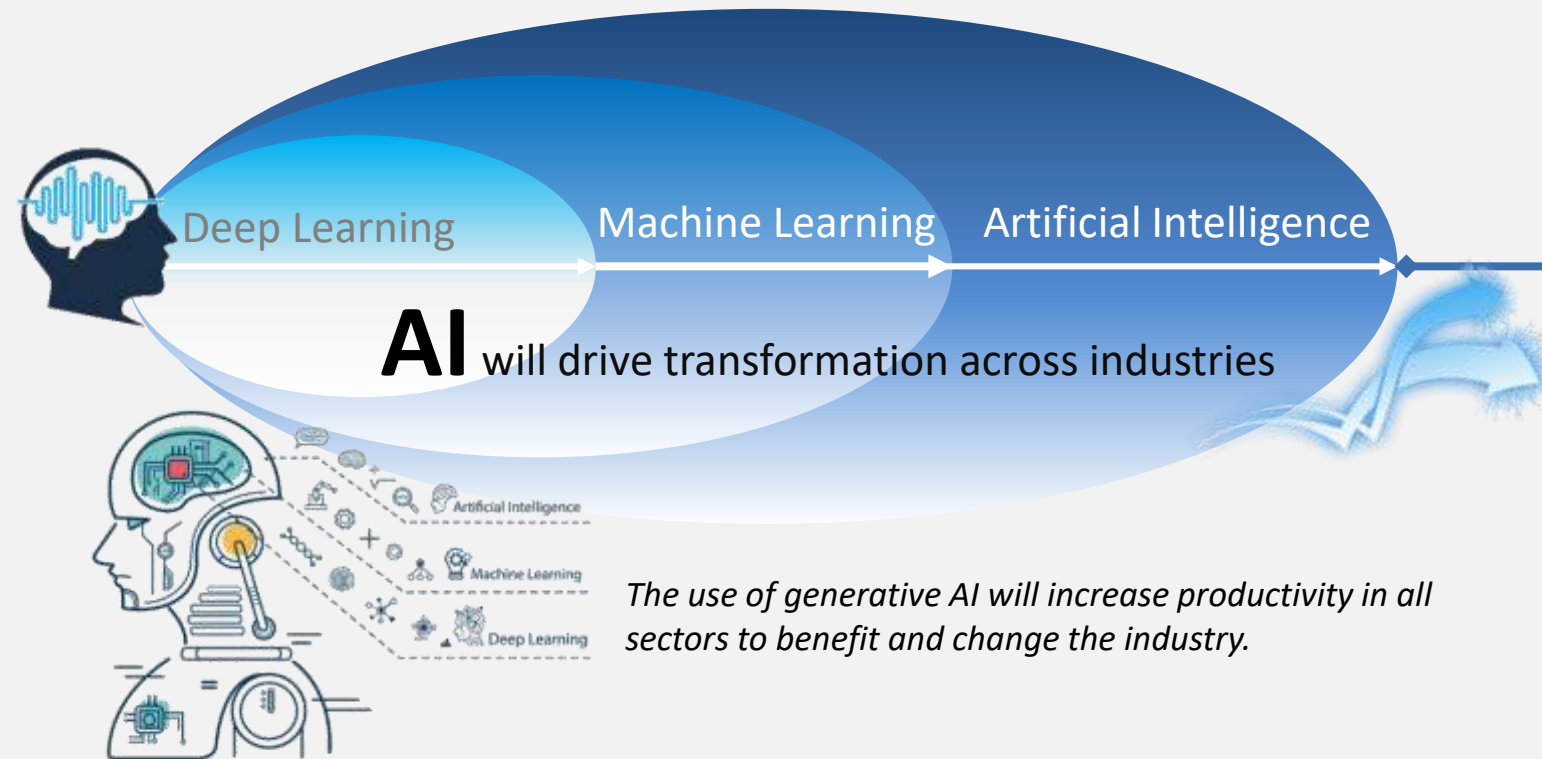# TXC Corporation Investor Conference

September, 2024

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 form 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.

Fundamental of Artificial Intelligence
Data-Collecting, Inferencing, Training, Processing, and Communication

Diverged Purpose & Functions of AI, such as **Generative AI**, **Machine Learning**, and **Neural Language** play a very key role in future technology

Deep Learning → Machine Learning → Artificial Intelligence

AI will drive transformation across industries

Artificial Intelligence
Machine Learning
Deep Learning

The use of generative AI will increase productivity in all sectors to benefit and change the industry.

Collecting (Data Input & Processing)
End Devices Increase by Sensing
- Data Collection
- Preprocessing
- Prediction & Prevention

Training & Learning
AI – based Data Infrastructure
- Model Selection
- Training
- Validation and Testing

EDGE COMPUTING

Inferencing & Communication
Adaptive AI Everywhere

AI meets IOT
- Continuous Learning
- Feedback Loops

Leading Timing Industry Moving Forward

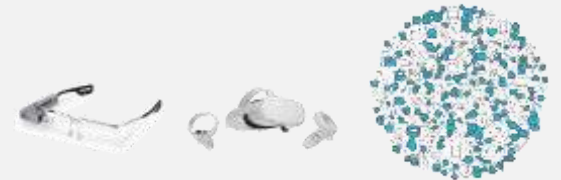Evolved Sensing, Computing, & Communication Technology with AI-Powered Ecosystem

Innovative Leadership
in High Growth Rate Market Segments. (8~10+% R&D Investment)

Precise Timing Solution
For Telecommunication & Data Computing

Higher Frequency & Miniature
For Communications Optimization

Focus ON, Key Growth Segments

AI-Powered Ecosystem outcomes enormous opportunities

Revolutionized Technology To Accelerate and Enhance the AI-Powered Ecosystem

5G-A	AI-Powered	Automotive
✓ From 5G to 5G-Advanced	✓ Upgrade on Fundamental Infra	✓ Electrification on the way
✓ Upgrade on Communication Network	✓ Boost Network Efficiency	✓ Autonomous Driving Vehicle

Key Growth Factors Behind AI-Powered Ecosystem

Define Our Targets By Focus Segments and Identify The Challenge We shall Overcome by all means as *ONE TEAM*

Compute

High Density Computation

By Gathering Massive Data via process in various training model to give prompt response by intelligence inferencing.

(CPU/DPU/TPU/DPU)

Synchronize

Ultra Low Network Latency

Consistency and Accuracy for Real-Time Processing with more efficient resources Utilization.

IEEE 1588 PTP
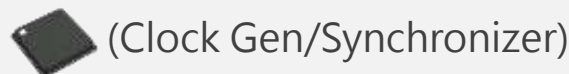**SyncE**
TSN (Protocol)

(Clock Gen/Synchronizer)

Communicate

Seamless Data Transmission

By Ensuring that data bandwidth, transfer speeds, and memory do not limit the potential of AI is leading hyper-scalers to pour billions into data centers.
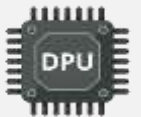
PCI EXPRESS (PCIe)

NVLink™

DPU

(Smart NIC)

SerDes

(Optical DSP)

5G ADVANCED WiFi™ Bluetooth
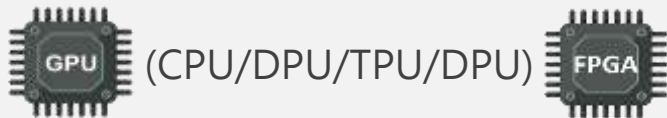
Key Ecosystem Segments Powered & Stack By AI

A system allow proliferative apps to provide assistance on multiple cases with AI-Powered applications. Industries will be revolutionized by multiple scenarios cases embedded with GAI-Powered contents.

AI-Powered Infrastructure

CAGR : 20.12% (from 2024 to 2029)

AI-Boosted Communications

Innovative Technologies Acceleration

- Wide Area : 5G, 5G-RedCap, NTN
- Local Area : Wi-Fi / BT / UWB / LoPWAN
- Ethernet / SerDes / Optical Network
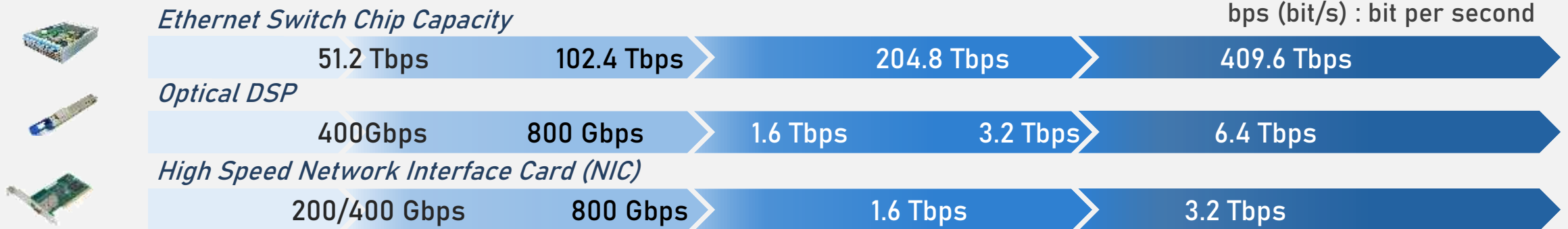
Edge Compute Devices

Device set : 29.7 billion (2028)
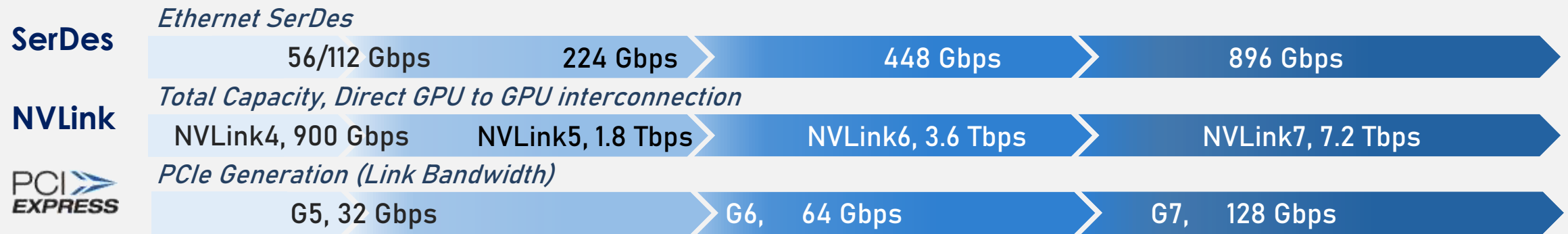
AI Drives Higher Performance in Data Infrastructure

Data bandwidth in speedy network with ultra low latency with limitless potential for hyper-scaling data network

MP Schedule	2022	2024	2026	2028	2030	2032	2034

Equipment & Devices Transmission Capacity

Ethernet Switch Chip Capacity

bps (bit/s) : bit per second

51.2 Tbps	102.4 Tbps	204.8 Tbps	409.6 Tbps

Optical DSP

400Gbps	800 Gbps	1.6 Tbps	3.2 Tbps	6.4 Tbps

High Speed Network Interface Card (NIC)

200/400 Gbps	800 Gbps	1.6 Tbps	3.2 Tbps

Transmission Protocols

Ethernet SerDes

SerDes

56/112 Gbps	224 Gbps	448 Gbps	896 Gbps

Total Capacity, Direct GPU to GPU interconnection

NVLink

NVLink4, 900 Gbps	NVLink5, 1.8 Tbps	NVLink6, 3.6 Tbps	NVLink7, 7.2 Tbps

PCIe Generation (Link Bandwidth)

PCI EXPRESS

G5, 32 Gbps	G6, 64 Gbps	G7, 128 Gbps

Fundamental Outlook of AI Infrastructure

What we care is Not Only About AI-Server, it's about the whole overview of " How data been training and inferencing!?"

AI Data Centre

Compute Tray x18
Computing Baseboard + Interposer

AI/ML x16~32
Accelerator Card

Switch Tray x9

(Support 8x NC maximum per tray)
(14.4TB/s support 16 Port w/400G)

SmartNC x72

<For Network Data Security / Distribute>

Timing Product Key Trends

✓ Usage
✓ Product Matrix Diversified
✓ Product ASP +

Advanced Oscillator Family

✓ Higher Frequency (~312.5MHz)
✓ Miniature (~2.0x1.6mm)
✓ Ultra-Low Jitter (~50fs)

Precise Oscillator Family

✓ Higher Frequency (~156.25MHz)
✓ Ultra-Stability (~+/-10~150ppb)
✓ Anti-Air Flow Scenario

Fundamental Outlook of AI Infrastructure

The concept of Network Architecture can be referred to data center, enterprise, and carrier network deployment business.

Intelligent Network

Optical Module

(Maximum 64 port for 51.2T Switch)

ToR/Leaf Switch

(PCIe Gen5 / 112G SerDes Support)

General-Purposed
(Required Sets determined by Network deployment)

Security Firewall

(PCIe Gen5 / 112G SerDes Support)

★ (Low Latency / PTP optional) ★

Spine Switches

★ (PTP/IEEE 1588) ★

Timing Product Key Trends

✓ Product Matrix Diversified
✓ Product ASP +

Advanced Oscillator Family

✓ Higher Frequency *(~625MHz)*
✓ Miniature (~2.0x1.6mm)
✓ Ultra-Low Jitter *(~30fs)*
✓ Tighter Stability *(+/-20ppm)*

Precise Oscillator Family

✓ Ultra-Stability (~+/-10~150ppb)
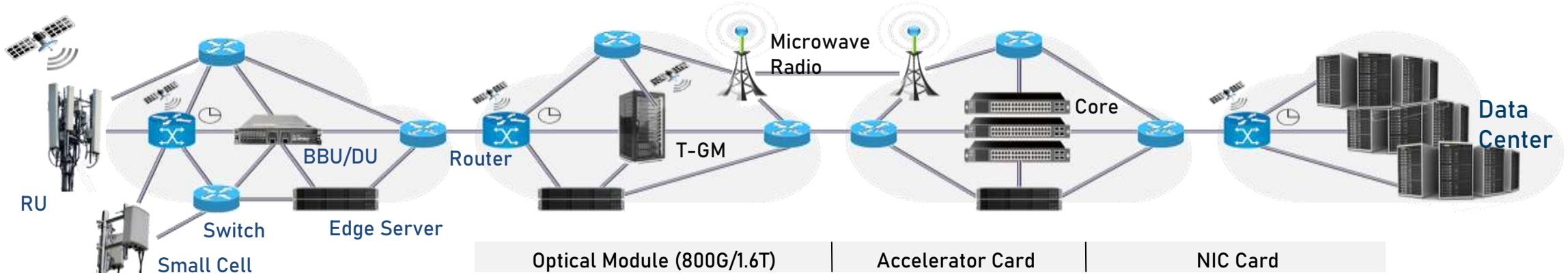✓ Extended Holdover *(~24 hrs)*

Revolutionize 5G-A RAN with Innovation

Expand Business by AI-Enhanced Driven Advanced Oscillators Product Family

AI-RAN | **Core / Optical Network** | **Datacenter**

RU, Small Cell, Switch, BBU/DU, Edge Server, Router, T-GM, Microwave Radio, Core, Data Center

Optical Module (800G/1.6T) | Accelerator Card | NIC Card

- Power Saving & Bandwidth Efficiency
- Transport Network (Extended 8-24 Hrs Holdover)
- Computation Enhancement
- Extreme Weather at Radio
- Network Enhancement
- Synchronize in datacenter

Making Every Synchronization Better

Precise Oscillator for Seamless Data transmission with Real-time compensation

ThermSym Platform™

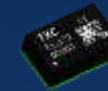| OE	OG	OH	OK
14x9 mm	9x7 mm	7x5 mm	5x3mm

ThermSymEros

Industry smallest OCXO 5x3mm

ThermSymHecules

Industry Highest Ta up-to 105C

ThermSymChronos

Holdover 4~6 hours in 9x7mm

★New Precise Product Solution ★
Xterniti Platform™

AI-Powered OCXO

Xterniti

- Resonator temperature output
- Hysteresis Compensation
- Stratum 3 performs like stratum 2
- 24 hours < 1μs in constant Ta
- 8~24 hours < 1μs in dynamic Ta

AI-On Device By Connectivity & Computation

Optimized Solution Matrix

Hybrid Connectivity + AI On Devices will drive multiple mobile use cases at Edge side for end users

- ✓ New Generation Technology Adoption
- ✓ Usage+
- ✓ Product Matrix Diversified (Miniature + Higher Frequency)

AI-ON Devices

Global IoT Connected Devices Market Trends By Technologies

Connectivity Type	CAGR (23 ~ 28)	Major Technologies
★ WPAN (P: Personal)	16%	
★ WLAN (L: Local)	16%	
Cellular IoT (exclude 5G, LPWA)	8%	
★ LPWAN (LP: Low Power)	27%	
★ Cellular 5G IoT	87%	5G Redcap
Wired IoT	10%	Ethernet, Fibers, PLC...
WNAN (N: Neighbor)	8%	

Number of Global active IoT installed connections in Billions Unit

Unit : Billions
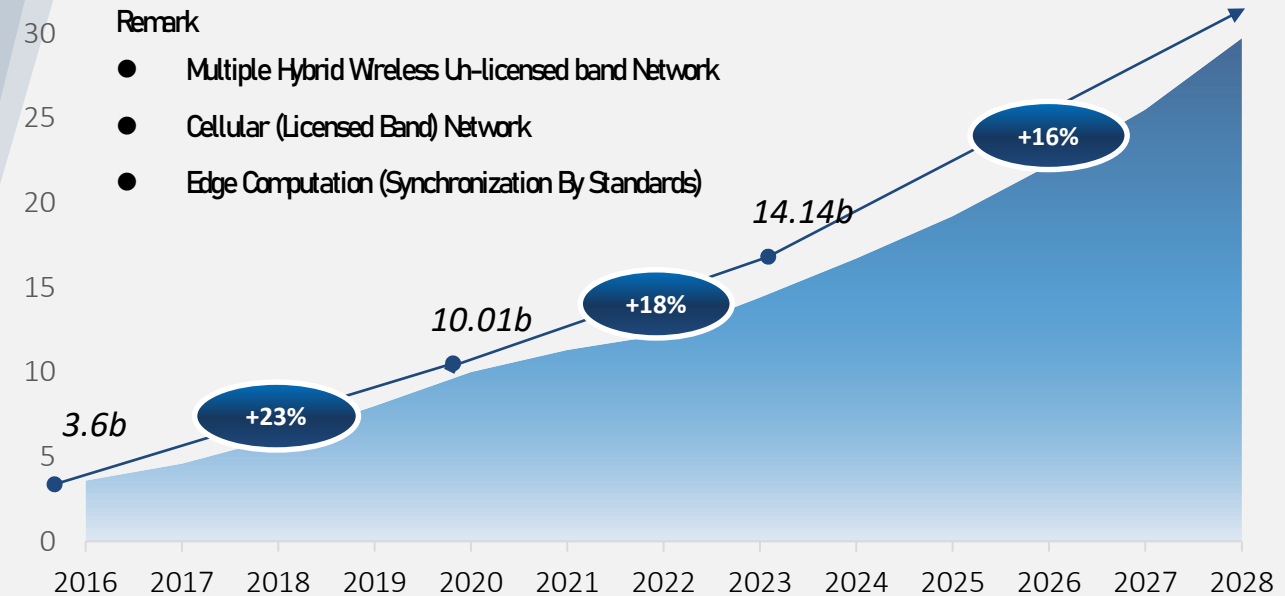
Remark
- Multiple Hybrid Wireless Un-licensed band Network
- Cellular (Licensed Band) Network
- Edge Computation (Synchronization By Standards)

3.6b +23% 10.01b +18% 14.14b +16% 29.7b

2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028

Automotive Blueprint Strategy

~25% of Total Sales

Key Growth Drivers By Applications & Scenarios

- Advancements in Autonomous Driving Technologies
- Connectivity and Infotainment System Upgrade
- Innovation in Vehicle-to-Everything

Automotive

Expanding

Automotive Ecosystem Growth Applications

★ Autonomous Driving   Smart Cockpit ★

Safety & Motion   Body Control

Key Target Applications & Products

↑ Key ADAS components for Autonomous Driving (Radar / Camera / HPC)

Standard Oscillators & High Frequency Advanced Oscillator

↑ Key Users Experience Enhancement (Fusion of Cockpit, Cluster, & Infotainment)

High Frequency Crystal & TSX <Telematics + Connectivity>

↑ Vehicle Electrification of Applications Giants (Global Tier 1)

Building Blueprints for Sustainable Growth

Comprehensive Automotive Ecosystem to Define Key Tier 1 to Boost up Our Revenue

2020 - NOW	NEAR TERM (2025 - 2027)	MID TERM (2027 – 2030~)

Review , Plan, & Execution of Blueprint

- Key Growth from Electric Vehicle Players
- Key Accounts Penetration
- Increase Market Allocation

Expanding of Blueprint

- Deployment of regional automotive customers
- Exploration of Tier 1 Suppliers for Automotive Brands
- Expand end customers by application
- IDH's reference design and promotion of end customers

15%
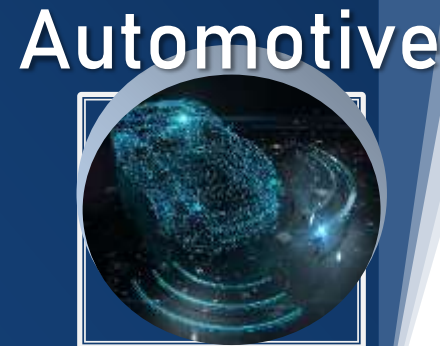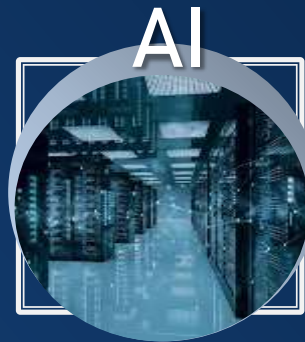
2023 Market Share

Source: QYR Research Jul. 2024

Timing Industry Leader

Market Share **20%+**

5G-A

AI

Automotive

Comprehensive AI-Powered Ecosystem Blueprint Strategy

Expanding Key Business Segments

Double % Growth of Total Sales

- Advanced/Precise Oscillator Family
- Telecom/Datacom for IDH & Tier1

25%+ Growth of Total Sales

- High Freq/Advanced Oscillator Family/Crystal/TSX
- ADAS/Smart Cockpit/EV for Tier1

2023 Corporate Snapshot

Highlights

Key Market Segments
5G-A, Automotive, AI-Powered Comprehensive Ecosystem

Optimized Product Portfolio
Miniature / Higher Frequency / Tighter Stability / Low Phase Noise / Low Power Consumption

New Production Facilities
Initiate Oversea Facility Plan

Sales Revenue (USD$)
$350M

Qty shipped (pcs)
3.5B

Automotive
16%▲

Mobile Communication
41%▲
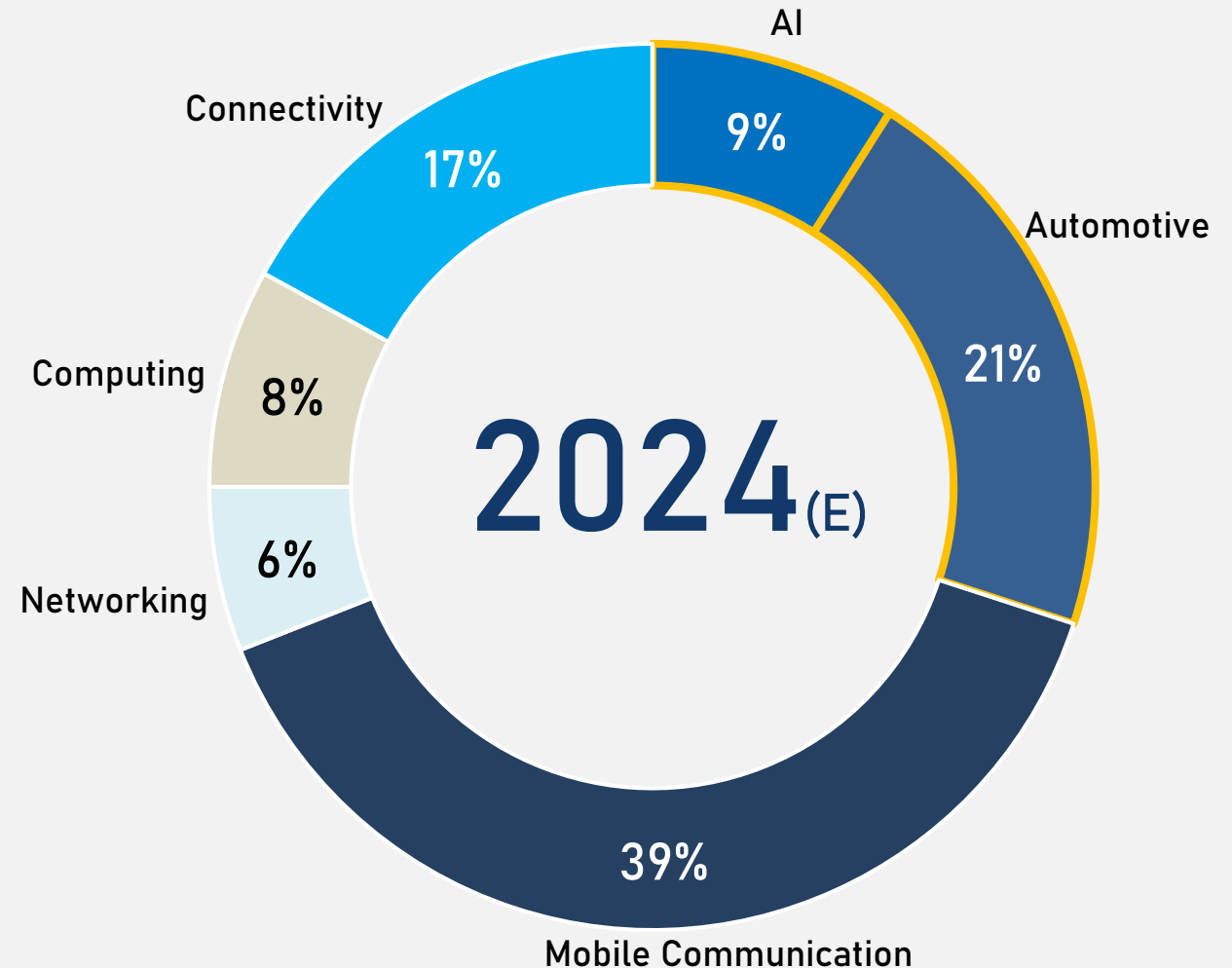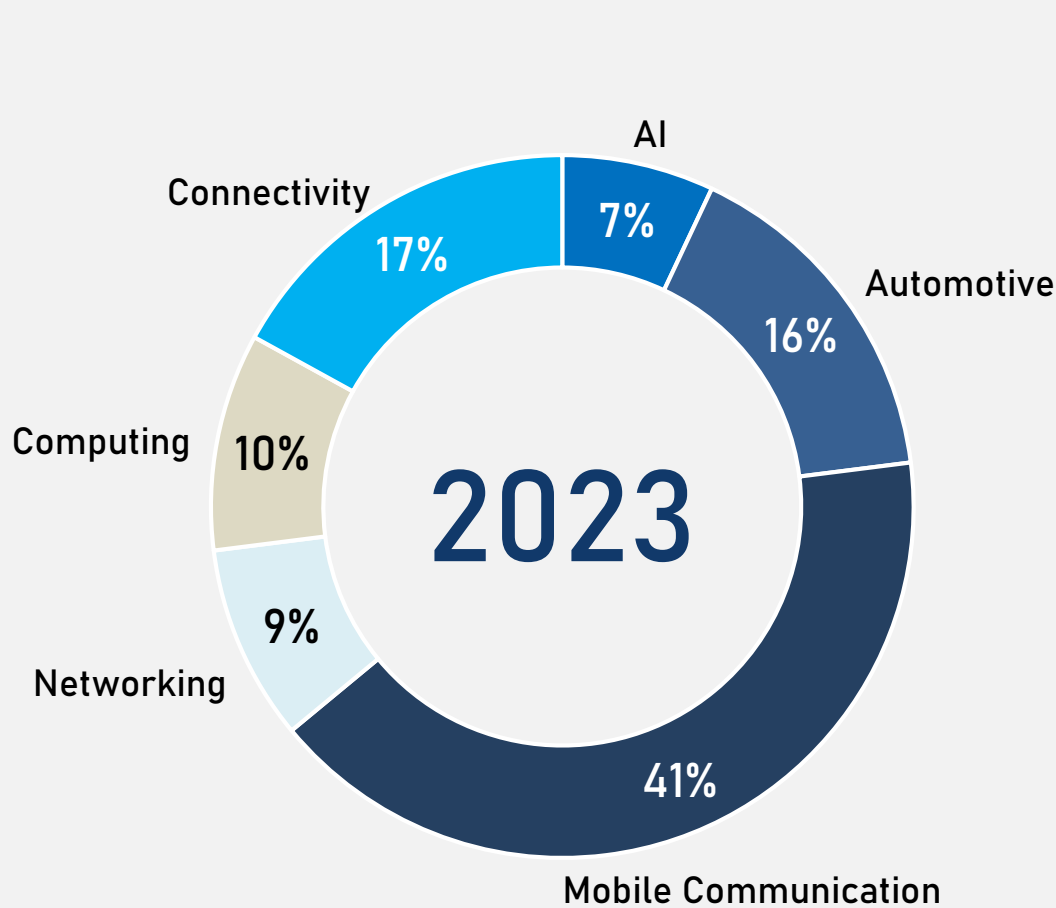
Miniature Product(%)
44%▲

Advanced Product %
17.4%▲

Key Industry Segment Breakdown

Focus on Potential Market with sustainable growth

Statements of Comprehensive Income

Growth with Stable & Health Financial Status

Unit: NT$ Million	Q2'24	Q1'24	QoQ	YOY	H1'24	H1'23	YOY
Net Revenue	2,923	2,754	6.1%	20.5%	5,676	4,724	20.2%
Gross Profit	1,074	1,000	7.5%	29.1%	2,074	1,626	27.6%
Operating Expenses	562	534	5.2%	17.8%	1,096	925	18.5%
Operating Profit	512	466	10.0%	44.2%	978	701	39.6%
Non-Operating Items	113	181	-37.9%	-20.1%	294	147	100.5%
Income before Tax	625	647	-3.4%	25.9%	1,272	847	50.1%
Net Income	519	537	-3.4%	23.4%	1,056	707	49.3%
Basic EPS (NT$)	1.67	1.73	-3.5%	23.7%	3.40	2.28	49.1%
Gross Margin(%)	36.75%	36.30%			36.53%	34.41%	
OPEX(%)	19.22%	19.39%			19.30%	19.58%	
Operating Margin(%)	17.53%	16.91%			17.23%	14.83%	
Income before Tax Margin(%)	21.39%	23.50%			22.41%	17.94%	
Net Profit Margin(%)	17.76%	19.51%			18.61%	14.97%	

Balance Sheet

Growth with Stable & Health Financial Status

Unit: NT$ Million	Jun. '24		Dec. '23		Jun. '23	
Item	Amount	Portion(%)	Amount	Portion(%)	Amount	Portion(%)
Cash & Cash equivalents	5,646	26.1%	4,204	22.3%	4,501	23.6%
NR+AR	3,050	14.1%	3,255	17.3%	2,646	13.9%
Inventories	2,844	13.2%	2,470	13.1%	2,522	13.2%
Current Assets	12,776	59.1%	10,812	57.4%	10,902	57.1%
Total Assets	21,602	100.0%	18,822	100.0%	19,105	100.0%
Current Liabilities	6,044	28.0%	4,768	25.3%	5,498	28.8%
Non-current Liabilities	3,454	16.0%	2,180	11.6%	2,726	14.3%
Total Liabilities	9,497	44.0%	6,949	36.9%	8,224	43.0%
Total Shareholders' Equity	12,104	56.0%	11,874	63.1%	10,880	57.0%
A/R Turnover Days	102		115		120	
Inventory Turnover Days	135		135		154	
Current Ratio(%)	211%		227%		198%	
Debt Ratio(%)	44.0%		36.9%		43.0%	
ROA(%)	10.7%		9.1%		7.5%	
ROE(%)	17.6%		14.1%		12.1%	

2024 CAPEX

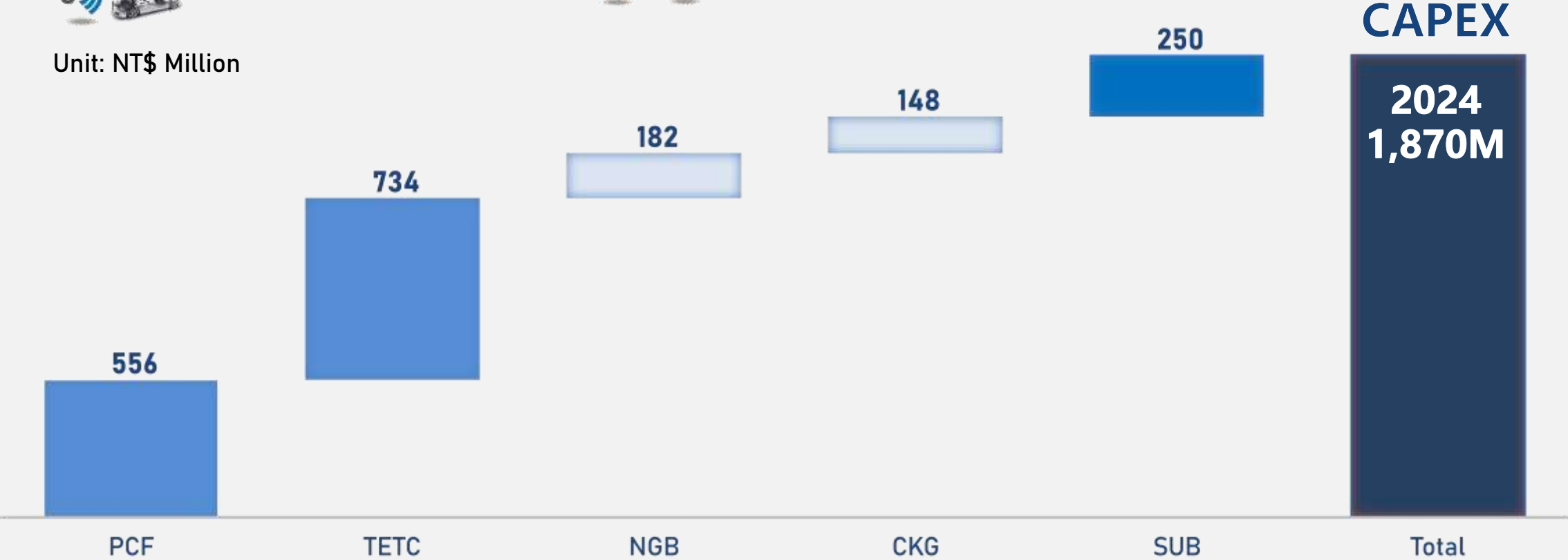## Core technology enhancement, Smart Factory, Overseas Factory

A+ Enhancements
- ✓ Core Technology
- ✓ Advanced Process

Smart Factory
- ✓ Green & Renew Energy
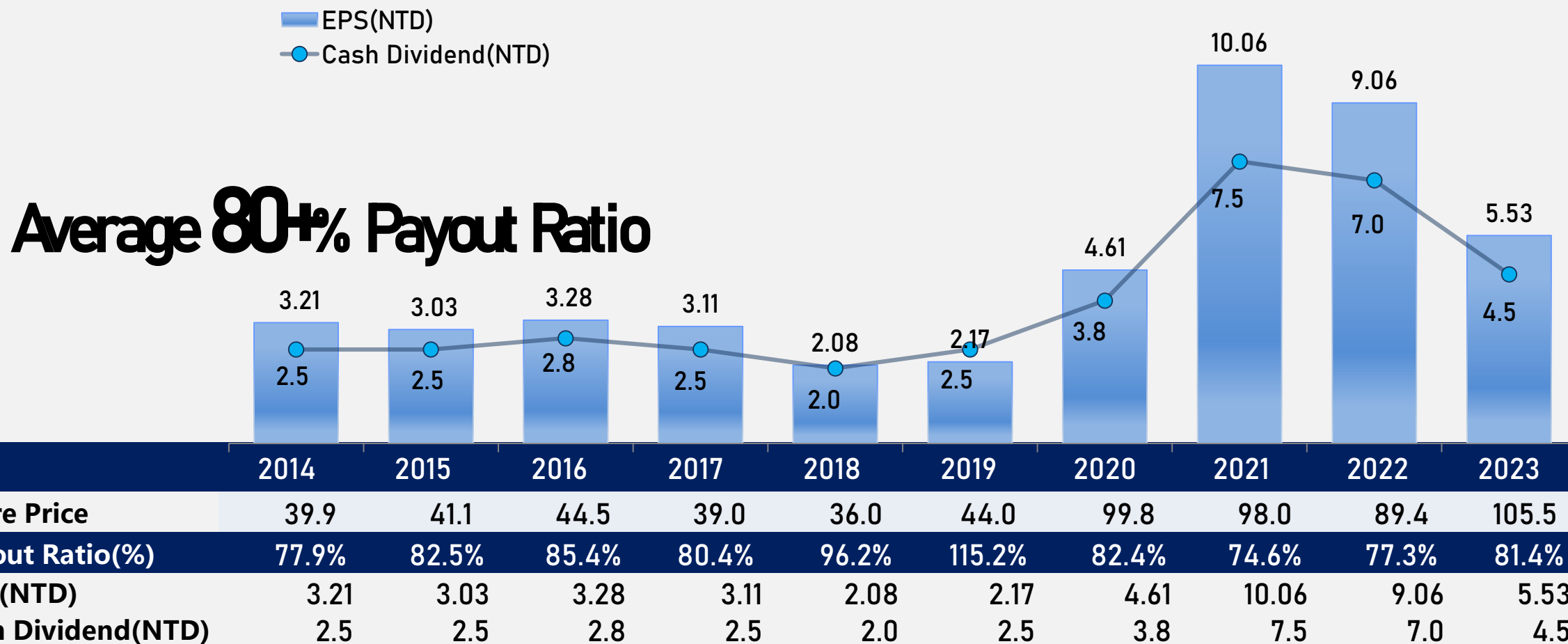- ✓ Industrial Automation

Unit: NT$ Million

CAPEX

2024
1,870M

PCF	TETC	NGB	CKG	SUB	Total
556	734	182	148	250	2024 1,870M

EPS & DPS

High Dividends Payout, with Sustainable Business Growth

Legend: EPS(NTD), Cash Dividend(NTD)

Average 80+% Payout Ratio

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Share Price	39.9	41.1	44.5	39.0	36.0	44.0	99.8	98.0	89.4	105.5
Payout Ratio(%)	77.9%	82.5%	85.4%	80.4%	96.2%	115.2%	82.4%	74.6%	77.3%	81.4%
EPS (NTD)	3.21	3.03	3.28	3.11	2.08	2.17	4.61	10.06	9.06	5.53
Cash Dividend(NTD)	2.5	2.5	2.8	2.5	2.0	2.5	3.8	7.5	7.0	4.5

Environments, Sustainability, Governance

We Care, We Committee, We Dedicate

Healthy Growth with Value based Sustainability

2024 RE%

6%
(On Schedule)

Roadmap to Net Zero Carbon

RE 30 By 2030

RE100 By 2050

MORNINGSTAR | SUSTAINALYTICS

ESG Risk Rating

17.7 pts (Low Risk)

Negligible	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

公司治理 — Top 6%~20% Listed Corporates of the 10th Corporate Governance Evaluation

"Taiwan Best-in-Class 100"

1.5c — "Conform to 1.5°C temperature control target" label from Common Wealth Magazine

ISO — ISO14064 / ISO14067 / ISO 50001

Q&A Section

Thank You