



Primax

4Q 2023

INVESTOR CONFERENCE

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PRIMAX



Bring Experience To Life

Primax Speakers

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Primax 4Q23 and Year 2023 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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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.

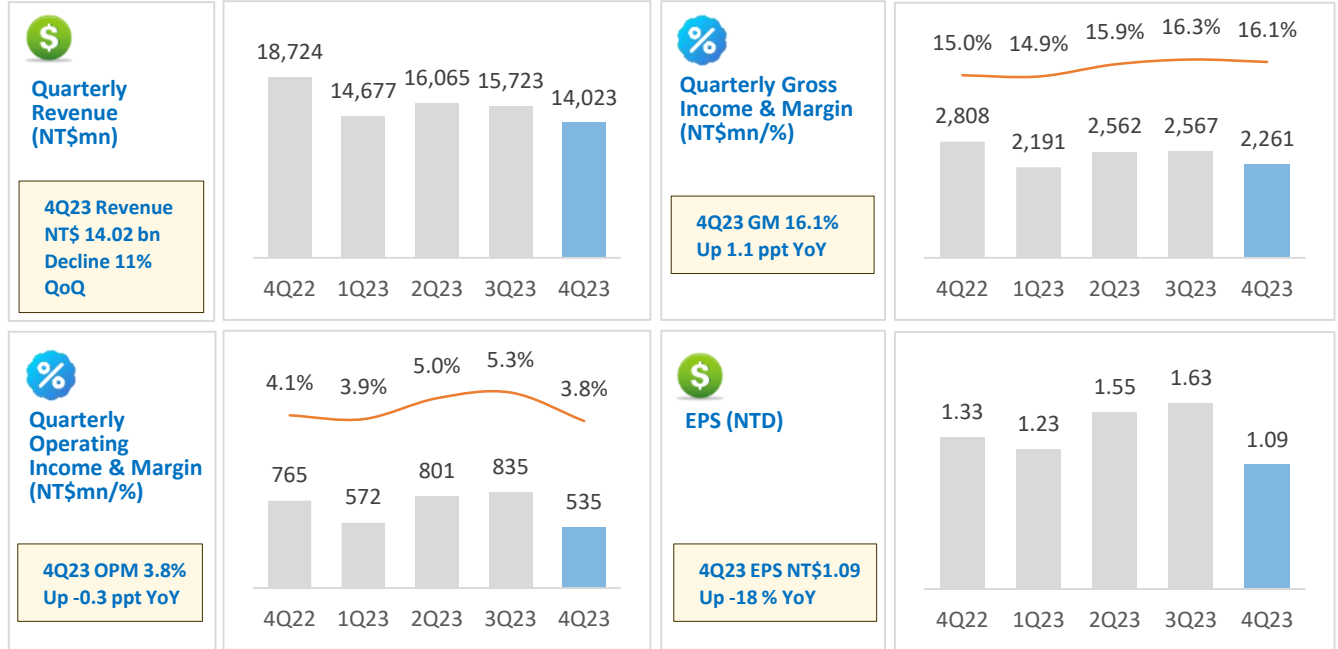
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Primax 2023 Highlights

- ✓ Gross margin of 15.8% and operating margin of 4.5% both set the company's record in 2023
- ✓ 2023 EPS NT\$5.50 reached the second highest level of the company history
- ✓ 2023 was negative impacted by high inflation, rising interest rates and sluggish end-market demand. However, Primax maintained business resilience and achieved solid operational performance

PRIMAX Bring Experience To Life

Primax 4Q23 Revenue, Gross Margin, Operating Margin





Income Statement

- ✓ 4Q23 gross margin improved to 16.1%, mainly due to better product mix
- ✓ 4Q23 operating margin was impacted by soft revenue resulting in decreasing economic scale, down both YoY and QoQ



Primax 4Q23 Income Statement

(NT\$m)	4Q 2023	3Q 2023	4Q 2022	QoQ	YoY	2023	2022	YoY
Revenue	14,023	15,723	18,724	-10.8%	-25.1%	60,488	79,241	-23.7%
COGS	11,762	13,156	15,915			50,907	68,256	
Gross Profit	2,261	2,567	2,808	-11.9%	-19.5%	9,581	10,984	-12.8%
Gross Margin (%)	16.1%	16.3%	15.0%	-0.2 ppt	1.1 ppt	15.8%	13.9%	2.0 ppt
Operating Expense	1,726	1,732	2,043			6,838	7,640	
Operating Expense (%)	12.3%	11.0%	10.9%	1.3 ppt	1.4 ppt	11.3%	9.6%	1.7 ppt
Operating Income	535	835	765	-35.9%	-30.1%	2,743	3,345	-18.0%
Operating Margin (%)	3.8%	5.3%	4.1%	-1.5 ppt	-0.3 ppt	4.5%	4.2%	0.3 ppt
Non-operating Items	70	158	28			523	284	
Income before Tax	605	993	793	-39.1%	-23.7%	3,266	3,629	-10.0%
Income Tax	113	194	164			633	760	
Net Income	491	799	629	-38.5%	-21.8%	2,633	2,869	-8.2%
Net Margin (%)	3.5%	5.1%	3.4%	-1.6 ppt	0.1 ppt	4.4%	3.6%	0.7 ppt
NI attributed to Primax	495	737	602	-32.9%	-17.8%	2,485	2,743	-9.4%
EPS (NTD)	1.09	1.63	1.33			5.50	6.10	



Balance Sheets

- ✓ Maintained net cash position with cash level over NT\$10.9bn
- ✓ Inventory level has been steadily decreasing, 4Q23 amount was NT\$8bn, down 15% YoY
- ✓ Stable operating cash inflow from optimized operations to support business agility amid macro challenges



Primax 4Q23 Balance Sheets

(NT\$mn)	4Q 2023		4Q 2022	
	Amount	%	Amount	%
Cash	10,905	23%	6,285	13%
Notes & Accounts Receivable	11,482	25%	14,338	30%
Inventory	7,996	17%	9,354	20%
Total Current Assets	32,936	71%	33,260	70%
Fixed Assets	7,741	17%	8,247	17%
Total Assets	46,553	100%	47,264	100%
Notes & Accounts Payable	12,135	26%	14,039	30%
S-T Borrowings	756	2%	489	1%
Total Current Liabilities	23,637	51%	25,336	54%
L-T Borrowings	691	1%	464	1%
Total Liabilities	27,457	59%	28,970	61%
Total Equity	19,097	41%	18,294	39%
Current Ratio	139%		131%	
Net Debt-to-Equity Ratio	-50%		-29%	
AR Turnover Days	78		64	
AP Turnover Days	94		85	
Inventory Turnover Days	62		60	
Cash Conversion Cycle (CCC)	46		39	



Statements of Cash Flows

- ✓ Operating cash flow for 4Q23 was NT\$7.7bn, which increased by NT\$3.3bn from the previous quarter, mainly due to working capital improvement
- ✓ 2023 capex amounted to around NT\$1.49bn which was mainly for Hsinchu innovation center, Thailand plant expansion and automation investment



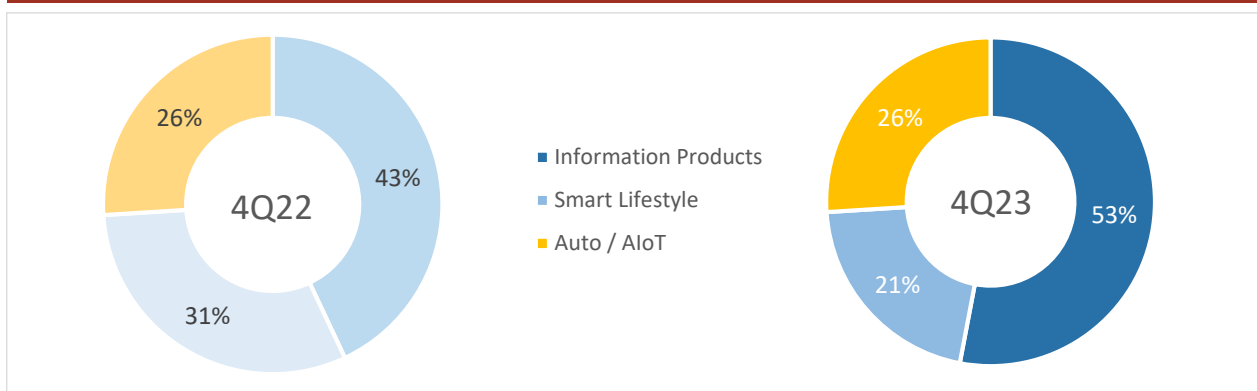
Primax 4Q23 Statements Of Cash Flows					
(NT\$m)	4Q 2023	3Q 2023	2Q 2023	1Q 2023	4Q 2022
From Operations	7,728	4,472	2,995	379	6,197
- Income Before Tax	3,266	2,662	1,668	712	3,629
- Depreciation & Amortization	1,913	1,430	962	485	1,887
- Notes & Accounts Receivable	3,449	571	873	1,262	(2,066)
- Notes & Accounts Payable	(1,903)	(1,369)	(800)	(1,739)	(3,655)
- Inventory	1,357	1,817	1,247	727	3,811
- Other Operating Sources	(355)	(639)	(955)	(1,069)	2,590
From Investment	(1,435)	(1,078)	(579)	(383)	(536)
- Fixed Assets	(1,487)	(968)	(665)	(355)	(1,904)
- Others & Amortized Cost*	52	(111)	86	(28)	1,367
From Financing	(1,497)	(322)	2,382	838	(4,533)
- S-T Borrowings	267	1,377	2,485	884	(1,541)
- L-T Borrowings	244	244	0	0	(997)
- Cash Dividend	(1,792)	(1,792)			(1,411)
- Other Financing Sources	(216)	(152)	(103)	(46)	(584)
Net Cash Position Change	4,796	3,071	4,797	834	1,128
Effect of Foreign Currency	(176)	297	(159)	39	318
Cash At Beginning of Year	6,285	6,285	6,285	6,285	4,839
Ending Cash Balance	10,905	9,653	10,923	7,158	6,285

Note: *Financial Assets Measured At Amortized Cost

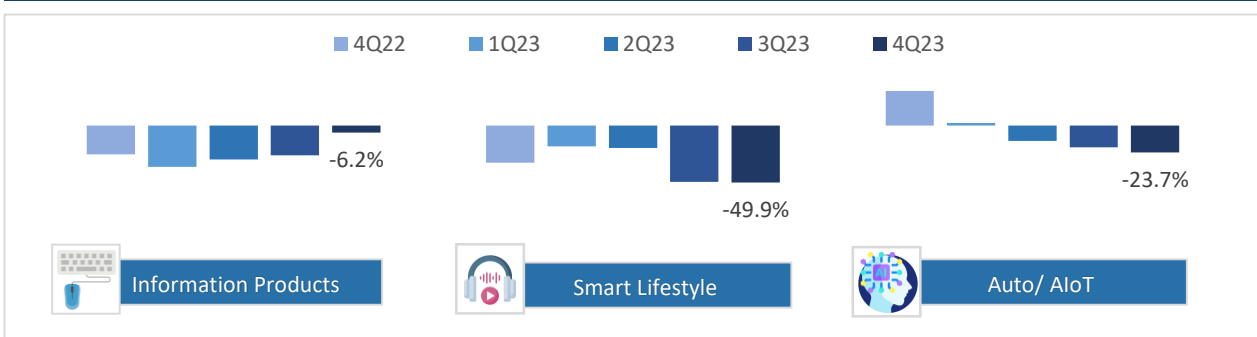
4Q23 Revenue Breakdown

- ✓ Information products mix rose to 53% as Smart lifestyle product contribution decreased sharply to 21% due to weak consumer demand. Auto/AIoT mix maintained at 26%.
- ✓ Information product declined modestly, or down 6.2% YoY. YoY decline has significantly narrowed sequentially.
- ✓ Auto/ AIoT was impacted by professional audio customer inventory adjustments and delayed new models launch

Performance By Applications



YoY Growth (%)



Product Portfolio

✓ Information Products

PC peripherals, OME, docking and interface related products

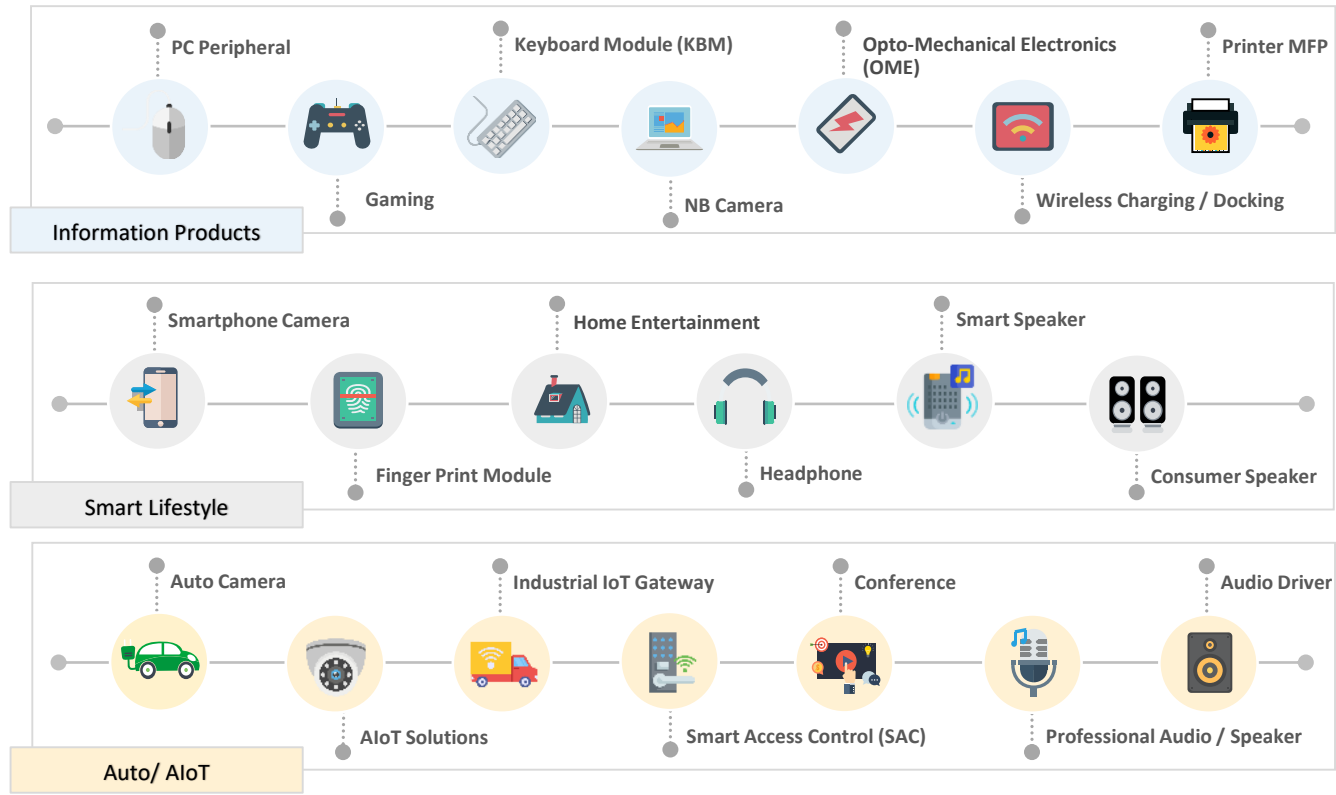
✓ Smart Lifestyle

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




1Q24 Outlook


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


Primax 1Q24 Revenue And Profit Outlook

 **Revenue Outlook**





- ✓ 1Q24 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**





- ✓ 1Q24 to see high double-digit YoY decline due to demand slow-down and seasonality
- ✓ 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**





- ✓ 1Q24 profit likely see flattish YoY
- ✓ GM and OPM YoY improvement due to better product mix
- ✓ Tight Opex control

 **Information Products**





- ✓ Information products to see significant cost reduction measures
- ✓ Continue to lift higher ASP product mix

 **Smart Lifestyle**



- ✓ 1Q24 to see YoY profit decline
- ✓ Weak consumer demand weighing down profitability

 **Auto/AIoTT**



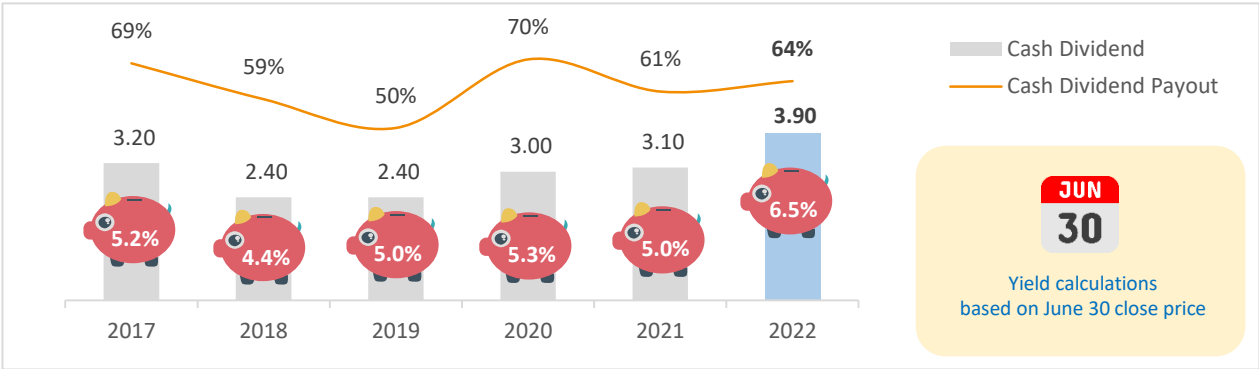
- ✓ New products with higher GM and gradually improving scale
- ✓ Professional audio inventory adjustment impact overall profit contribution

Dividend Calendar

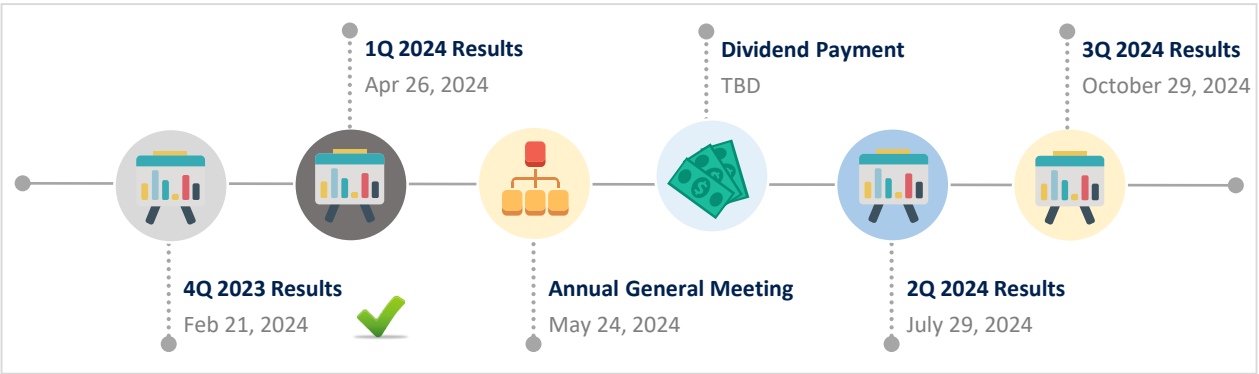
- ✓ Primax's dividend payout will remain above 50% according to company charter, with historical range of 50-70%
- ✓ Primax will continue its high dividend payout policy, providing stable returns for investors



Cash Dividend Per Share, Dividend Payout And Dividend Yield



2023 Financial Calendar



ESG Highlights

- ✓ Dedicated ESG office led by Chairman, with annual reports submitted 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%
- ✓ 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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