

Primax

2Q 2024
INVESTOR CONFERENCE

July 29, 2024

PRIMAX

Bring Experience To Life

The background of the slide features a collage of financial documents and charts. A magnifying glass is positioned over a document, highlighting a specific area. The charts include bar graphs with orange and grey bars, and a stacked area chart with orange, yellow, and grey layers. The overall aesthetic is professional and data-driven.

Primax Speakers

YY Hsiao

General Manager
CFO

Ellen Tseng

Senior Director
Investor Relations



Primax 2Q 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

Safe Harbor And Disclaimer

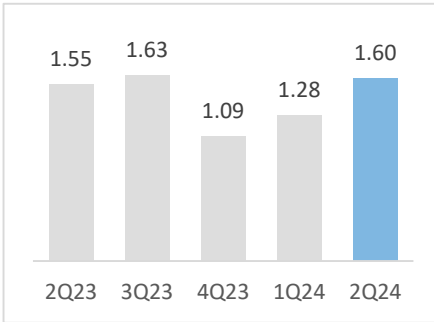
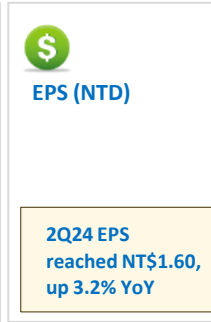
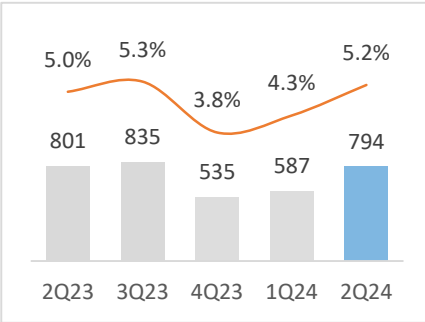
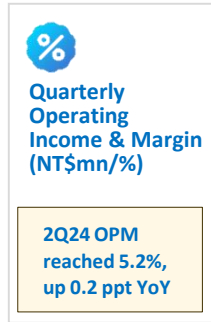
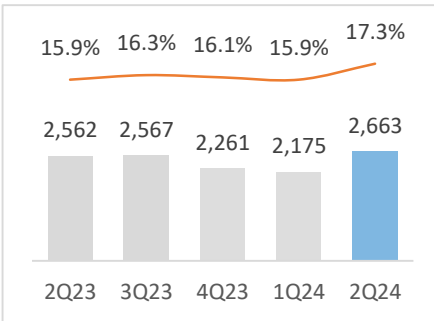
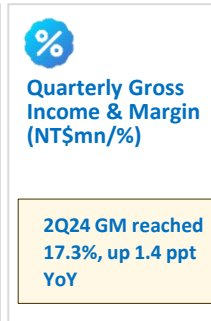
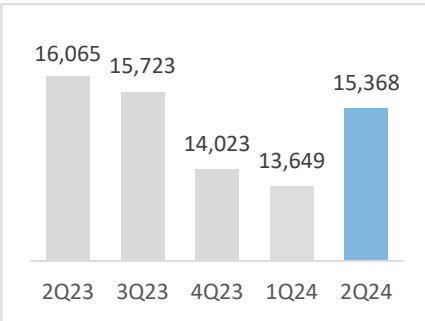
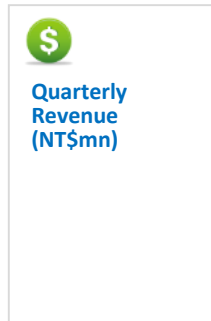
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Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to: our highly competitive environment; 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 2Q24 Highlights

- ✓ 2Q24 gross margin reached record high of 17.3%, thanks to favorable product mix and currency exchange rate
- ✓ 2Q24 EPS reached NT\$1.60, quarterly record high. Strong demand from AIoT products, coupled with PC/gaming rush orders lead to solid performance
- ✓ 2Q24 operating margin improved to 5.2%, up 0.9ppt QoQ and 0.2ppt YoY

Primax 2Q24 Revenue, Gross Margin, Operating Margin





Income Statement

- ✓ Gross margin, operating margin, and net margin all reported substantial improvement in 2Q24 compared with same period last year
- ✓ 2Q24 EPS reached NT\$1.60, up 25% QoQ and 3.2% YoY, which is quarterly record high



Primax 2Q24 Income Statement

(NT\$mn)	2Q 2024	1Q 2024	2Q 2023	QoQ	YoY	1H 2024	1H 2023	YoY
Revenue	15,368	13,649	16,065	12.6%	-4.3%	29,017	30,742	-5.6%
COGS	12,705	11,473	13,503			24,178	25,989	
Gross Profit	2,663	2,175	2,562	22.4%	3.9%	4,839	4,753	1.8%
Gross Margin (%)	17.3%	15.9%	15.9%	1.4 ppt	1.4 ppt	16.7%	15.5%	1.2 ppt
Operating Expense	1,870	1,588	1,761			3,458	3,381	
Operating Expense (%)	12.2%	11.6%	11.0%	0.5 ppt	1.2 ppt	11.9%	11.0%	0.9 ppt
Operating Income	794	587	801	35.1%	-0.9%	1,381	1,373	0.6%
Operating Margin (%)	5.2%	4.3%	5.0%	0.9 ppt	0.2 ppt	4.8%	4.5%	0.3 ppt
Non-operating Items	198	170	155			368	296	
Income before Tax	991	757	956	31.0%	3.7%	1,748	1,668	4.8%
Income Tax	199	152	187			350	326	
Net Income	793	605	769	30.9%	3.1%	1,398	1,343	4.2%
Net Margin (%)	5.2%	4.4%	4.8%	0.7 ppt	0.4 ppt	4.8%	4.4%	0.5 ppt
NI attributed to Primax	727	581	699	25.1%	4.0%	1,309	1,254	4.3%
EPS (NTD)	1.60	1.28	1.55	25.0%	3.2%	2.88	2.78	3.6%



Balance Sheets

- ✓ 2Q24 cash position increased to NT\$13.31bn, up 22% YoY
- ✓ Inventory level has been steadily decreasing, 2Q24 amounted to NT\$7.69bn, down 5% YoY
- ✓ Cash conversion cycle also improved to 44 days, versus 53 days in 2Q23



Primax 2Q24 Balance Sheets

(NT\$mn)	2Q 2024		1Q 2024		2Q 2023	
	Amount	%	Amount	%	Amount	%
Cash	13,308	26%	13,087	27%	10,923	22%
Notes & Accounts Receivable	12,953	26%	11,470	24%	15,011	30%
Inventory	7,691	15%	7,742	16%	8,107	16%
Total Current Assets	36,899	73%	34,965	72%	35,799	72%
Fixed Assets	7,744	15%	7,812	16%	8,061	16%
Total Assets	50,438	100%	48,658	100%	49,605	100%
Notes & Accounts Payable	12,258	24%	11,933	25%	13,238	27%
S-T Borrowings	1,854	4%	2,270	5%	2,974	6%
Total Current Liabilities	27,130	54%	24,497	50%	28,249	57%
L-T Borrowings	672	1%	633	1%	464	1%
Total Liabilities	30,865	61%	28,296	58%	31,952	64%
Total Equity	19,573	39%	20,362	42%	17,654	36%
Current Ratio	136%		143%		127%	
Net Debt-to-Equity Ratio	-55%		-50%		-42%	
AR Turnover Days	77		77		88	
AP Turnover Days	92		96		96	
Inventory Turnover Days	59		63		61	
Cash Conversion Cycle (CCC)	44		44		53	



Statements of Cash Flows

- ✓ 2024 capex forecast around NT\$1.7bn which mainly for Hsinchu innovation center, Thailand plant expansion and automation investment



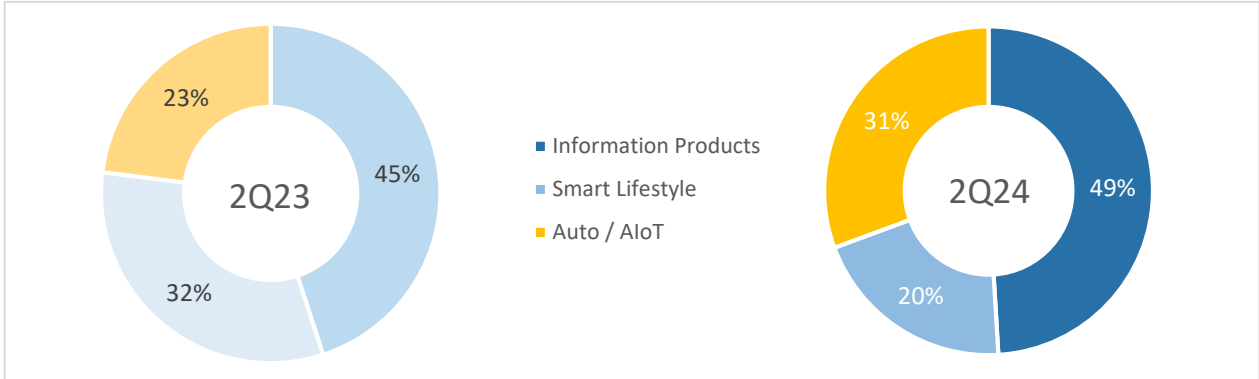
Primax 2Q24 Statements Of Cash Flows					
(NT\$m)	2Q 2024	1Q 2024	4Q 2023	3Q 2023	2Q 2023
From Operations	1,360	559	7,728	4,472	2,995
- Income Before Tax	1,748	757	3,266	2,662	1,668
- Depreciation & Amortization	845	431	1,913	1,430	962
- Notes & Accounts Receivable	(1,778)	(100)	3,449	571	873
- Notes & Accounts Payable	123	(202)	(1,903)	(1,369)	(800)
- Inventory	306	254	1,357	1,817	1,247
- Other Operating Sources	116	(581)	(355)	(639)	(955)
From Investment	(668)	(301)	(1,435)	(1,078)	(579)
- Fixed Assets	(635)	(281)	(1,487)	(968)	(665)
- Others & Amortized Cost*	(33)	(20)	52	(111)	86
From Financing	1,073	1,433	(1,497)	(322)	2,382
- S-T Borrowings	1,094	1,492	267	1,377	2,485
- L-T Borrowings	97	0	244	244	0
- Cash Dividend	0	0	(1,792)	(1,792)	0
- Other Financing Sources	(118)	(59)	(216)	(152)	(103)
Net Cash Position Change	1,765	1,691	4,796	3,071	4,797
Effect of Foreign Currency	638	491	(176)	297	(159)
Cash At Beginning of Year	10,905	10,905	6,285	6,285	6,285
Ending Cash Balance	13,308	13,087	10,905	9,653	10,923

Note: *Financial Assets Measured At Amortized Cost

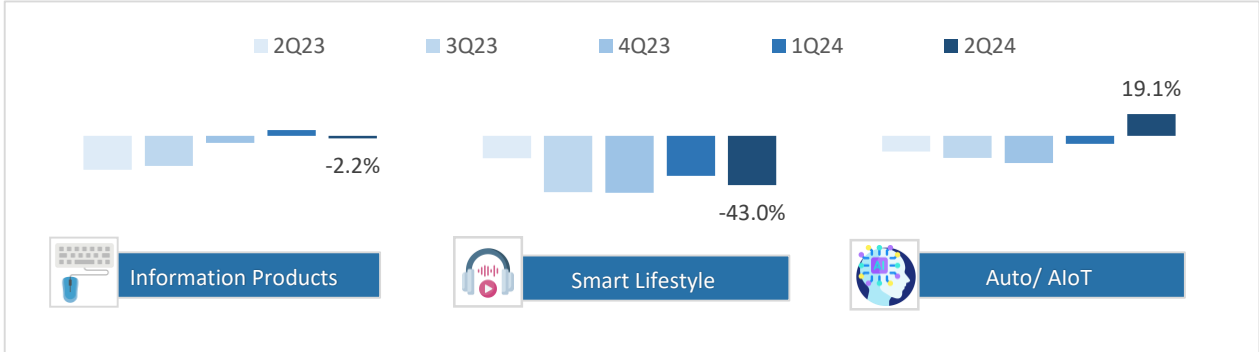
2Q24 Revenue Breakdown

- ✓ Information products mix increased to 49% driven by PC and gaming rush order despite reporting 2.2% YoY decline in 2Q24
- ✓ Smart lifestyle segment contribution decreased sharply to 20% due to weak consumer demand
- ✓ Auto/ AIoT mix rose to 31%, due to strong AIoT products contribution, up 19.1% YoY indicating strong momentum.

Performance By Applications



YoY Growth (%)



Product Portfolio

✓ Information Products

PC peripherals, OME, docking and interface related products

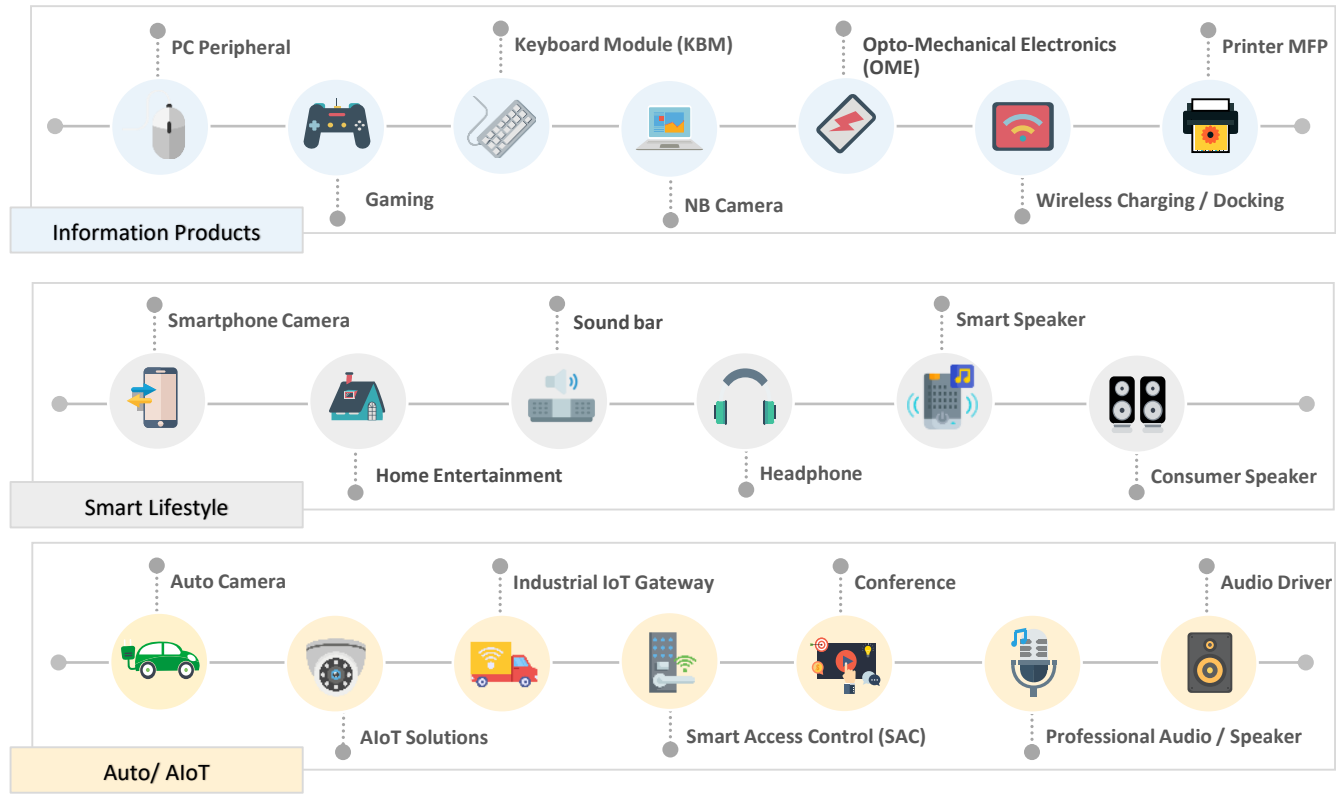
✓ Smart Lifestyle

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



3Q24 Outlook

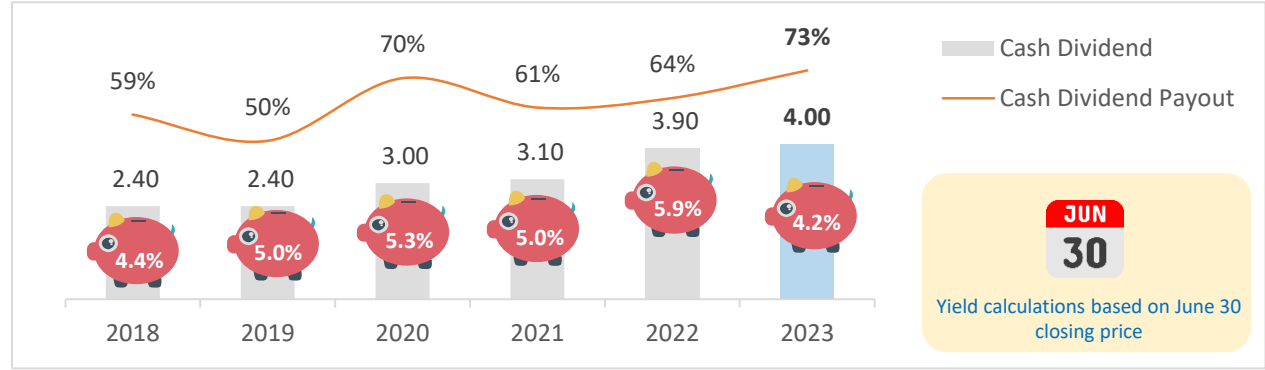
- ✓ Our business transition is in progress, and we aim to improve profitability

Primax 3Q24 Revenue And Profit Outlook	
<p> Revenue Outlook</p> <ul style="list-style-type: none"> ✓ 3Q24 revenue likely to see mild QoQ increase ✓ Continuously optimizing product mix and expanding into high value-added products 	<p> Profit Outlook</p> <ul style="list-style-type: none"> ✓ GM YoY improvement on better mix ✓ Opex ratio will slightly higher YoY based on new business R&D investment
<p> Information Products</p> <ul style="list-style-type: none"> ✓ PC and gaming likely flattish YoY based on current visibility ✓ Possible rush orders for PC and gaming ✓ Biz equipment demand slow down 	<p> Information Products</p> <ul style="list-style-type: none"> ✓ Information product continue to ramp copilot keyboard for AI PC ✓ Continue to lift higher ASP product mix
<p> Smart Lifestyle</p> <ul style="list-style-type: none"> ✓ 3Q24 likely recover QoQ, but still likely report high single digit YoY decrease ✓ Increase high premium products and improve customer mix 	<p> Smart Lifestyle</p> <ul style="list-style-type: none"> ✓ 3Q24 to see QoQ improvement ✓ Weak consumer demand weighing down profitability
<p> Auto/AIoTT</p> <ul style="list-style-type: none"> ✓ Contributions from AIoT new projects will continue to grow, sustaining the company's long-term growth momentum ✓ Launch new professional audio products which trigger new demand 	<p> Auto/AIoTT</p> <ul style="list-style-type: none"> ✓ AIoT products with higher gross margins which aim to launch new projects in 4Q24 onwards ✓ Focus on expanding the professional/auto audio business

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

- ✓ 3 senses in 1 strategy
- ✓ Car electronics (EV/ ADAS/ AVAS/audio), fleet management
- ✓ AI enabled **Public Safety*** segments

Capitalizing On Mega Trends

- ✓ AIoT, smart home, 5G/ cloud/ AI, auto, new audio
- ✓ Wearables (AR/ VR/ MR) and robotics (industrial applications)

Margin And Profit Expansions

- ✓ Better product and customer mix
- ✓ Increase new businesses and focus on low-medium volume but higher margin and/or ASP products

Capital Deployment

- ✓ Increase dividend payout
- ✓ Less capex and strong free cash flow generating ability
- ✓ Prudent M&A plans

Shareholder Return

- ✓ Historically paid out 50-70% of earnings as cash dividend
- ✓ Cash dividend yield of 4-6%
- ✓ Historic Average ROE $\geq 15\%$

Sustainability And ESG

- ✓ 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





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