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SP Investor Conference

3Q 2021

2021/11/23

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- The outlook for the future in this presentation reflects the company's perspectives of the future so far. As for these perspectives, if there are any changes or adjustments in the future, the company is not responsible for reminding or updating again at any time.

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- The background of the slide is a grayscale, high-resolution image of a printed circuit board (PCB). A large, square integrated circuit (chip) is the central focus, with its intricate internal structure and numerous pins visible. The board is populated with various other components, including smaller chips and surface-mount components, all rendered in a soft, slightly blurred manner to create a sense of depth and technical complexity.
- About SP
 - Core Values
 - Operating Performance
 - Future Prospects
 - Q&A



About SP



Founded	February 2003
IPO	June 2012
Capital	US\$ 20,937,588
Headquarters	Neihu Dist., Taipei, Taiwan
Rewards & Achievements	<ul style="list-style-type: none"> ■ 2006 Taiwan Rising Star Award ■ 2008 National Outstanding SME Award ■ 2013 1-star Award of Best Companies to work for ■ 2014 Award of Model of Entrepreneurs / Award of Work-Life Balance ■ Received <u>132 rewards</u> from all over the world
Factory	Xizhi, Taiwan
Manufacturing and Selling	<p><u>100%</u> manufactured and assembled in our factory in Taiwan</p> <p><u>90%</u> sells own-brand products</p>

Company Milestones

2003

SP was founded

2005

Netherlands branch was established

2006

Japan branch was established

2010

- ◆ Set up Russia Representative Office
- ◆ Earned ISO14001 certification

2011

- ◆ U.S. branch was established
- ◆ Officially opened new plant in Xizhi, Taiwan
- ◆ Introduced whole new brand image and SP logo

2012

Listed on Taiwan Over The Counter (OTC) stock market

2014

Russo-Ukrainian War. Russian ruble (RUR) depreciated by 40%

2015

Strong US dollar – emerging countries were affected dramatically

2016

USB drives and flash cards markets shrunk due to cloud-based applications

2018

Global presence – over 15 locations

2020

Covid-19 affects global market

2021

Profit able in 18 consecutive years since inception



Core Values



An International Taiwanese Brand

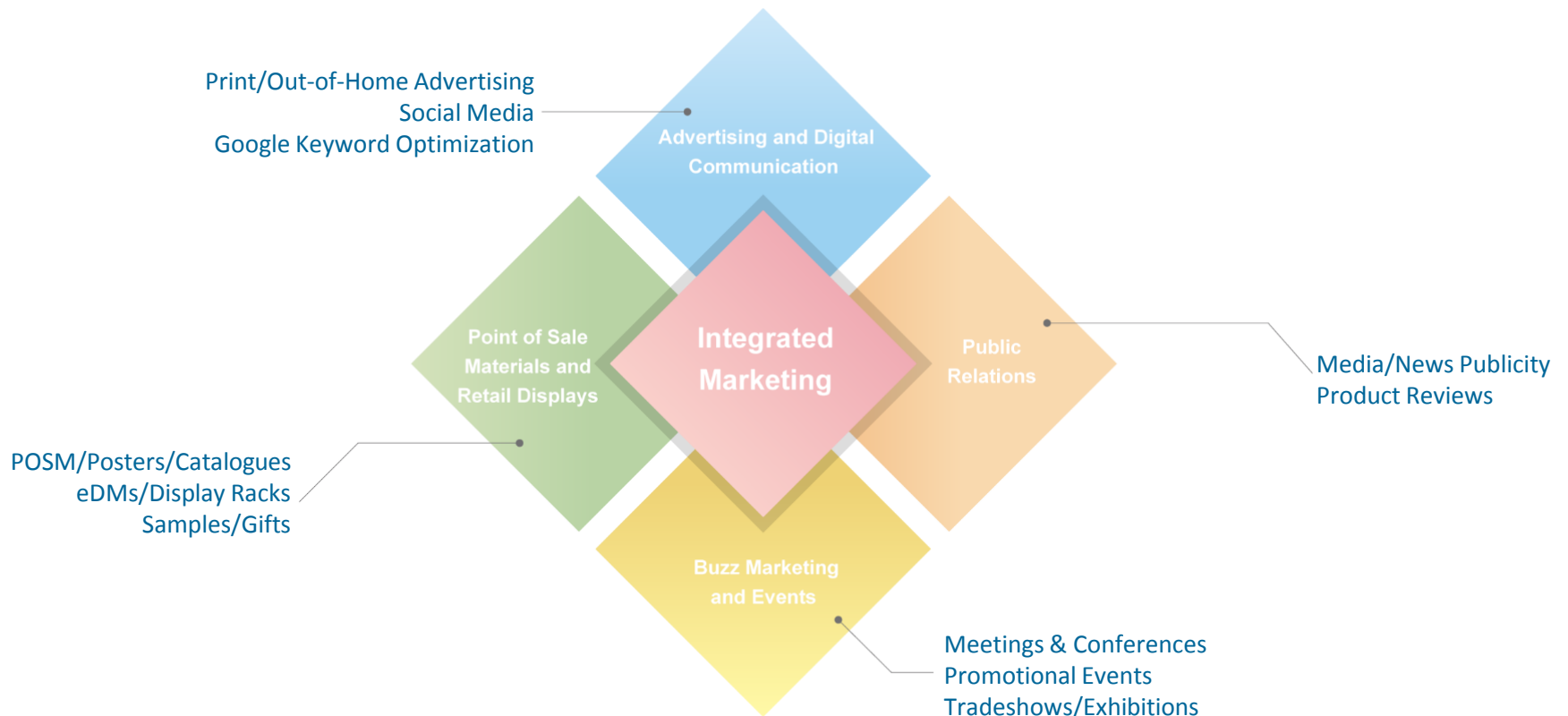
Our headquarters is located in Taiwan and we have successively established branch offices in the Netherlands, Japan, the United States, and India. Through a comprehensive distribution system in each region and with sales representatives located in key cities, SP Silicon Power has successfully sold to more than 100 countries, garnering both support and an excellent reputation all over the world.

- ✓ Sold to over **140** countries
- ✓ Over **2,600** business partners
- ✓ More than **90%** own-brand products
- ✓ Received **132** awards from all over the world
- ✓ Foreign expertise accounts for more than **30%** of all employees

Comprehensive Integrated Marketing

Annual marketing expenses account for nearly 10% of total revenue

In order to promote the SP Silicon Power brand and implement it to all levels of product and service, we actively market our brand internationally through a variety of channels, showcasing the SP brand, strengthening brand trust, and creating brand exposure opportunities.




















E-commerce Dominance with Outstanding Results

U.S. and Japan E-commerce platforms have been operating for many years, with sales among the best



<p>#13</p>  <p>SanDisk SSD PLUS 1TB Internal SSD - SATA III 6 Gb/s, 2.5"/7mm - SDSSDA-1T00-G26 ★★★★☆ 3,590 \$107.32 prime</p>	<p>#14</p>  <p>Silicon Power 256GB SSD 3D NAND A55 SLC Cache Performance Boost SATA III 2.5" 7mm (0.28")... ★★★★☆ 1,586 \$38.99 prime</p>	<p>#15</p>  <p>ADATA SU635 240GB 3D-NAND SATA 2.5 Inch Internal SSD (ASU6355S-240GQ-R) ★★★★☆ 791 \$34.99 prime</p>	<p>#16</p>  <p>WD_BLACK 5TB P10 Game Drive, External Hard Drive Compatible with PS4, Xbox One, PC, & Mac... ★★★★☆ 380 \$114.99 prime</p>	<p>#17</p>  <p>WD 1TB My Passport Portable External Hard Drive, Black - WDBYVG0010BKK-WESN ★★★★☆ 718 \$47.00 prime</p>	<p>#18</p>  <p>2.5" 500GB Ultra Slim Portable External Hard Drive - USB3.0 HDD Storage Compatible for PC... ★★★★☆ 1,458 \$36.99 prime</p>
<p>#16</p>  <p>Kingston 240GB A400 SATA 3 2.5" Internal SSD SA400S37/240G - HDD Replacement for... ★★★★☆ 5,334 \$38.99 prime</p>	<p>#17</p>  <p>Samsung 860 QVO SSD 2TB - 2.5 inch SATA 3 Internal Solid State Drive with V-NAND... ★★★★☆ 2,065 \$218.44 prime</p>	<p>#18</p>  <p>SK hynix Gold S31 1TB 3D NAND 2.5 inch SATA I Internal SSD ★★★★☆ 414 \$105.99 prime</p>	<p>#19</p>  <p>Silicon Power 2TB Rugged Portable External Hard Drive Armor A60, Shockproof USB 3.0 for PC... ★★★★☆ 2,219 \$67.99 prime</p>	<p>#20</p>  <p>Seagate Game Drive 4TB External Hard Drive Portable HDD - Compatible with PS4... ★★★★☆ 2,740 \$106.00 prime</p>	<p>#21</p>  <p>WD 3TB Elements Portable External Hard Drive - USB 3.0 - WDBU6Y0030BKK-WESN ★★★★☆ 10,695 \$79.99 prime</p>
<p>#19</p>  <p>PNY CS900 120GB 2.5" SATA III Internal Solid State Drive (SSD) - (SSD7CS900-120-RB) ★★★★☆ 1,020 \$21.99 prime</p>	<p>#20</p>  <p>Samsung 970 EVO Plus SSD 500GB - M.2 NVMe Interface Internal Solid State Drive with V-NAND... ★★★★☆ 1,942 \$115.80 prime</p>	<p>#21</p>  <p>Silicon Power 512GB SSD 3D NAND A55 SLC Cache Performance Boost SATA III 2.5" 7mm (0.28")... ★★★★☆ 2,175 \$58.99 prime</p>			



amazon.co.jp

PC用メモリの 売れ筋ランキング

<p>#1</p>  <p>KLEVV デスクトップPC用 メモリ DDR4 2666 PC4-21300 8GB x 2枚 16GB キット… ★★★★☆ 2,000 ¥6,815</p>	<p>#2</p>  <p>シリコンパワー ノートPC用メモリ 1.35V (低電圧) DDR3L 1600 PC3L-12800 8GB×1枚… ★★★★☆ 5,640 ¥3,680</p>	<p>#3</p>  <p>Team DDR4 2666MHz PC4-21300 8GBx2枚 (16GBkit) デスクトップ用メモリ Elite… ★★★★☆ 1,691 ¥6,780</p>	<p>#4</p>  <p>シリコンパワー ノートPC用メモリ DDR4-2400(PC4-19200) 8GB×1枚 260Pin 1.2V… ★★★★☆ 1,443 ¥4,280</p>	<p>#5</p>  <p>シリコンパワー ノートPC用メモリ 1.35V (低電圧) DDR3L 1600 PC3L-12800 4GB×1枚… ★★★★☆ 5,640 ¥2,090</p>
<p>#9</p>  <p>CFD販売 デスクトップPC用 メモリ PC3-12800(DDR3-1600) 8GB×2枚 240pin… ★★★★☆ 2,020 ¥6,162</p>	<p>#10</p>  <p>シリコンパワー ノートPC用 メモリ DDR4-2400 PC4-19200 8GB x 2枚 (16GB)… ★★★★☆ 1,443 ¥8,280</p>	<p>#11</p>  <p>シリコンパワー ノートPC用メモリ DDR4-2133(PC4-17000) 8GB×1枚 260pin 1.2V… ★★★★☆ 1,385 ¥4,280</p>	<p>#12</p>  <p>CORSAIR DDR4-3600MHz デスクトップPC用メモリ Vengeance LPX シリーズ 32GB… ★★★★☆ 882 ¥17,569</p>	<p>#13</p>  <p>CFD販売 デスクトップPC用 メモリ PC3-12800(DDR3-1600) 4GB×1枚 240pin… ★★★★☆ 2,020 ¥1,673</p>



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<p>#1</p>  <p>Crucial SSD 500GB MX500 内蔵2.5インチ 7mm (9.5mmスペーサー付属) 5年保証… ★★★★☆ 1,986 ¥7,970</p>	<p>#2</p>  <p>Crucial SSD 1000GB MX500 内蔵2.5インチ 7mm MX500 (9.5mmスペーサー付属) 5年… ★★★★☆ 1,986 ¥13,299</p>	<p>#3</p>  <p>シリコンパワー SSD 512GB 3D NAND採用 SATA3 6Gb/s 2.5インチ 7mm PS4動作確… ★★★★☆ 1,349 ¥7,380</p>	<p>#4</p>  <p>Crucial クルーシャル SSD 240GB BX500 SATA3 内蔵2.5インチ 7mm… ★★★★☆ 573 ¥4,280</p>
<p>#6</p>  <p>Samsung 860 EVO 500GB SATA 2.5" 内蔵型 正規代理店 MZ-76E500B/EC ★★★★☆ 1,753 ¥9,164</p>	<p>#7</p>  <p>シリコンパワー SSD 128GB 3D TLC NAND 採用 SATA3 6Gb/s 2.5インチ 7mm 3年保… ★★★★☆ 1,349 ¥2,780</p>	<p>#8</p>  <p>SanDisk 内蔵 2.5インチ SSD / SSD Ultra 3D 1TB SATA3.0 / PS4 メーカー動作確認… ★★★★☆ 468 ¥13,241</p>	<p>#9</p>  <p>Western Digital SSD 1TB WD Blue PC PS4 2.5インチ 内蔵SSD WDS100T2B0A-EC 【… ★★★★☆ 174 ¥12,980</p>

Complete Product Line. One-Stop Shop

9 major product lines – over 4,000 products



Consumer Products/Accessories

- Memory Modules
- SSDs
- Portable SSDs
- Portable Hard Drives
- USB Flash Drives
- Flash Cards
- Power Banks
- Cables
- Wall/Car/Wireless Chargers
- TWS Earbuds/Earphones

Industrial Solutions

- Industrial SSDs
- Industrial DRAM Modules
- Industrial Flash Cards
- Industrial USB Flash Drives

Consumer Products

Brand Globalization

Expand to more than 100 countries worldwide

Localization Service

Real-time local service, adjust strategies according to demand

Product Diversity

9 major product lines/4,000 items, one-stop shopping

Design Diversity

Utilize all kinds of materials/capacities/functions

Military-Grade Protection

- Military standard
- shockproof/waterproof/dustproof/pressure resistant.
- Indestructible

Innovative Design

Obtained 132 domestic and foreign awards, surpassing competitors



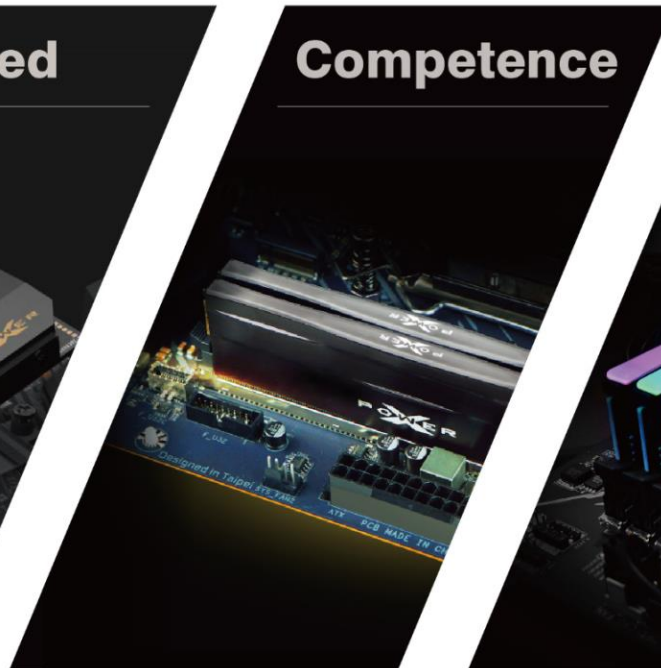
Gaming Products

In response to the E-sports market trend, SP Silicon Power insists on providing gamers with top-notch computer components to meet their requirements for smooth operational performance and a cool/personalized appearance.



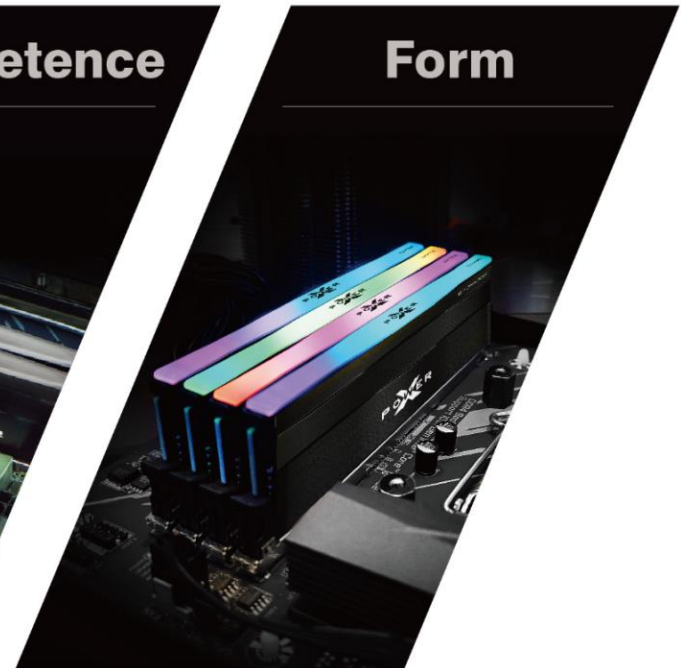
Speed

- Highest specification in the market- PCIe Gen 4x4 SSD
- Read and write speeds up to 7,300MB/s and 6,800MB/s
- High performance, low latency, low power consumption



Competence

- Cater to E-sports professionals/ assembly masters/overclockers
- Professional design with superior heat dissipating efficiency
- Provide high-quality after-sales service



Form

- Unique visual designs
- Combine aesthetics with practical design language
- Compatible with a variety of gamer themes

Industrial Solutions

Healthcare



- Top 5 Best CPAP Machines of 2021
- High-end medical on ultrasound & CT, supply COVID-19

Casino Gaming



- Top 3 customers of gaming in US & Japan
- Customized high speed read/write SSD

Transportation



- Japan JR Yamanote and China train
- High endurance storage for train recording & control

Cloud Computing & Networking



- Obtained a pioneering US 5G supplier in the United States, as SP's supplier
- Wide-temperature compact size M.2 SSDs

POS



- POS systems for top-3 Japanese retail stores
- Customized power failure protection for SSDs

Surveillance & NVR



- Tier 1 Automotive companies' Recorder
- Wide-temperature in-vehicle SSD & flash cards

Exclude Intermediate Distributors. Do Business Directly with Clients.

Global sales in more than 140 countries. Transactions with more than 2,600 clients.

The closest distance to the client

The current business strategy is to exclude intermediate distributors and do business directly with customers. In addition to cutting costs, the advantage of this is that it can allow a rapid market response and give the ability to timely adjust to the changes in demand around the world. When problems arise, they can also directly communicate with clients to solve problems, work together, and get closer to the end market.

Quicker response

Go deep into the end market, care about the depletion of customer inventory, and assist in sales. SP Silicon Power recommends and assists our clients with placing 4 separate orders in a month to reduce the possible negative impact of price fluctuations on clients, so that our clients can plan their marketing strategy flexibly. Also, smooth circulation of goods helps keep the business healthy.

Efficient delivery within 48 hours

Prices in this industry fluctuate greatly. Customers mainly sell products during the golden period on weekends. In order to ensure that customers have real-time prices and sufficient volume for sales, SP Silicon Power strives for shipment efficiency, shipping within 48 hours after order confirmation to prevent customers from being affected by price fluctuations, which would impact their profitability. We coexist and prosper with our customers.

Diversified Operations. Risk Spreading.

Channel/customer-diversified business model

Channel diversification

In addition to existing sales channels, in recent years, SP Silicon Power has focused on three major areas - "Industrial Control System," "B2B channel," and "E-commerce platform" in response to trends and demands. Having multiple channels has allowed for diversified operational performance as well as a balanced development of product lines.

Client diversification

Manage customer relationships steadily, build a complete customer base, reduce the ratio of dealers/agents, do business directly with customers, and trade with more than 2,600 customers. These are the ways in which we ensure that SP Silicon Power mitigates the risk of big customers reducing purchases and also allows us to interact and communicate with customers directly.

Smaller, more frequent orders

Establish a reasonable and safe inventory level based on the end-user demand and combine the efforts of PM, production management, and procurement colleagues to continuously and closely monitor raw materials and market prices. Due to the small and multi-order order mode, the production capacity can be efficiently scheduled to ensure uninterrupted customer fulfillment. We provide immediate supply to meet customers' needs for a variety of items to be purchased at one time.



Operating Performance

Global Presence & Localized Management

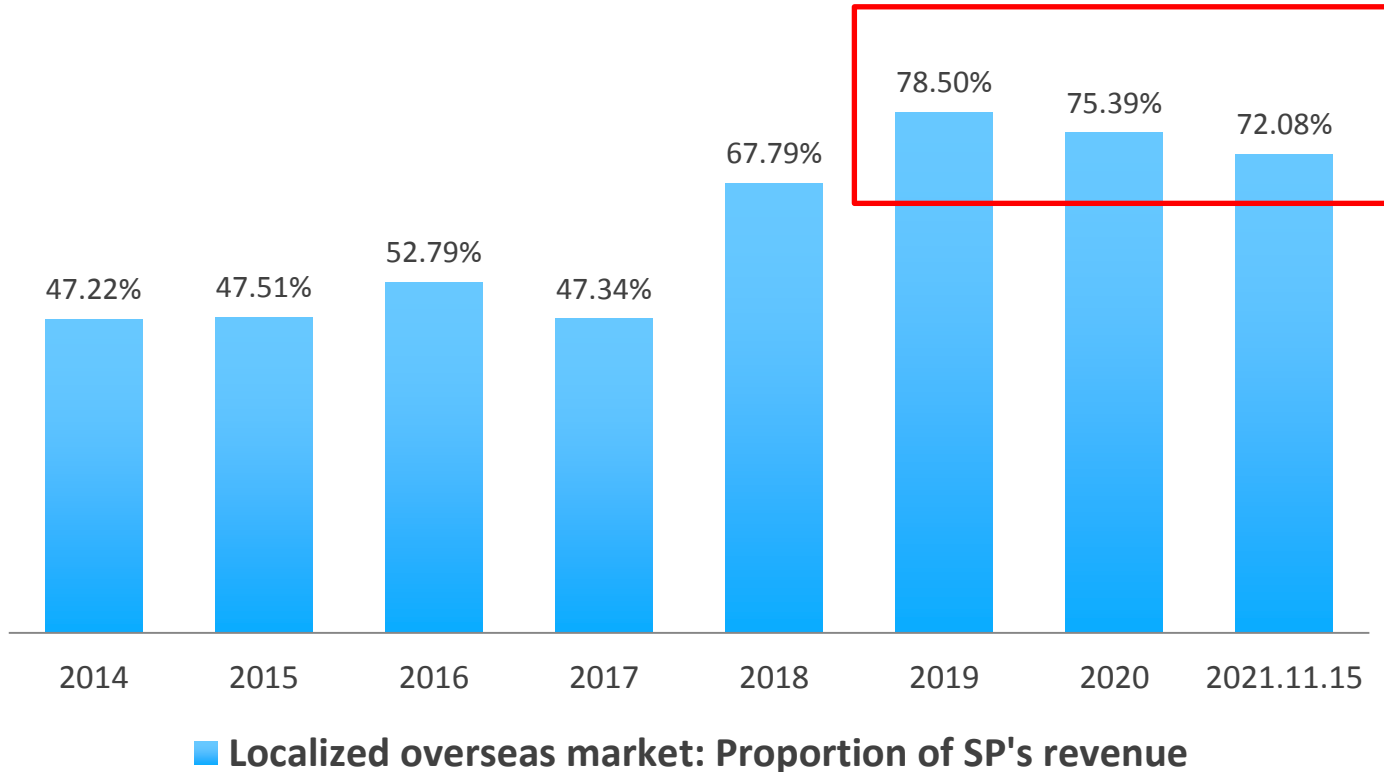
Since its inception, SP Silicon Power has advanced to the global market and has deepened localization operations with 18 locations worldwide. Each of the Japanese and Dutch subsidiaries has more than 20 local employees. We have sold our own-brand products in more than 140 countries worldwide and cultivated more than 2,600 clients.





Analysis of revenue share for the localized operation market in the past five years

About one-third of SP Silicon Power's colleagues are deployed overseas, and this is the source of most of our business. Historically, more than 60% of SP Silicon Power's business came from overseas, so it has been very important to have experienced local talents, which is one of SP's operating advantages. The strategic results of our focus on this can clearly be seen from the operating performance. In the most recent years, more than 70% of SP's revenue has now come from overseas markets with local talents.



International Affirmation. Surpass Competitors.

Focusing on providing a variety of uniquely designed products, SP Silicon Power continuously invests in technological innovation and insists on providing consumers with high-quality products. Quality control is strictly implemented in the manufacturing process. To this day, SP Silicon Power has won 132 domestic and foreign product awards, with an average of at least 4 awards per year.



2016-2021
5 Products



2014-2017
3 Products



2008-2022
53 Products



2012-2021
22 Products



product
design
award

2015-2018
7 Products



COMPUTEX
d&i awards

2012-2018
11 Products



National
Innovation
and Creative
Award
國家發明創作獎

2010-2021
10 Products



2013-2018
15 Products



reddot award
product design

2013-2021
5 Products



INTERNATIONAL DESIGN
EXCELLENCE AWARDS '15

2013
1 Product



Operating Performance

Domestic & International
Product Design Awards

Won **132** product awards

Industrial Design Team

With average
experience of over **10** years

Product Selection

Over **4,000** items

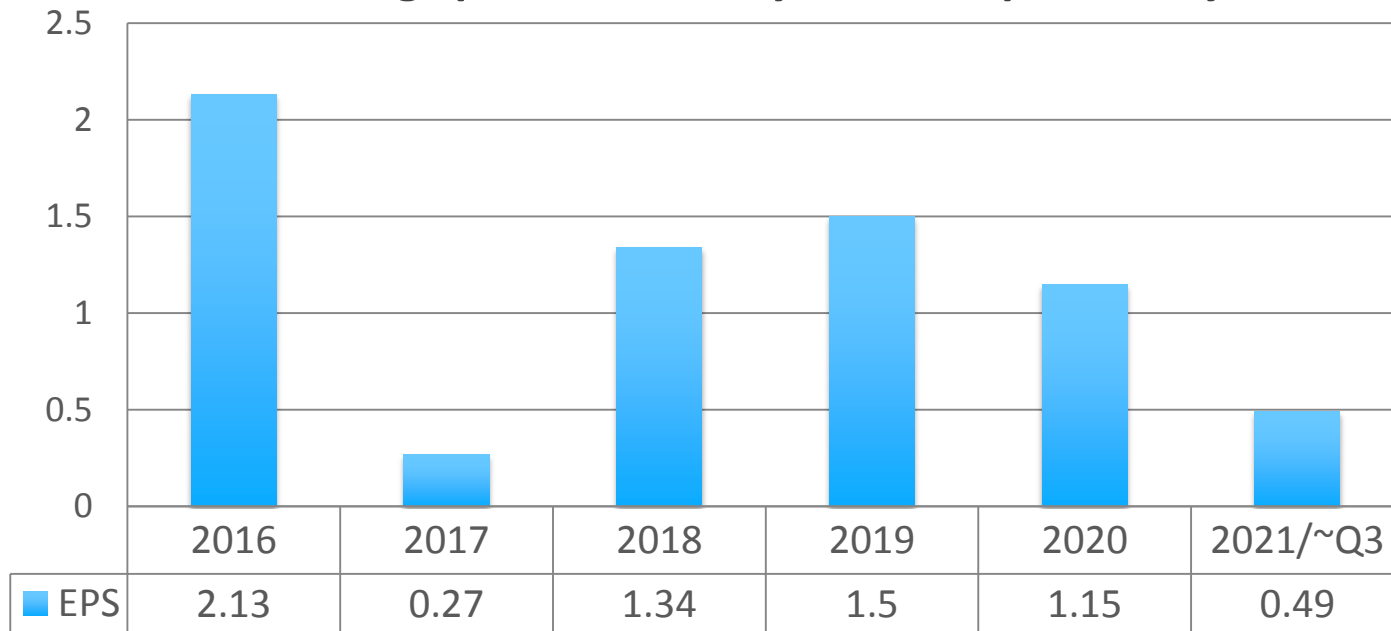




Steady Operation. Profitable Year After Year.

Despite constant changes in the price of NAND Flash, SP Silicon Power has made profits year after year since its official operation in 2004 due to superior inventory management, exceptional manufacturing efficiency, international brand value, diversified product advantages, and stable distribution channels. We create the greatest benefits for our customers, employees, and shareholders.

Earnings per share analysis in the past five years





Income Statement-2021/~Q3

Unit: NT\$ thousands

	2021/~Q3		2020/~Q3	
Operating Revenue	3,015,908	100	3,137,647	100
Operating Costs	(2,648,882)	(88)	(2,730,910)	(87)
Gross Profit	367,026	12	406,737	13
Operating Expense	(335,457)	(11)	(374,331)	(12)
Operating Income(Loss)	31,569	1	32,406	1
Non-Operating Income	3,662	-	28,058	1
Income before Tax	35,231	1	60,464	2
Net Income	31,145	1	47,102	1
EPS (NTD)	0.49	-	0.74	-



Balance Sheet-2021/9/30

Unit: NT\$ thousands

	2021/9/30		2020/12/31		2019/12/31	
Cash and Cash Equivalents	460,464	15	520,205	21	399,544	15
Receivables Net	403,028	14	440,559	17	522,797	20
Inventories	977,857	33	691,245	27	796,261	30
Other Current Assets	75,815	2	52,565	2	79,167	3
Current Assets	1,917,164	64	1,704,574	67	1,797,769	68
Financial Assets -Non-Current	768,600	26	511,875	20	502,500	19
Property, Plant and Equipment	229,885	8	236,027	10	242,248	9
Other Non-Current Assets	79,096	2	76,331	3	100,255	4
Non-Current Assets	1,077,581	36	824,233	33	845,003	32
Total Assets	2,994,745	100	2,528,807	100	2,642,772	100



Balance Sheet-2021/9/30

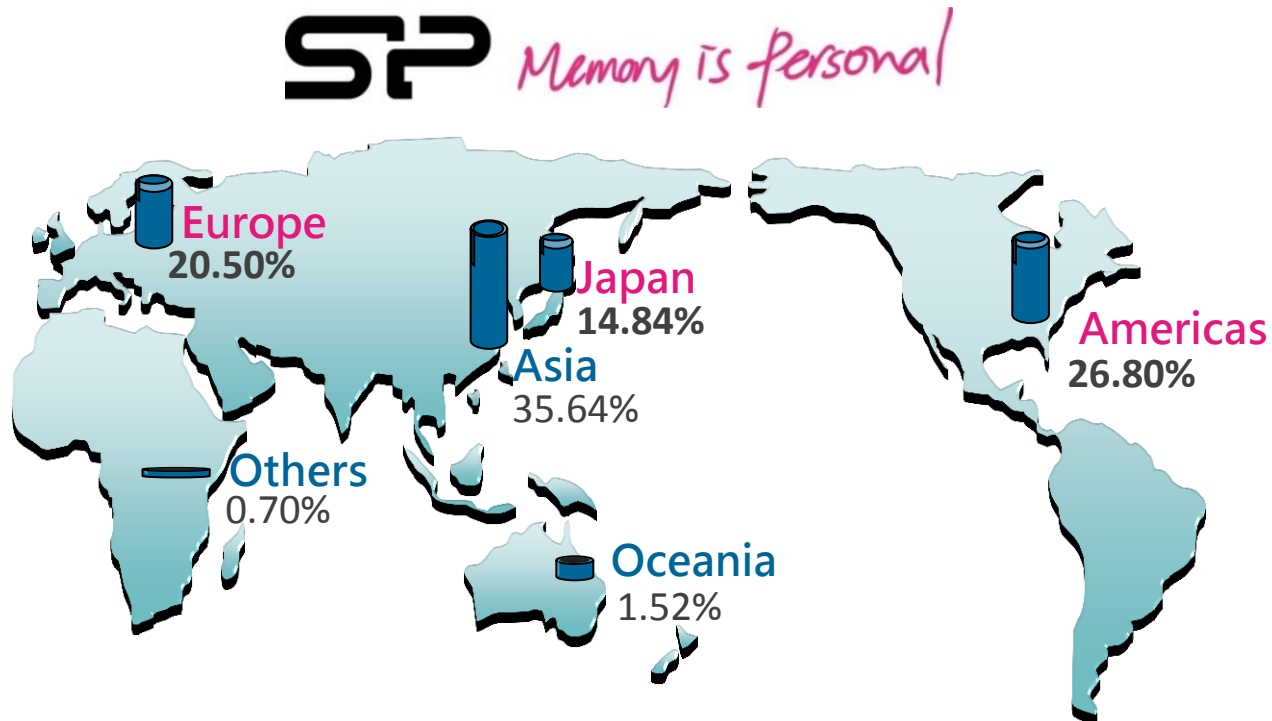
Unit: NT\$ thousands

	2021/9/30		2020/12/31		2019/12/31	
Short-Term Loans	540,000	18	210,000	8	240,000	9
Trade Payables	259,969	9	307,161	12	381,401	14
Other Payables	111,172	4	144,686	6	135,674	5
Other Liabilities	50,190	1	59,645	3	66,062	3
Total Liabilities	961,331	32	721,492	29	823,137	31
Common Stock	635,058	21	635,058	25	635,058	24
Capital Surplus	309,486	10	309,143	12	309,143	11
Retained Earnings	468,627	16	500,988	20	505,222	20
Other Equity	620,243	21	362,126	14	370,212	14
Stockholders' Equity	2,033,414	68	1,807,315	71	1,819,635	69
Liabilities and Equity	2,994,745	100	2,528,807	100	2,642,772	100

Brand Cultivation. Increased Market Share.

from emerging market to mature market

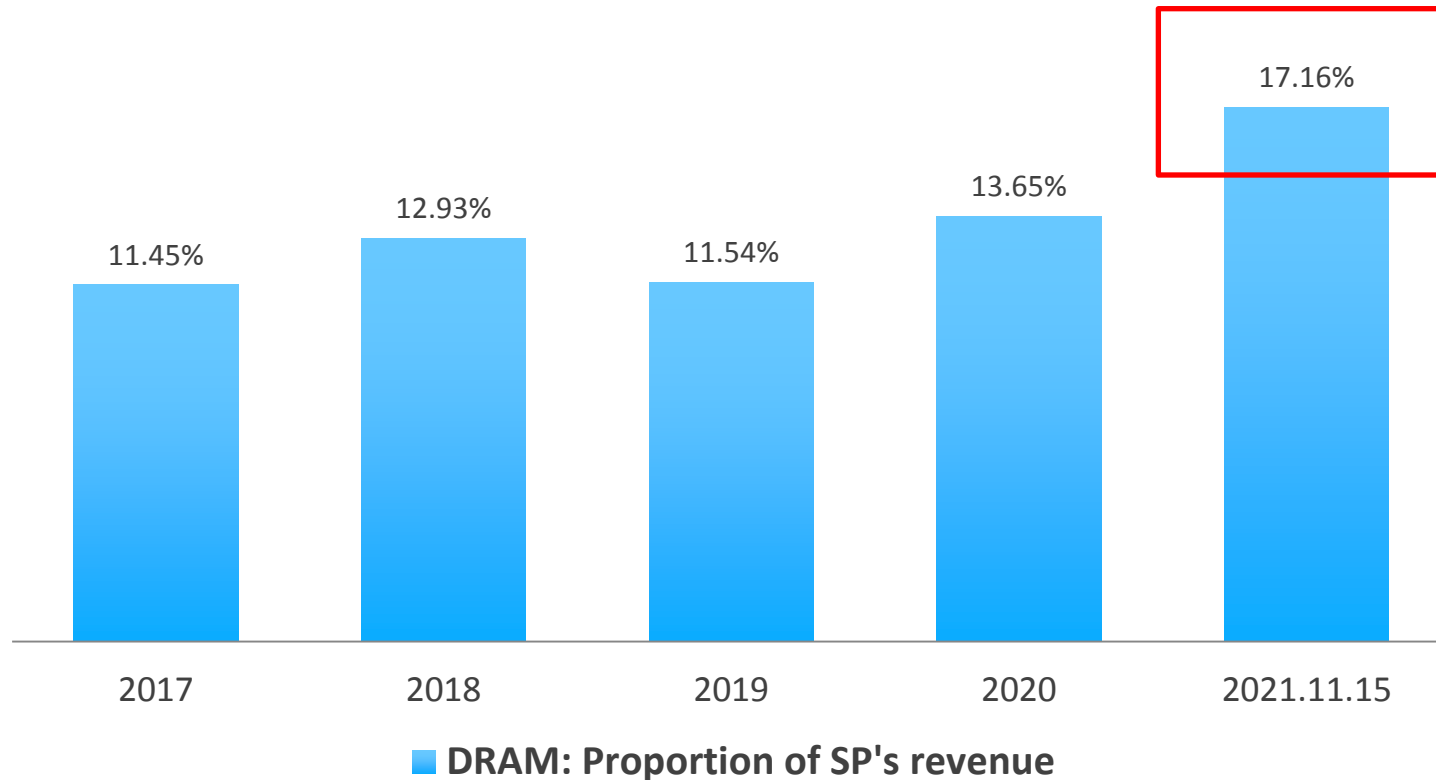
Since the very first order received, we have insisted on using the brand name "Silicon Power." Over the years, we have continued to sell our own-brand products and focus on our industry, quality, continuous innovation, and research and development, and have repeatedly won world-class awards. With the continuous development of the SP brand image to expand the market share, Silicon Power's brand has been elevated year after year, and the profit margin has gradually increased with it.



Focus on Strengthening Featured Products

Analysis of the revenue proportions of gaming products and DRAM in the past five years

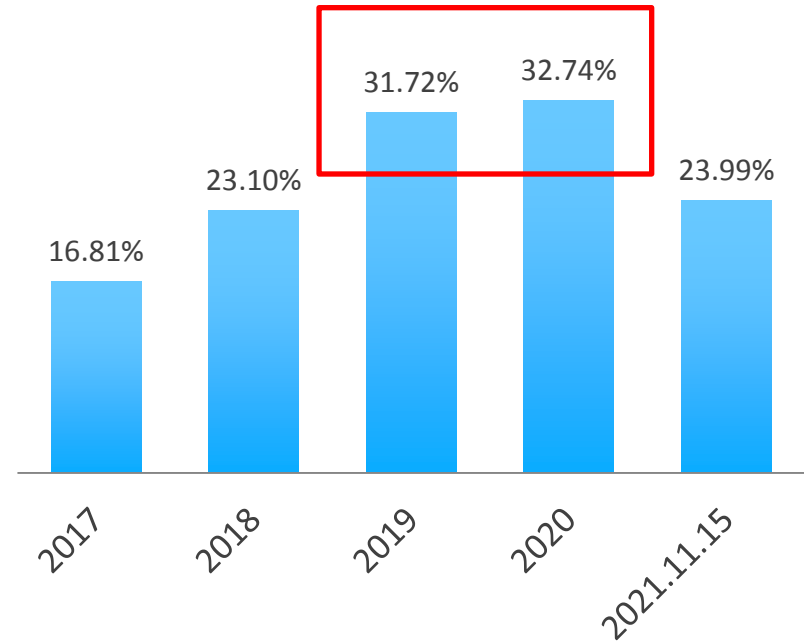
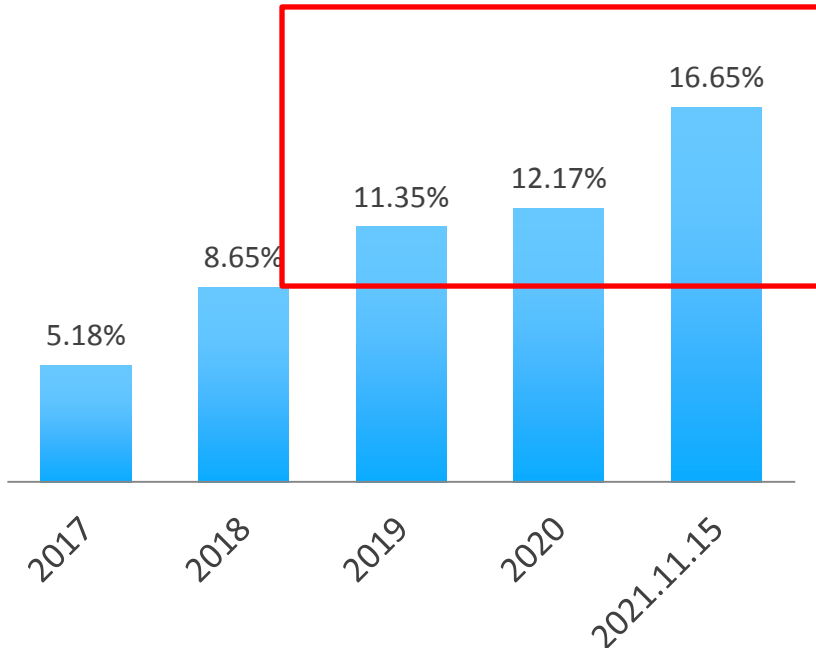
In recent years, SP Silicon Power has focused on increasing the sales of gaming products and DRAM. As of mid-November this year, these have accounted for more than 17% of SP's revenue, and has continued to grow steadily.



Diversified Customer Groups to Expand Channels

Analysis of the proportion of industrial control and E-commerce market revenue in the past five years

SP Silicon Power has a complete and diversified customer base that places orders on a weekly basis to ensure stable operations. The industrial control business and E-commerce channels that have been invested in recent years have also steadily expanded and grown. In the past three years, the industrial control business revenue has stabilized at more than 10% of the overall revenue, and more than 30% of the revenue has come from E-commerce channels. These operating results have been remarkable.



■ Industrial: Proportion of SP's revenue

■ E-commerce: Proportion of SP's revenue



Future Prospects



Strengthen Localized Market Operations

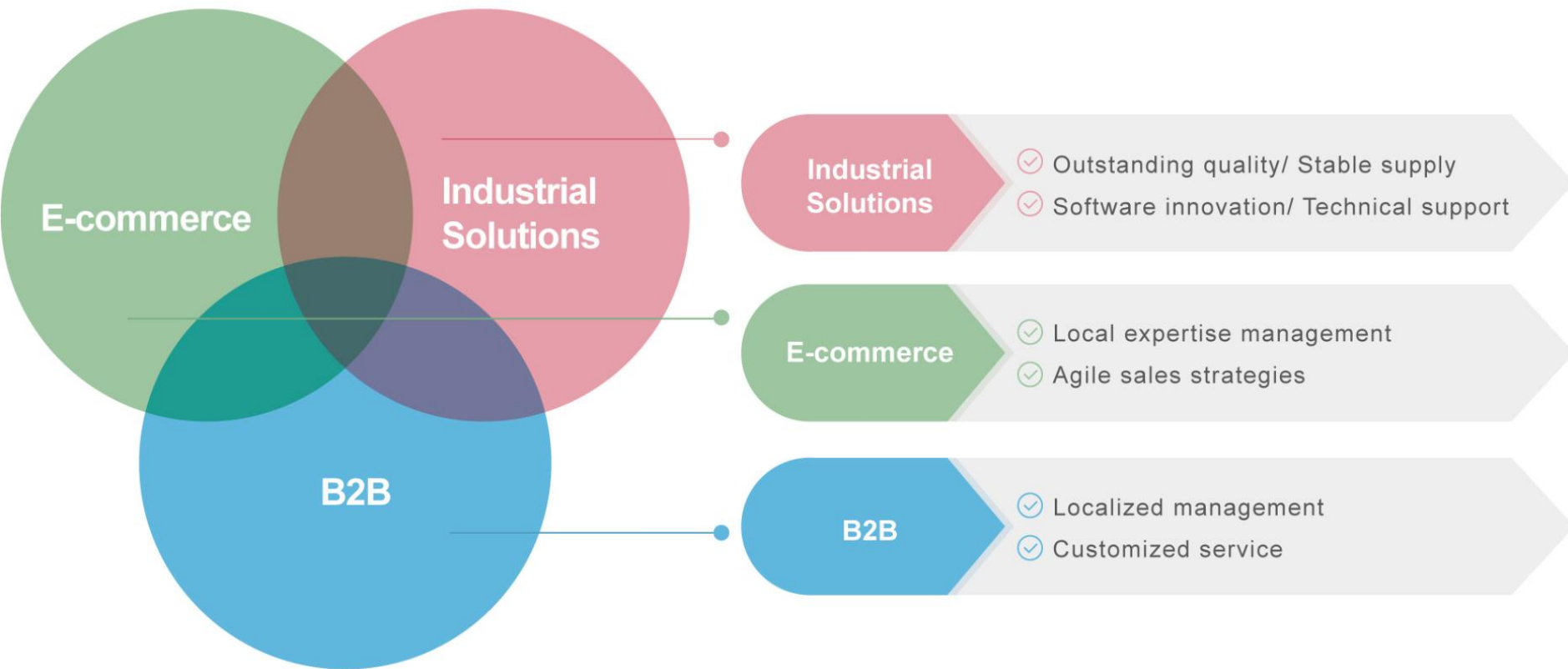
Deepening current penetration of existing markets - Japan / U.S.A. / Europe

- The international situation has been unstable for years and interfered with the strong U.S. dollar, causing repeated impacts on the economies and consumption power of emerging countries. SP Silicon Power gradually reduced the proportion of sales in emerging markets and shifted its focus on advanced countries such as the United States, Europe, and Japan.
- "A strong display of brand power." Consumers in Europe, America, and Japan care about brands and quality. Once recognized, SP Silicon Power will not only open the market and gain brand loyalty, but it will also have pricing advantages, leading to a stable gross profit margin and ensuring a long-term profit increase.

Continually expand the localized market operations

- Market of Industrial Control: The proportion of Q320 revenue continued to expand, and professional industrial control teams were established in the United States, Europe, Japan and China.
- Chinese Market: There are two strategies for establishing a professional team; one is to meet the needs of industry applications and the other is to deepen the channel.
- Developing Country Markets: These markets have great potential, such as India, Turkey, and many countries in South Asia.

Focus on Key Channel Development



Continuous Diversified Product Development



- Gaming**
 - High-speed PCIe SSDs
 - DDR5
 - Cool/ Stylish appearance
- Strategic Products**
 - Meet the full needs of key customers and advantageous channels/markets
- Computer/ Mobile Device Peripherals**
 - Military standard shockproof, waterproof, and dustproof
 - Two-way fast charge
 - USB 3.2
 - Lightweight and portable

Cultivate Local Talent

Diligently cultivate local talent

- Implement localized business strategies and hire/train local talents.
- Rely on outstanding local talents.
 - (1) Japan branch office: hired 22 Japanese employees
 - (2) Netherlands branch office: hired 20 European employees

Focus on personnel growth training

Our sustainable business philosophy: "sharing, caring, and trustworthy"

- **Sharing:** Focus on the brand vision. All employees participate in the efforts to achieve corporate goals. We share profits with employees.
- **Caring:** Value work achievements and the work-life balance of each employee.
- **Trustworthy:** SP Silicon Power hopes to become a trustworthy partner to employees, suppliers, and consumers.

Strong R&D/Industrial Design Team

Build a comprehensive R&D team

- SP Silicon Power values the importance of R&D talents, including hardware R&D, software and firmware development, institutional development, and industrial design. We continue to hire and cultivate R&D talents.

Various awards in successive years

In 2021, SP Silicon Power has continued its amazing record of winning awards. In addition to being widely recognized by customers and consumers, SP has also received numerous domestic and foreign awards.

- [German Design Award](#)
- [Red Dot Design Award](#)
- [Taiwan Excellence Award](#)
- [Golden Pin Design Award](#)





Q & A

SP

Memory is personal

Thank you
