瑞智精密
RECHI

Investor Conference

27 Sep. FY23

Agenda

- Welcome — C. M. Yang , Vice Chairman
- 2023 H1 financial and ESG practices — Justin Ko , CFO
- 2023 H1 market review — M. F. Feng , General Manager
- Future operational challenges and opportunities — M. F. Feng , General Manager
- Q&A

Safe Harbor Notice

- RECHI's statements of its current expectations are forward looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

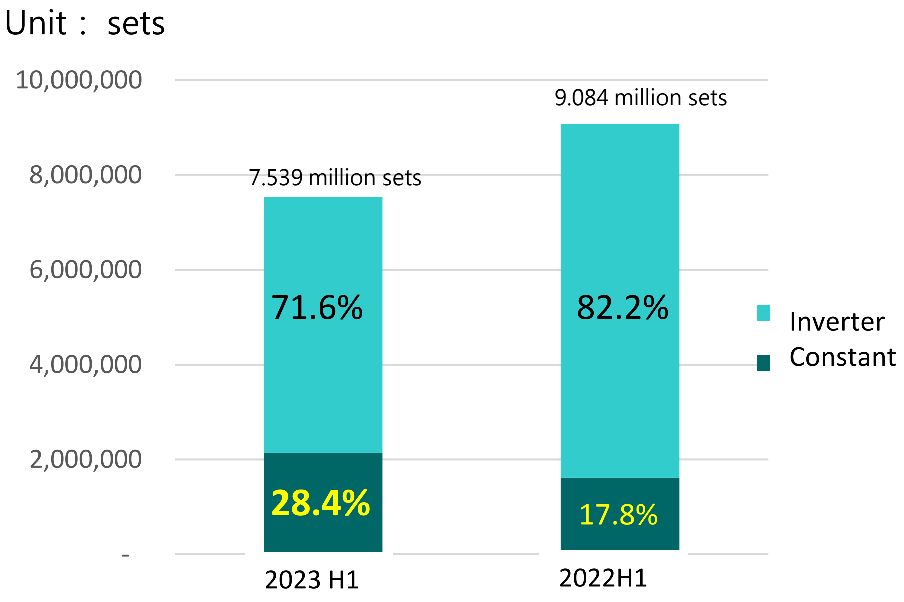
2023 H1 financial and ESG practices

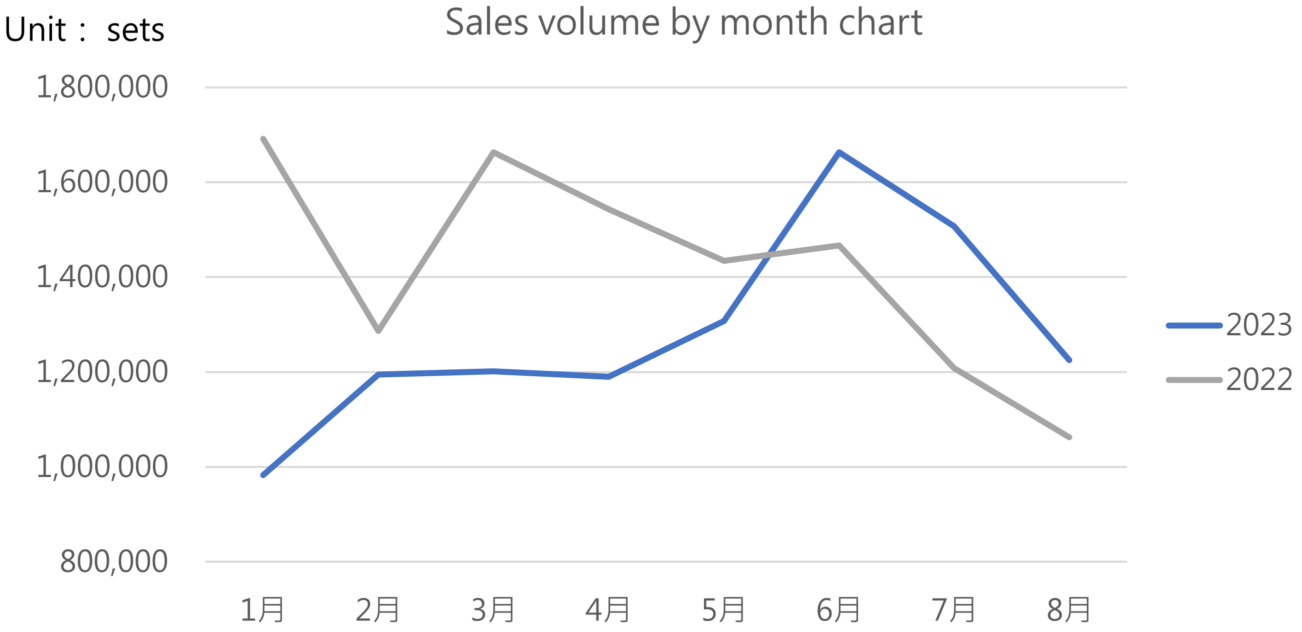
2023 H1Summary of Operational Highlights-1

◆**Sales: Breakthrough in DC inverter compressor orders and optimize product mix.**

- Sales totaled 7.539 million sets, a year-on-year decrease of 17%, with the European clothes dryer market declining by 60.6% and the North American Unitary market declining by 55.7%.

- DC inverter compressor sales reached 2.14 million sets, a year-on-year increase of 520,000 sets, of which DC compressor accounted for 28.4% and 17.8% during the same period.





2023 H1Summary of Operational Highlights-2

◆Production: Strengthen cost competitiveness and carry out comprehensive activities to improve materials and labor costs.

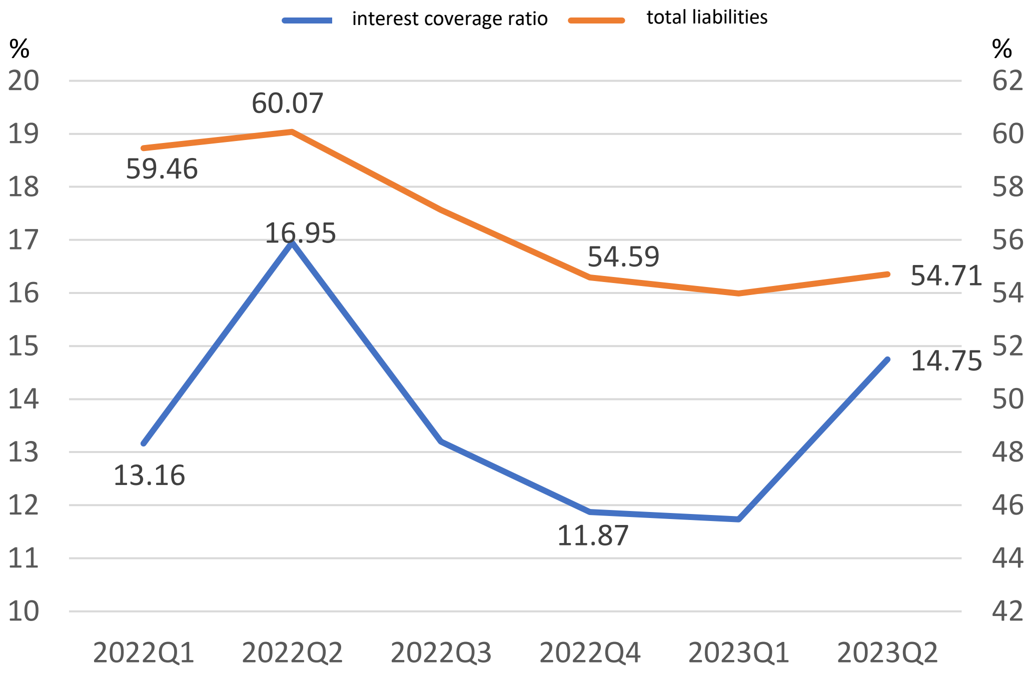
- Expand supply chain resources and effectively reduce material procurement costs, saving approximately NT$80.607 million in main materials and auxiliary materials (exchange rate 1:4.39).
- We continued to promote production rationalization and automation, and the number of direct employees decreased by 189.

◆R&D: Improve key products and reduce design costs, and continue to expand R&D energy.

- North American window A/C case for improving energy efficiency.
- Case for improving China's DC inverter compressor competitiveness.
- Expand cross-strait R&D energy (talent, software and equipment).

◆Financial aspect: activate funds and improve financial structure.

- Net interest income was NT$33,056,000.
- The debt ratio dropped to 54.71% in 2023Q2.
- The interest coverage ratio increased to 14.75 in 2023Q2.



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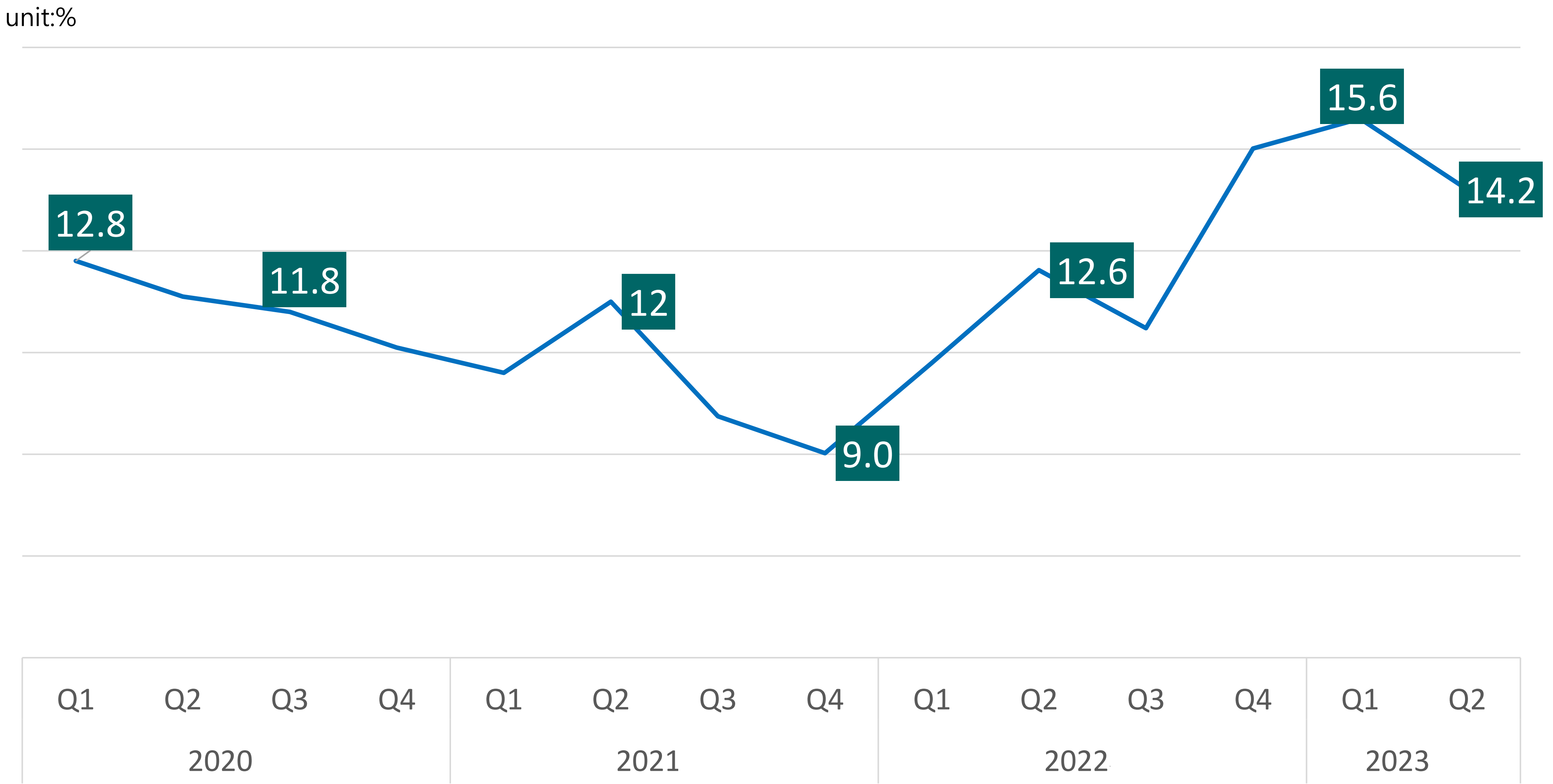
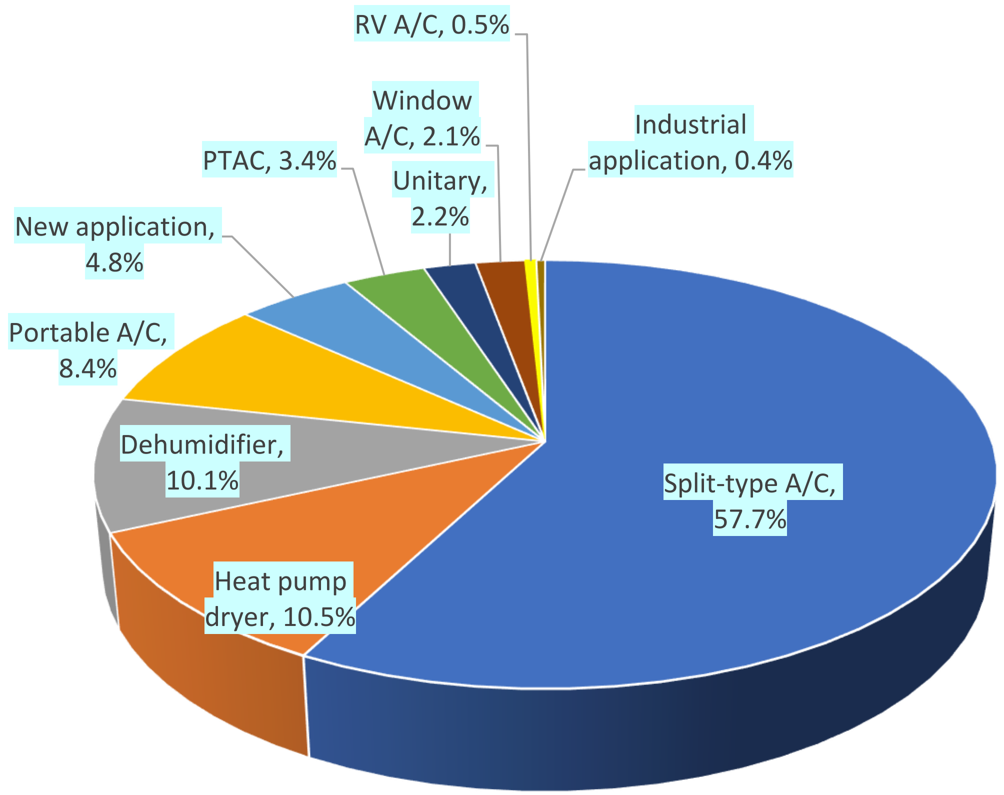
Group Consolidated Gross Profit Margin Trend Chart in the past four years

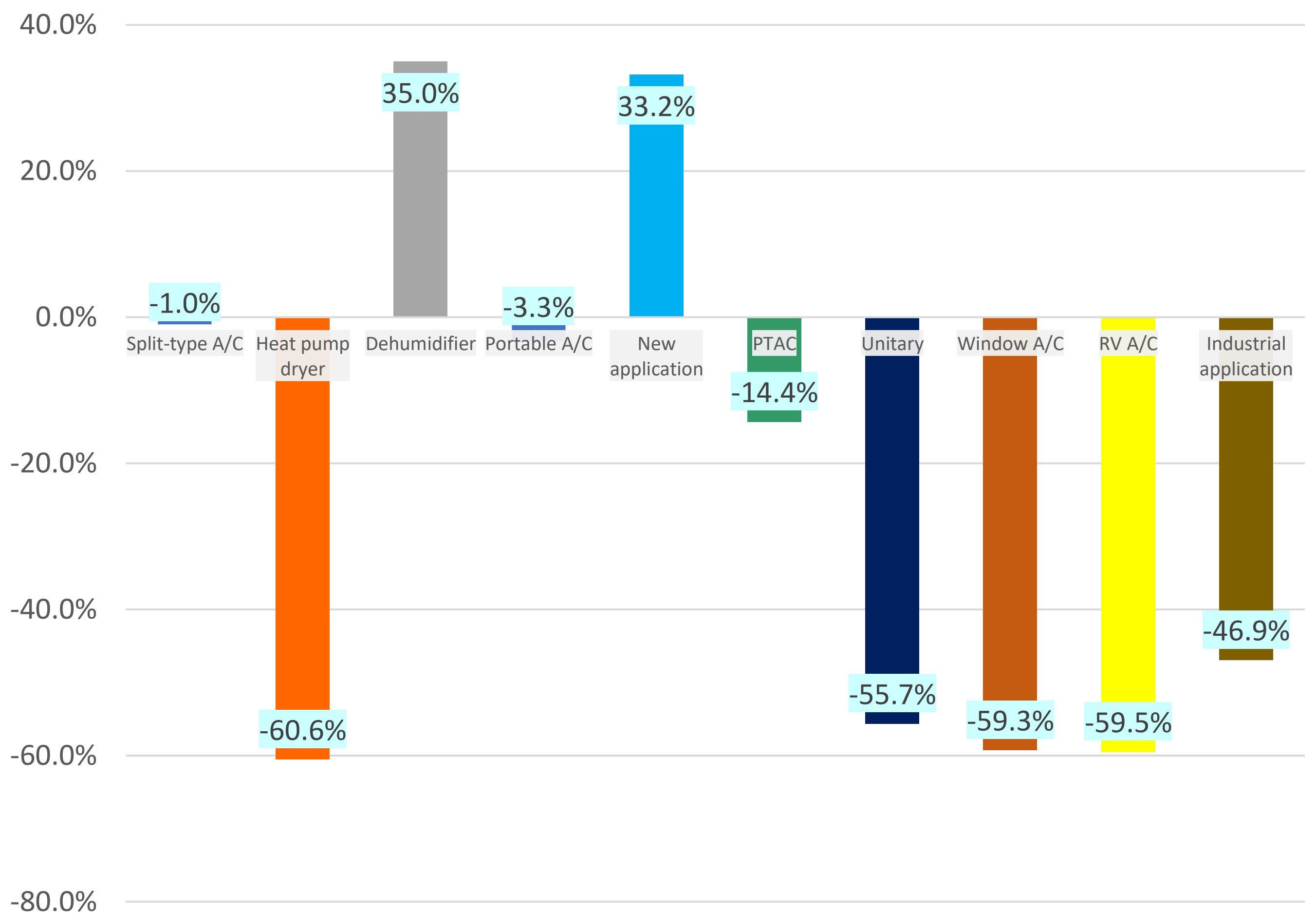


2023H1 RECHI Sales : Application ratio

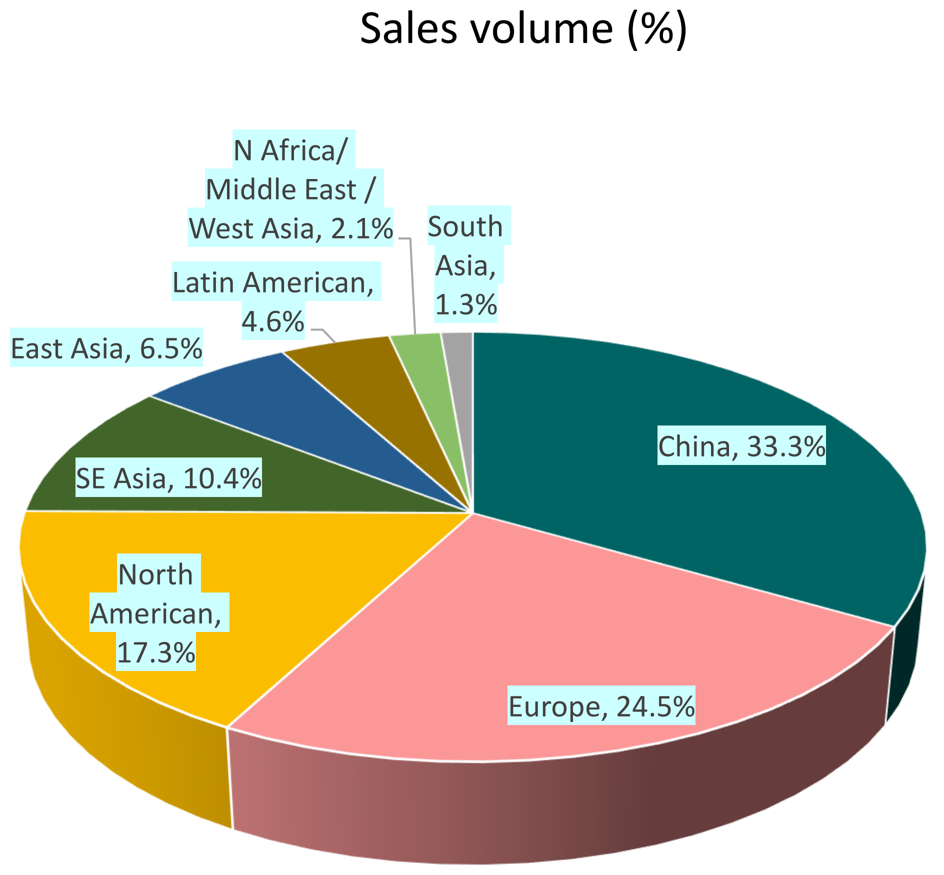
Sales volume (%)

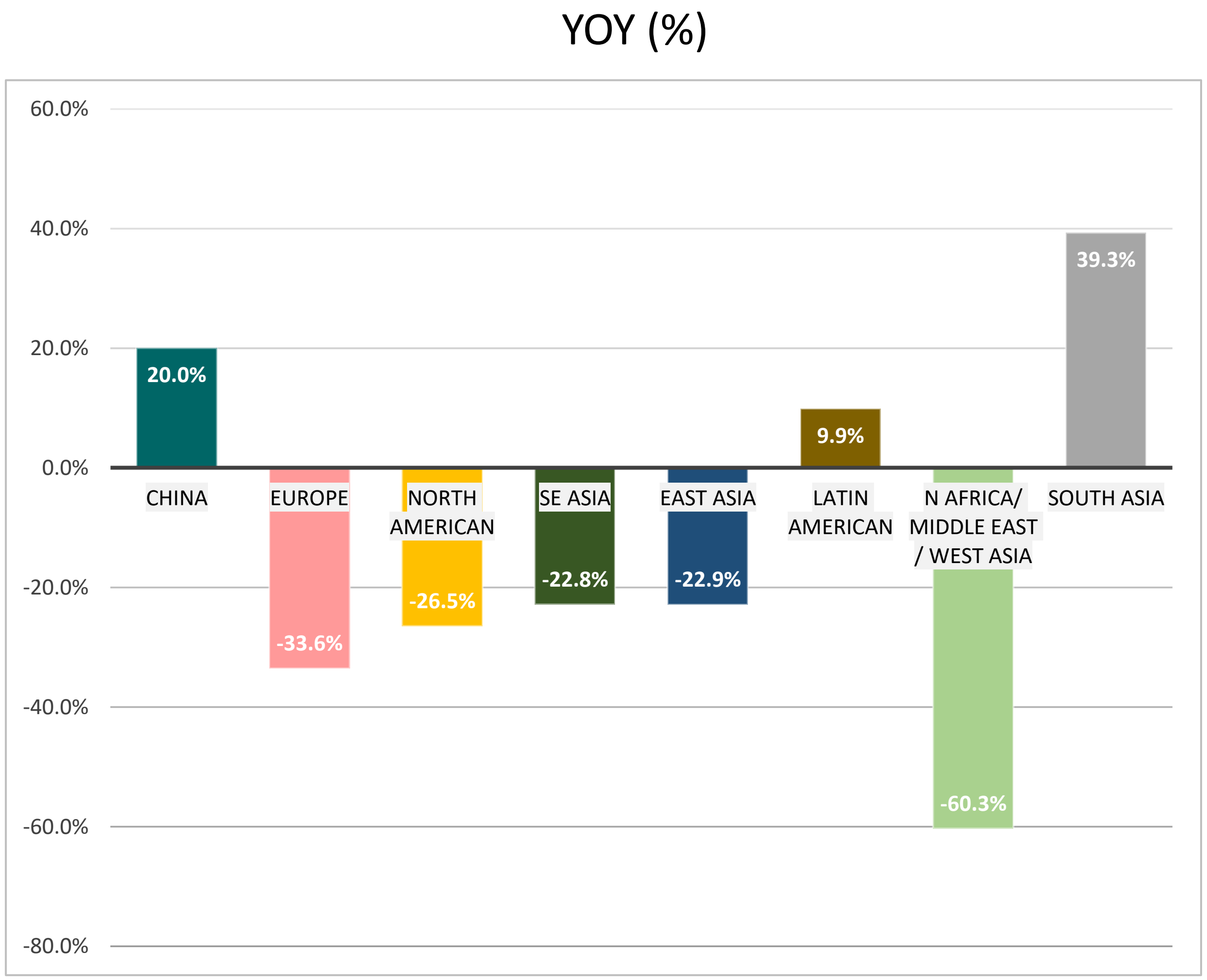


YOY (%)



2023H1 RECHI Sales : Geographic ratio (End market)





▶2023 H1 Income statement

Unit in Thousand NT$	2023 H1	%	2022 H1	%	YOY	Growth rate%
Sales volume of compressor	7,539,892		9,084,826		-1,544,934	-17.0
Sales revenues	8,393,272	100	11,054,141	100	-2,660,869	-24.1
Cost of goods sold	-7,149,851	-85	-9,758,391	-88	2,608,540	26.7
Gross margin	1,243,421	15	1,295,750	12	-52,329	-4.0
Operating expenses	-775,118	-9	-894,738	-8	119,620	13.4
Income(Loss) from operations	468,303	6	401,012	4	67,291	16.8
Total non-operating income and expenses	79,022	1	173,987	2	-94,965	-54.6
Income before tax	547,325	7	574,999	5	-27,674	-4.8
Income tax	-154,605	-2	-156,915	-1	2,310	1.5
Income after tax	392,720	5	418,084	4	-25,364	-6.1
EPS	0.74		0.83			

*Consolidated financial statements have been reviewed by the CPA firm of Deloitte & Touche

2023 H1 Balance sheet

Unit in Thousand NT$	2023 H1	%	2022 H1	%	YOY	%
Cash and current financial assets	3,703,802	16	3,961,173	15	-257,371	-6
Accounts receivable, net	7,311,830	31	7,485,005	28	-173,175	-2
Inventories	1,581,651	7	2,342,865	9	-761,214	-32
Property,plant and equipment,net	5,518,607	24	6,748,635	25	-1,230,028	-18
Other assets	5,289,301	23	6,218,379	23	-929,078	-15
Total assets	23,405,191	100	26,756,057	100	-3,350,866	-13
Total current liabilities	9,520,451	41	12,208,316	46	-2,687,865	-22
Long-term loans	2,501,548	11	3,025,503	11	-523,955	-17
Other non-current liabilities	782,306	3	839,370	3	-57,064	-7
Total liabilities	12,804,305	55	16,073,189	60	-3,268,884	-20
Total stockholders' equity	10,600,886	45	10,682,868	40	-81,982	-1

*Consolidated financial statements have been reviewed by the CPA firm of Deloitte & Touche

2023 H1 Cash flow statement

Unit in Thousand NT$	2023 H1	2022 H1
Cash and Cash Equivalents at Beginning of Period	4,482,658	3,045,098
Net cash provided by operating activities	-147,659	476,502
Cash flow from investment activities	174,997	92,897
(Decrease) increase in short-term loans,net	-578,503	536,483
(Decrease) increase in long-term loans,net	248,181	-283,425
others	-475,872	93,618
Cash and Cash Equivalents at End of Period	3,703,802	3,961,173

- RECHI issued a cash dividend of NTD $0.9 in April 2023 and paid cash dividends for 13 consecutive years.

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RECHI Carbon Reduction Planning and Implementation Results

2021 2022 2023 2024

December 2021
Promote the introduction of ISO 14064-1: 2018 greenhouse gas inventory management system.

July 2022
Completed ISO 14064-1: 2018 Greenhouse Gas Inventory third-party inspection.

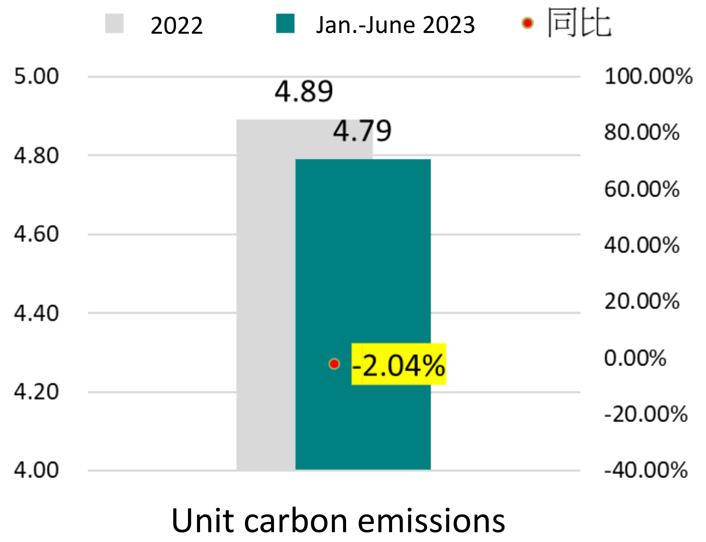
November 2022
Promote the introduction of ISO 50001: 2018 energy management system

December 2022
The operating plan incorporates annual reduction targets and continues to promote greenhouse gas reduction plans in the long term.

July 2023
Completed ISO 50001: 2018 third-party inspection of energy management system.

December 2023
It is expected to promote the introduction of ISO 14067: 2018 product carbon footprint standard

◆ Carbon reduction implementation status: Carbon emissions of a single compressor decreased by 2.04%



- Key projects to improve results:
  1. Reduce the use of natural gas (such as changing the stewing process, switching to resistance welding, etc.)
  2. Invest in refrigerant recovery equipment
  3. Air compressor energy-saving replacement and transformation

ESG Practices

Corporate Governance

- The corporate governance evaluation has improved for four consecutive years, ranking between 21% and 40% of the rankings.

Awards and Honors

- Won the best global partner supplier of major European home appliance manufacturers in 2021/2022, and its energy saving and carbon reduction achievements are highly recognized.

2023/7

Exhibition Participation

- With the theme of Colorful prides with Rechi inside the green home appliance ecosystem, RECHI participated in the AWE 2023 APLIANCE & ELECTRONICS WORLD EXPO.

2023/4

ESG Practices

Industry-University Cooperation

- Technology takes root in Taiwan.
- .Join hands with National Yunlin University of Science and Technology to cultivate green compressor technical talents.

2023/4

Political and Business Meeting

- Taoyuan City Economic Development Bureau-Green Seminar and Exchange Meeting.
- Discussing heat pump energy conservation and developing global green business opportunities.

2023/6

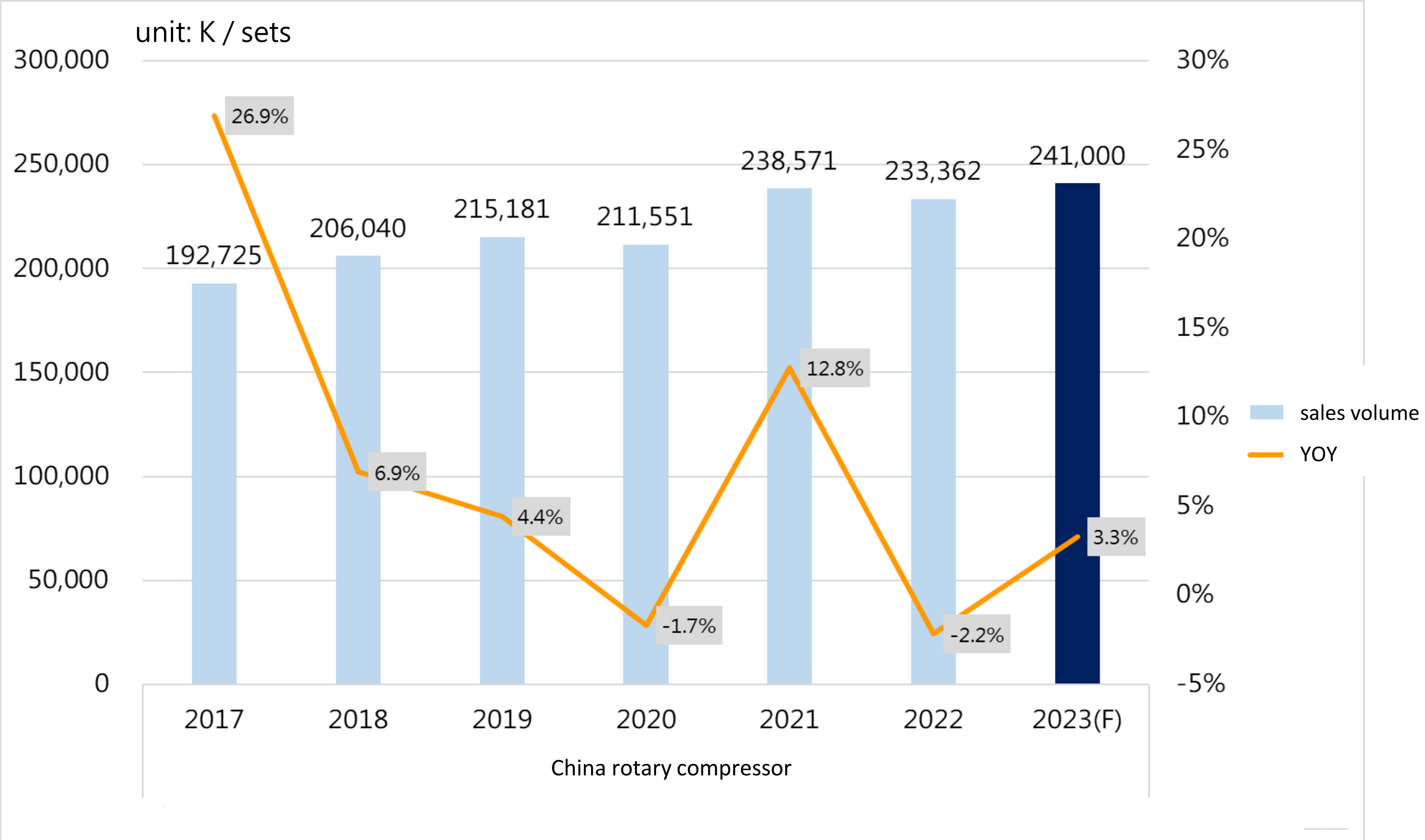
Sustainable Public Welfare

- Care for the environment and care for the disadvantaged.

2023/H1

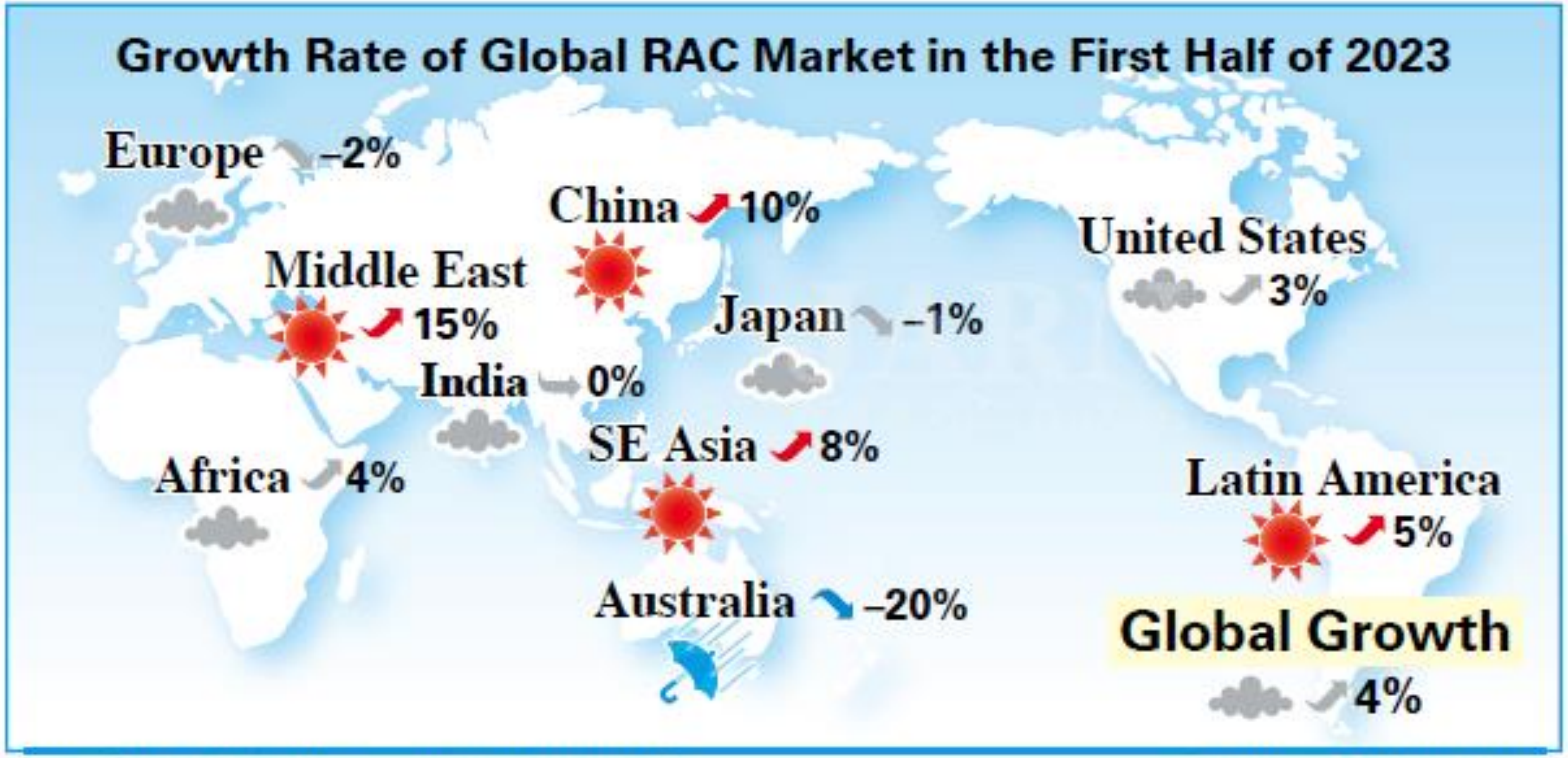
2023 H1 market review

Sales Trend of Rotary Compressors in China



- Despite adverse factors such as COVID-19 and the Russian-Ukrainian war from 2020 to 2022, the HVAC&R industry is still booming, driving the demand for the compressor industry to continue to grow. Among them, the sales volume of rotary compressors in 2023 is estimated to reach 241 million sets.

RAC Market Growth and Decline in 2023 H1



Note: Only mini-splits are shown in the U.S. *Source: JARN database*

- According to actual interviews and questionnaire surveys by JARN, the global household air conditioner market will only grow by 4% year-on-year in the first half of 2023, mainly due to the decline in purchasing power caused by global inflation.
- Affected by the unusually hot climate, JARN estimates that air conditioner sales may accelerate growth in the second half of the year.

Future Operational Challenges and Opportunities

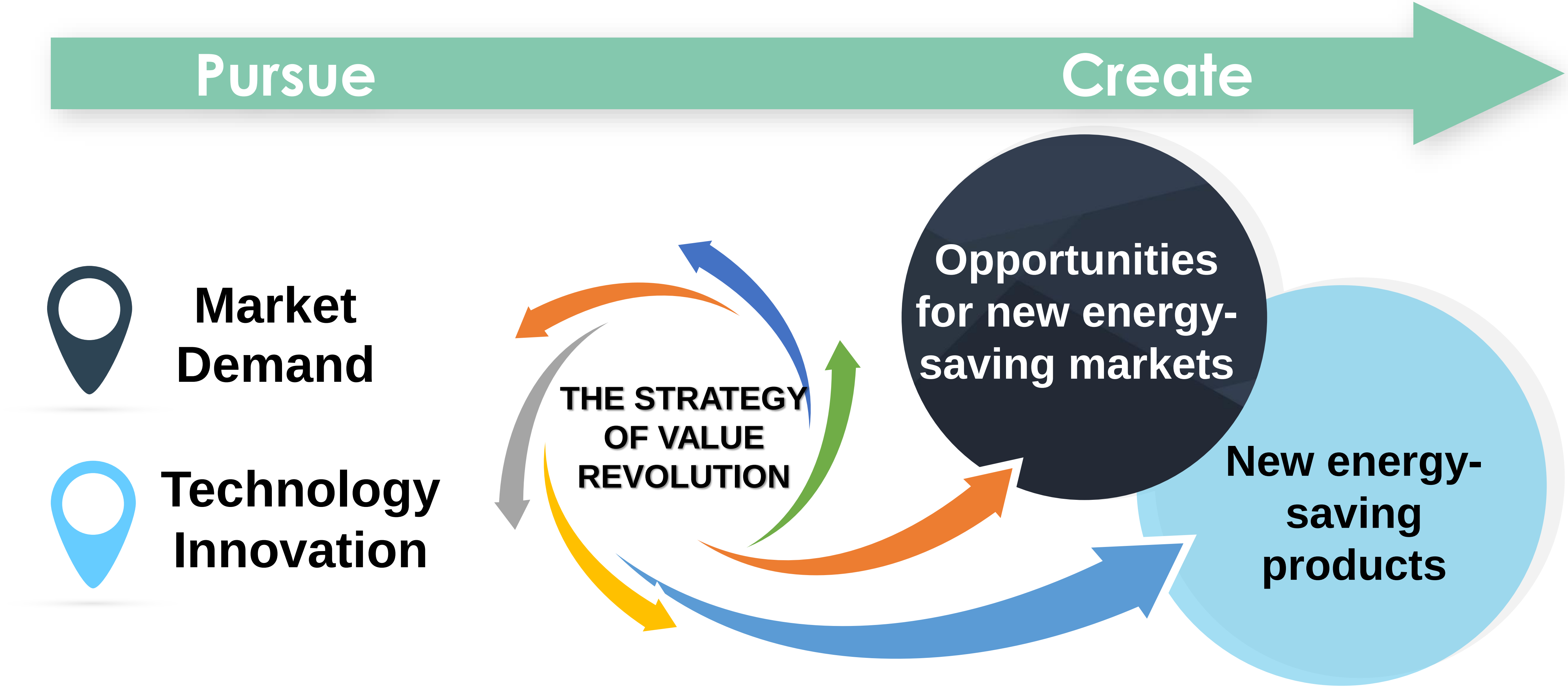
Political and Economic Situation

- Although high inflation in various countries has gradually declined, global central banks are expected to maintain tightening monetary policies and high interest rates for a certain period of time in order to avoid a resurgence of inflation, which will continue to impact the real estate market.

- China has introduced consumption subsidy policies and monetary and fiscal easing policies to stimulate the economy, and uneasy factors such as real estate and finance continue to emerge. The strength of recovery needs to be continuously monitored.

- Energy transformation and net-zero low-carbon issues continue to ferment, and the demand for heat pumps is promising, which will drive the HVAC industry to flourish.

RECHI Development Strategy



Future Development Direction of the Company

1. Accelerate product iteration and steadily expand market share
2. Seize the development opportunities in emerging countries and actively expand markets in India, Latin America and Africa
3. Based on the operating performance of Taiwan's heat pump terminal market, expand the Chinese and European market
4. Increase R&D investment and strengthen medium- and long-term technology reserves
5. Evaluate and plan the feasibility of overseas compressor production bases

Q&A

Transform & Insist Move to our future

Create unlimited possibilities for the Energy Saving Industry.
Become the top provider of proactive Energy Saving Product.