

Letter To Salutica at 13/08/21

Dear Michelle,

I am one of your shareholder. Firstly would like to express my gratitude towards the management for continuing investing in R&D for new products, as well as managing the cost and balance sheet well, which make the company remain at net cash position despite at this difficult period.

Personally have few queries about the progress of the company and hope can get an update from you.

1. With the new pipeline start in production, what is company expectation growth rate in terms of sales & net profit? Compare to QOQ and YOY?

(While we do not disclose such answers, we can refresh our usual target of 15-10% growth annually. This however will be challenging depending on worldwide economic situation.)

2. With the relatively large number of recruitment for both operators and engineers, does it for the TWS earbud/hearing aids or computer peripherals? Is this a good sign for a fruitful year ahead? Fingers crossed. Beside that, do you mine to share what is the production capacity utilization rate as of now?

(Majority of recruitment for engineers are for TWS, while operators are divided between peripherals and TWS. Thanks for your well wish, and we expect to see 3-4 new TWS launched this fiscal year and we had already added a new SMT dual-lane line early this year, so utilisation will be on the high side very soon.)

3. How many model of earbug is currently running? And what is the output/mth for Each model? And target by when the mass production will go into operation?

(current TWS - Vista and Nuheara are still running. We do not disclose monthly output, sorry. Mass pro for 3 more new TWS models will happen between April to June this year. It will be an exciting period for Salutica with both new models and new customers running concurrently.)

4. What is current production output ratio between computer peripherals vs bluetooth earbud/hearing aid?

(Sales contribution will be moving toward 50:50 by June)

Thank you looking forward for your reply.

(Hope this helps)

- James Lim, on behalf of Salutica