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Silicon Power 2023 Investor Conference

2023/12/25

Disclaimer

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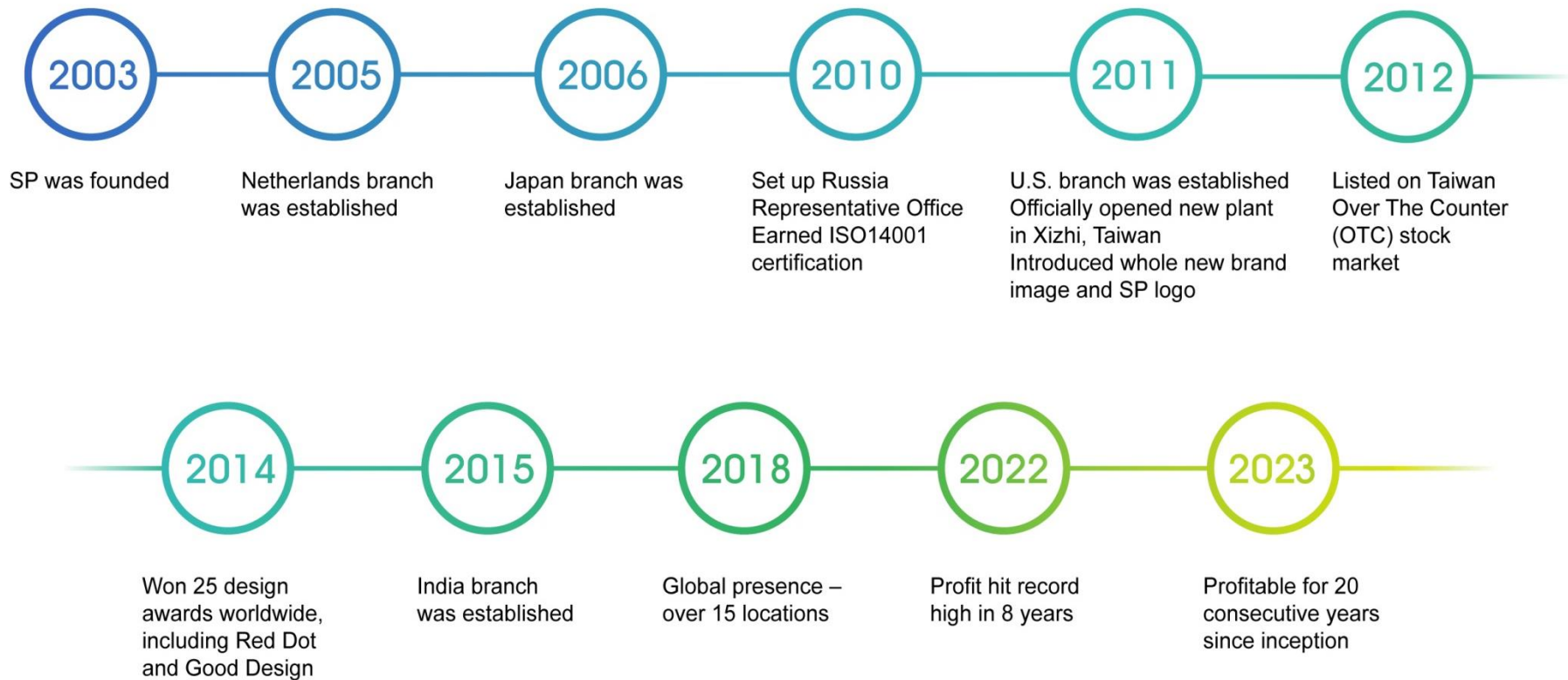
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- The background of the slide is a grayscale image of a printed circuit board (PCB). A large, square integrated circuit (chip) is the central focus, with its intricate internal structure and various components visible. The board is populated with numerous smaller components, including resistors and capacitors, which are slightly out of focus compared to the main chip. The overall aesthetic is technical and modern.
- About SP
 - Core Values
 - Operating Performance
 - Future Prospects
 - Q&A



About SP



Founded	February 2003
IPO	June 2012
Capital	US\$ 20,688,015
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 148 rewards from all over the world
Factory	Xizhi, Taiwan
Manufacturing and Selling	Own-brand products, manufactured in our factory in Taiwan





Core Values



Direct Supply Model: Close to the End Market

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

Close to the end market

The advantage of adopting a direct supply model is that it can provide more competitive product prices, deliver rapid market responses, and instantly adapt to changes in demand around the world. When problems arise, we can directly communicate with customers to work together and solve problems.

Quicker response

Go deep into the end market, care about the depletion of customer inventory, and assist in sales. SP 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.

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 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 grow and prosper with our customers.

Multiple, small-quantity orders

SP establishes a reasonable and safe inventory level based on end-user demands and combines the efforts of the PM, production management, and procurement teams to continuously and closely monitor raw materials and market prices. With small but consistent orders, we can efficiently schedule the production capacity to ensure uninterrupted customer fulfillment. We provide immediate supply to meet customers' needs for a variety of items to be purchased at one time.

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

Product innovation

Continuous investment in R&D to provide high-performance storage products that are stylish and well-designed

Customized services

Provide a customized product portfolio in response to market demand

Design Diversity

Utilize all kinds of materials/capacities/functions

Military-Grade Protection

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



Gaming Products

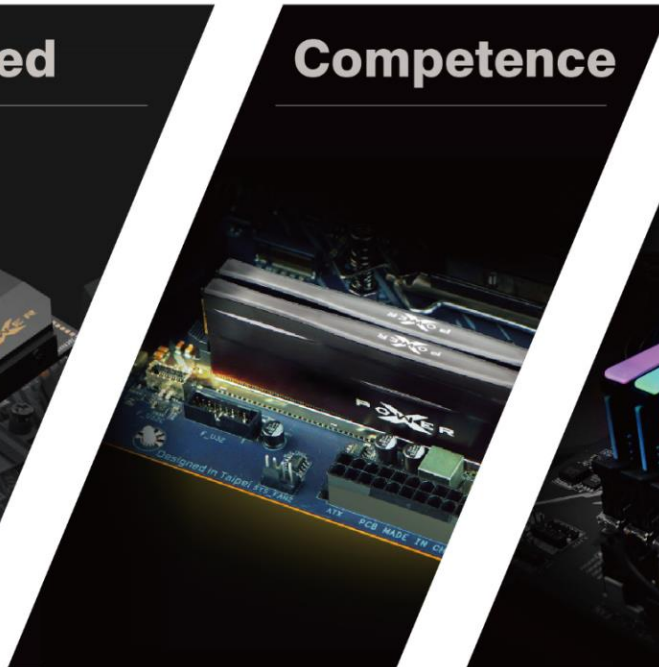
In response to the E-sports market trend, SP insists on providing gamers with top-notch computer components to meet their requirements for smooth operational performance and a cool/personalized appearance.

Speed



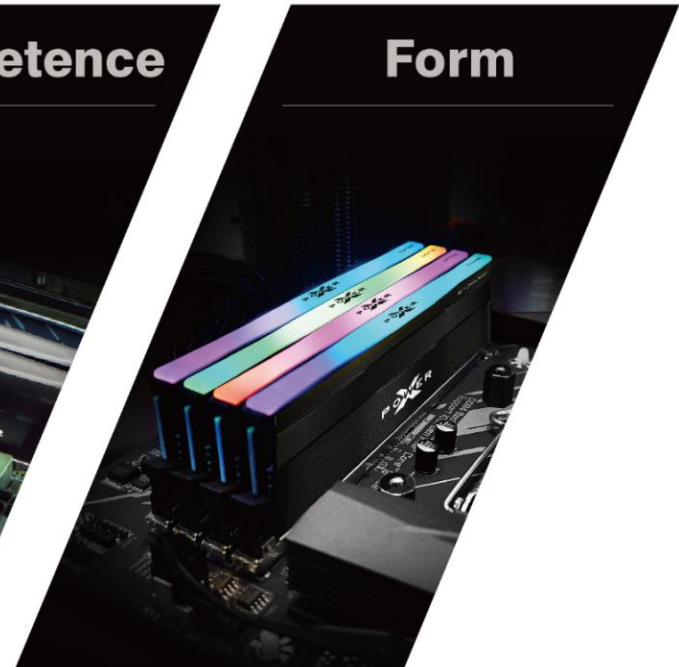
- Highest specification in the market- PCIe Gen 4x4 SSD
- Read and write speeds up to 7,300MB/s and 6,800MB/s
- High performance, low latency, low power consumption

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 ultrasound & CT COVID-19 support

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 M.2 SSDs

POS



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

Surveillance & NVR

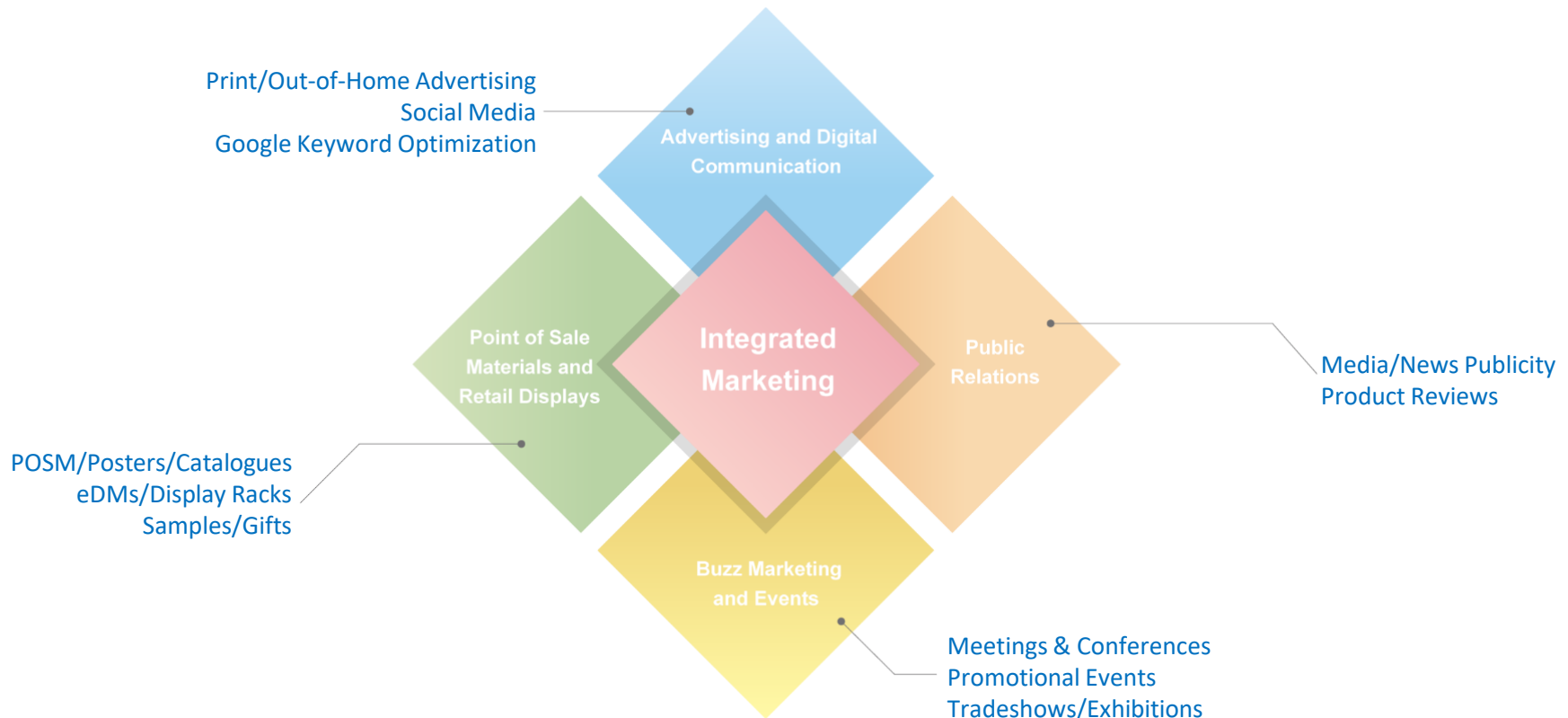


- Tier 1 Automotive companies' Recorder
- Wide-temperature in-vehicle SSDs & flash cards

Comprehensive Integrated Marketing

Annual marketing expenses account for nearly 8% 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.



Global Presence & Localized Management

Since its inception, SP has advanced to the global market and has deepened its localized operations with 21 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.



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 has successfully sold to more than 140 countries, garnering both support and an excellent reputation all over the world.

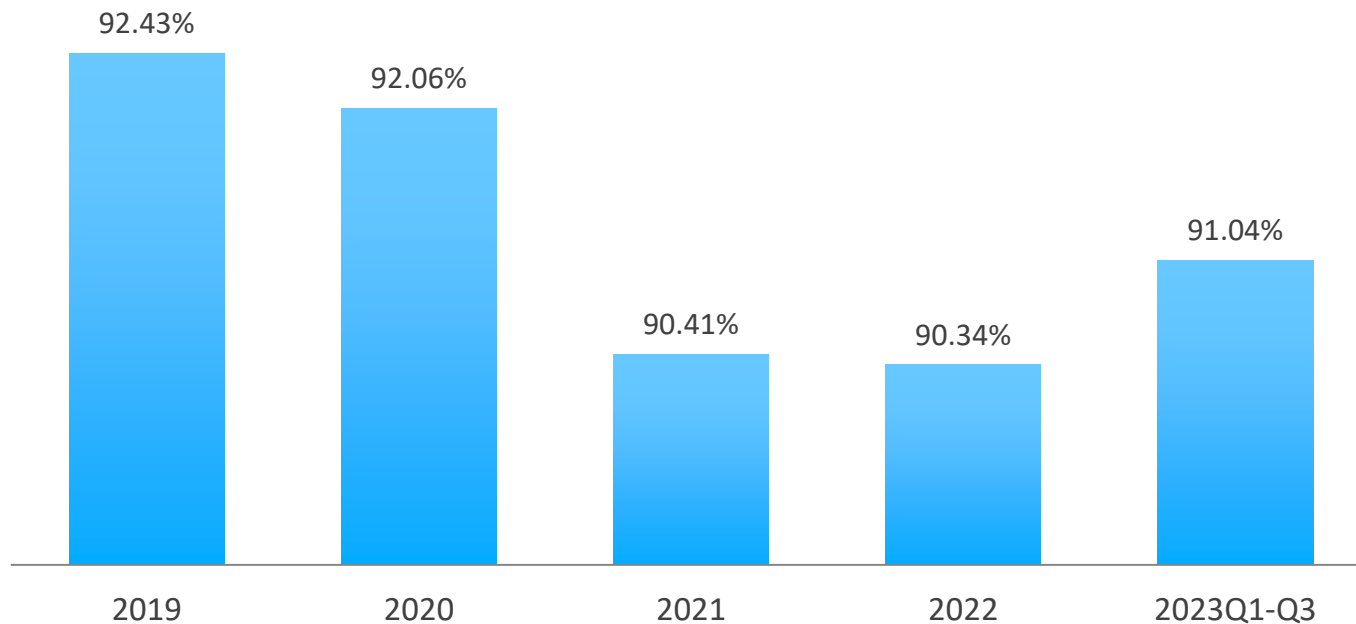
- ✔ Sold to over **140** countries
- ✔ Over **2,600** business partners
- ✔ Received **148** awards from all over the world
- ✔ Foreign expertise accounts for more than **34%** of all employees



Operating Performance

Analysis of revenue share for the overseas market in the past five years

SP's business comes from all over the world, and having excellent local talents is one of SP's business advantages. The strategic results can also be clearly seen from the operating performance. In recent years, more than 90% of SP's revenue contribution has come from overseas markets where local talents are deployed.

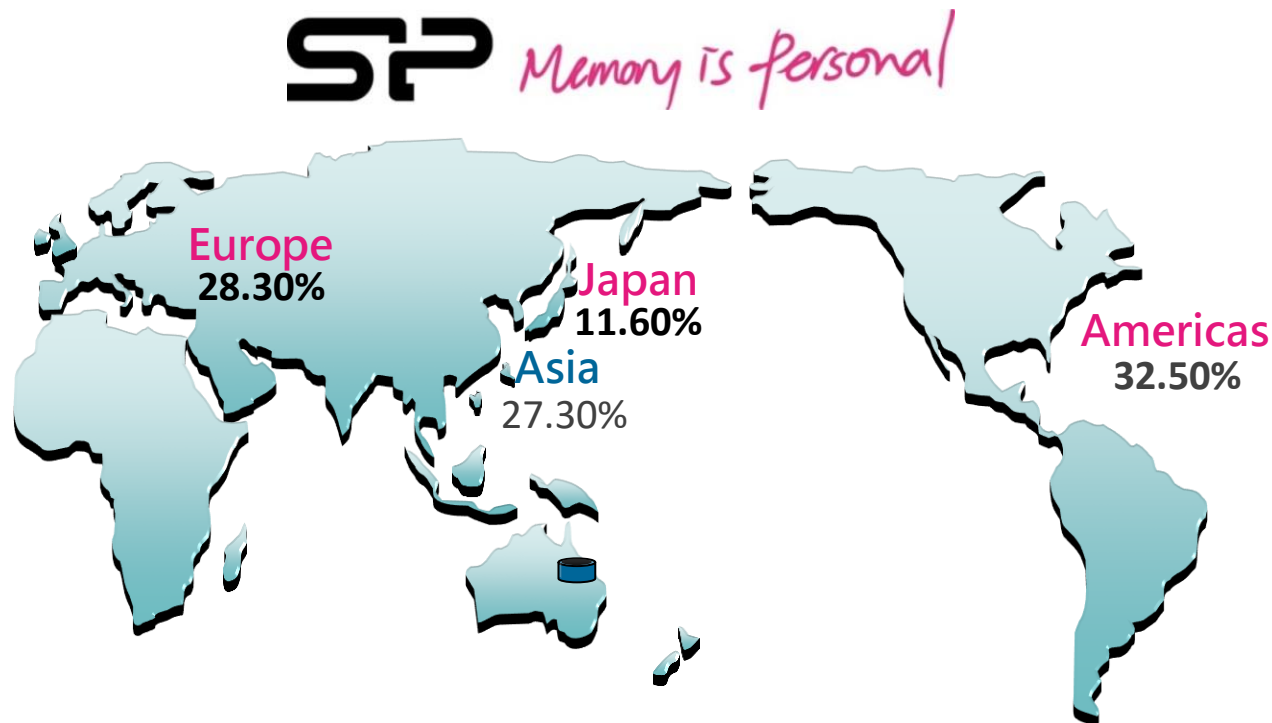


■ Overseas market: Proportion of SP's revenue

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.



International Affirmation. Surpass Competitors.









Focusing on providing a variety of uniquely designed products, SP 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 148 domestic and foreign product awards, with an average of at least 7 awards per year.

 2016-2021 6 Products	 2014-2022 6 Products	 2008-2021 55 Products	 2012-2021 23 Products
 2015-2023 9 Products	 2012-2021 13 Products	 2010-2023 11 Products	 2013-2018 15 Products
 2013-2022 9 Products	 2013 1 Product		

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>#1</p>  <p>CORSAIR VENGEANCE RGB DDR5 RAM 32GB (2x16GB) 6000MHz CL36 Intel XMP iCUE Compatible Computer Memory - White... ★★★★★ 53 \$105.99</p>	<p>#2</p>  <p>Lexar ARES RGB 32GB (2x16GB) DDR4 RAM 3600MT/s CL18 Desktop Memory, Compatible with Intel XMP 2.0 and AMD Ryzen (Black)... ★★★★★ 75 \$69.99</p>	<p>#3</p>  <p>Silicon Power Value Gaming DDR5 32GB (2x16GB) 6000MHz (PC5-48000) 288-pin CL30 1.35V UDIMM Desktop RAM Computer... ★★★★★ 57 1 offer from \$132.95</p>	<p>#4</p>  <p>Lexar THOR 16GB (2x8GB) DDR4 RAM 3200MT/s CL16 Desktop Memory with Heatsink, Intel XMP 2.0 (Black)... ★★★★★ 14 \$33.99</p>
<p>#9</p>  <p>Silicon Power 2TB UD90 2230 NVMe 4.0 Gen4 PCIe M.2 SSD R/W up to 5,000/3,200MB/s Solid State Drive Compatible with Steam Dec... ★★★★★ 1,071 1 offer from \$162.99</p>	<p>#10</p>  <p>Corsair MP600 CORE Mini 2TB M.2 NVMe PCIe x4 Gen4 2 SSD - M.2 2230 - Up to 5,000MB/sec Sequential Read - High-Densit... ★★★★★ 28 \$199.99</p>	<p>#11</p>  <p>Somnambulist SSD 256GB SATA III 6Gb/s 2.5" 7mm(0.28") Internal Solid State Drive Read Speed Up to 550Mb/s for Laptop and Pc H65... ★★★★★ 1,160 \$17.99</p>	<p>#12</p>  <p>Lexar NM790 SSD 2TB PCIe Gen4 NVMe M.2 2280 Internal Solid State Drive, Up to 7400MB/s, Compatible with PS5, for Gamers... ★★★★★ 523 \$112.99</p>



amazon.co.jp

#13



シリコンパワー SSD 1TB 3D NAND採用 SATA3 6Gb/s 2.5インチ 7mm PS4動作確認済 3年保証 A55シリーズ…
★★★★☆ 8,969
¥8,180

#14



日本サムスン Samsung 980 PRO ヒートシントクモデル 2TB PS5動作確認済み PCIe 4.0(最大転送速度 7,000MB/秒) NVMe M.2 MZ…
★★★★☆ 1,578
1個の商品： ¥22,000から

#15



Lexar 2TB NVMe SSD グラフェン放熱シート PCIe Gen 4x4 最大読込 7400MB/s 最大書き込み 6500MB/s PS5確認済み M.2 Type 2280 内…
★★★★☆ 316
5個の商品： ¥17,980から

#16



Western Digital ウェスタンデジタル 内蔵SSD 1TB WD Black SN770 ゲーム向け PCIe Gen4 M.2-2280 NVMe WDS100T3X0E-EC (国内…
★★★★☆ 1,035
4個の商品： ¥12,571から

#1



Team DDR4 3200Mhz PC4-25600 16GBx2 枚 (32GBkit) デスクトップ用メモリ Elite Plus シリーズ 日本国内無期限正規保証
★★★★☆ 2,711
1個の商品： ¥15,000から

#2



シー・エフ・デー販売 CFD販売 CFD Standard デスクトップ用 メモリ DDR4 3200 (PC4-25600) 16GBx2枚 288pin DIMM 相性保証…
★★★★☆ 853
10個の商品： ¥7,284から

#3



シリコンパワー ノートPC用メモリ 1.35V (低電圧) DDR3L 1600 PC3L-12800 8GBx2枚…
★★★★☆ 8,790
¥2,790
28ポイント(1%)

#4



SP Silicon Power シリコンパワー ノートPC用メモリ DDR3 1600 PC3-12800 8GBx2枚…
★★★★☆ 8,790
¥2,790
28ポイント(1%)

#17



Gigastone マイクロSDカード 256GB Nintendo Switch 動作確認済 転送速度…
★★★★☆ 30,890
¥4,280
43ポイント(1%)

#18



SP Silicon Power シリコンパワー microSD カード 256GB 【Nintendo Switch 動作確認済】4K対応 class10 UHS-1 U3 最大読込100MB…
★★★★☆ 7,782
1個の商品： ¥2,480から

#19



マイクロSDカード microSD 512GB SanDisk サンディスク UHS-I Class10 Nintendo Switch動作確認済 SDSQUAC-512G-GN6M…
★★★★☆ 548
9個の商品： ¥5,194から

#20

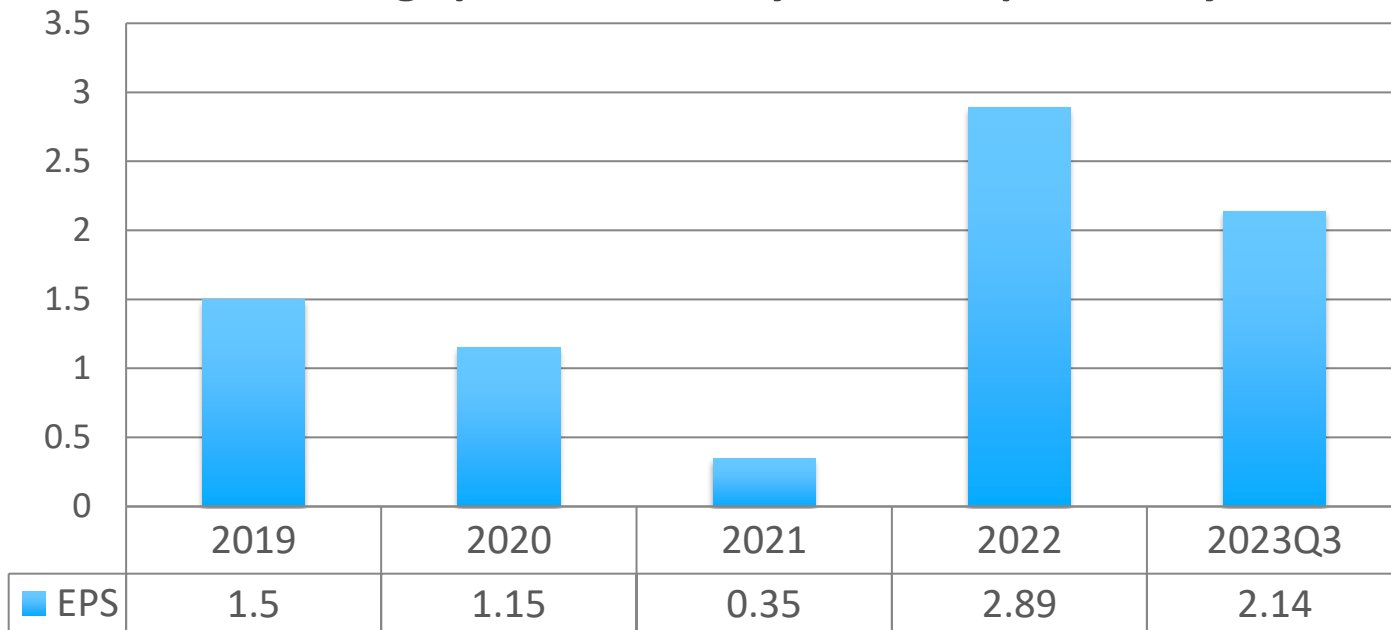


Gigastone マイクロSDカード 128GB Nintendo Switch動作確認済 転送速度…
★★★★☆ 44,673
¥2,480
25ポイント(1%)

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-2021~2023

Unit: NT\$ thousands

	2023 (1/1-9/30)		2022		2021	
Operating Revenue	3,318,603	100	4,344,538	100	4,189,050	100
Operating Costs	(2,651,923)	(80)	(3,667,230)	(84)	(3,701,244)	(88)
Gross Profit	666,680	20	677,308	16	487,806	12
Operating Expense	(608,858)	(18)	(650,318)	(15)	(454,491)	(11)
Operating Income	57,822	2	26,990	1	33,315	1
Non-Operating Income (Expenditure)	95,507	3	176,505	4	(9,574)	(1)
Income before Tax	153,329	5	203,495	5	23,741	-
Net Income	135,300	4	183,307	4	22,523	-
EPS (NTD)	2.14	-	2.89	-	0.35	-

Balance Sheet-2023/9/30

Unit: NT\$ thousands

	2023/9/30		2022/12/31		2021/12/31	
Cash and Cash Equivalents	310,435	10	452,215	16	423,551	13
Receivables Net	398,233	13	453,566	16	496,749	15
Inventories	1,142,088	36	889,993	32	953,705	29
Other Current Assets	91,514	2	63,516	3	74,117	3
Current Assets	1,942,270	61	1,859,290	67	1,948,122	60
Financial Assets -Non-Current	931,647	29	611,937	22	1,008,000	31
Property, Plant and Equipment	244,364	8	224,545	8	229,802	7
Other Non-Current Assets	88,468	2	85,837	3	72,102	2
Non-Current Assets	1,264,479	39	922,319	33	1,309,904	40
Total Assets	3,206,749	100	2,781,609	100	3,258,026	100

Balance Sheet-2023/9/30

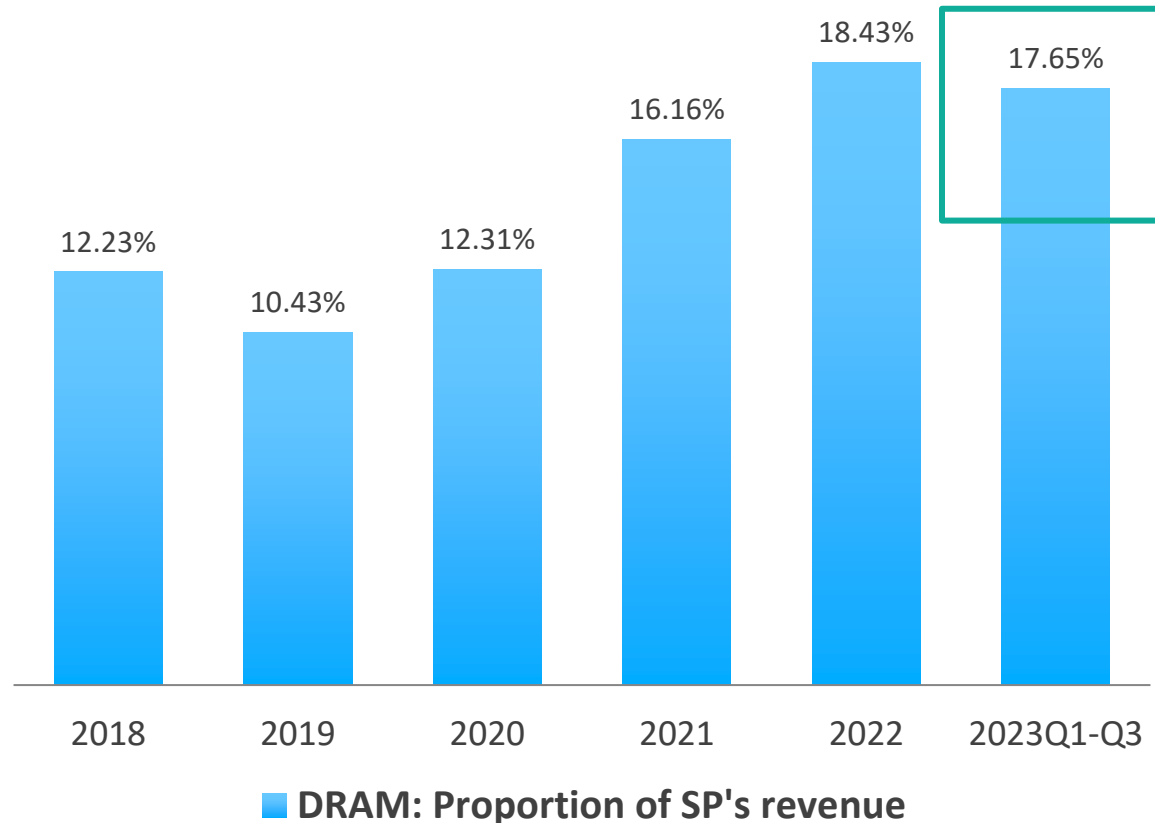
Unit: NT\$ thousands

	2023/9/30		2022/12/31		2021/12/31	
Short-Term Loans	460,000	14	370,000	13	540,000	17
Trade Payables	252,233	8	254,739	9	295,468	9
Other Payables	144,289	4	141,385	5	108,463	3
Other Liabilities	87,424	3	83,890	4	50,360	2
Total Liabilities	943,946	29	850,014	31	994,291	31
Common Stock	635,058	20	635,058	23	635,058	19
Capital Surplus	310,546	9	309,491	11	309,486	9
Retained Earnings	592,338	19	583,450	21	460,869	14
Other Equity	727,111	23	409,572	14	858,322	27
Treasury stock	(2,250)	-	(5,976)	-	-	-
Stockholders' Equity	2,262,803	71	1,931,595	69	2,263,735	69
Liabilities and Equity	3,206,749	100	2,781,609	100	3,258,026	100

Focus on Strengthening Featured Products

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

In recent years, SP has focused on increasing the sales of gaming products and DRAM. As of 2023Q3, these have accounted for more than 17% of SP's revenue, and has continued to grow steadily.





Future Prospects



Extend and Enhance Operations in Mature Markets

Focus on existing major markets - United States / Japan / Europe

- Channels: Diversify channels with a focus on gaming, military, education, government, and system integration sectors.
- Customers: Continuously expand the customer base, adopting a direct-to-brand supply model to be close to end customers.
- Products: Develop niche products tailored to the diverse application needs of various consumer segments.
- Strategies: Refine operations, focusing on brand investment and sustainable development.

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 21 European employees](#)

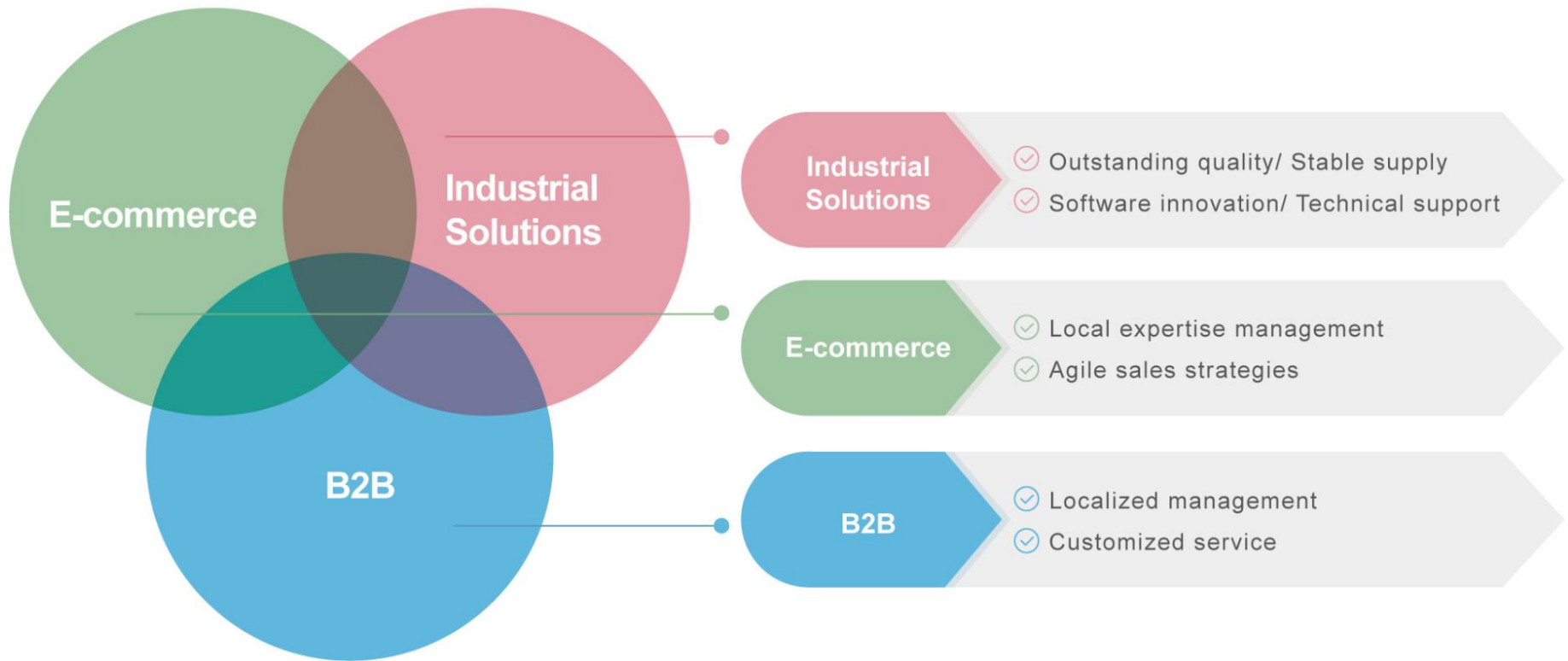
Establish and Strengthen Core Competitiveness in Key Markets

**Strengthen key markets - China / India / Vietnam / Mexico /
Indonesia / South Korea / Thailand / Philippines**

- Channels: Expand both online and offline sales channels to broaden touch points.
- Products: Tailor product portfolios to meet local market demands.
- Strategies: Expand the local talent team rapidly to capture market share swiftly.



Focus on Key Channel Development



Continue to increase global DRAM market share

- In addition to NAND flash products, SP will leverage its existing channel advantages and brand visibility to expand its presence in another mainstream product category, DRAM.
- The rapid growth of the gaming industry has led to a sharp increase in demand for high-performance, high-speed memory. SP will focus on the gaming sector, developing niche products, and exploring more application areas in the future.



Focus on improving the value of the SP brand and products

- Continuously increase marketing resource allocation, maximize brand exposure globally, and strengthen SP's brand image.
- Enhance product quality and innovation capabilities to establish a positive reputation.
- Elevate the brand's engagement and commitment to sustainable development to create long-term brand value.





Q & A

SP

Memory is Personal

Thank you
