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# INVESTOR RELATIONS

Primax Electronics 4Q 2021 Financial Results



## Primax Speakers

## YY Hsiao

Senior Vice President | CFO |  
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## Ellen Tseng

Director | Investor Relations |  
Taiwan



## Meeting Agenda

Quarterly Results  
& Update

🕒 20'

Trends & Growth  
Opportunities

🕒 15'

Investor Questions  
& Feedback

🕒 10'

## 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

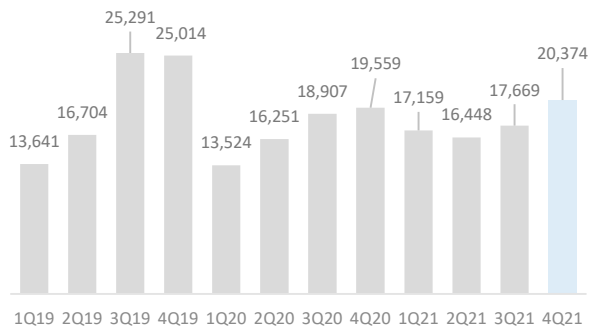
**4Q21 EPS**  
NTD 1.13  
Up 38% YoY

**2021 EPS**  
NTD 5.13  
up 19% YoY

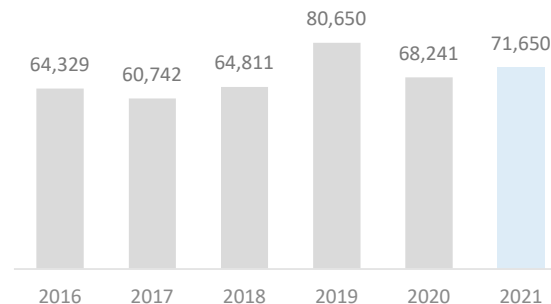
**PRIMAX**

- Visual business strong from car ADAS adjustment to product mix
- Interface business YoY growth decelerating from a high base in 1H21
- Business equipment growing robustly from back to office demand
- Audio revenue lower than expected due to severe component constraints

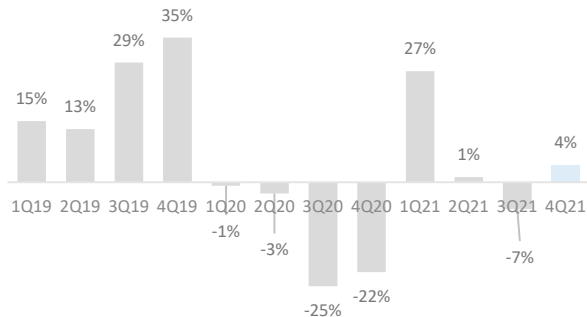
Quarterly Revenue (NTD million)



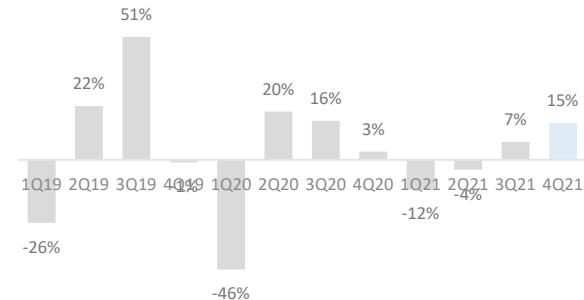
Annual Revenue (NTD million)



Quarterly Revenue Growth YoY (%)

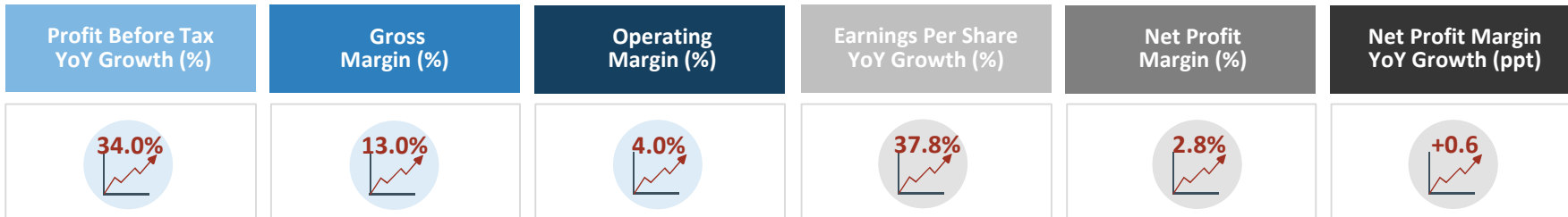


Quarterly Revenue Growth QoQ (%)

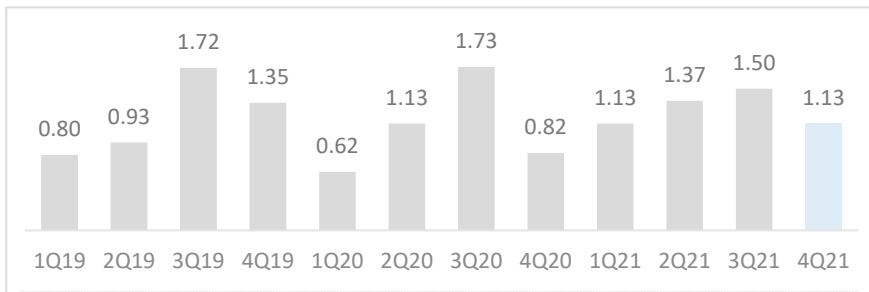


# PRIMAX FINANCIAL DASHBOARD

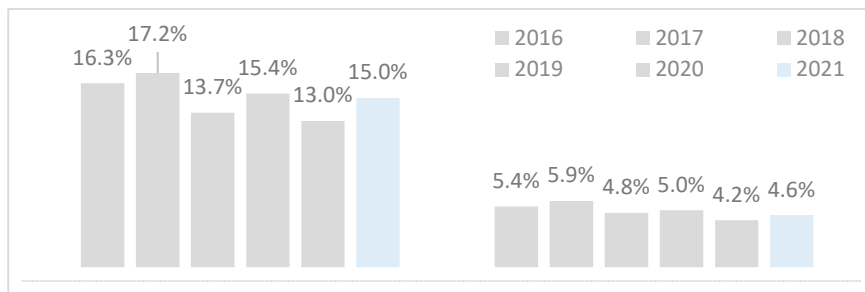
## Primax 4Q21 Highlights – Profit Before Tax (PBT), Gross Margin, Operating Margin, EPS, And Return On Equity And Assets



### Quarterly Earnings Per Share (NTD)



### Return On Equity And Return On Assets (%)



Component shortages have resulted in lower customer orders, thereby suppressing 4Q21 EPS growth

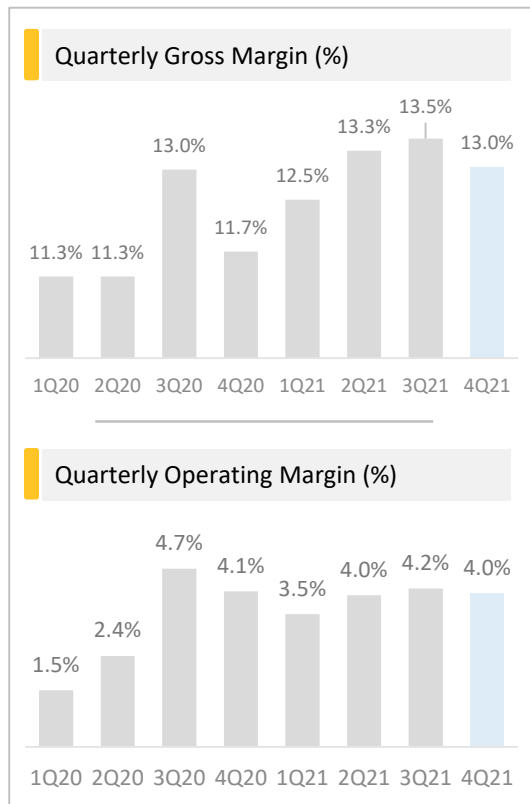


Primax 2016-2021 Return On Equity



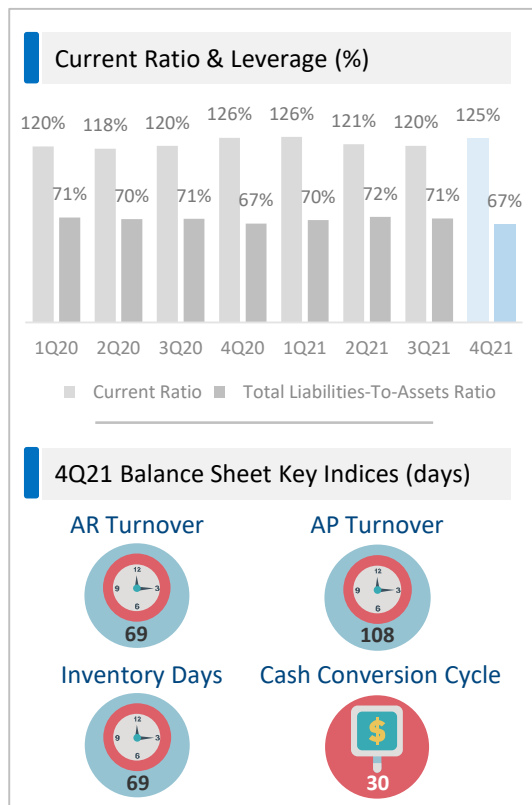
Primax 2016-2021 Return On Assets

# PRIMAX INCOME STATEMENT



(NTD million)	4Q 2021	3Q 2021	4Q 2020	QoQ	YoY
<b>Net Sales</b>	<b>20,374</b>	<b>17,669</b>	<b>19,559</b>	<b>15.3%</b>	<b>4.2%</b>
COGS	17,717	15,285	17,269		
Gross Profit	2,657	2,384	2,290	11.4%	16.0%
Gross Margin (%)	13.0%	13.5%	11.7%	-0.5 ppt	1.3 ppt
Operating Expense	1,832	1,646	1,490	11.3%	23.0%
Operating Expense (%)	9.0%	9.3%	7.6%	-0.3 ppt	1.4 ppt
<b>Operating Income</b>	<b>825</b>	<b>738</b>	<b>801</b>	<b>11.7%</b>	<b>3.0%</b>
Operating Margin (%)	4.0%	4.2%	4.1%	-0.1 ppt	0.0 ppt
Non-operating Items	(92)	130	(254)		
Income before Tax	733	868	547	-15.3%	34.0%
Income Tax	155	182	109		
<b>Net Income</b>	<b>578</b>	<b>686</b>	<b>438</b>	<b>-15.8%</b>	<b>31.9%</b>
Net Margin (%)	2.8%	3.9%	2.2%	-1.0 ppt	0.6 ppt
NI attributed to Primax	510	672	367	-24.0%	39.0%
EPS (NTD)	1.13	1.50	0.82	-24.7%	37.8%

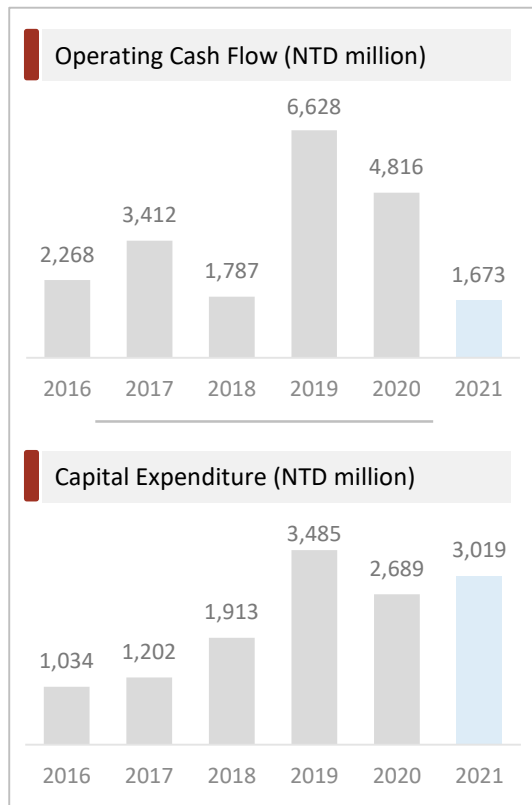
# PRIMAX BALANCE SHEET



(NTD million)

	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020
<b>Cash</b>	<b>4,839</b>	<b>5,176</b>	<b>5,127</b>	<b>6,167</b>	<b>6,935</b>
Notes & Accounts Receivable	13,375	14,007	13,207	12,145	13,579
Inventory	13,165	12,709	11,225	10,242	10,247
<b>Total Current Assets</b>	<b>35,729</b>	<b>40,288</b>	<b>40,748</b>	<b>39,547</b>	<b>35,110</b>
Fixed Assets	7,605	7,333	6,601	6,497	6,542
<b>Total Assets</b>	<b>49,474</b>	<b>53,934</b>	<b>53,590</b>	<b>52,646</b>	<b>47,307</b>
<b>Notes &amp; Accounts Payable</b>	<b>17,693</b>	<b>15,965</b>	<b>14,556</b>	<b>15,205</b>	<b>19,001</b>
S-T Borrowings	2,031	9,975	10,334	8,662	905
CPLTD	435	288	275	121	75
<b>Total Current Liabilities</b>	<b>28,532</b>	<b>33,528</b>	<b>33,644</b>	<b>31,316</b>	<b>27,941</b>
L-T Borrowings	1,026	1,112	1,147	1,334	681
<b>Total Liabilities</b>	<b>33,032</b>	<b>38,202</b>	<b>38,518</b>	<b>36,707</b>	<b>31,806</b>
<b>Total Equity</b>	<b>16,442</b>	<b>15,731</b>	<b>15,072</b>	<b>15,939</b>	<b>15,501</b>
<b>Net Debt-To-Equity (%)</b>	<b>-11%</b>	<b>38%</b>	<b>42%</b>	<b>24%</b>	<b>-35%</b>

# PRIMAX STATEMENT OF CASH FLOWS



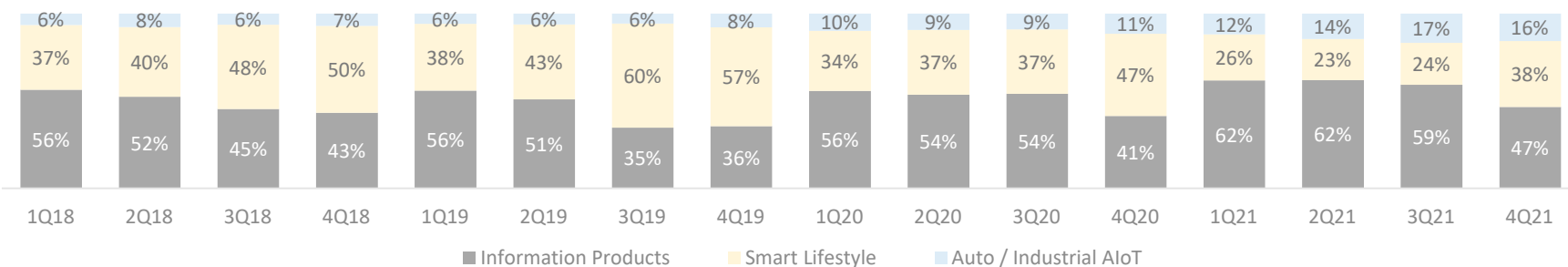
(NTD million)

	4Q21 YTD	3Q21 YTD	2Q21 YTD	1Q21 YTD	4Q20 YTD
<b>From Operations</b>	<b>1,673</b>	<b>(7,198)</b>	<b>(10,500)</b>	<b>(8,572)</b>	<b>3,961</b>
- Income Before Tax	3,030	2,297	1,429	634	2,478
- Depreciation & Amortization	1,941	1,475	1,000	515	2,230
- Notes & Accounts Receivable	216	(425)	373	1,434	5,630
- Notes & Accounts Payable	(1,308)	(3,036)	(4,445)	(3,796)	(4,744)
- Inventory	(3,079)	(2,563)	(1,015)	14	(39)
- Other Operating Sources	873	(4,946)	(7,842)	(7,373)	(1,594)
<b>From Investment</b>	<b>(3,874)</b>	<b>(2,562)</b>	<b>(1,148)</b>	<b>(517)</b>	<b>(2,796)</b>
- Fixed Assets	(3,019)	(2,490)	(1,157)	(533)	(2,689)
- Other Investing Sources	(811)	(72)	9	17	(107)
<b>From Financing</b>	<b>227</b>	<b>8171</b>	<b>9,969</b>	<b>8,390</b>	<b>(975)</b>
- S-T Borrowings	1,126	9,070	9,429	7,757	(187)
- L-T Borrowings	705	645	666	700	577
- Cash Dividend	(1,355)	(1,355)			
- Other Financing Sources	(249)	(189)	(126)	(66)	(288)
<b>Net Cash Position Change</b>	<b>(1,973)</b>	<b>(1,589)</b>	<b>(1,678)</b>	<b>(699)</b>	<b>190</b>
Effect of Foreign Currency	(123)	(170)	(130)	(70)	44
Cash At Beginning of Year	6,935	6,935	6,935	6,935	6,701
Ending Cash Balance	4,839	5,176	5,127	6,167	6,935

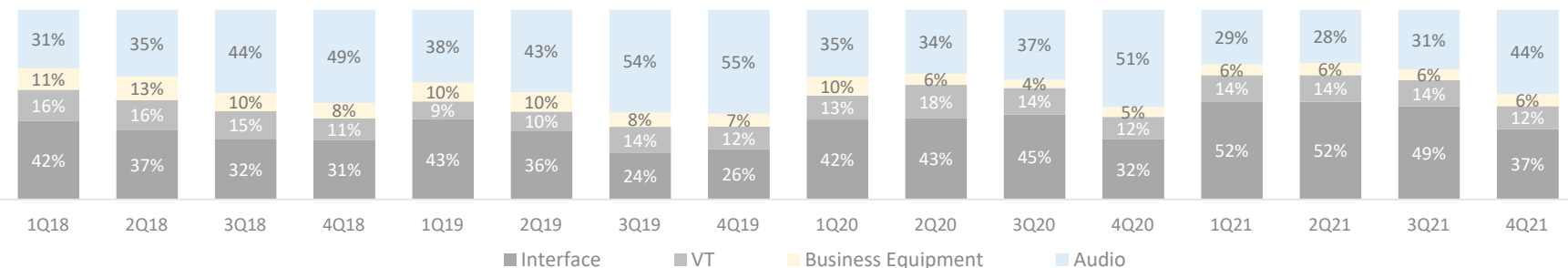
# REVENUE BREAKDOWN – NEW VS OLD CLASSIFICATION

## New Revenue Breakdown Reclassification Shows Better Trend Of New Business Growth

### New Sales Breakdown







































### Previous Sales Breakdown



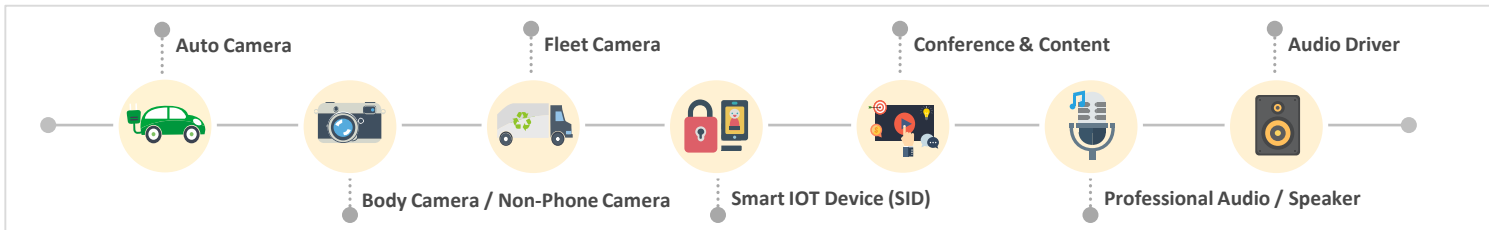
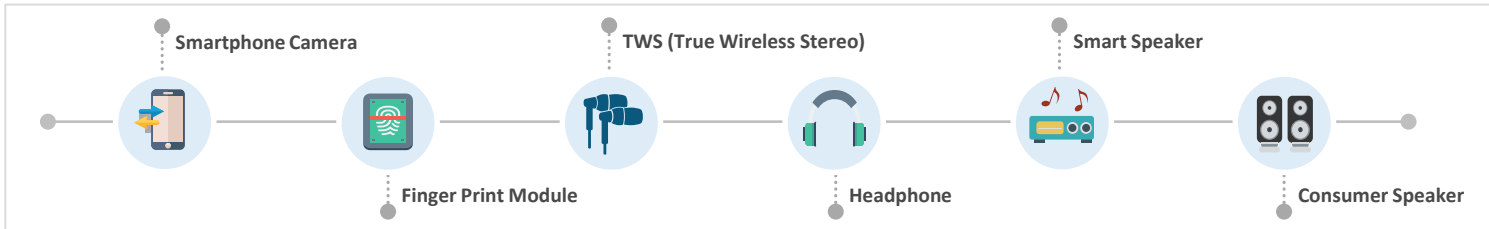
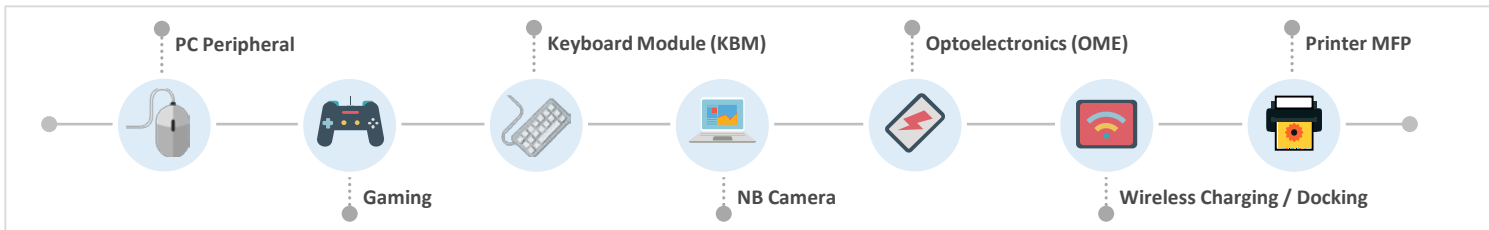


# PRODUCT PORTFOLIO AND APPLICATIONS

	Product Portfolio	Historical Range	2021 Sales Breakdown
 <p><b>Interface Devices</b></p>	 Smart Lock  Wireless Charging  Docking  Gaming Mouse & Keyboard  Mouse & Keyboard  Gaming Controller  Smart Remote  Trackpad	29-48%	 <p>47</p>
 <p><b>Visual Technology</b></p>	 Dash Camera  Police Body Camera  ADAS Camera  Camera Module  Multi-Camera  Ultra-Slim 360 Cam  4K 360 Cam	14-30%	 <p>13</p>
 <p><b>Business Equipment</b></p>	 Surveillance  MFP  Thermal Printer  Scanner / ADF  Mobile Photo Printer	6-13%	 <p>6</p>
 <p><b>Audio And Speakers</b></p>	 Conference Products  TWS  Headphones  Smart Speaker  Portable Speaker  Home Audio  Loud Speaker  Transducer	15-51%	 <p>34</p>

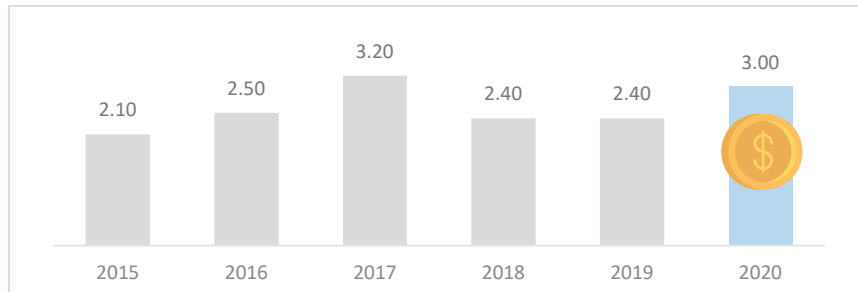
# PRIMAX – PRODUCT PORTFOLIO RECLASSIFICATION

## Product Portfolio Reclassification

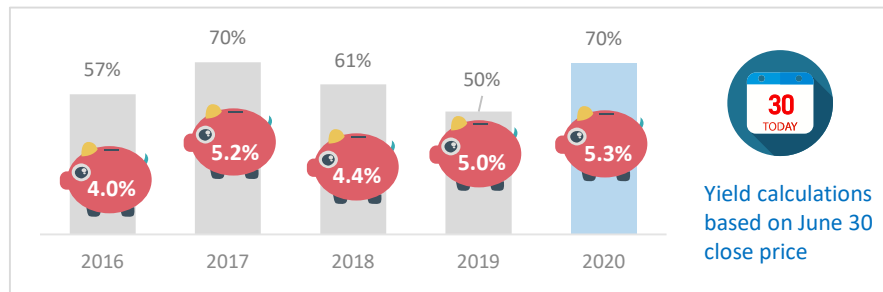


# CASH DIVIDEND AND 2022 CALENDAR

Cash Dividend Per Share (NTD)



Cash Dividend Payout And Dividend Yield (%)






## Financial Calendar For 2022 And CSR & ESG Awards



# PRIMAX – 1Q22 REVENUE AND PROFIT OUTLOOK

## Primax – 2022 Revenue Outlook

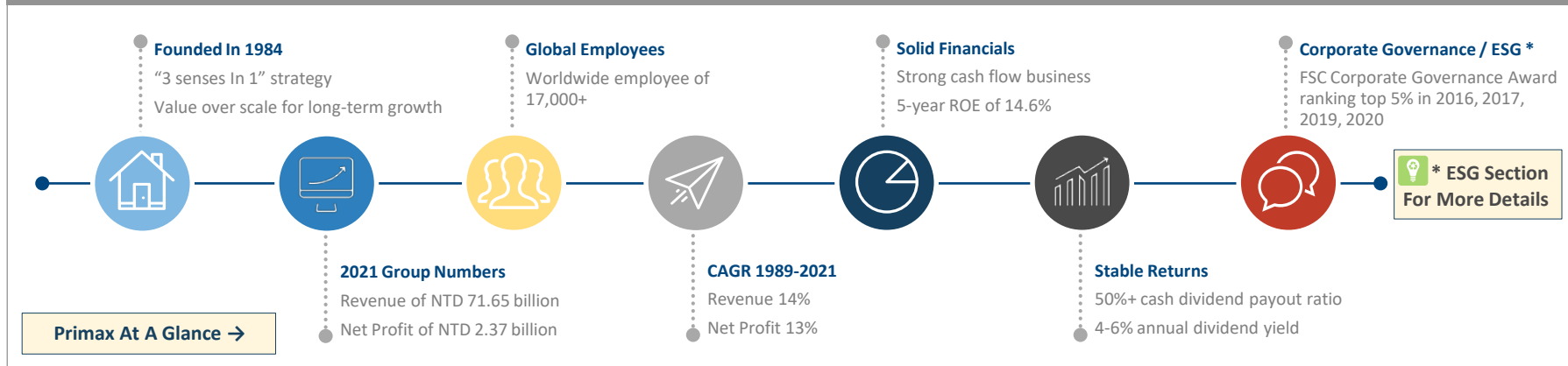
Revenue Segment	Growth	Remarks
 <b>Revenue Outlook</b>		<ul style="list-style-type: none"> <li>✓ 1Q22 flat to low single digit YoY</li> <li>✓ March sales pick up from new products' roll out</li> </ul>
 <b>Interface &amp; Business Equipment</b>		<ul style="list-style-type: none"> <li>✓ MFPs and printers to continue to see strong demand</li> <li>✓ Forcepad adoption</li> </ul>
 <b>Visual Technology</b>		<ul style="list-style-type: none"> <li>✓ Police body cameras strong demand shrugging off supply issues</li> <li>✓ Car ADAS demand remain strong</li> </ul>
 <b>Audio (Tymphony)</b>		<ul style="list-style-type: none"> <li>✓ More focus in professional audio</li> <li>✓ Component shortages remain a challenge</li> </ul>
 <b>New Business</b>		<ul style="list-style-type: none"> <li>✓ Harvest year for Primax</li> <li>✓ New products to roll out in March and be significantly more in 2H22</li> </ul>

## Primax – 2022 Profit And Margin Outlook

Profit Segment	Growth	Remarks
 <b>Profit Outlook</b>		<ul style="list-style-type: none"> <li>✓ Margins are flat to slight YoY gain</li> <li>✓ Conservative FX forecast could lead to upside surprises in margins</li> </ul>
 <b>Interface &amp; Business Equipment</b>		<ul style="list-style-type: none"> <li>✓ Slight margin improvement</li> <li>✓ Business equipment has higher than corporate average margins</li> </ul>
 <b>Visual Technology</b>		<ul style="list-style-type: none"> <li>✓ Gross margin could see limited growth from product mix</li> <li>✓ Operating leverage from scale</li> </ul>
 <b>Audio (Tymphony)</b>		<ul style="list-style-type: none"> <li>✓ Professional audio mix increases to lift overall margins</li> <li>✓ Product mix affects margin growth</li> </ul>
 <b>New Business</b>		<ul style="list-style-type: none"> <li>✓ New products have higher gross margin but lack scale</li> <li>✓ Scale over profitability at first</li> </ul>

# PRIMAX GROWTH STRATEGY AND CORE COMPETENCY






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

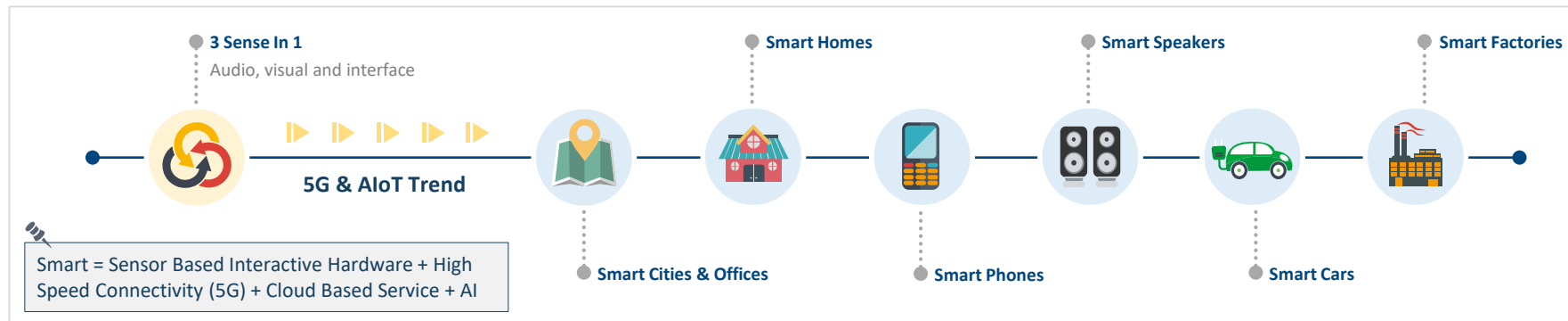


3 Senses In 1 Uniquely Positioned	Long History of Re-Investing	ODM Design Service Provider	Moving Away From Low Value Add	Diversifying To Mitigate Risks
<ul style="list-style-type: none"> <li>✓ 3 senses in 1 strategy</li> <li>✓ A value added approach</li> <li>✓ All in one solutions provider</li> <li>✓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

# 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 (%)

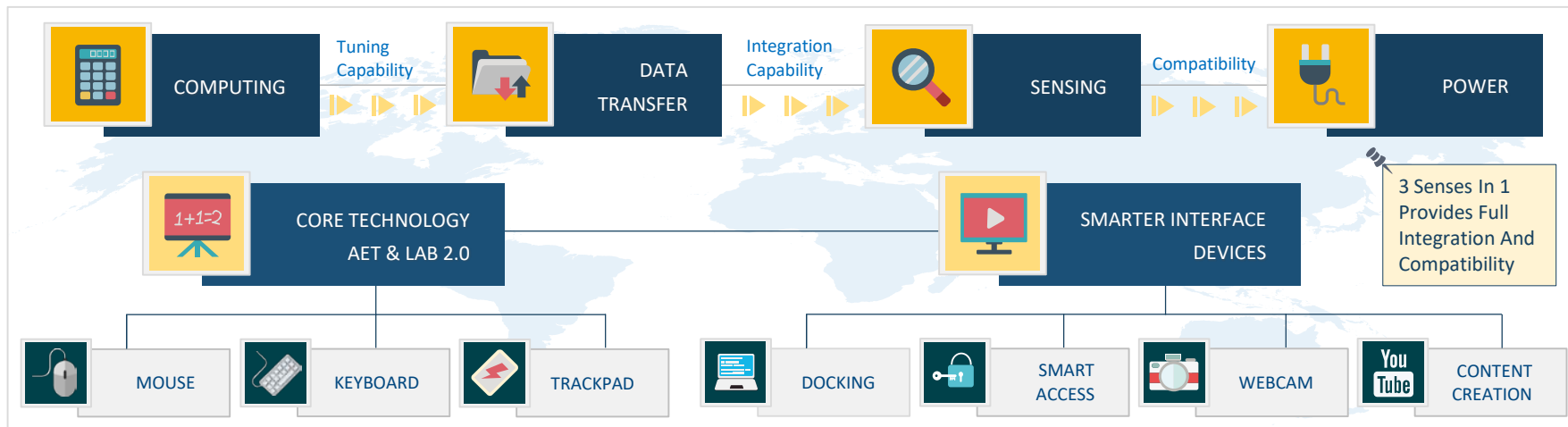


## Intelligent Interface Highlights For The Year

### 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 (%)

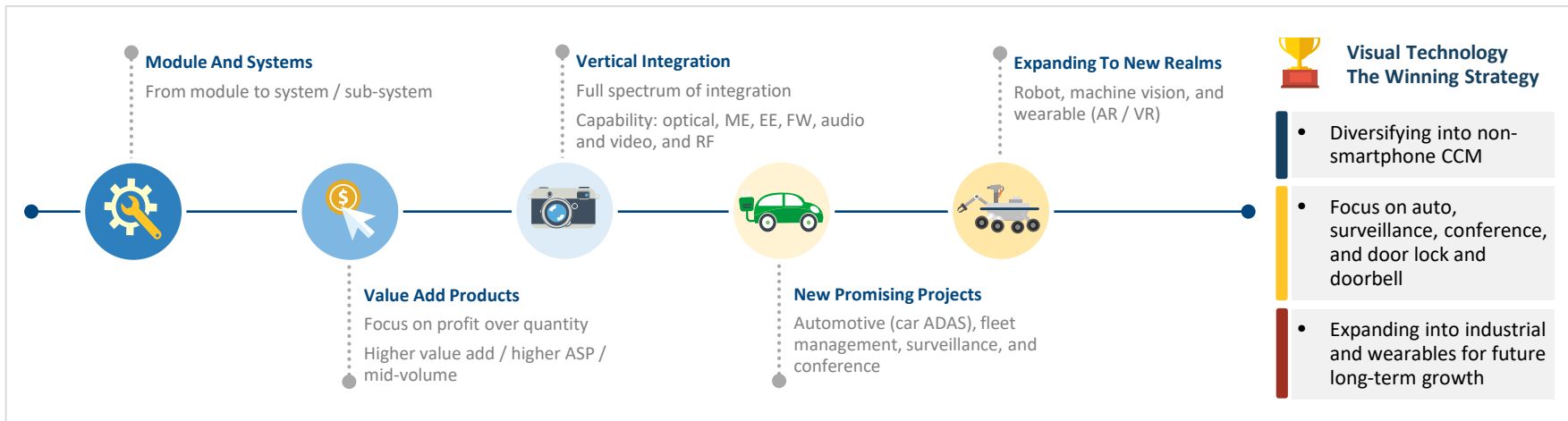


## Visual Technology Highlights For The Year

### 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 (%)



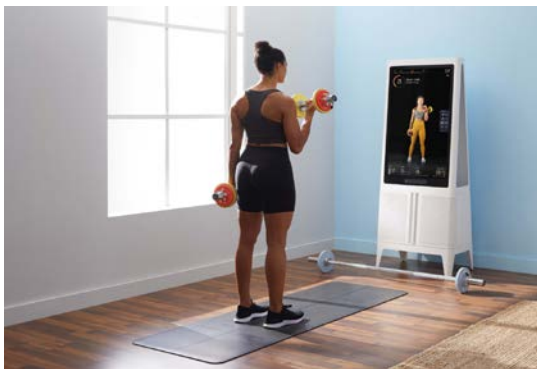
## Business Equipment Highlights For The Year

### 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 (%)

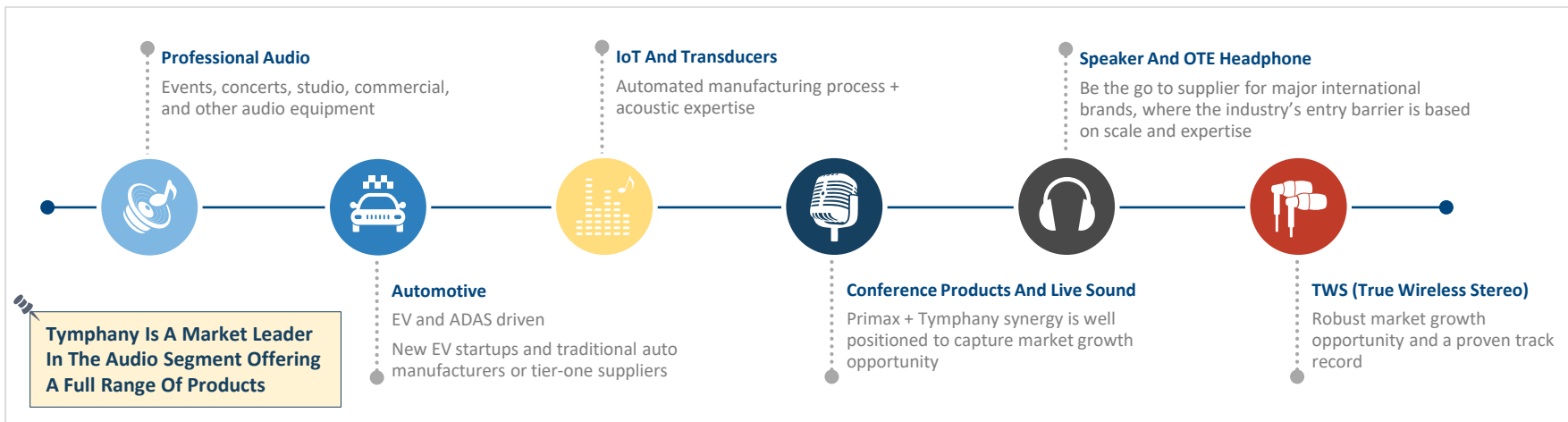


## Audio Highlights For The Year







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

# PRIMAX SUSTAINABILITY AND ESG COMMITMENT

## Primax Management – A Long-Term Dedicated Commitment



### 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><b>Primax Goals</b></p>	Setting stringent greenhouse gas (GHG) targets with deadlines	Long-term committed target <b>aiming to be carbon neutral by 2050</b>	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><b>Achievements</b></p>	<ul style="list-style-type: none"> <li>✓ Total GHG emissions by Primax Group is down <b>33.47% since 2013</b> (base year)</li> <li>✓ GHG emission intensity <b>down 1.42% since 2019</b></li> <li>✓ 3.5M KWh of electricity were offset in 2020 or the equivalent of <b>2,842 tonnes of CO2e</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ Based on SBTi, set Group-wide <b>carbon reduction goals</b></li> <li>✓ Adopted TCFD for systematic identification and management of climate change risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Active management and control of water usage</li> <li>✓ Primax Group's <b>water intensity decreased 0.29%</b> compared to 2019</li> </ul>	<ul style="list-style-type: none"> <li>✓ Active management and control of energy consumption</li> <li>✓ Primax Group's <b>energy consumption is down 13.83%</b> since 2019</li> </ul>	<ul style="list-style-type: none"> <li>✓ Hazardous substance management system installed</li> <li>✓ Environment management system installed</li> <li>✓ Primax Group's total <b>hazardous waste volume dropped 14.69% YoY in 2020</b></li> </ul>
 <p><b>Certifications</b></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

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[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.

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