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INVESTOR RELATIONS

Primax Electronics 1Q 2022 Financial Results



Primax Speakers

Raymond Liang
Chairman | Taiwan

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Senior Vice President | CFO |
Taiwan



Meeting Agenda

Quarterly Results
& Update

🕒 20'

Trends & Growth
Opportunities

🕒 20'

Investor Questions
& Feedback

🕒 15'

Safe Harbor And Disclaimer

Primax's presentation contains forward-looking statements subject to significant risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In this context, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our business; our ability to develop new products; and our successful execution in new business developments, and etc. All forward-looking statements in this presentation are based on information available to us as of the date hereof, we undertake no obligation to update these forward-looking statements for new information, future events, otherwise, or update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

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PRIMAX HIGHLIGHTS OF THE QUARTER



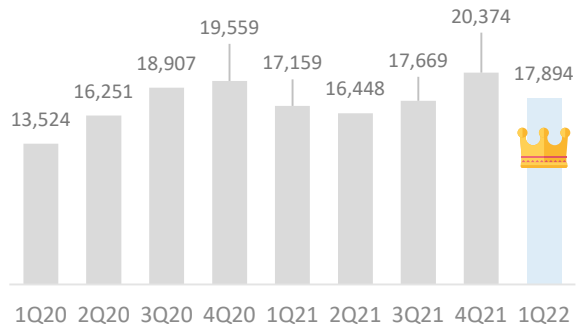
1Q22 Revenue
NTD 17.9 Billion
Up 4% YoY

1Q22 EPS
NTD 1.23
up 9% YoY

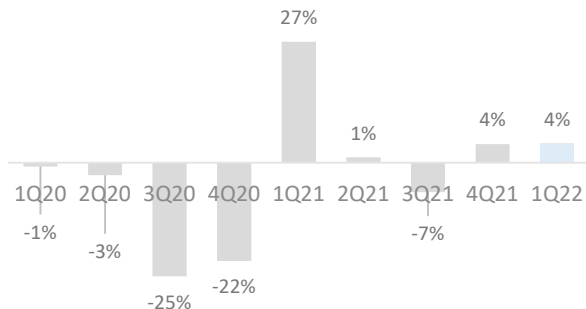
PRiMAX

- Visual business strong from car ADAS and police body camera
- Interface business YoY decline from a high base in 1Q21
- Business equipment relatively flat YoY in 1Q22
- Audio revenue stabilize due to ease of component shortages

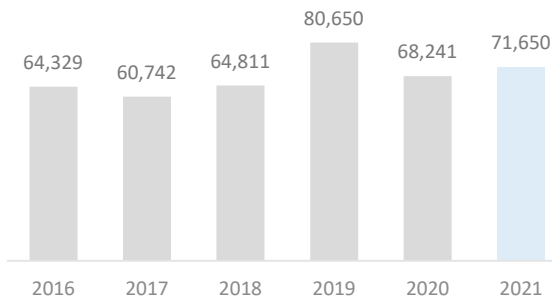
Quarterly Revenue (NTD million)



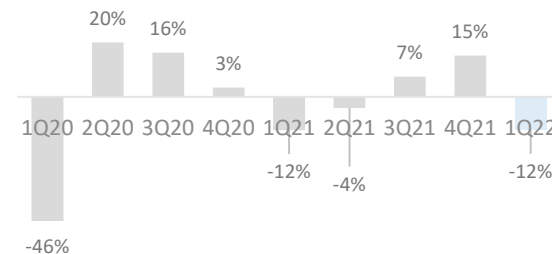
Quarterly Revenue Growth YoY (%)



Annual Revenue (NTD million)

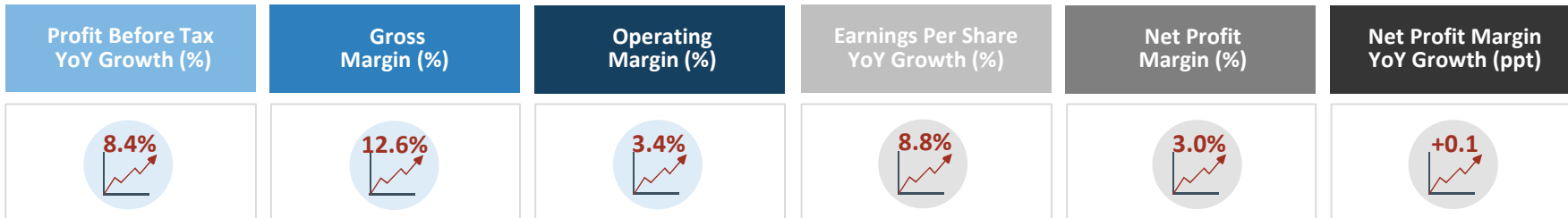


Quarterly Revenue Growth QoQ (%)

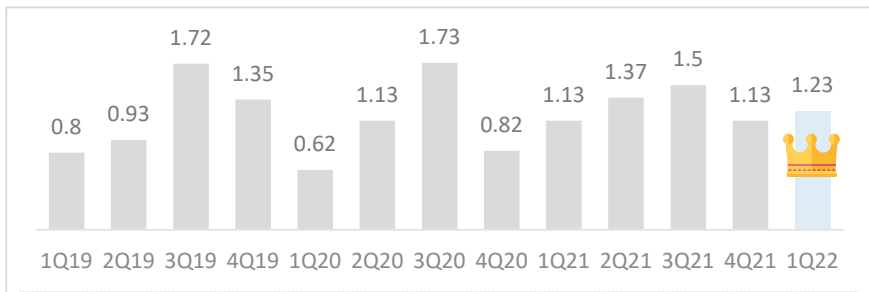


PRIMAX FINANCIAL DASHBOARD

Primax 1Q22 Highlights – Profit Before Tax (PBT), Gross Margin, Operating Margin, EPS, And Return On Equity And Assets

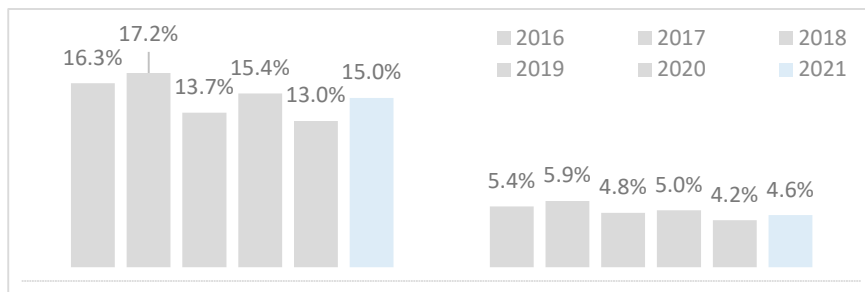


Quarterly Earnings Per Share (NTD)



Strong growth from visual tech (car ADAS and police body cameras) has lifted overall 1Q22 sales and profitability

Return On Equity And Return On Assets (%)

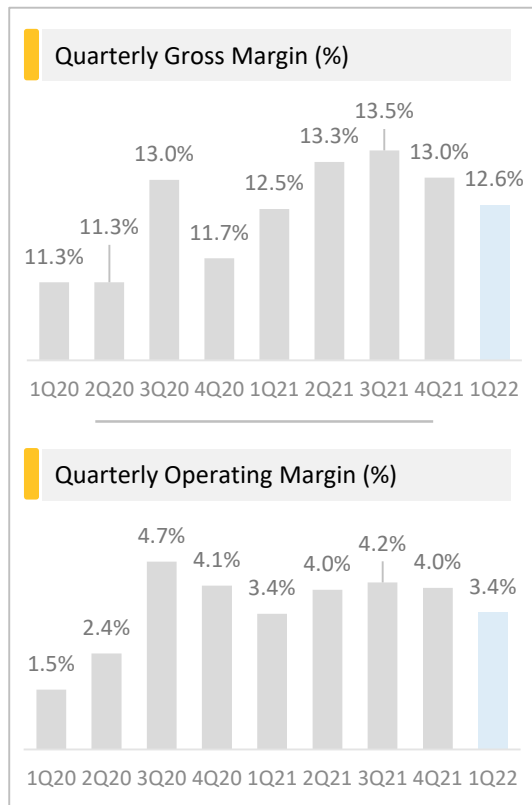


Primax 2016-2021 Return On Equity



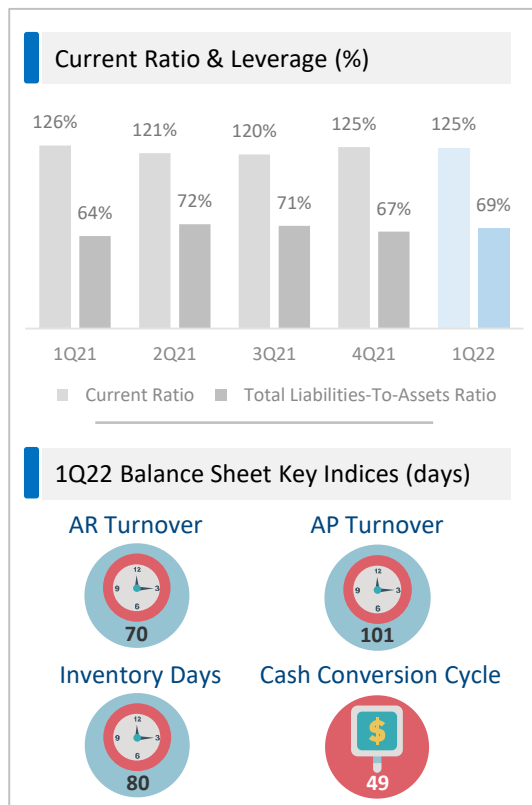
Primax 2016-2021 Return On Assets

PRIMAX INCOME STATEMENT



(NTD million)	1Q 2022	4Q 2021	1Q 2021	QoQ	YoY
Net Sales	17,894	20,374	17,160	-12.2%	4.3%
COGS	15,643	17,717	15,013		
Gross Profit	2,252	2,657	2,148	-15.2%	4.8%
Gross Margin (%)	12.6%	13.0%	12.5%	-0.4 ppt	0.1 ppt
Operating Expense	1,639	1,832	1,556	-10.5%	5.3%
Operating Expense (%)	9.2%	9.0%	9.1%	0.2 ppt	0.1 ppt
Operating Income	613	825	592	-25.7%	3.5%
Operating Margin (%)	3.4%	4.0%	3.4%	-0.6 ppt	0.0 ppt
Non-operating Items	74	(92)	42		
Income before Tax	687	733	634	-6.3%	8.4%
Income Tax	144	155	133		
Net Income	543	578	501	-6.1%	8.4%
Net Margin (%)	3.0%	2.8%	2.9%	0.2 ppt	0.1 ppt
NI attributed to Primax	552	510	505	8.2%	9.3%
EPS (NTD)	1.23	1.13	1.13	8.8%	8.8%

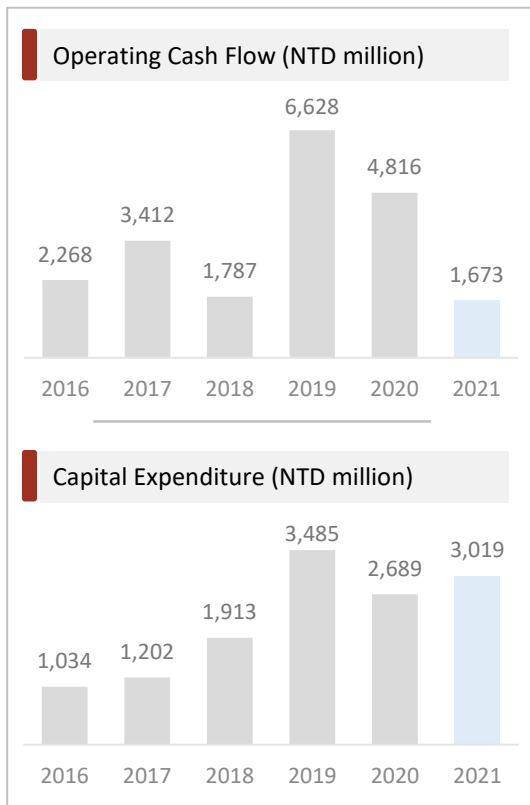
PRIMAX BALANCE SHEET



(NTD million)

	1Q 2022	4Q 2021	3Q 2021	2Q 2021	1Q 2021
Cash	7,529	4,839	5,176	5,127	6,167
Notes & Accounts Receivable	13,811	13,375	14,007	13,207	12,145
Inventory	14,257	13,165	12,709	11,225	10,242
Total Current Assets	42,796	35,729	40,288	40,748	39,547
Fixed Assets	7,933	7,605	7,333	6,601	6,497
Total Assets	56,927	49,474	53,934	53,590	52,645
Notes & Accounts Payable	17,078	17,693	15,965	14,556	15,205
S-T Borrowings	8,837	2,031	9,975	10,334	8,662
CPLTD	449	435	288	275	121
Total Current Liabilities	34,283	28,532	33,528	33,644	31,316
L-T Borrowings	1,604	1,026	1,112	1,147	1,334
Total Liabilities	39,287	38,202	38,518	36,707	31,806
Total Equity	17,640	16,442	15,731	15,072	15,939
Net Debt-To-Equity (%)	17%	-11%	38%	42%	24%

PRIMAX STATEMENT OF CASH FLOWS



(NTD million)

	1Q22 YTD	4Q21 YTD	3Q21 YTD	2Q21 YTD	1Q21 YTD
From Operations	(1,816)	1,673	(7,198)	(10,500)	(1,362)
- Income Before Tax	687	3,030	2,297	1,429	634
- Depreciation & Amortization	464	1,941	1,475	1,000	515
- Notes & Accounts Receivable	(347)	216	(425)	373	1,434
- Notes & Accounts Payable	(616)	(1,308)	(3,036)	(4,445)	(3,796)
- Inventory	(116)	(3,079)	(2,563)	(1,015)	14
- Other Operating Sources	(1,889)	873	(4,946)	(7,842)	(163)
From Investment	(3,162)	(3,874)	(2,562)	(1,148)	(7,727)
- Fixed Assets	(453)	(3,019)	(2,490)	(1,157)	(533)
- Others & Amortized Cost*	(2,709)	(811)	(72)	9	(7,193)
From Financing	7,341	227	8171	9,969	8,390
- S-T Borrowings	6,806	1,126	9,070	9,429	7,757
- L-T Borrowings	593	705	645	666	700
- Cash Dividend		(1,355)	(1,355)		
- Other Financing Sources	(58)	(249)	(189)	(126)	(66)
Net Cash Position Change	2364	(1,973)	(1,589)	(1,678)	(699)
Effect of Foreign Currency	326	(123)	(170)	(130)	(70)
Cash At Beginning of Year	4,839	6,935	6,935	6,935	6,935
Ending Cash Balance	7,529	4,839	5,176	5,127	6,167

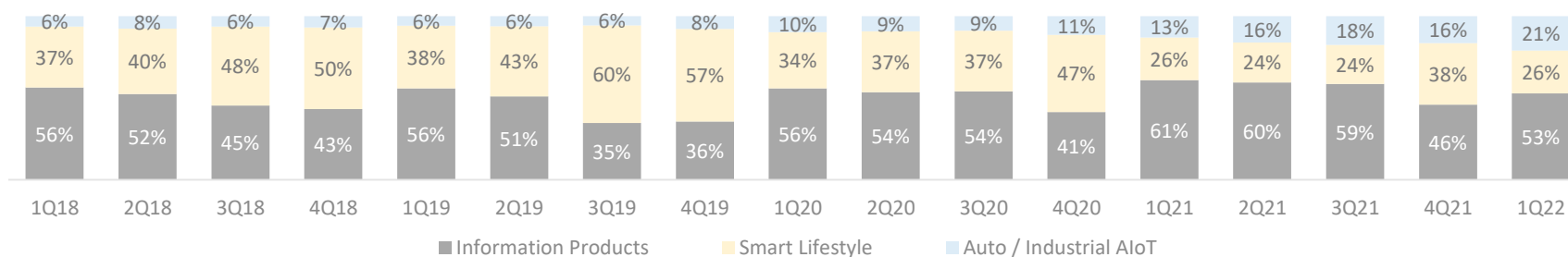
Note: *Financial Assets Measured At Amortized Cost

REVENUE BREAKDOWN NEW RECLASSIFICATION

New Reclassification Better Shows Future Trend Of Business Growth And Opportunities

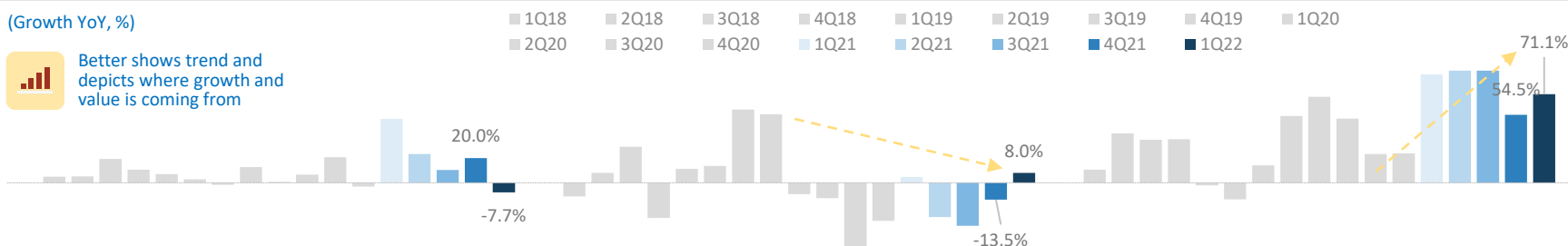
New Classification

* May Not Add Up Due To Rounding



(Growth YoY, %)

Better shows trend and depicts where growth and value is coming from



Information Products



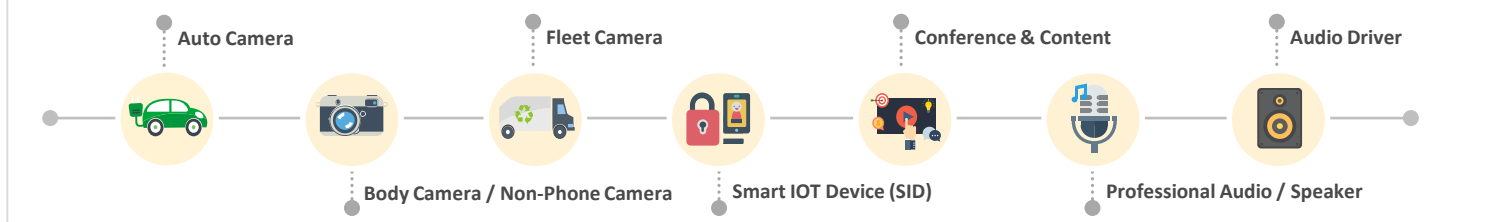
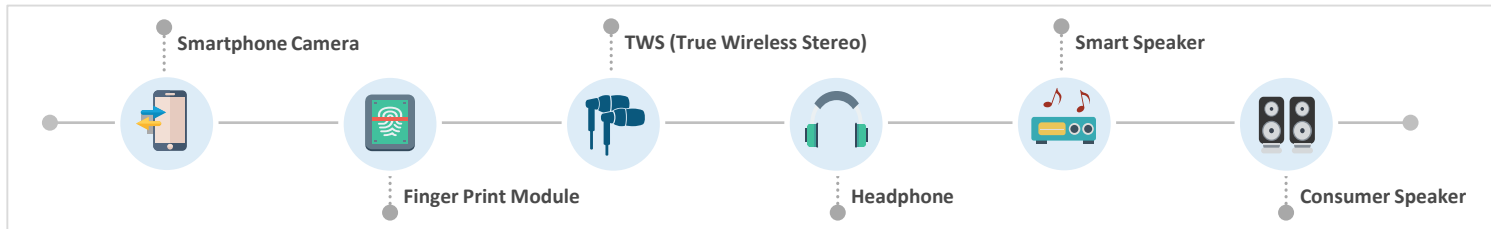
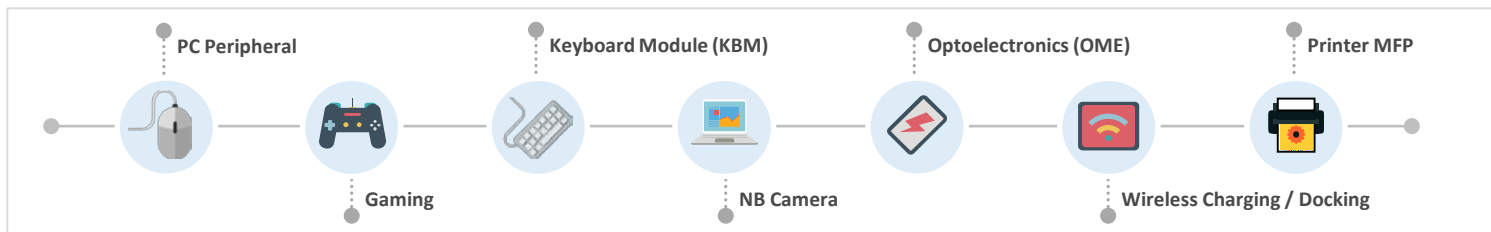
Smart Lifestyle



Auto / Industrial AIoT

PRIMAX – PRODUCT PORTFOLIO NEW RECLASSIFICATION

Product Portfolio Reclassification

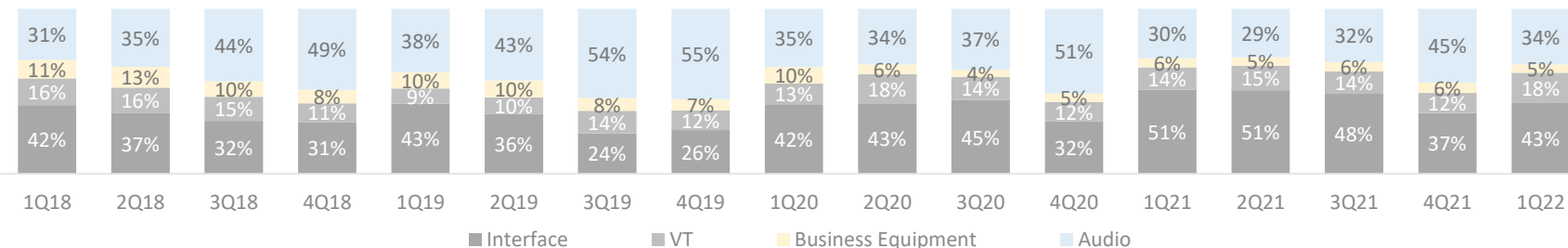


REVENUE BREAKDOWN PREVIOUS CLASSIFICATION

Previous Classification Is Based On Product Segments Making It Hard To See Where Growth Is Coming From

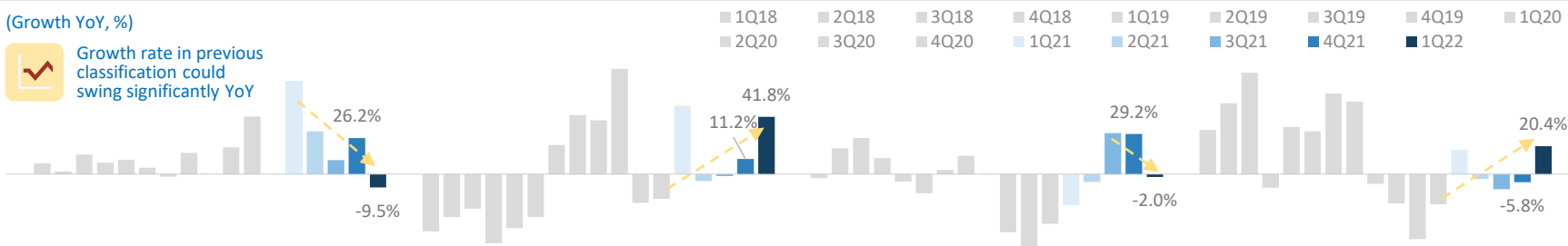
Previous Classification

* May Not Add Up Due To Rounding



(Growth YoY, %)

Growth rate in previous classification could swing significantly YoY



Interface



Visual Technology



Business Equipment



Audio And Speakers

PRIMAX – PRODUCT PORTFOLIO PREVIOUS CLASSIFICATION

Previous Product Portfolio

Historical Range

2021 Sales Breakdown



Interface Devices



Smart Lock Wireless Charging Docking Gaming Mouse & Keyboard Mouse & Keyboard Gaming Controller Smart Remote Trackpad

29-48%



Visual Technology



Dash Camera Police Body Camera ADAS Camera Camera Module Multi-Camera Ultra-Slim 360 Cam 4K 360 Cam

14-30%



Business Equipment



Surveillance MFP Thermal Printer Scanner / ADF Mobile Photo Printer

6-13%



Audio And Speakers



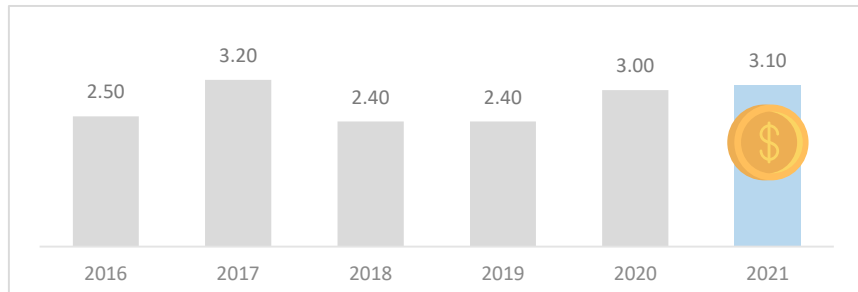
Conference Products TWS Headphones Smart Speaker Portable Speaker Home Audio Loud Speaker Transducer

15-51%

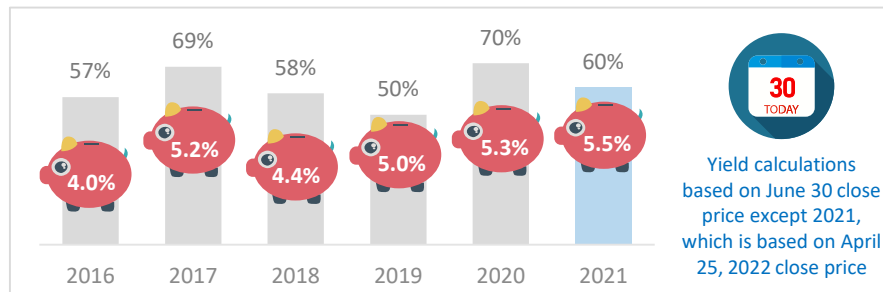


CASH DIVIDEND AND 2022 CALENDAR

Cash Dividend Per Share (NTD)



Cash Dividend Payout And Dividend Yield (%)



Financial Calendar For 2022 And CSR & ESG Awards













CSR & ESG Accolades











- Ranked top 5% among 1600+ Taiwan listed company by Taiwan's FSC (2016, 2017, 2019, 2020)
- TCSA Taiwan corporate sustainability and CSR Sustainability Award
- SGS Annual Sustainability award

PRIMAX – 2Q22 REVENUE AND PROFIT OUTLOOK

Primax – 2Q22 Revenue Outlook

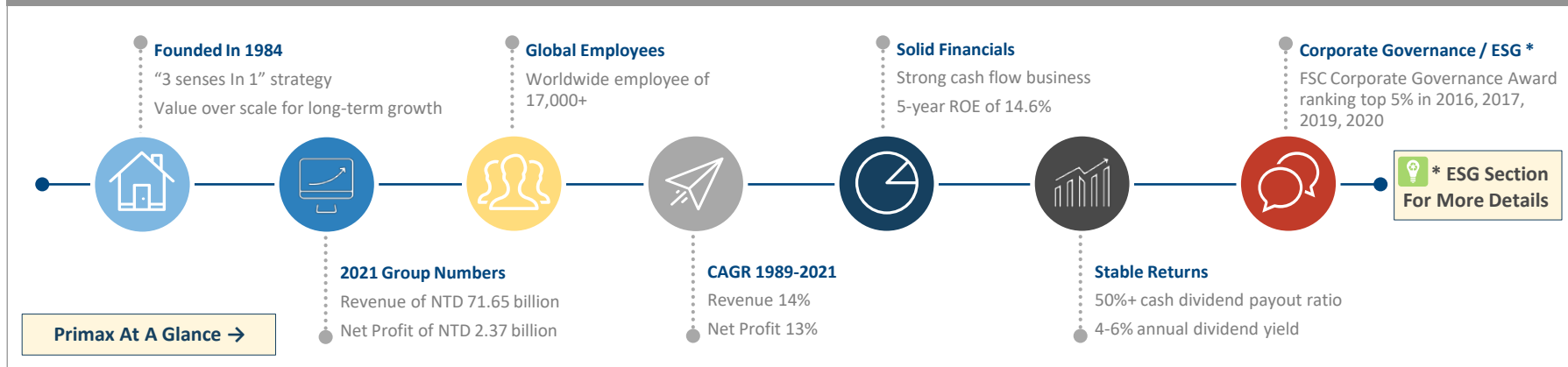
Revenue Segment	Growth	Remarks
 Revenue Outlook		<ul style="list-style-type: none"> ✓ 2Q22 to see YoY growth ✓ New products' roll out will lift revenue
 Interface & Business Equipment		<ul style="list-style-type: none"> ✓ MFPs and printers demand grow robustly in 2Q22 ✓ Forcepad adoption
 Visual Technology		<ul style="list-style-type: none"> ✓ Strong demand for police body cameras ✓ Car ADAS demand remain strong
 Audio (Tymphany)		<ul style="list-style-type: none"> ✓ More focus in professional audio ✓ Component shortages remain a challenge but gradually ease-off
 New Business		<ul style="list-style-type: none"> ✓ Harvest year for Primax ✓ New products to roll out in March and be significantly more in 2H22

Primax – 2Q22 Profit And Margin Outlook

Profit Segment	Growth	Remarks
 Profit Outlook		<ul style="list-style-type: none"> ✓ Profit to see YoY growth, and OPM higher than 2Q21 ✓ Opex high due to investment in human capital for new businesses
 Interface & Business Equipment		<ul style="list-style-type: none"> ✓ Interface margin remain resilient ✓ Business equipment has higher than corporate average margins
 Visual Technology		<ul style="list-style-type: none"> ✓ Gross margin to see some improvement from product mix ✓ Operating leverage from scale
 Audio (Tymphany)		<ul style="list-style-type: none"> ✓ Consumer ratio higher than 1Q22 ✓ Aim to lift professional audio mix each year
 New Business		<ul style="list-style-type: none"> ✓ New products with higher GM and gradually improving scale ✓ Scale over profitability at first

PRIMAX GROWTH STRATEGY AND CORE COMPETENCY






Primax – A Long-Term Proven Growth Story With Unique Positioning And Core Competency

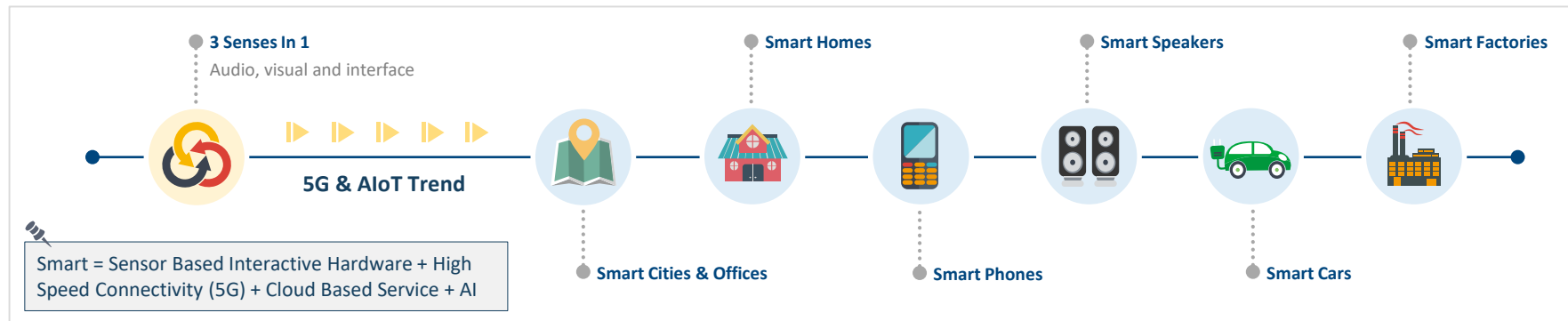


3 Senses In 1 Uniquely Positioned	Long History of Re-Investing	ODM Design Service Provider	Moving Away From Low Value Add	Diversifying To Mitigate Risks
<ul style="list-style-type: none"> ✓ 3 senses in 1 strategy ✓ A value added approach ✓ All in one solutions provider ✓ Visual, audio and interface expertise 	<ul style="list-style-type: none"> ✓ Long, proven track record since 1984 ✓ Achieving through product life cycle transition ✓ New technology evolution 	<ul style="list-style-type: none"> ✓ Positioned as the go to ODM design service provider ✓ Original design and manufacturing ✓ Flexible approaches with long lasting client relations 	<ul style="list-style-type: none"> ✓ Less me-too business ✓ Moving to higher margin products ✓ Focus on cloud based service providers in need of a reliable long-term hardware provider 	<ul style="list-style-type: none"> ✓ China, Thailand and Czech manufacturing ✓ Singapore treasury center ✓ US early engagement engineering team ✓ Taiwan and UK R&D and pilot run site

RIDING ON THE TREND OF SMART EVERYTHING

Using 3 Senses In 1 To Become An Unique Hardware Solutions Provider

Work From Home	IoT / AIoT	Smart Home	Auto Related & EV	New Audio
 <p>Conference, Webcam</p>	 <p>Fleet Management, Smart Access, Police Body Camera, Surveillance</p>	 <p>Smart Access (Smart Lock, Smart Doorbell)</p>	 <p>Car ADAS (Visual), Car Audio</p>	 <p>Hearing Aid, New Variation Of Audio</p>



PRIMAX – INTELLIGENT INTERFACE GROWTH

Intelligent Interface Sales Contribution To Primax

2020 Sales As A Percent Of Total (%)



2021 Sales As A Percent Of Total (%)



Historical Range As Percent Of Total (%)

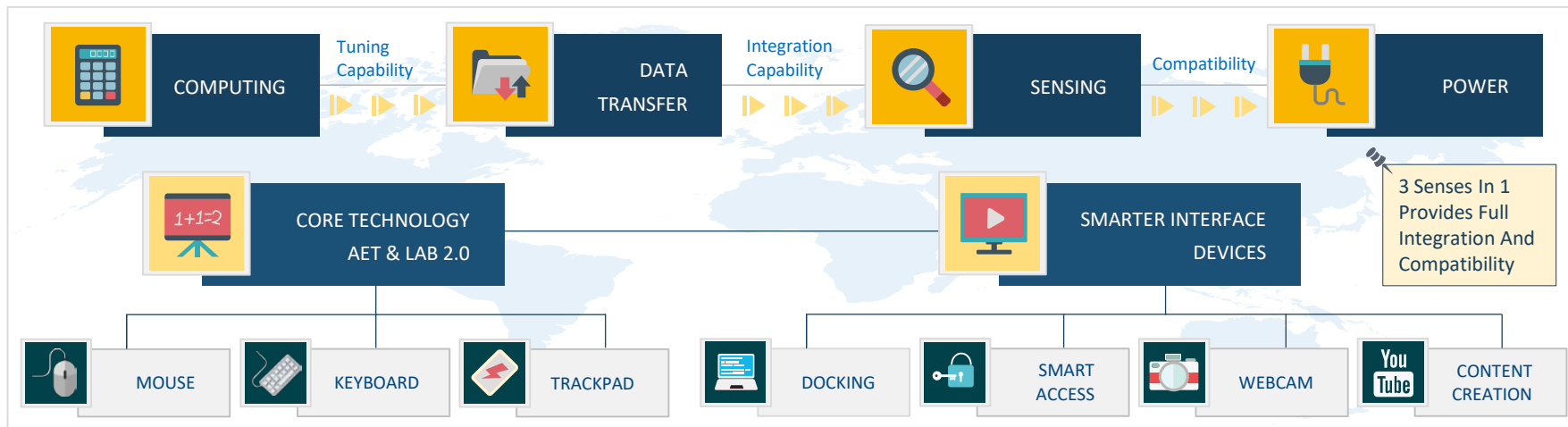


Intelligent Interface Highlights For The Year

2022 Key Highlights And Main Strategies



- ✓ Expecting higher wallet share for keyboard module
- ✓ Higher forcepad penetration in Windows NB will translate to increased sales and improve margins
- ✓ New businesses such as content creation products provide growth



PRIMAX – VISUAL TECHNOLOGY IN PROMISING REALMS

Visual Technology Sales Contribution To Primax

2020 Sales As A Percent Of Total (%)



2021 Sales As A Percent Of Total (%)



Historical Range As Percent Of Total (%)

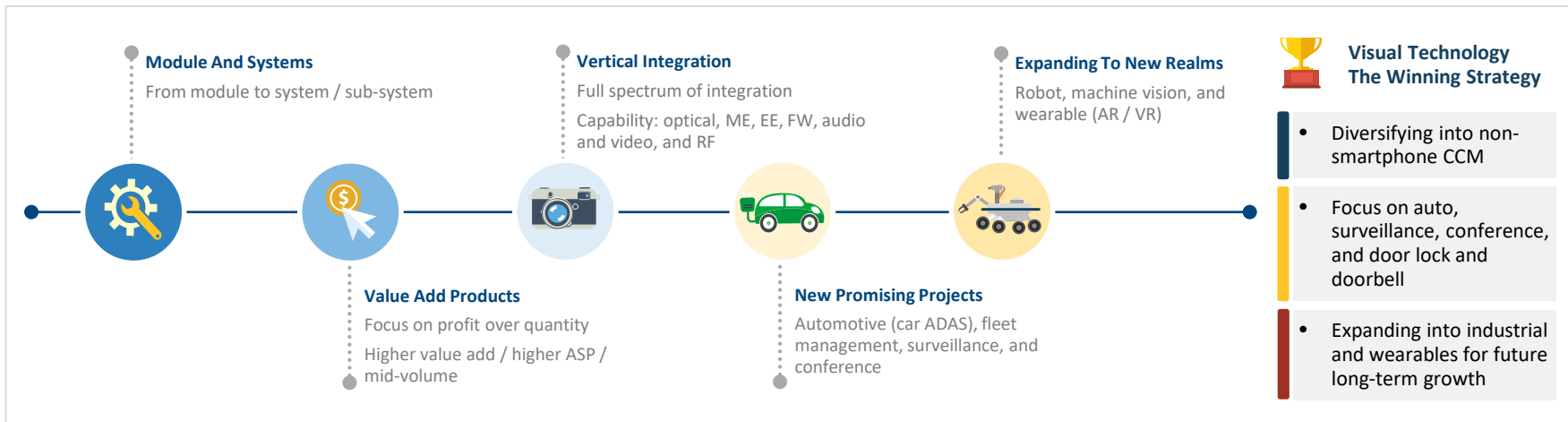


Visual Technology Highlights For The Year

2022 Key Highlights And Main Strategies



- ✓ Car ADAS demand would remain strong existing and new clients
- ✓ 2022 could be a harvest year for new projects
- ✓ While gross margin would see marginal improvement, operating margin would continue to improve significantly from scale



PRIMAX – BUSINESS EQUIPMENT IS A CASH COW

Business Equipment Sales Contribution To Primax

2020 Sales As A Percent Of Total (%)



2021 Sales As A Percent Of Total (%)



Historical Range As Percent Of Total (%)



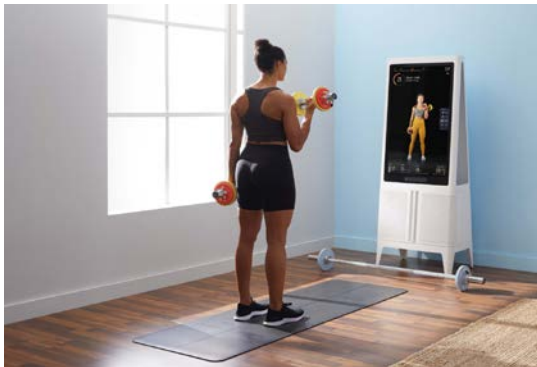
Business Equipment Highlights For The Year

2022 Key Highlights And Main Strategies



- ✓ Cash cow business with higher than corporate average margins and limited competition
- ✓ Back to office and hybrid work trend pushed up demand
- ✓ Expanding into fitness segment and surveillance for growth

Diversification Into Other Businesses



Fitness Equipment And Surveillance Are Future Growth Drivers

- Growing health awareness = opportunity to become a long-term hardware provider for customers
- Higher ASP with higher margins for fitness products
- A few new customers in 2022 and expecting more

PRIMAX – WELL POSITIONED IN AUDIO SEGMENT

Audio Sales Contribution To Primax

2020 Sales As A Percent Of Total (%)



2021 Sales As A Percent Of Total (%)



Historical Range As Percent Of Total (%)

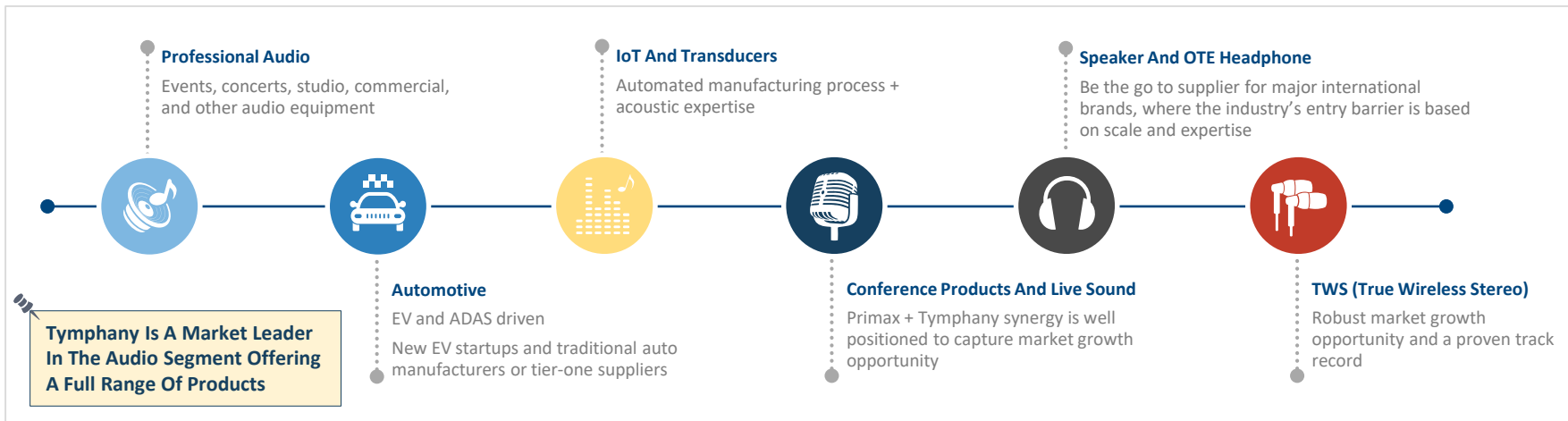


Audio Highlights For The Year







2022 Key Highlights And Main Strategies



- ✓ A focus on higher margin products
- ✓ Increase professional audio, high-end consumer audio and transducers to improve margins
- ✓ Penetration into the auto industry is the next big thing



PRIMAX – KEY INVESTMENT THESIS

Key Investment Thesis	Why Primax?	Key Investment Thesis	Why Primax?
 Growth Opportunities	<ul style="list-style-type: none">✓ 3 senses in 1 strategy✓ Car electronics (EV / ADAS / audio), fleet management✓ Surveillance, smart door lock and doorbell and smart access	 Capital Deployment	<ul style="list-style-type: none">✓ Increase dividend payout✓ Less capex and strong free cash flow generating ability✓ Prudent M&A plans and less impairment losses
 Capitalizing On Mega Trends	<ul style="list-style-type: none">✓ AIoT, smart home, 5G / cloud / AI, auto, new audio and fitness equipment✓ Wearables (AR / VR) and robotics (industrial applications)	 Shareholder Return	<ul style="list-style-type: none">✓ Historically paid out 50-70% of earnings as cash dividend✓ Cash dividend yield of 4-6%✓ ROIC > 13% and ROE at about 15%
 Margin And Profit Expansions	<ul style="list-style-type: none">✓ Better product and customer mix✓ Increase new businesses and focus on low-medium volume but higher margin and / or ASP products	 Sustainability, ESG And CSR	<ul style="list-style-type: none">✓ Management has strong commitment to CSR / ESG✓ Primax is often ranked as one of the best CSR /ESG listed entities in Taiwan

PRIMAX SUSTAINABILITY AND ESG COMMITMENT

Primax Management – A Long-Term Dedicated Commitment To Sustainability



Sustainable ESG And Green Commitments

- ✓ Dedicated Sustainability and ESG office led by Chairman, with annual reports submitted to Board of Directors regularly
- ✓ Publish certified sustainability annual reports in Chinese and English
- ✓ Transparent quarterly and regular financial disclosures in Chinese and English
- ✓ Establish system for long-term traceable trend and sustainable strategy on environmental (manufacturing) and social (labor) issues

FSC Corporate Governance Award



Ranked top 5% among all listed entities by Taiwan's FSC as best corporate governance (2016, 2017, 2019, 2020)

Taiwan TCSA Sustainability Award



TCSA Taiwan CSR Sustainability Platinum Award ranking top 50 among all listed companies

CommonWealth ESG Award



Ranked by Common Wealth Magazine as one of Taiwan's best ESG company (top 50 award)

HR Asia Best Company Award



HR Asia award as one of the best companies to work for in Asia in 2021

ISS And RobecoSAM Participation



Participated in global ESG evaluation programs for assessment of sustainability impact of operations

SGS CSR Reporting Award











SGS annual Sustainability Platinum Award for CSR reporting

RBA Standards & Implementation



Reduce carbon emission, power consumption and improve labor environment to meet RBA standards

PRIMAX COMMITMENT ON GREEN OPERATIONS

	Greenhouse Gas	Carbon Emission	Water Intensity	Energy Consumption	Green Environment
 <p>Primax Goals</p>	Setting stringent greenhouse gas (GHG) targets with deadlines	Long-term committed target aiming to be carbon neutral by 2050	Water conservation methods implemented in buildings and factories	Aims of cutting energy consumption while lifting ratio of renewables	Cutting hazardous substance usage and effective management
 <p>Achievements</p>	<ul style="list-style-type: none"> ✓ Total GHG emissions by Primax Group is down 33.47% since 2013 (base year) ✓ GHG emission intensity down 1.42% since 2019 ✓ 3.5M KWh of electricity were offset in 2020 or the equivalent of 2,842 tonnes of CO2e 	<ul style="list-style-type: none"> ✓ Based on SBTi, set Group-wide carbon reduction goals ✓ Adopted TCFD for systematic identification and management of climate change risks and opportunities 	<ul style="list-style-type: none"> ✓ Active management and control of water usage ✓ Primax Group's water intensity decreased 0.29% compared to 2019 	<ul style="list-style-type: none"> ✓ Active management and control of energy consumption ✓ Primax Group's energy consumption is down 13.83% since 2019 	<ul style="list-style-type: none"> ✓ Hazardous substance management system installed ✓ Environment management system installed ✓ Primax Group's total hazardous waste volume dropped 14.69% YoY in 2020
 <p>Certifications</p>	 <p>ISO 14064-1 verification Renewable energy certificates</p>	 <p>Adopted SBTi approach Joined and adopted TCFD framework</p>	 <p>ISO 14046 verification Water footprint certificates</p>	 <p>ISO 50001 certification Energy management system installed</p>	 <p>ISO 14001 certification IECQ QC 080000 certification</p>

Note: * Science Based Targets initiative (SBTi), Task Force On Climate-Related Financial Disclosures (TCFD)

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About Primax Electronics

[Primax Electronics](#) was founded in 1984 and is a leading supplier of IT, electronic and consumer solutions. The company is headquartered at Neihu Technology Park in Taipei City. Guided by the principle of "Global Operations with R&D and Smart Manufacturing in Taiwan", Primax now operates across Asia, The Americas and Europe. Highly-efficient production sites have been established in Taiwan, China and Thailand and the company has over 10,000 employees worldwide.

Seeing the potential of cloud technology and IoT, Primax has successfully developed human-machine interface products with touch, voice control, gesture recognition and wearable functions. Vision and video products have achieved notable successes in smart surveillance systems, mobile devices, smart homes, and advanced driver assistance systems. Our insistence on maintaining high yields as well as high quality in manufacturing and development is backed by our technical expertise. Our implementation of smart system engineering has also made us an indispensable partner for leading international brands and has allowed us to build up the energy needed for future growth.

For the latest news from Primax Electronics, visit our [website](#) or follow us on  

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