

Primax

3Q 2024
INVESTOR CONFERENCE

October 29, 2024

PRIMAX TYMPHANY
GROUP



Bring Experience To Life

Primax Speakers

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Primax 3Q 2024 Financial Results



Business Strategies And Growth Opportunities



Investor Feedback And Q&A With Primax Management

PRIMAX ELECTRONICS – INVESTOR RELATIONS PRESENTATION

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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.

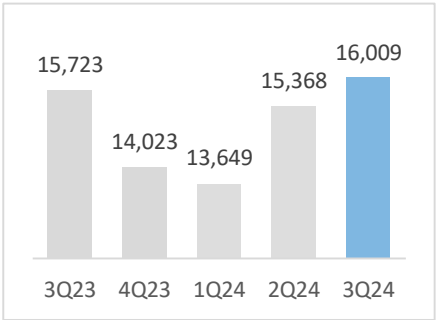
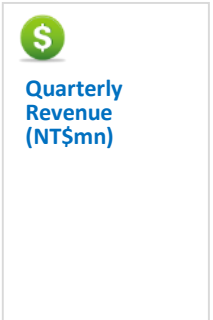
Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our business; our ability to develop new products; and our successful execution in new business developments, 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 3Q24 Highlights

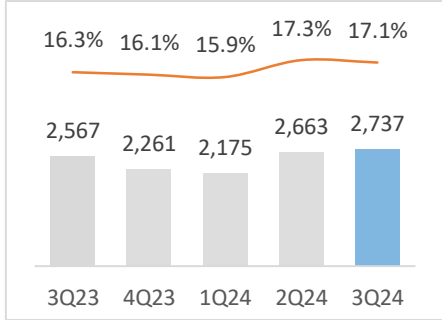
- ✓ Primax delivered solid 3Q24 results, demonstrated mild growth in both revenue and profitability
- ✓ Driven by PC/gaming rush orders coupled with consumer speaker and headphone demand sequential improvement, 3Q24 revenue reached NT\$16 bn, up 4.2% QoQ and 1.8% YoY
- ✓ 3Q24 gross margin sustained at high level of 17.1%, up 0.8ppt YoY – set quarterly record high
- ✓ 3Q24 operating margin maintained at 5.2%, similar to 2Q24. But 3Q24 EPS reached NT\$1.70, up 6.3% QoQ



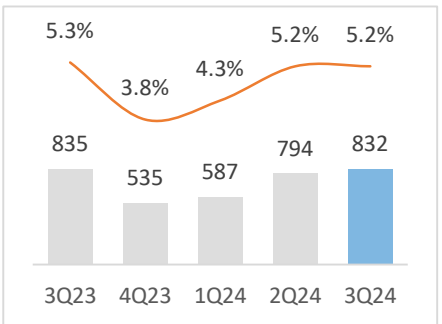
Primax 3Q24 Revenue, Gross Margin, Operating Margin



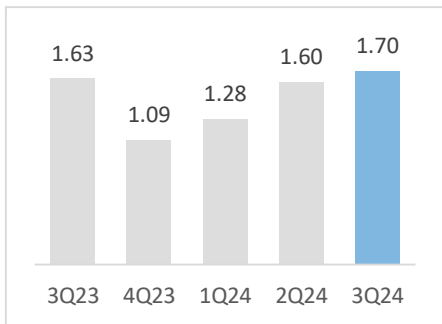
3Q24 GM reached 17.1%, up 0.8 ppt YoY



3Q24 OPM reached 5.2%, down 0.1 ppt YoY

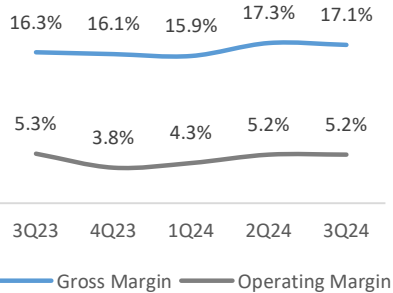


3Q24 EPS reached NT\$1.70, up 4.3% YoY



Income Statement

Gross Margin & Operating Margin (%)

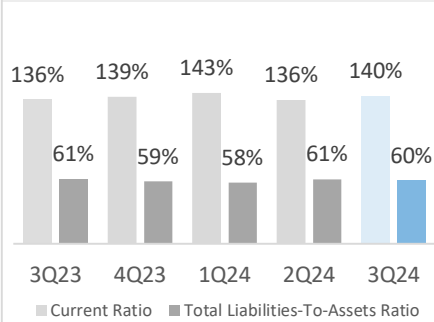


Primax 3Q24 Income Statement

(NT\$m)	3Q 2024	2Q 2024	3Q 2023	QoQ	YoY	Jan-Sep 2024	Jan-Sep 2023	YoY
Revenue	16,009	15,368	15,723	4.2%	1.8%	45,025	46,466	-3.1%
COGS	13,271	12,705	13,156			37,449	39,145	
Gross Profit	2,737	2,663	2,567	2.8%	6.6%	7,576	7,320	3.5%
Gross Margin (%)	17.1%	17.3%	16.3%	-0.2 ppt	0.8 ppt	16.8%	15.8%	1.0 ppt
Operating Expense	1,905	1,870	1,732			5,363	5,112	
Operating Expense (%)	11.9%	12.2%	11.0%	-0.3 ppt	0.9 ppt	11.9%	11.0%	0.9 ppt
Operating Income	832	794	835	4.9%	-0.4%	2,213	2,208	0.2%
Operating Margin (%)	5.2%	5.2%	5.3%	0.0 ppt	-0.1 ppt	4.9%	4.8%	0.1 ppt
Non-operating Items	214	198	158			582	454	
Income before Tax	1,046	991	993	5.5%	5.3%	2,795	2,662	5.0%
Income Tax	209	199	194			559	519	
Net Income	837	793	799	5.6%	4.7%	2,236	2,142	4.4%
Net Margin (%)	5.2%	5.2%	5.1%	0.0 ppt	0.1 ppt	5.0%	4.6%	0.4 ppt
NI attributed to Primax	773	727	737	6.3%	4.9%	2,082	1,991	4.6%
EPS (NTD)	1.70	1.60	1.63	6.3%	4.3%	4.58	4.41	3.9%

Balance Sheets

Current Ratio & Leverage (%)



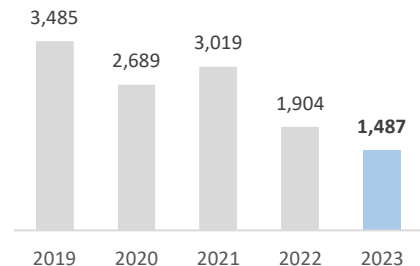
Primax 3Q24 Balance Sheets

(NT\$mn)	3Q 2024		2Q 2024		3Q 2023	
	Amount	%	Amount	%	Amount	%
Cash	13,540	27%	13,308	26%	9,653	20%
Notes & Accounts Receivable	12,839	25%	12,953	26%	14,034	29%
Inventory	8,198	16%	7,691	15%	7,536	15%
Total Current Assets	37,208	73%	36,899	73%	34,913	72%
Fixed Assets	7,957	16%	7,744	15%	7,604	16%
Total Assets	50,946	100%	50,438	100%	48,778	100%
Notes & Accounts Payable	13,507	27%	12,258	24%	12,669	26%
S-T Borrowings	1,733	3%	1,854	4%	1,866	4%
Total Current Liabilities	26,652	52%	27,130	54%	25,596	52%
L-T Borrowings	611	1%	672	1%	708	1%
Total Liabilities	30,474	60%	30,865	61%	29,572	61%
Total Equity	20,472	40%	19,573	39%	19,206	39%
Current Ratio	140%		136%		136%	
Net Debt-to-Equity Ratio	-55%		-55%		-37%	
AR Turnover Days	74		77		84	
AP Turnover Days	94		92		93	
Inventory Turnover Days	59		59		59	
Cash Conversion Cycle (CCC)	39		44		50	



Statements of Cash Flows

Capital Expenditure (NT\$m)



Primax 3Q24 Statements Of Cash Flows

(NT\$m)	3Q 2024	2Q 2024	1Q 2024	4Q 2023	3Q 2023
From Operations	4,004	1,360	559	7,728	4,472
- Income Before Tax	2,795	1,748	757	3,266	2,662
- Depreciation & Amortization	1,239	845	431	1,913	1,430
- Notes & Accounts Receivable	(1,628)	(1,778)	(100)	3,449	571
- Notes & Accounts Payable	1,371	123	(202)	(1,903)	(1,369)
- Inventory	(202)	306	254	1,357	1,817
- Other Operating Sources	428	116	(581)	(355)	(639)
From Investment	(843)	(668)	(301)	(1,435)	(1,078)
- Fixed Assets	(800)	(635)	(281)	(1,487)	(968)
- Others & Amortized Cost*	(43)	(33)	(20)	52	(111)
From Financing	(1,025)	1,073	1,433	(1,497)	(322)
- S-T Borrowings	908	1,094	1,492	267	1,377
- L-T Borrowings	97	97	0	244	244
- Cash Dividend	(1,852)	0	0	(1,792)	(1,792)
- Other Financing Sources	(178)	(118)	(59)	(216)	(152)
Net Cash Position Change	2,135	1,765	1,691	4,796	3,071
Effect of Foreign Currency	500	638	491	(176)	297
Cash At Beginning of Year	10,905	10,905	10,905	6,285	6,285
Ending Cash Balance	13,540	13,308	13,087	10,905	9,653

Note: *Financial Assets Measured At Amortized Cost

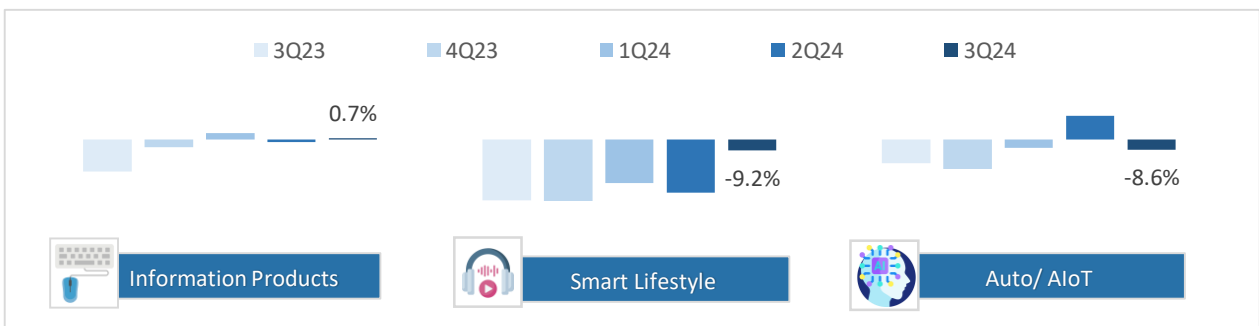
3Q24 Revenue Breakdown

- ✓ Information products mix increased to 50% driven by PC and gaming rush orders, up 0.7% YoY
- ✓ Smart lifestyle contribution decreased to 24%, down 9.2% YoY but improved significantly on QoQ basis
- ✓ Auto/ AIoT mix decreased to 26%, down 8.6% YoY, as some AIoT projects are facing inventory adjustment and project delays

Performance By Applications



YoY Growth (%)



* In USD comparison

Product Portfolio

✓ Information Products

PC peripherals, OME, docking and interface related products

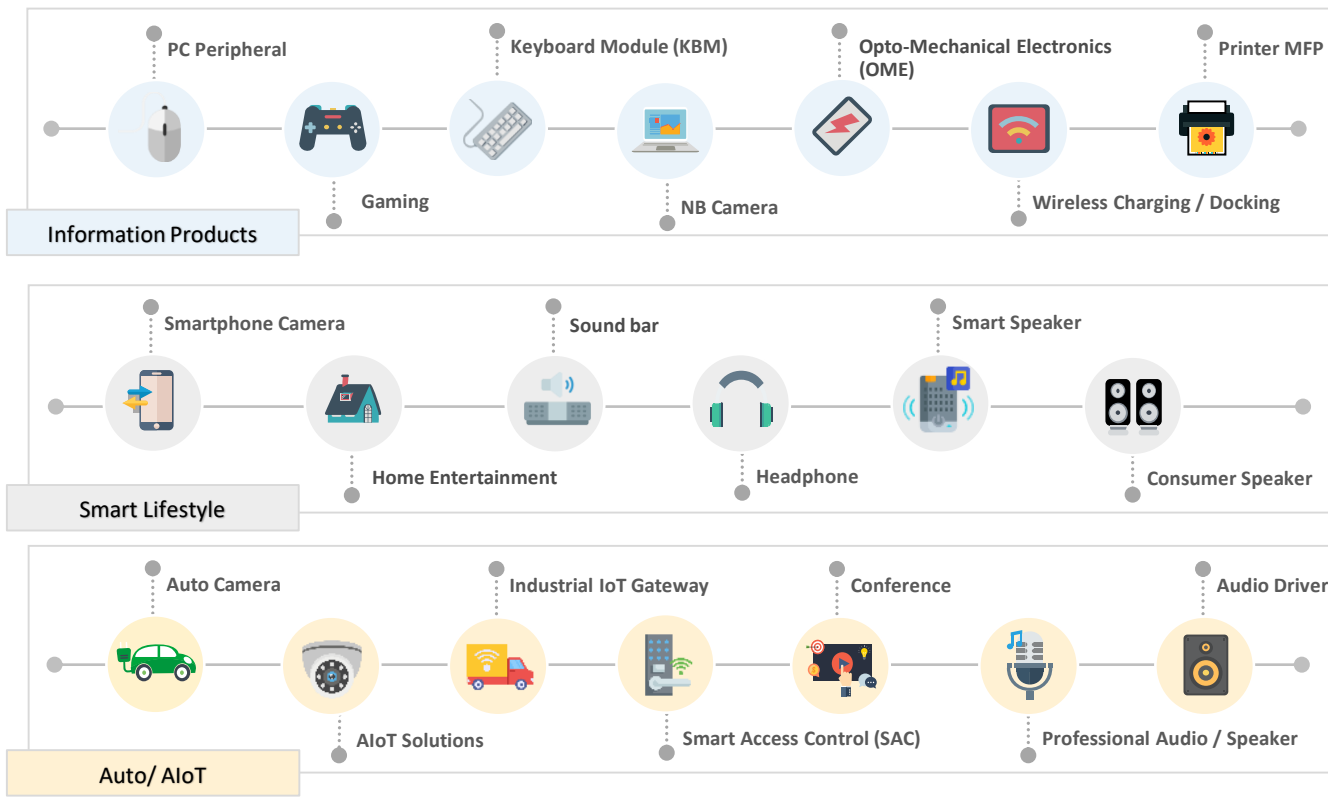
✓ Smart Lifestyle

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



4Q24 Outlook

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

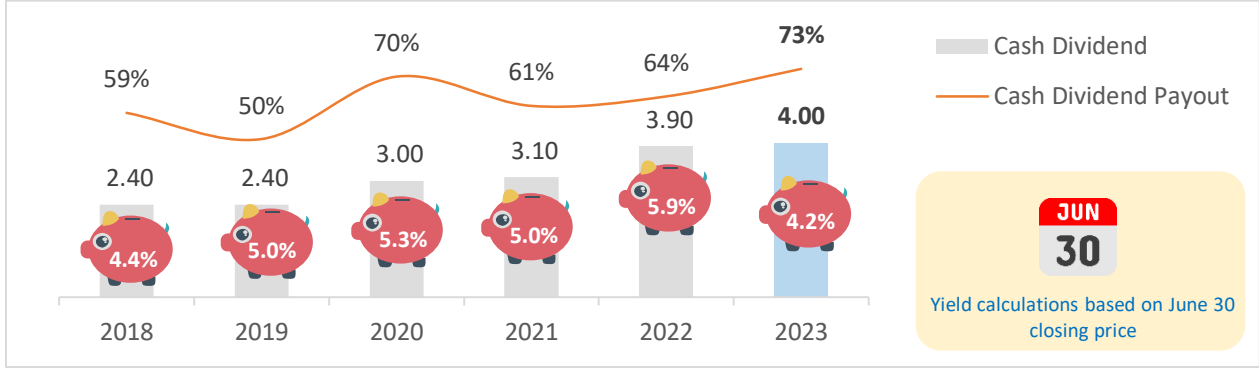
Primax 4Q24 Revenue And Profit Outlook

Revenue Outlook	Profit Outlook
<ul style="list-style-type: none"> ✓ 4Q24 revenue down double-digit QoQ due to soften demand & inventory depletion ✓ Continuously expanding high value-added products 	<ul style="list-style-type: none"> ✓ GM YoY improvement on favorable mix ✓ Opex ratio is higher due to new business R&D investments and lower revenue scale ✓ 4Q24 profit to see QoQ decline
Information Products	Information Products
<ul style="list-style-type: none"> ✓ PC and gaming to drop mid-single digit YoY, due to low visibility ✓ Possible rush orders for PC and gaming ✓ Biz equipment to see mild YoY growth 	<ul style="list-style-type: none"> ✓ Continue to ramp copilot keyboard for AI PC ✓ Margin improvement driven by increase higher ASP products
Smart Lifestyle	Smart Lifestyle
<ul style="list-style-type: none"> ✓ 4Q24 to see high double-digit YoY decline due to smart speaker demand slowdown ✓ Increase high premium products and improve customer mix 	<ul style="list-style-type: none"> ✓ GM to see YoY improvement due to less focus on low margin business ✓ Weak consumer demand weighing down profitability
Auto/AIoT	Auto/AIoT
<ul style="list-style-type: none"> ✓ Some AIoT projects are facing inventory adjustments and delays, but will gradually improve going forwards ✓ Professional/auto audio business will report high double-digit YoY growth 	<ul style="list-style-type: none"> ✓ Auto/AIoT products segment mix will increase QoQ, help to sustain gross margin ✓ Professional audio margin continue to hold up well, professional audio mix as % of Auto/AIoT will increase both QoQ and YoY

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 conferencing, and 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 5-year 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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