



Disclaimer

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Davicom Semiconductor, Inc.

(Ticker Symbol: 3094)

Investor Conference

15:00 Nov. 9, 2021

- Operating Policy
 - ✓ Focusing on the niche markets
 - ✓ Mastering the high gross profit margins
 - ✓ Developing the new businesses actively
 - ✓ Pursuing the company operation growth
- Providing highly reliable product quality, professional and thoughtful technical services
- Concentrated to the niche market required by a high security and stability
- Holding fast to 65~70% of gross margin to maintain the company's long-term profit
- Tracking the market trend
 - ✓ Developing a market-oriented connectivity components for the embedded ecosystem to enhance the product lines
 - ✓ Seeking a capital cooperation partners to expand the market and increase the revenue

Worldwide Headquarters



Located at Hsinchu Science Park, Taiwan, R.O.C.



Core Technology

**Ethernet
MAC & PHY**

Mixed Signal

RFID Omni-Solution

**Networking Protocol
Stacks**

AIoT & Algorithms

Video Decoder

USB & Interfaces

**Audio Signal
Processing**

DSP & Algorithms

Performance Retrospective, 1/2

Revenue and Profit

	<u>Q3/2021</u>	<u>Q3/2020</u>
Revenue	NTD 77,022K	NTD 57,149K
Gross Margin	74.19%	67.10%
EBT	NTD 24,899K	NTD 6,357K
EPS	NTD 0.26	NTD 0.07



Performance Retrospective, 2/2

Revenue and Profit, Q1~Q3/2021 vs. 2020

	<u>Q1~Q3/2021</u>	<u>Q1~Q3/2020</u>
Revenue	NTD 218,030K	NTD 170,690K
Gross Margin	70.30%	68.20%
EBT	NTD 60,542K	NTD 29,186K
EPS	NTD 0.63	NTD 0.30

The company founded 25 years and 65 successive quarters of 65%~70% margin by a high add-on value of services; Since the company's public listing, the annually average EPS around 1 NTD



Ethernet

- **DM9119 Transceiver with 10/100/1000Mbps**
- **Switch, Controller with USB & SPI**



E-Paper Display Driver (EPD)

- **Segment 36, 120, 126, 160**
- **Dot Matrix EPD Driver**



Video Decoder (VD)

- **1 and 4 channels; 720H and 960H resolution; mixer**



AI SoC

- **DM8111 (RISC-V, CIS (CMOS Image Sensor))**



Market & Operation Retrospective in 2021, 1/3

- The market impacted by COVID-19 and Global Supply Chain Restructuring
 - § Cost rising due to wafer fab capacity tight, and IC packaging and testing
 - § Stock-up in advance to prevent the supply chain from being broken
- The operating countermeasures to the tight wafer mature process and the production cost rising
 - § Effective and efficient production plan
 - To fulfill the customers' demands
 - To ensure the revenue and the profit
 - § Rising the product selling price since May, 2021
 - To hold the product high margin



Market & Operation Retrospective in 2021, 2/3

- Performance reflecting the operating countermeasures
 - § Compared to the first 3 quarters in 2020, the revenue in 2021 27.73% increasing and the average selling margin 70.3% in 2021 while 68.2% in 2020; especially, Q3/2021 record high in the recently same period



Performance Retrospective in 2021, 3/3

Revenue and Profit, Q3/2021 vs. Q3/2020

	<u>Q3/2021</u>	<u>Q3/2020</u>
Revenue	NTD 77,022K	NTD 57,149K
Gross Margin	74.19%	67.10%
EBT	NTD 24,899K	NTD 6,357K
EPS	NTD 0.26	NTD 0.07

The expectation of revenue and selling margin in Q4/2021 still holding fast as those in the previous 3 quarters; the annual performance in 2021 better than the one in 2020.



Market & Operation Prospective in 2022, 1/3

- Some production capacity in wafer mature process still tight, but not being worsen and getting mitigated gradually (that is, Davicom getting more sufficient production capacity supports)
- Many countries in worldwide having regulated the carbon reduction targets and set the schedules for carbon peak and carbon neutral; consequently, for the new clean energy power generation and power grid, the demand of communication network systems increasing (that is, Davicom's networking Ethernet IC products foreseen to more and more markets)



Market & Operation Prospective in 2022, 2/3

- Other uncertainties maybe unfavorable to the consumer electronics raw materials and product market:
 - The severity of global inflation
 - The inventory sell-through rate

- The impact of uncertainties mentioned above to Davicom's operations in 2022:
 - Davicom always focusing on the operationa of the embedded system niche market and rarely accessing the consumer electronics market, therefore, the above uncertainties very possibly not adverse impact on Davicom's operations in 2022



Market & Operation Prospective in 2022, 3/3

- Distributions of the company's sales of products to the major application markets up to Q3/2021
 - Industrial Monitoring and Control 33.34%
 - Security and Access Control 10.10%
 - Business and Finance 9.33%
 - Vehicle 8.58%
 - Electricity System 8.55%
 - Medical Equipment 5.33%
 - Telecommunication 3.75%

- With reference to the above possible positive and negative situations, Davicom's stable growth still foreseen in 2022



Connectivity Beyond Limits

