

Primax

1Q 2024
INVESTOR CONFERENCE

April 29, 2024

PRIMAX



Bring Experience To Life

Primax Speakers

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Primax 1Q 2024 Financial Results



Business Strategies And Growth Opportunities



Investor Feedback And Q&A With Primax Management

PRIMAX ELECTRONICS – INVESTOR RELATIONS PRESENTATION



Bring Experience To Life

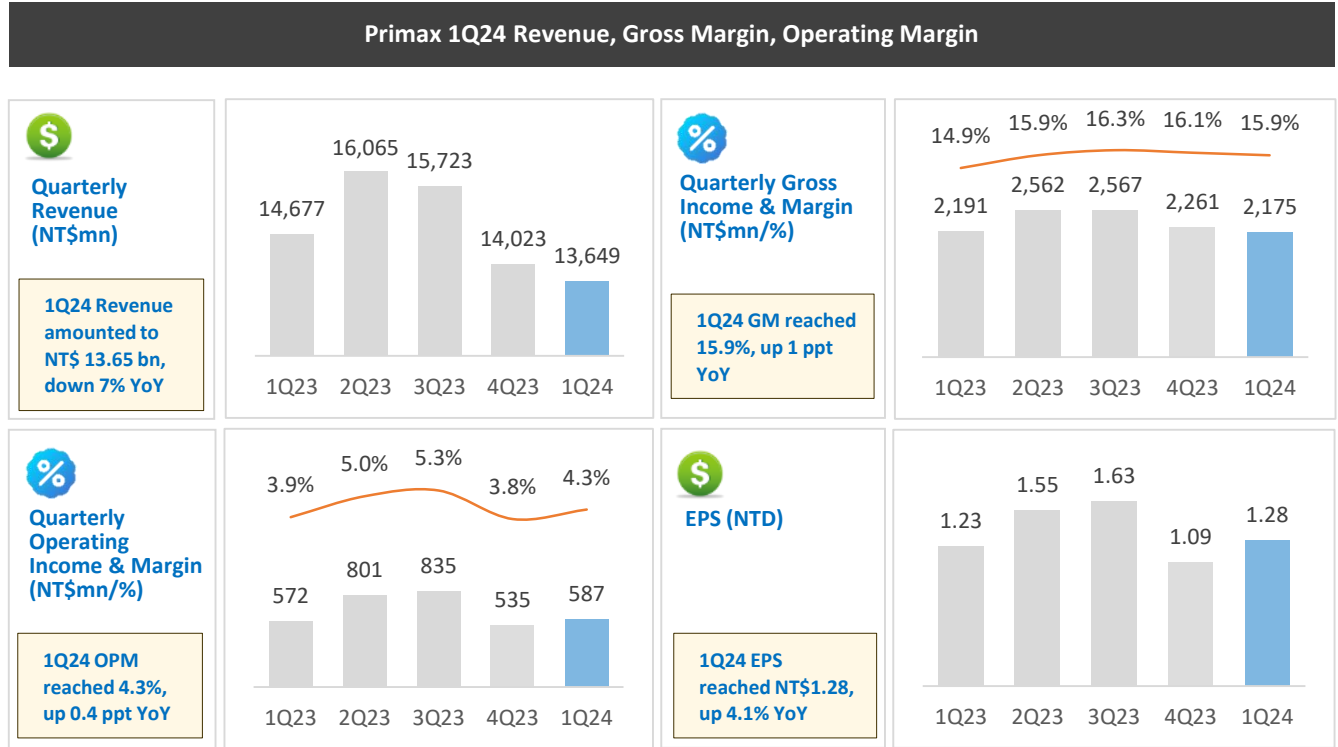
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Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our business; our ability to develop new products; and our successful execution in new business developments, etc. All forward-looking statements in this presentation are based on information available to us as of the date hereof, and 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.

Primax 1Q24 Highlights

- ✓ Driven by PC/Gaming rush orders coupled with strong AIoT products contribution, Primax's 1Q24 EPS reached NT\$1.28 - quarterly record high
- ✓ Primax 1Q24 gross margin improved by 1ppt YoY to 15.9% in 1Q24, thanks to better product mix
- ✓ Thanks to strict operating expense control, 1Q24 operating margin improved, up 0.5ppt QoQ and 0.4ppt YoY, reaching 4.3% in 1Q24





Income Statement

- ✓ Despite of weak consumer demand in 1Q24, Primax sustained solid financial performance thanks to cost and opex control
- ✓ Gross margin, operating margin, and net margin all reported substantial improvement in 1Q24 compared with same period last year
- ✓ 1Q24 EPS reached NT\$1.28, up 17.4% and 4.1% YoY, setting a quarterly record high



Primax 1Q24 Income Statement

(NT\$m)	1Q 2024	4Q 2023	1Q 2023	QoQ	YoY
Revenue	13,649	14,023	14,677	-2.7%	-7.0%
COGS	11,473	11,762	12,486		
Gross Profit	2,175	2,261	2,191	-3.8%	-0.7%
Gross Margin (%)	15.9%	16.1%	14.9%	- 0.2 ppt	1.0 ppt
Operating Expense	1,588	1,726	1,619	-8.0%	-1.9%
Operating Expense (%)	11.6%	12.3%	11.0%	-0.7 ppt	0.6 ppt
Operating Income	587	535	572	9.8%	2.7%
Operating Margin (%)	4.3%	3.8%	3.9%	0.5 ppt	0.4 ppt
Non-operating Items	170	70	141		
Income before Tax	757	605	712	25.1%	6.3%
Income Tax	152	113	139		
Net Income	605	491	573	23.2%	5.6%
Net Margin (%)	4.4%	3.5%	3.9%	0.9 ppt	0.5 ppt
NI attributed to Primax	581	495	555	17.5%	4.8%
EPS (NTD)	1.28	1.09	1.23		



Balance Sheets

- ✓ 1Q24 cash position increased to over NT\$13bn, up 83% YoY
- ✓ Inventory level has been steadily decreasing, 1Q24 was NT\$7.7bn, down 10.3% YoY
- ✓ Stable operating cash inflow to support business resilience amid macro challenges



Primax 1Q24 Balance Sheets

(NT\$m)	1Q 2024		4Q 2023		1Q 2023	
	Amount	%	Amount	%	Amount	%
Cash	13,087	27%	10,905	24%	7,158	16%
Notes & Accounts Receivable	11,470	24%	11,482	25%	13,086	29%
Inventory	7,742	16%	7,996	17%	8,627	19%
Total Current Assets	34,965	72%	32,936	71%	32,038	70%
Fixed Assets	7,812	16%	7,741	17%	8,220	18%
Total Assets	48,658	100%	46,553	100%	45,988	100%
Notes & Accounts Payable	11,933	25%	12,135	26%	12,300	27%
S-T Borrowings	2,270	5%	756	2%	1,373	3%
Total Current Liabilities	24,497	50%	23,637	51%	23,369	51%
L-T Borrowings	633	1%	691	2%	464	1%
Total Liabilities	28,296	58%	27,457	59%	26,986	59%
Total Equity	20,362	42%	19,097	41%	19,002	41%
Current Ratio	143%		139%		137%	
Net Debt-to-Equity Ratio	-50%		-49%		-28%	
AR Turnover Days	77		78		86	
AP Turnover Days	96		94		96	
Inventory Turnover Days	63		62		66	
Cash Conversion Cycle (CCC)	44		46		56	



Statements of Cash Flows

- ✓ 1Q24 operating cash flow was NT\$559mn, which increased by NT\$180mn from the same period last year
- ✓ 2024 capex forecast around NT\$1.7bn which includes mainly for Hsinchu innovation center, Thailand plant expansion and automation investment



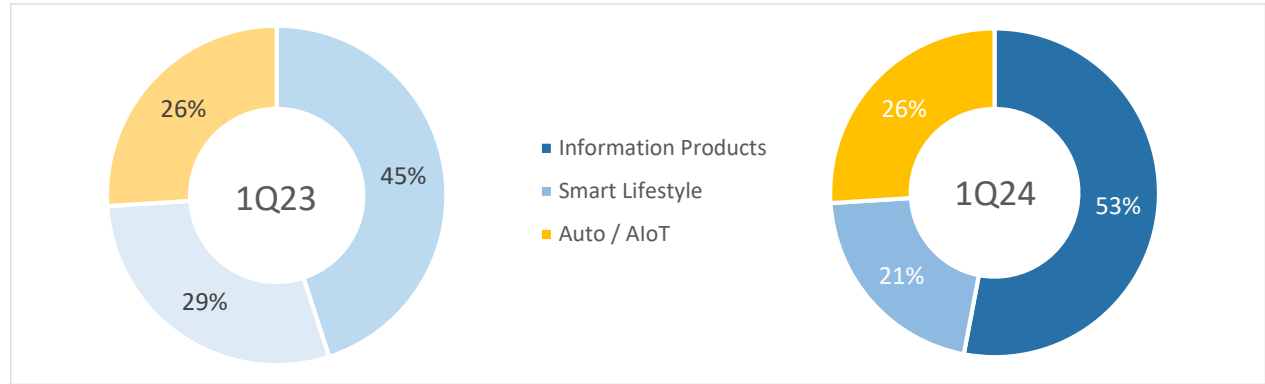
Primax 1Q24 Statements Of Cash Flows					
(NT\$m)	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
From Operations	559	7,728	4,472	2,995	379
- Income Before Tax	757	3,266	2,662	1,668	712
- Depreciation & Amortization	431	1,913	1,430	962	485
- Notes & Accounts Receivable	(100)	3,449	571	873	1,262
- Notes & Accounts Payable	(202)	(1,903)	(1,369)	(800)	(1,739)
- Inventory	254	1,357	1,817	1,247	727
- Other Operating Sources	(581)	(355)	(639)	(955)	(1,068)
From Investment	(301)	(1,435)	(1,078)	(579)	(383)
- Fixed Assets	(281)	(1,487)	(968)	(665)	(355)
- Others & Amortized Cost*	(20)	52	(111)	86	(28)
From Financing	1,433	(1,497)	(322)	2,382	838
- S-T Borrowings	1,492	267	1,377	2,485	884
- L-T Borrowings	0	244	244	0	0
- Cash Dividend	0	(1,792)	(1,792)	0	0
- Other Financing Sources	(59)	(216)	(152)	(103)	(46)
Net Cash Position Change	1,691	4,796	3,071	4,797	834
Effect of Foreign Currency	491	(176)	297	(159)	39
Cash At Beginning of Year	10,905	6,285	6,285	6,285	6,285
Ending Cash Balance	13,087	10,905	9,653	10,923	7,158

Note: *Financial Assets Measured At Amortized Cost

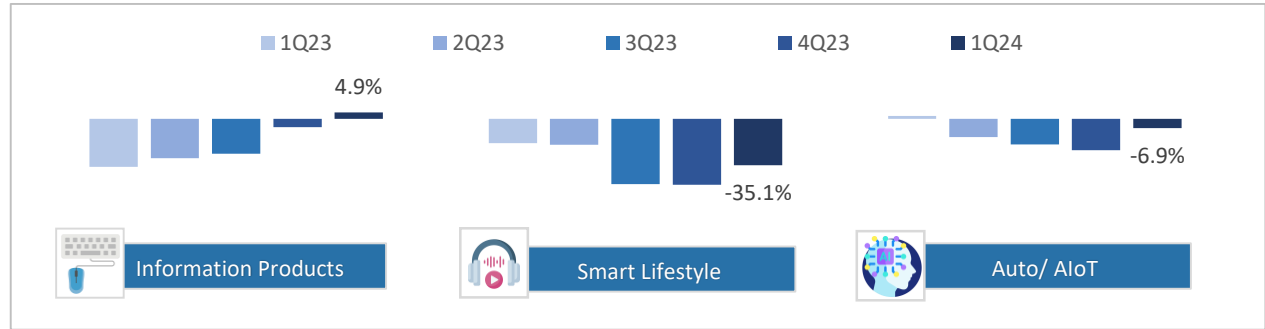
1Q24 Revenue Breakdown

- ✓ Information products mix rose to 53% due to PC/Gaming rush orders, up 4.9% YoY
- ✓ Smart lifestyle product contribution decreased sharply to 21% due to weak consumer demand. Auto/AIoT mix maintained at 26%
- ✓ Auto/ AIoT was chiefly impacted by professional audio customer inventory adjustments and delayed new models launch, reported mild YoY decline

Performance By Applications



YoY Growth (%)



Product Portfolio

✓ Information Products

PC peripherals, OME, docking and interface related products

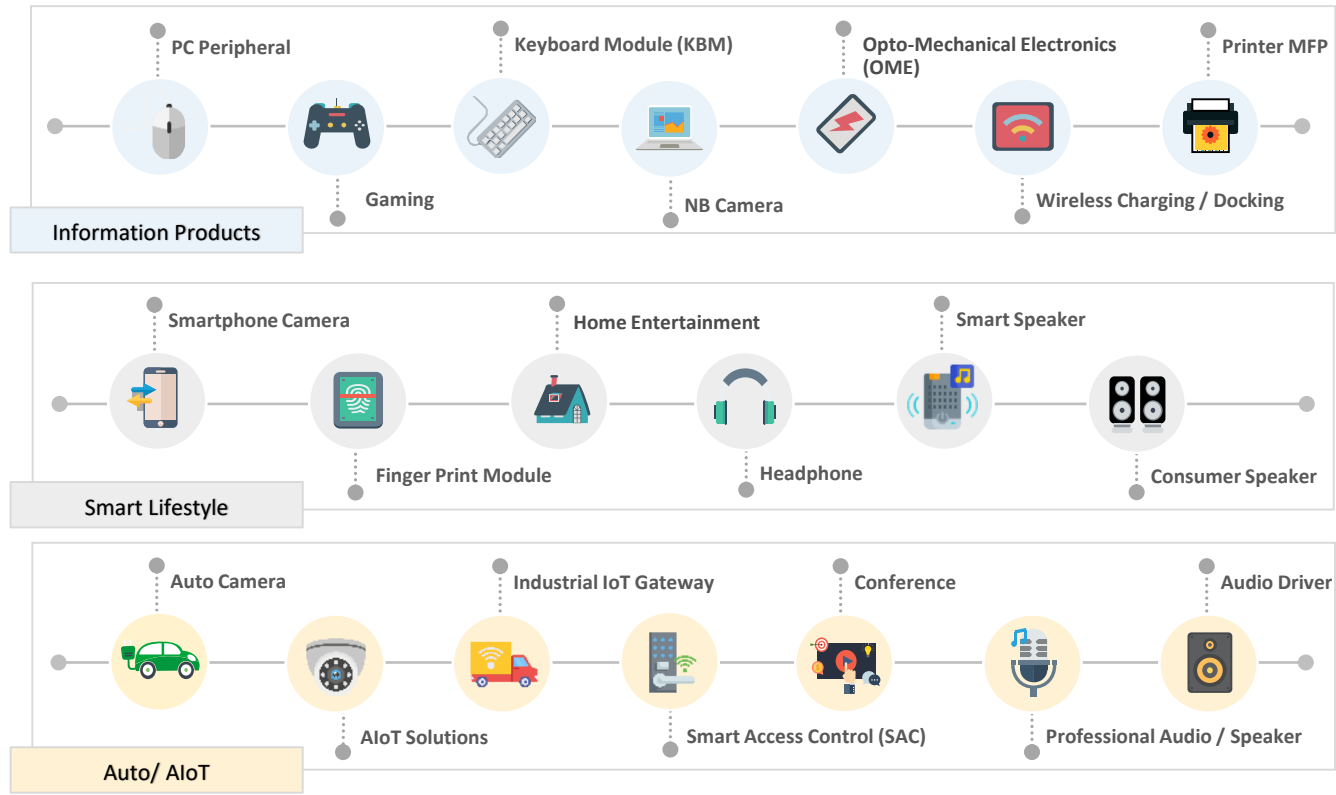
✓ Smart Lifestyle

Camera and audio solutions for consumers

✓ Auto / AIoT

B2B applications such as automotive electronics, public safety camera and solutions, fleet management and gateway, and professional audio and transducers


Diversified Product Portfolio Offers Comprehensive One-Stop-Shop Solutions




2Q24 Outlook


- ✓ Our business transition is in progress, and we aim to improve profitability
- ✓ Expect 2H24 revenue pick-up thanks to new projects contribution


Primax 2Q24 Revenue And Profit Outlook

 **Revenue Outlook**





- ✓ 2Q24 down high single-digit YoY
- ✓ Weak demand for consumer audio and other consumer products

 **Information Products**





- ✓ PC and gaming to be flattish YoY
- ✓ Some rush orders for PC and gaming
- ✓ Biz equipment demand slow down

 **Smart Lifestyle**





- ✓ 2Q24 to see high double-digit YoY decline due to demand slow-down
- ✓ Increase high premium products and improve customer mix

 **Auto/AIoTT**





- ✓ New business (especially AIoT) as a percent of total revenue will continue to grow
- ✓ Although professional audio is still facing customer inventory adjustments, but it shall improve gradually

 **Profit Outlook**





- ✓ 2Q24 profit likely see flattish YoY
- ✓ GM and OPM YoY improvement due to better product mix
- ✓ Tight Opex control

 **Information Products**





- ✓ Information products start to ship copilot keyboard for AI PC
- ✓ Continue to lift higher ASP product mix

 **Smart Lifestyle**



- ✓ 2Q24 to see YoY profit decline
- ✓ Weak consumer demand weighing down profitability

 **Auto/AIoTT**

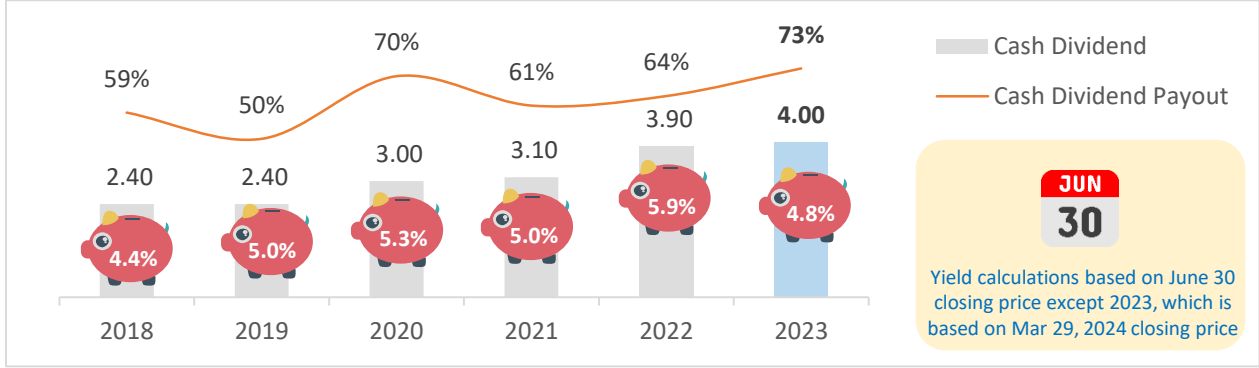


- ✓ New products with higher GM and gradually improving scale
- ✓ Professional audio inventory adjustment impact overall profit contribution

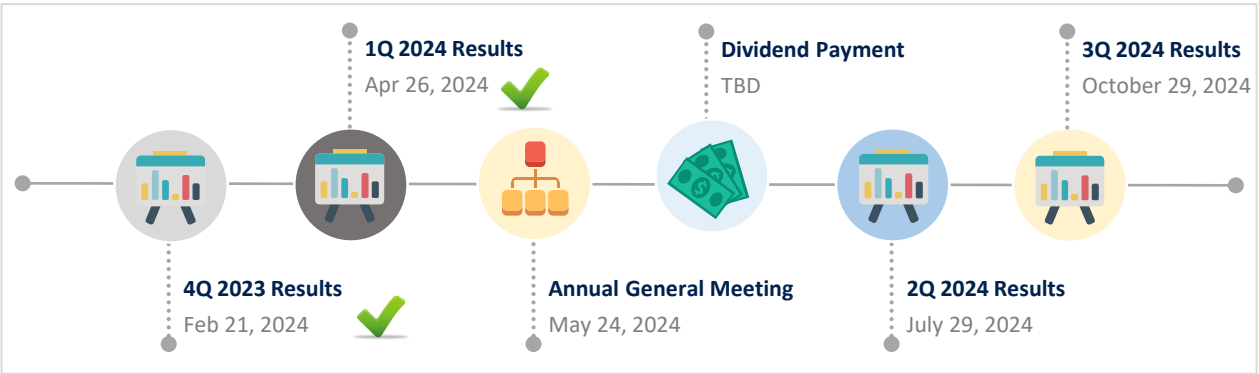
Dividend Calendar

- ✓ Primax's dividend payout remains at least 50% according to company charter, with historical range of 50-73%
- ✓ Primax aims to sustain high dividend payout policy, providing stable returns for investors

Cash Dividend Per Share, Dividend Payout And Dividend Yield



2024 Financial Calendar



ESG Highlights

- ✓ Dedicated ESG office led by Chairman, and submitted annual reports to Board of Directors regularly
- ✓ Driving growth through sustainable practices and fostering inclusivity within the organization

Primax ESG score

- **MSCI ESG – A**
(range of AAA to CCC, with AAA highest rating)
- **CDP – Climate A-List (Leadership)**
(range of A to D, with A highest rating)



Primax ESG Commitment And Recognition



ENVIRONMENT

Net Zero Commitment

- Setting emissions reduction target under SBTi validation, aiming for **carbon neutral by 2040** and **net zero emissions by 2050**
- To reach **RE40** with regular carbon progress disclosure in 2023
- **Targeting RE50** and implementing carbon inventory system in 2024



SOCIAL

Caring For Employees And Communities

- HR Asia award as one of the “**Best Companies To Work For in Asia**” since 2021
- Included in “**Taiwan High Compensation 100 Index**” for 8 consecutive years
- Consistently engaged in “Taitung Flipped Classroom Workshop” and support local communities



CORPORATE GOVERNANCE

Sustainability Operations







- Continuous ranked **Top 5%** of TWSE Corporate Governance Evaluation (2016-2017, 2019-2022)
- Included in the **S&P Global Sustainability Yearbook 2024** and received the “**Industry Mover**” recognition
- Ranked **Top 3%** among all the global ITC industry in S&P Global ESG score



Investment Thesis

- ✓ Strong proven record of consistent growth with strong cash flow and shareholder value creation
- ✓ Differentiated strategy to build new business and effectively leverage our core competencies



Why Primax?		
Growth Opportunities 	Capitalizing On Mega Trends 	Margin And Profit Expansions 
<ul style="list-style-type: none"> ✓ 3 senses in 1 strategy ✓ Car electronics (EV/ ADAS/ AVAS/audio), fleet management ✓ AI enabled Public Safety* segments 	<ul style="list-style-type: none"> ✓ AIoT, smart home, 5G/ cloud/ AI, auto, new audio ✓ Wearables (AR/ VR/ MR) and robotics (industrial applications) 	<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
Capital Deployment 	Shareholder Return 	Sustainability And ESG 
<ul style="list-style-type: none"> ✓ Increase dividend payout ✓ Less capex and strong free cash flow generating ability ✓ Prudent M&A plans 	<ul style="list-style-type: none"> ✓ Historically paid out 50-70% of earnings as cash dividend ✓ Cash dividend yield of 4-6% ✓ Historic Average ROE $\geq 15\%$ 	<ul style="list-style-type: none"> ✓ Management has strong commitment to ESG ✓ Primax is often ranked as one of the best ESG listed entities in Taiwan

*Public safety: Passenger safety, Law enforcement safety, Transportation safety, Campus & community safety, Broder & access control

Questions & Feedback

PRIMAX





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