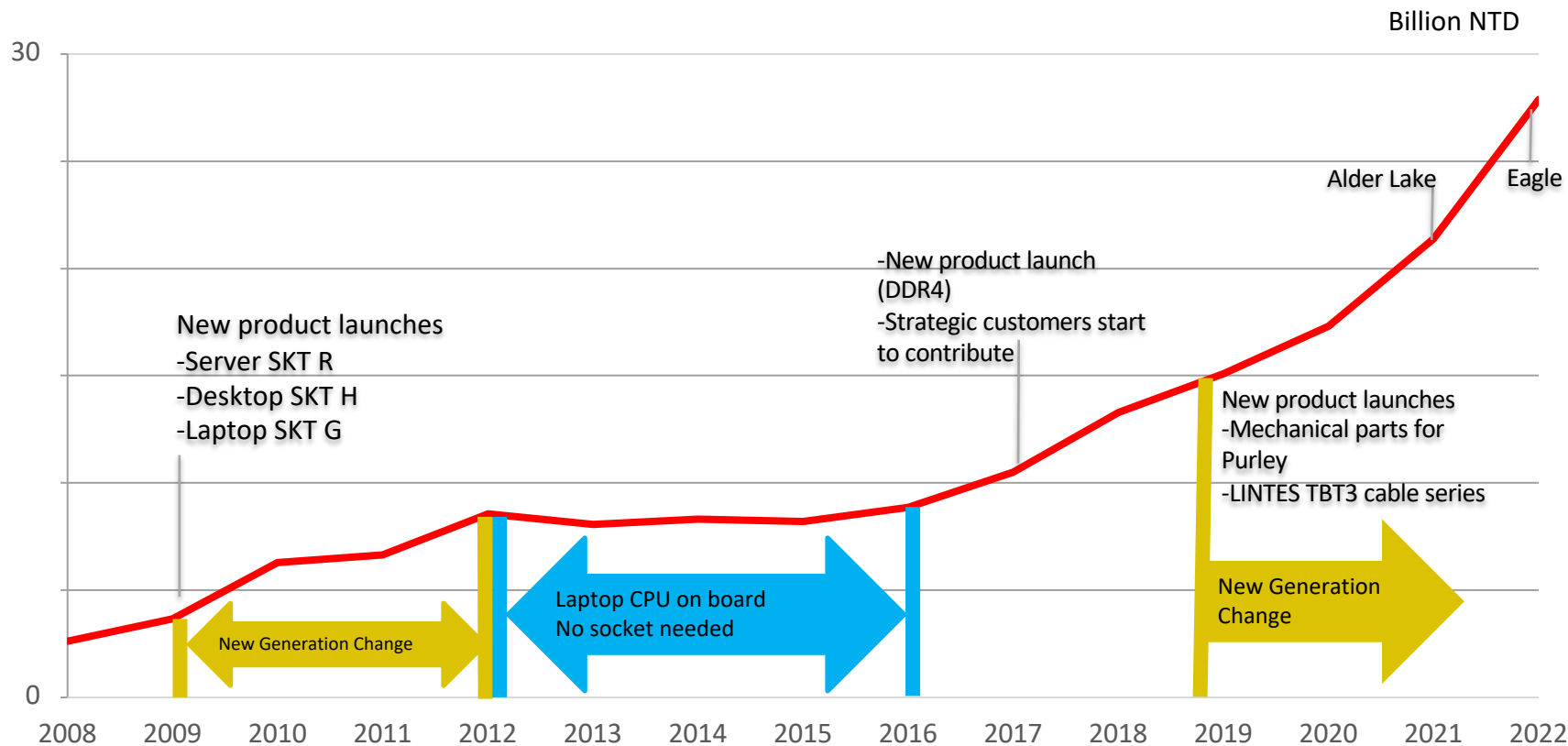
ACC 主動式銅線



經營概況

BUSINESS OVERVIEW

Sales Revenue 營收走勢

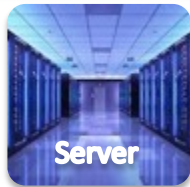


Business Coverage



Revenue share							
2022	29~30%	12~13%	25~26%	12~13%	3~4%	4%~5%	12%
Q1'22(61.45E)	29~30%	12~13%	26~27%	12~13%	1~2%	6~7%	10~11%
Q2'22(66.51E)	31~32%	12~13%	22~23%	12~13%	2~3%	4~5%	13%
Q3'22(73.11E)	27~28%	12~13%	24~25%	14~15%	3~4%	4~5%	12~13%
Q4'22(72.48E)	29~30%	11~12%	29~30%	10~11%	4~5%	3%	11 ~ 12%
Q1'23(57.26E)	26~27%	13~14%	32~33%	10~11%	3~4%	3%	11~12%
Q2'23(57.22E)	24%	14%	29~30%	15~16%	4~5%	2~5%	10%
Current main product	-CPU Socket -DDR -PCIE	-SODDDR -M.2 -I/O -PD Cable	-All types of connectors	-Connectors -Mechanical parts	-Connectors -Wire harness	-Connectors -Wire harness	-High end Docking cable -AOC
Market trend (by Volume)	low single digit ↗	↘	Yearly 1~3% ↘	→ or ↘	↗	→ or ↘	↘
Sales outlook	↗	?	↗	→ or ↘	↗	→ or ↘	↗
Future product plan	-CPU Socket -HSIO & Cable	-SODDDR5 -M.2 Gen 5.0 -USB4	-Customized	-Customized	-Customized	-Customized	-High Speed Cable

July 25th Market Update



Q2 looks better than Q1
2H forecast better 1H



2H looks better than 1H



Flat



Q2 demand postpone to Q3
or Q4
TBT3 → TBT4
AOC

ODM Average Production Volume	2022 1.2KK/M Q1 : 900K / M Q2 : 950K / M 2H estimation: 950~1000K/M	2022 12.5KK/M Q1 : 9KK / M Q2 : 9.5KK / M 2H estimation: 9.5~10KK/M	2022 6.5KK/M Q1 : 5.5KK / M Q2 : 5.8KK / M 2H estimation: 5.5~5.8KK/M
Inventory Level	ODM inventory level : Mostly middle to low. Only few customers are still relatively high.	ODM inventory level : Low	ODM inventory level : Low
Market Situation	By shipment, Eagle still greater than Genoa. MI300A using SH5 socket which is similar to SP5 for Genoa.	SODDR5 & USB4 penetration rate continue to grow.	Socket V & AM5 penetration rate continue to grow.

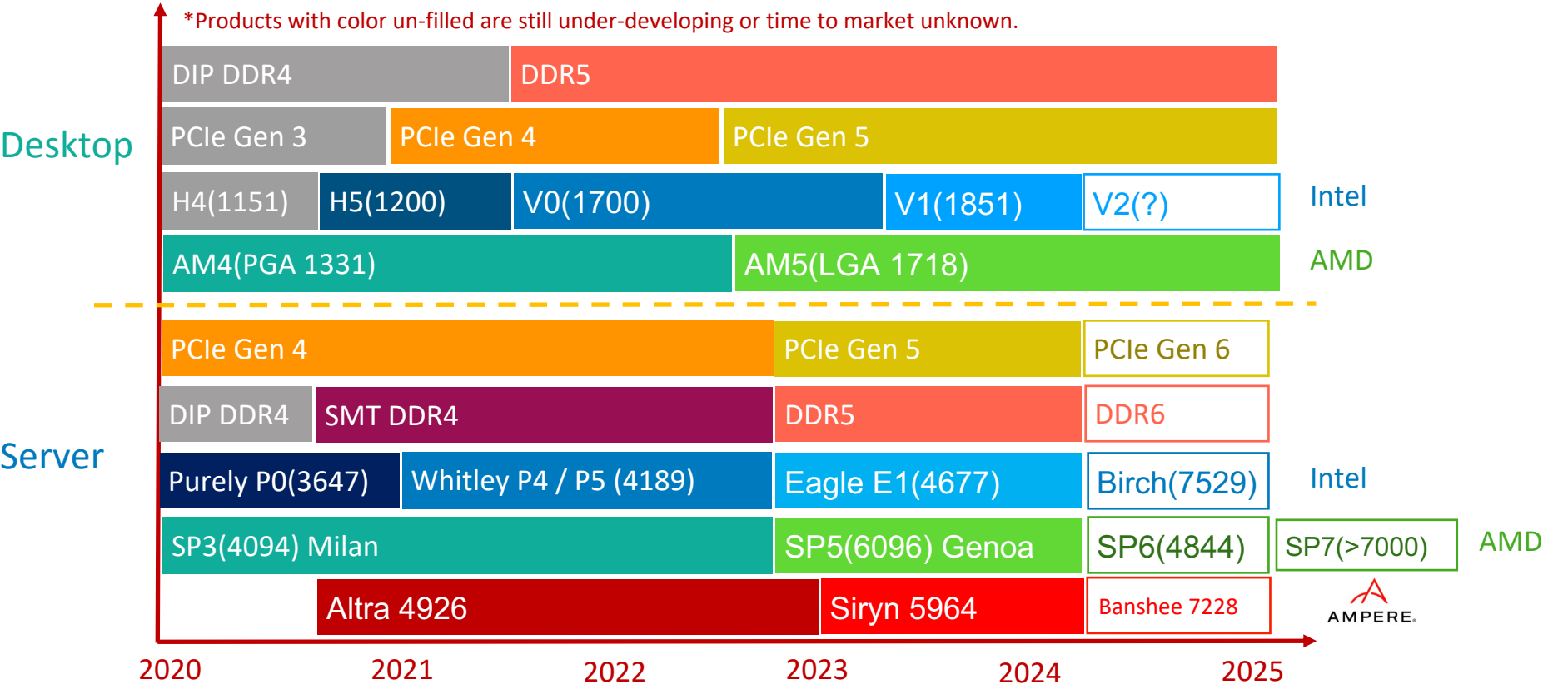
In general, 2H looks warm, not cold but low visibility. Still not able to get the whole picture of 2H.

New Product Plan

LeRain 嘉雨思
PCIe 5.0 Re-Driver

Intel Server	LOTES, FIT, TE
Intel Desktop	LOTES, FIT, Deren

AMD Server	LOTES, FIT (Milan) LOTES, FIT, Amphenol (Genoa)
AMD Desktop	LOTES, FIT

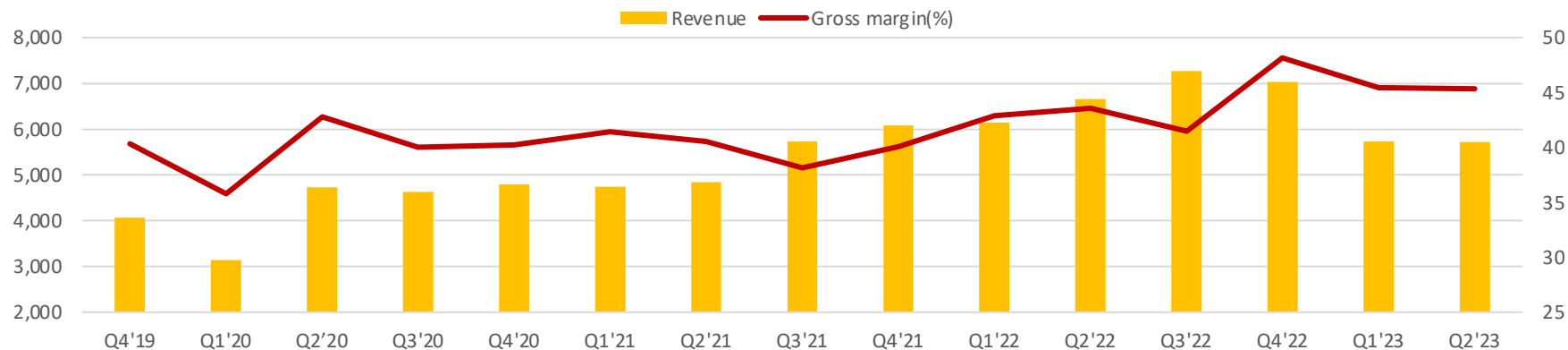


	Intel	AMD
High End	Socket BR 7529	SP5 6096
Low End	Socket E2 4710	SP6 4844

LOTES

FINANCIAL DATA

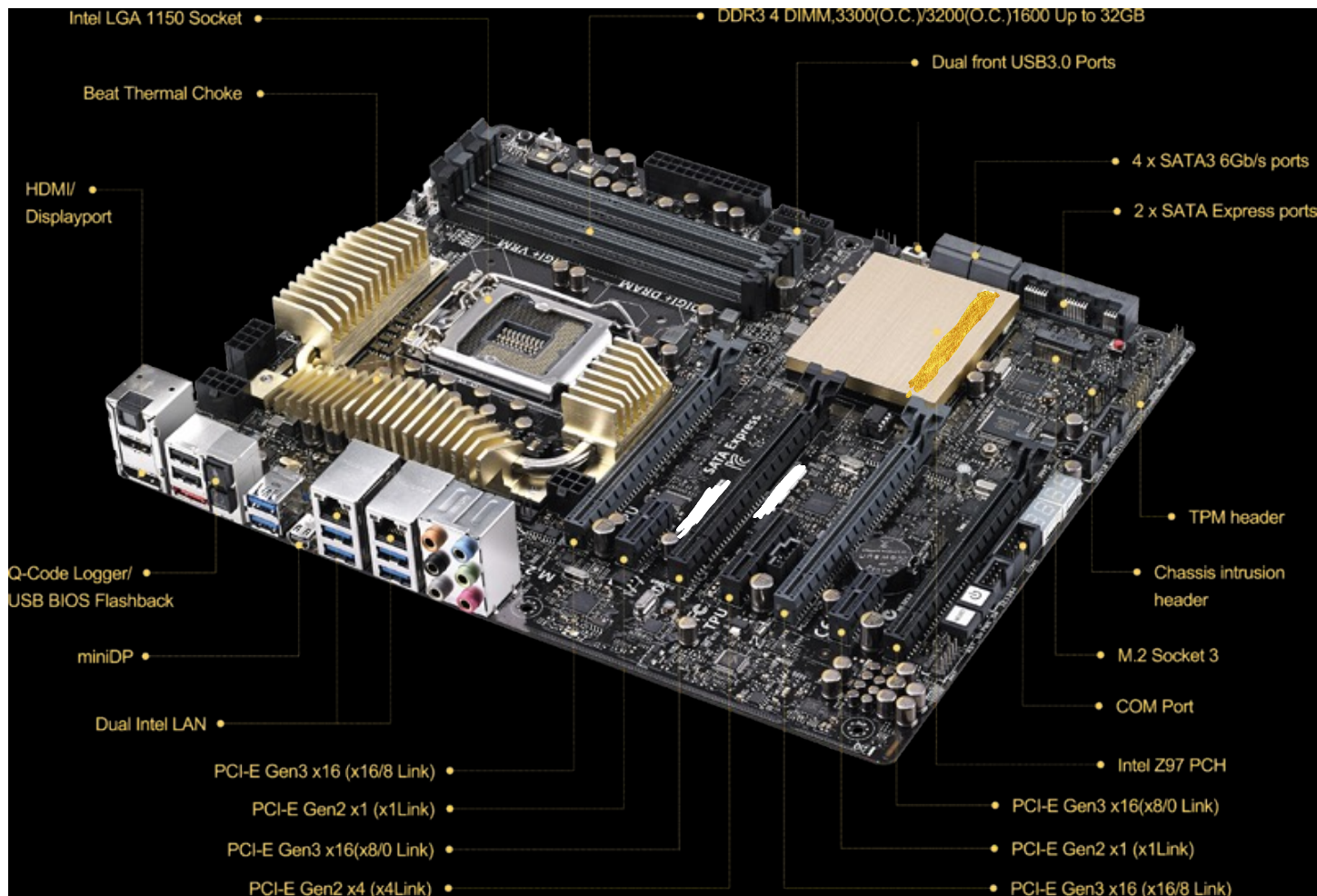
Revenue & Key Ratios



Unit: Million NTD	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Revenue	4,072	3,137	4,735	4,629	4,790	4,744	4,839	5,733	6,075	6,146	6,651	7,269	7,032	5,726	5,722
Gross profit	1,642	1,122	2,028	1,852	1,927	1,966	1,969	2,187	2,434	2,636	2,898	3,016	3,386	2,603	2,589
Operating expense	741	655	798	809	961	946	998	1,104	1,148	1,054	1,218	1,190	1,205	1,073	1,088
Operating profit	901	468	1,229	1,044	967	1,020	970	1,108	1,260	1,582	1,680	1,865	2,141	1,530	1,500
Net profit	603	413	947	771	688	834	709	925	1,004	1,383	1,495	1,980	1,466	1,181	1,284
EPS(NT\$)	5.84	3.99	8.67	7.46	6.29	8.06	6.85	8.91	9.5	13.03	14.21	17.91	13.55	10.96	11.56
Payout R(%)			50.35					48.84							
Gross margin(%)	40.32	35.78	42.8	40.01	40.24	41.45	40.53	38.16	40.06	42.89	43.57	41.49	48.16	45.46	45.35
Operating margin(%)	22.12	14.91	25.9	17.46	20.18	21.51	19.98	19.33	20.73	25.75	25.25	25.66	30.45	26.72	26.22
Current ratio(%)	314	348.9	239.8	254.97	284.97	261.45	191.13	249.92	242.14	261.15	233.72	266.59	272.80	361.10	304.98
Quick ratio(%)	255.5	283.1	195.5	205.87	227.75	283.10	136.55	186.44	181.67	195.87	178.24	218.27	225.61	313.77	268.69
Debt ratio(%)	22.94	20.84	31.4	29.09	24.90	38.24	52.32	31.70	31.66	30.80	33.02	28.58	26.39	23.91	27.3

Q&A

PCBA



2 Intel CPU



OR

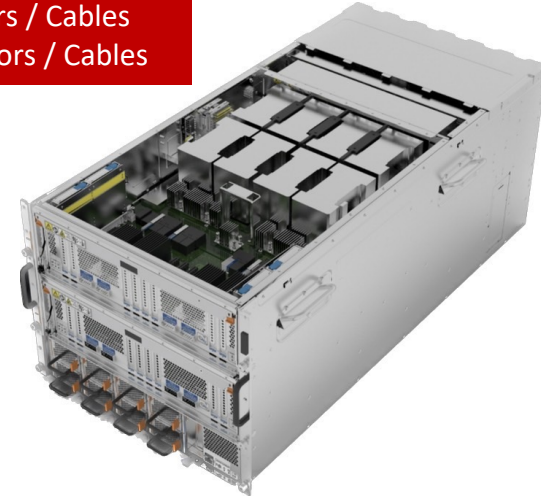
2 AMD CPU



AI Server



OR



LOTES' Business opportunities :

- CPU Socket
- DDR
- PCIe Connectors / Cables
- Other Connectors / Cables

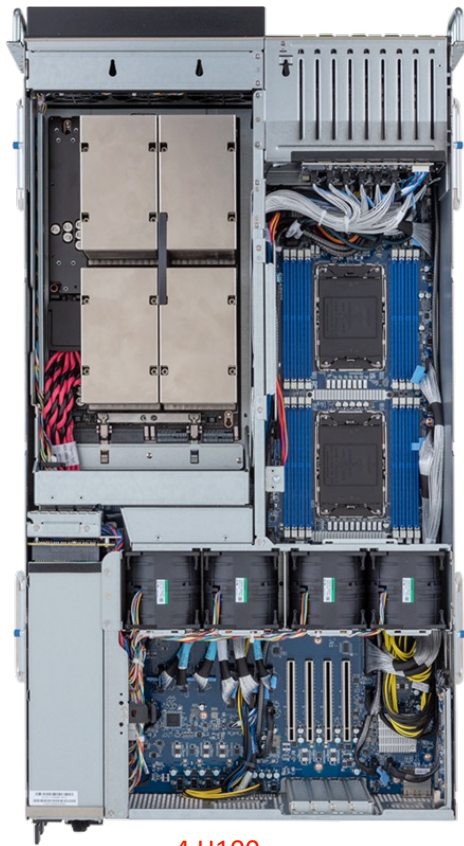
GB6181N

- GPU-optimized Box, Liquid Cooling Solution, 60U System
- Support 8x NVIDIA H100 GPUs, Deliver up to 16 PFLOPS Performance
- 32x U.2 NVMe SSDs
- 20x PCIe 5.0 x16 Slots

GB8011

- 16 x Nvidia SXM4 A100 GPUs
- 16 x PCIe Gen4 x16 Slots
- 8 x U.2 NVMe SSDs
- 8U
- Connected to one or two CPU head node server(s)

AI Server



4 H100

2 Intel Eagle

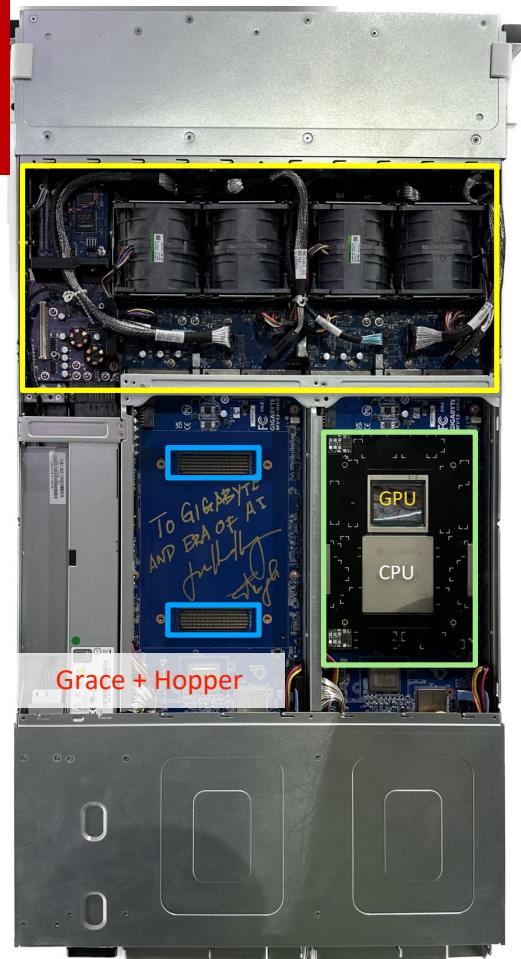


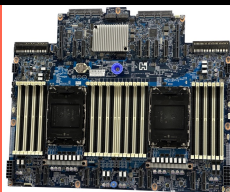
LOTES' Business opportunities :

- CPU Socket(Not for NV)
- DIMM Socket(Not for NV)
- PCIe Connectors / Cables
- Other Connectors / Cables

PCIe is for:

- Re-timer card →
- QSFP card
- CXL card
- SSD card
- DC-SCM card
- NIC card





CPU Board



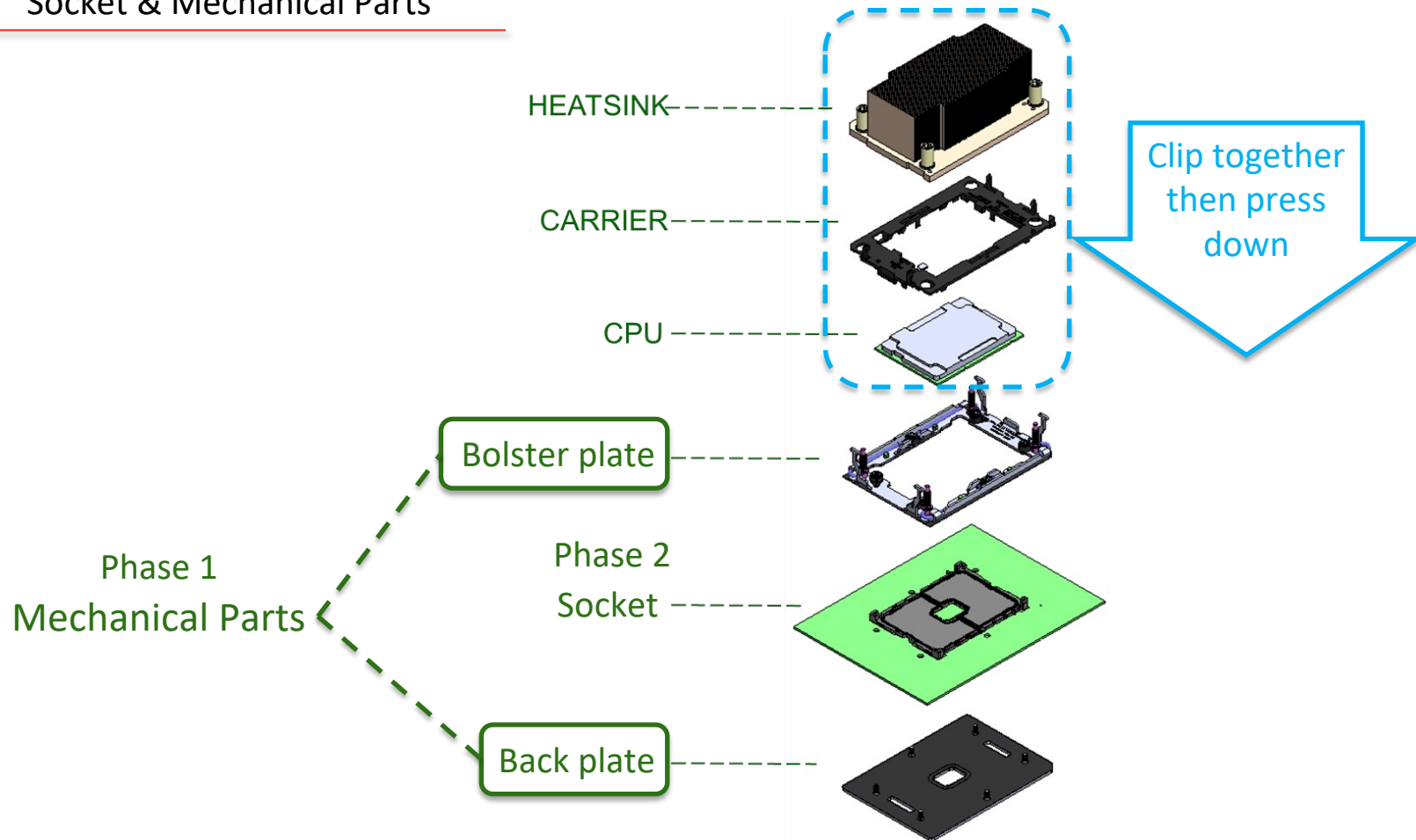
GPU Board

**nVidia
G + H**



	CPU Board	GPU Board	nVidia G + H
CPU Socket	2	0	0
DDR Socket	16~32	0	0
PCIe Conn. / Cable	8~12	16~20	4~6
Others Conn. / Cable	Numbers depend on the design	Numbers depend on the design	Numbers depend on the design

Socket & Mechanical Parts



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CSR and Environmental Responsibility Report



CSR Report 2019



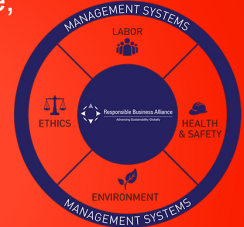
CSR Report 2020



ESG Report 2021

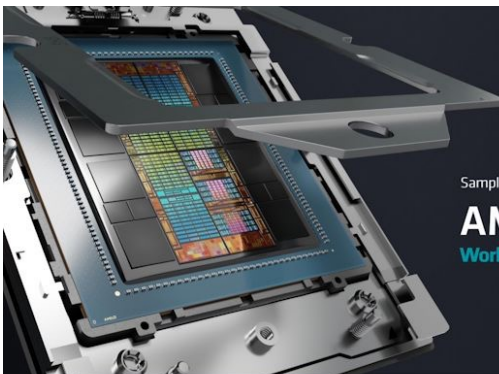
RBA (Responsible Business Alliance) formerly known as EICC(Electronic Industry Citizenship Coalition) which include :

- Responsible Labor Initiative,
- Health & Safety,
- Environment,
- Ethics,
- Conflict mineral,
- Management system.



LOTES completed RBA VAP and achieved SILVER status.

RBA official website:
<http://www.responsiblebusiness.org>



SH5 similar to SP5

Sampling now

AMD Instinct™ MI300A
World's first APU accelerator for AI and HPC

AMD
CDNA 3

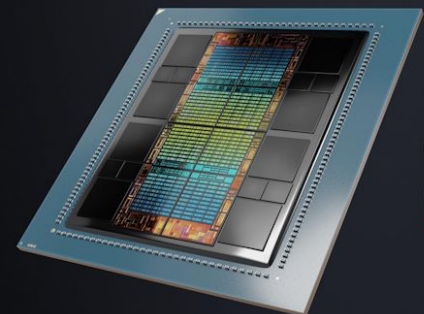
Next-Gen
Accelerator
Architecture

ZEN 4
24 CPU
Cores

128 GB
HBM3

5nm and 6nm
Process Technology

Shared Memory
CPU + GPU



Introducing today

AMD Instinct™ MI300X
Leadership generative AI accelerator

AMD
CDNA 3

192 GB
HBM3

5.2 TB/s
Memory Bandwidth

896 GB/s
Infinity Fabric™ Bandwidth

153 B
Transistors