Daiwa Capital Markets
Hong Kong Limited

earnings

11 August 2026

MEMO

Taiwan Microloops (6831 TT)

Share price (11 Aug): **TWD617.00** 12-mth rating: **Buy (1)** **Industrials: Taiwan**

2Q26 review: core business results largely in line with estimates

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Summary: Microloops released its 2Q26 results on 11 August after market hours. Overall, its 2Q26 operating profit of TWD112m (+100.9% QoQ, +1.9% YoY) was largely in line with our and the consensus estimates. Likely with some FX losses, its 2Q26 EPS came in at TWD1, missing our and the consensus estimates of TWD1.09.

We have a Buy (1) rating and 12-month TP of TWD1,325, based on a target PER of 40x applied to our one-year-forward EPS forecast. For more information on the company, please refer to our latest report, *Positive outlook over 2026-28*, published on 28 July 2026.

What's the impact

- **2Q26 results: core business largely in line with estimates.** Microloops' 2Q26 revenue of TWD1,047m (+22.5% QoQ, +0.6% YoY) was in line with our and the Bloomberg consensus estimates. Its 2Q26 gross margin came in at 21.5% (vs. 18.2% in 1Q26 and 20.1% in 2Q25), slightly lower than our (22.0%) and the consensus (22.5%) estimates. Its operating margin of 10.7% (vs. 6.5% in 1Q26 and 10.6% in 2Q25), was also slightly lower than our (10.9%) and the consensus (11.3%) estimates. Thus, its operating profit of TWD112m (+100.9% QoQ, +1.9% YoY) was roughly in line with our and the consensus estimates. Likely with some FX losses, its net profit of TWD68m (+51.5% QoQ, +166.2% YoY) missed our and the consensus estimates by 8.5% and 8.1%, respectively. Its 2Q26 EPS finished at TWD1, missing our and the consensus estimates of TWD1.09.

Microloops: 2Q26 results review

(TWDm)	2Q26 results	Our forecast	Differ	Bloomberg consensus	Differ
Revenue	1,047	1,047	0.0%	1,020	2.6%
Gross profit	225	230	-2.4%	230	-2.1%
Operating profit	112	114	-1.5%	115	-2.2%
Profit before tax	91	100	-8.9%	99	-7.7%
Net profit	68	74	-8.5%	74	-8.1%
Basic EPS	1.00	1.09	-8.6%	1.09	-7.8%
Margin					
Gross margin	21.5%	22.0%	-0.5pp	22.5%	-1pp
Operating margin	10.7%	10.9%	-0.2pp	11.3%	-0.5pp
Pre-tax margin	8.7%	9.5%	-0.8pp	9.7%	-1pp
Net margin	6.5%	7.1%	-0.6pp	7.2%	-0.8pp

Source: Company, Bloomberg, Daiwa forecasts

- **Intact revenue outlook over 2026-28E - at least double YoY.** Due to likely rising liquid-cooling penetration over 2026-28 in ASIC and NIC cards, management maintains its revenue guidance of at least doubling YoY over 2026-28. Besides, amid a rising level of automation and improving production procedures, management expects the company's gross and operating margins to improve QoQ in 2H26. Management also expects the revenue momentum to pick up MoM in 2H26, translating into record-high monthly revenue from July to December 2026. In 4Q26, the revenue drivers will include ASICs and CPUs, in our view. Microloops aims for a new CSP client to start contributing revenue in 2Q27, with another new CSP client expected to come on board in 2028.

What we recommend

We have a Buy (1) rating and 12-month TP of TWD1,325, based on a target PER of 40x and applied to our 1-year forward EPS forecast. Based on our 2026/27E EPS, the stock is currently trading at PERs of 40.9x/16.4x, vs. its past-3-year trading range of 8-39x. Key downside risks: weaker-than-expected global AI server demand; slower-than expected progress in ASIC AI server development.

In the interests of timeliness, this document has not been edited.

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Rating	Percentage of total
Buy*	72.63%
Hold**	20.53%
Sell***	6.84%

Source: Daiwa

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