

# Primax Electronics



4Q24 Investor Conference

**PRIMAX** TYMPHANY  
GROUP

Feb 17, 2025

# AGENDA

Primax 4Q 2024 Financial Results

Business Strategies and Growth Opportunities

Investor Feedback and Q&A with Management

# 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.

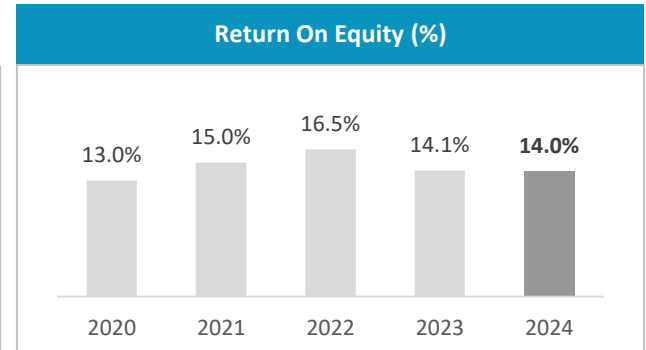
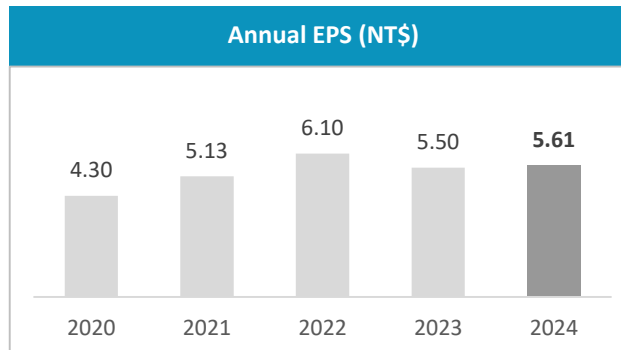
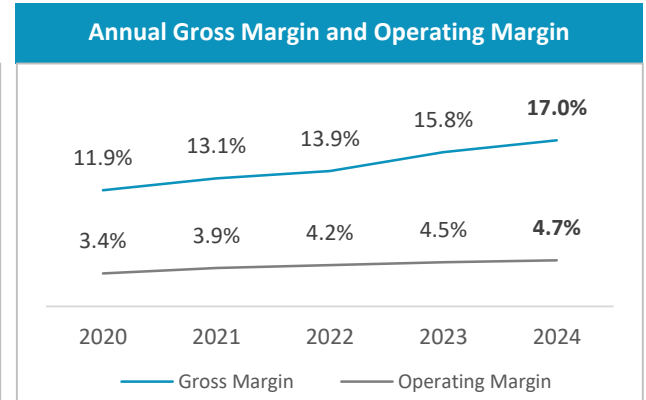
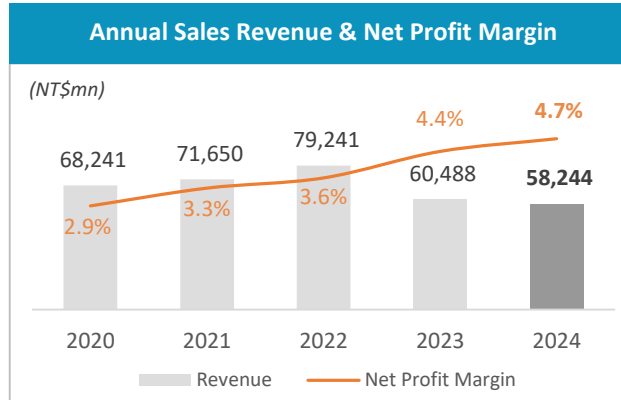
Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to: our highly competitive environment; the cyclical nature of our business; our ability to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

# 2024 Results Highlights

## 2024 Financial Results

### Annual Results Highlights

- ✓ 2024 topline slightly YoY decline due to strategic transition, but bottom line result reported mild YoY growth
- ✓ 2024 gross margin rose to 17%, while operating margin improved to 4.7%, reached annual record high
- ✓ 2024 EPS of NT\$5.61, marked the second highest level of the company history
- ✓ 2024 ROE reached 14%, with a 5-year average of 14.5%



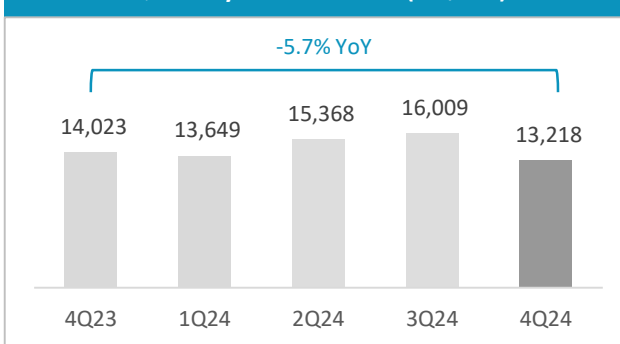
# 4Q24 Results Highlights

## 4Q24 Financial Results

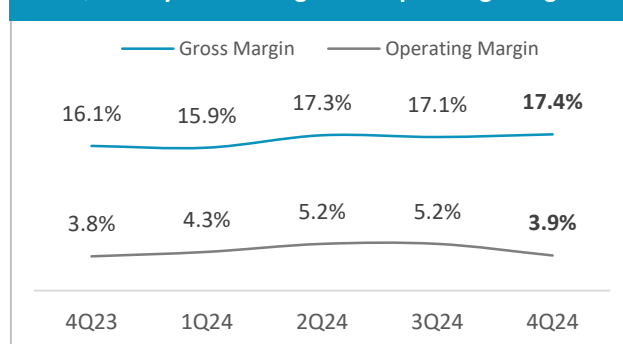
### Quarterly Results Highlights

- ✓ Due to soft PC and consumer demand coupled with AIOT customers' inventory adjustment, Primax's 4Q24 revenue amounted to NT\$13.2bn, down 5.7% YoY
- ✓ 4Q24 gross margin reached quarterly record high of 17.4%, up 0.3 ppt QoQ and 1.3 ppt YoY
- ✓ Primax continues to focus on new technology development, driving innovation and enhancing core competency. R&D expense ratio reached 6.8% in 4Q24
- ✓ 4Q24 operating margin was 3.9%, up 0.1ppt. 4Q24 EPS of NT\$1.03, down 5.5% YoY, chiefly due to lack of economic scale thus impact overall profitability

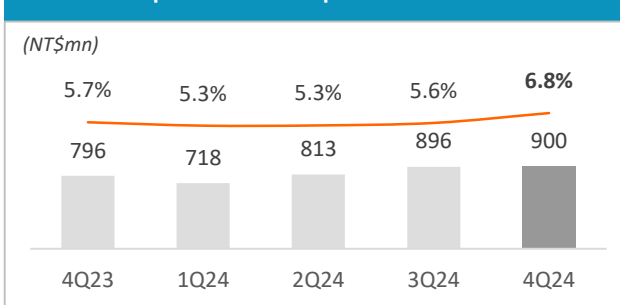
### Quarterly Sales Revenue (NT\$MN)



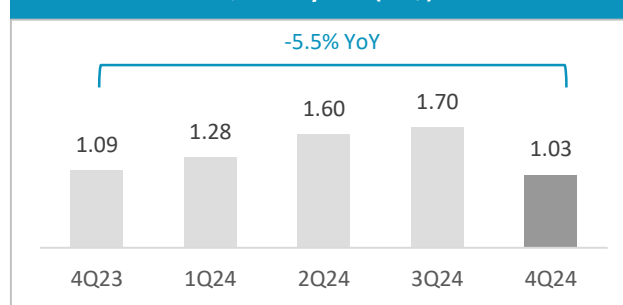
### Quarterly Gross Margin and Operating Margin



### R&D Expense & R&D Expense as % of Revenue



### Quarterly EPS (NT\$)

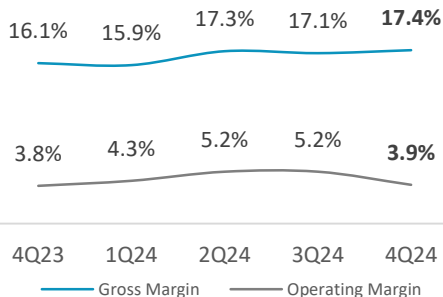


# Income Statement

## 4Q24 Financial Results

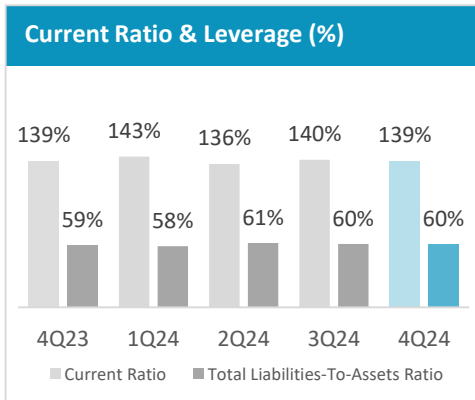
(NT\$mn)	4Q 2024	3Q 2024	4Q 2023	QoQ	YoY	2024	2023	YoY
<b>Revenue</b>	<b>13,218</b>	<b>16,009</b>	<b>14,023</b>	<b>-17.4%</b>	<b>-5.7%</b>	<b>58,244</b>	<b>60,488</b>	<b>-3.7%</b>
COGS	10,914	13,271	11,762			48,363	50,907	
Gross Profit	2,304	2,737	2,261	-15.8%	1.9%	9,881	9,581	3.1%
<b>Gross Margin (%)</b>	<b>17.4%</b>	<b>17.1%</b>	<b>16.1%</b>	<b>0.3 ppt</b>	<b>1.3 ppt</b>	<b>17.0%</b>	<b>15.8%</b>	<b>1.1 ppt</b>
Operating Expense	1,786	1,905	1,726			7,150	6,838	
Operating Expense (%)	13.5%	11.9%	12.3%	1.6 ppt	1.2 ppt	12.3%	11.3%	1.0%
<b>Operating Income</b>	<b>518</b>	<b>832</b>	<b>535</b>	<b>-37.7%</b>	<b>-3.2%</b>	<b>2,731</b>	<b>2,743</b>	<b>-0.4%</b>
<b>Operating Margin (%)</b>	<b>3.9%</b>	<b>5.2%</b>	<b>3.8%</b>	<b>-1.3 ppt</b>	<b>0.1 ppt</b>	<b>4.7%</b>	<b>4.5%</b>	<b>0.2 ppt</b>
Non-operating Items	94	214	70			676	523	
Income before Tax	612	1,046	605	-41.5%	1.2%	3,407	3,266	4.3%
Income Tax	121	209	113			680	633	
<b>Net Income</b>	<b>492</b>	<b>837</b>	<b>491</b>	<b>-41.3%</b>	<b>0.0%</b>	<b>2,727</b>	<b>2,633</b>	<b>3.6%</b>
<b>Net Margin (%)</b>	<b>3.7%</b>	<b>5.2%</b>	<b>3.5%</b>	<b>-1.5 ppt</b>	<b>0.2 ppt</b>	<b>4.7%</b>	<b>4.4%</b>	<b>0.3 ppt</b>
NI attributed to Primax	475	773	495	-38.5%	-3.9%	2,557	2,485	2.9%
EPS (NTD)	1.03	1.70	1.09	-39.4%	-5.5%	5.61	5.50	2.0%

### Gross Margin & Operating Margin (%)



# Balance Sheets

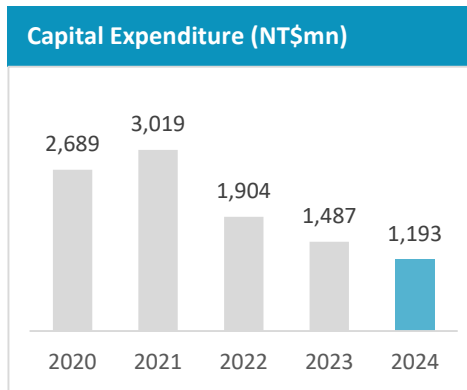
## 4Q24 Financial Results



(NT\$m)	4Q 2024		3Q 2024		4Q 2023	
	Amount	%	Amount	%	Amount	%
Cash	13,886	28%	13,540	27%	10,905	23%
Notes & Accounts Receivable	10,743	21%	12,839	25%	11,482	25%
Inventory	9,604	19%	8,198	16%	7,996	17%
<b>Total Current Assets</b>	<b>36,246</b>	<b>72%</b>	<b>37,208</b>	<b>73%</b>	<b>32,936</b>	<b>71%</b>
Fixed Assets	8,087	16%	7,957	16%	7,741	17%
<b>Total Assets</b>	<b>50,128</b>	<b>100%</b>	<b>50,946</b>	<b>100%</b>	<b>46,553</b>	<b>100%</b>
Notes & Accounts Payable	13,347	27%	13,507	27%	12,135	26%
S-T Borrowings	1,441	3%	1,733	3%	756	2%
CPLTD	258	1%	204	0%	17	0%
<b>Total Current Liabilities</b>	<b>26,080</b>	<b>52%</b>	<b>26,652</b>	<b>52%</b>	<b>23,637</b>	<b>51%</b>
L-T Borrowings	932	2%	611	1%	691	1%
<b>Total Liabilities</b>	<b>30,293</b>	<b>60%</b>	<b>30,474</b>	<b>60%</b>	<b>27,457</b>	<b>59%</b>
<b>Total Equity</b>	<b>19,835</b>	<b>40%</b>	<b>20,472</b>	<b>40%</b>	<b>19,097</b>	<b>41%</b>
<b>Current Ratio</b>	<b>139%</b>		<b>140%</b>		<b>139%</b>	
<b>Net Debt-to-Equity Ratio</b>	<b>-58%</b>		<b>-55%</b>		<b>-50%</b>	
AR Turnover Days	70		74		78	
AP Turnover Days	96		94		94	
Inventory Turnover Days	66		59		62	
<b>Cash Conversion Cycle (CCC)</b>	<b>40</b>		<b>39</b>		<b>46</b>	

# Statements of Cash Flows

## 4Q24 Financial Results



(NT\$m)	4Q 2024	3Q 2024	2Q 2024	1Q 2024	4Q 2023
<b>From Operations</b>	<b>5,622</b>	<b>4,004</b>	<b>1,360</b>	<b>559</b>	<b>7,728</b>
- Income Before Tax	3,407	2,795	1,748	757	3,266
- Depreciation & Amortization	1,623	1,239	845	431	1,913
- Notes & Accounts Receivable	1,262	(1,628)	(1,778)	(100)	3,449
- Notes & Accounts Payable	1,212	1,371	123	(202)	(1,903)
- Inventory	(1,607)	(202)	306	254	1,357
- Other Operating Sources	(275)	428	116	(581)	(355)
<b>From Investment</b>	<b>(1,270)</b>	<b>(843)</b>	<b>(668)</b>	<b>(301)</b>	<b>(1,435)</b>
- Fixed Assets	(1,193)	(800)	(635)	(281)	(1,487)
- Others & Amortized Cost*	(76)	(43)	(33)	(20)	52
<b>From Financing</b>	<b>(2,080)</b>	<b>(1,025)</b>	<b>1,073</b>	<b>1,433</b>	<b>(1,497)</b>
- S-T Borrowings	630	908	1,094	1,492	267
- L-T Borrowings	477	97	97	0	244
- Cash Dividend	(1,852)	(1,852)	0	0	(1,792)
- Change of Non-Controlling Interest	(1,092)				
- Other Financing Sources	(243)	(178)	(118)	(59)	(216)
<b>Net Cash Position Change</b>	<b>2,272</b>	<b>2,135</b>	<b>1,765</b>	<b>1,691</b>	<b>4,796</b>
Effect of Foreign Currency	709	500	638	491	(176)
Cash At Beginning of Year	10,905	10,905	10,905	10,905	6,285
Ending Cash Balance	13,886	13,540	13,308	13,087	10,905

Note: \*Financial Assets Measured At Amortized Cost



# Product Portfolio

Comprehensive One-stop-shop Solutions



- PC Peripherals (Mouse & KB)
- Gaming mouse/ keyboard
- Keyboard Module (KBM)
- NB Camera
- Opto-Mechanical Electronics (OME)
- Wireless Charging / Docking
- Printer MFP



- Bluetooth Speaker
- Headphone
- Home Speaker / Entertainment
- Sound bar
- Party Speaker
- Smartphone Camera



- AIoT Solutions
- AI Surveillance Camera
- Industrial AIoT Gateway
- Automotive Camera / Audio / Speaker
- Professional Speaker
  - Install Speaker
  - Custom Install
  - Content Creator
  - Audio Engineer (Transducer/ Amplifier Module/ DSP)
- AI Conferencing

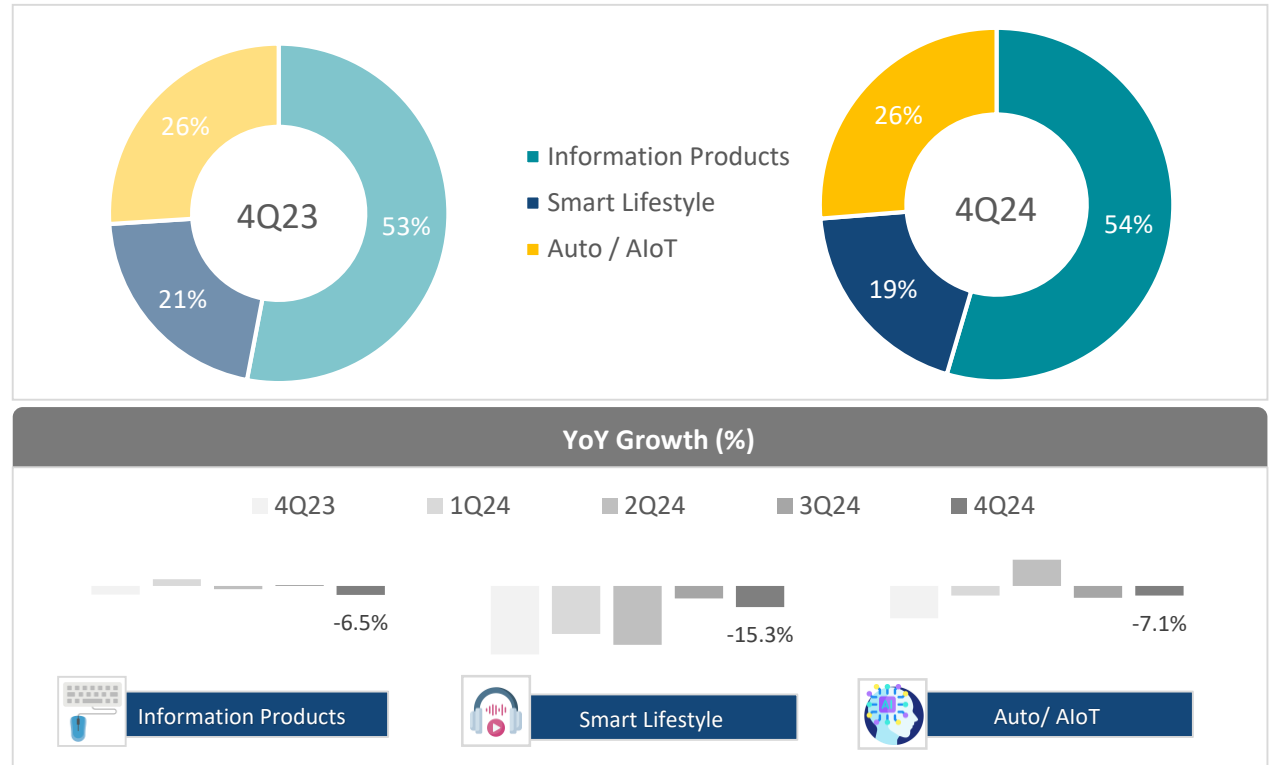


# 4Q24 Revenue Breakdown

## Performance by Applications

### Performance Summary

- ✓ **Information Products** mix increased to 54% as **Smart Lifestyle** product contribution decreased to 19%, due to smart speaker slowdown and soft consumer demand
- ✓ **Information Products** declined 6.5% YoY. However, gaming and MFP reported positive growth
- ✓ **Auto/ AIoT** mix maintained at 26%, down 7.1% YoY, as some AIoT projects faced inventory adjustments and delays



\* Mix comparison is based on USD terms and may not add up due to rounding

# 1Q25 Outlook

## Revenue and Profit Outlook



- Revenue to increase mid single-digit YoY, driven by strong PC orders and reviving AIoT customers' orders
- GM and OPM to improve YoY on favorable product mix, GM likely maintain at least 2H24 level



- PC demand shall revive with mid-single digit YoY
- Biz equipment to see high teens YoY growth



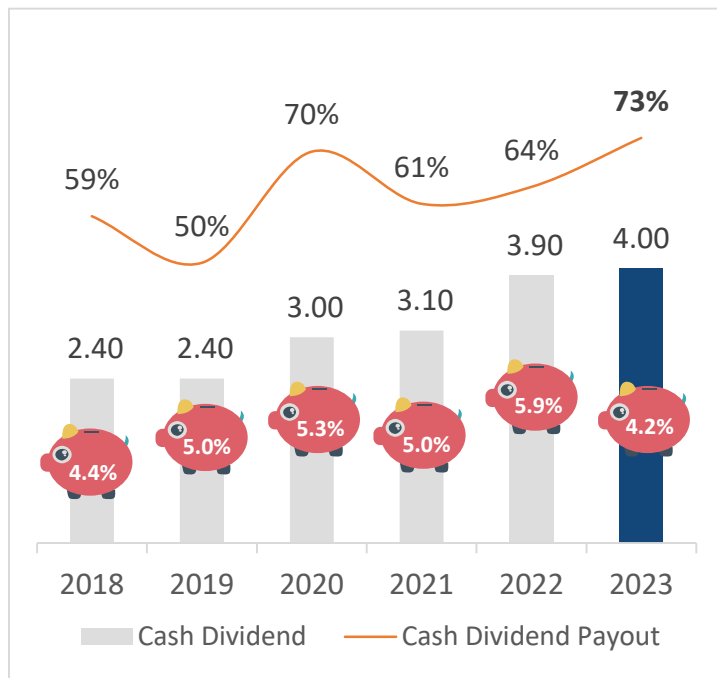
- High double-digit YoY decline due to some product EOL (end of life)
- Expanding high premium products and enhancing customer mix



- Auto/AIoT to see high double-digit YoY growth, supported by reviving AIoT (Surveillance) orders and new projects ramp up
- Professional audio will report very high double-digit YoY growth

# Dividend

## Sustained High Dividend Payout Policy

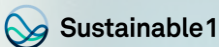


	2018	2019	2020	2021	2022	2023
Cash Dividend	2.40	2.40	3.00	3.10	3.90	4.00
EPS	4.12	4.80	4.30	5.13	6.10	5.50
<b>Payout Ratio</b>	<b>59%</b>	<b>50%</b>	<b>70%</b>	<b>61%</b>	<b>64%</b>	<b>73%</b>
June 30 Closing Price	54.1	47.9	57.0	61.8	65.8	94.2
<b>Dividend Yield</b>	<b>4.4%</b>	<b>5.0%</b>	<b>5.3%</b>	<b>5.0%</b>	<b>5.9%</b>	<b>4.2%</b>

# ESG Commitment and Recognition

## ESG Highlights

- ✓ Dedicated ESG office led by Chairman, with annual reports submitted to Board of Directors regularly
- ✓ **Primax ESG Score**
  - **MSCI ESG – A**  
(range of AAA to CCC, with AAA highest rating)
  - **Morningstar Sustainalytics – 11.3**  
(score of 0-100, with 0 being the best)



### E

- Setting emissions reduction target under SBTi validation, aiming for **carbon neutral by 2040** and **net zero emissions by 2050**
- **Targeting RE60** and implementing internal carbon pricing system in 2030
- Recognized as a **Climate A-list (leadership)** from CDP since 2024

### S

- 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
- Received the “**2024 Work-Life Balance Award - Employee Care Category**” from the Ministry of Labor

### G

- Included in the **S&P Global Sustainability Yearbook** since 2024
- Continuous ranked **Top 5%** of TWSE Corporate Governance Evaluation (2016-2017, 2019-2022)
- Recognized as one of “**Top 100 Sustainable Model Enterprises**” by Taiwan Corporate Sustainability Awards (TCSA) since 2021

# Today, Tomorrow, and the Day After

Reinvesting in R&D to Align with Future Trends of Technology



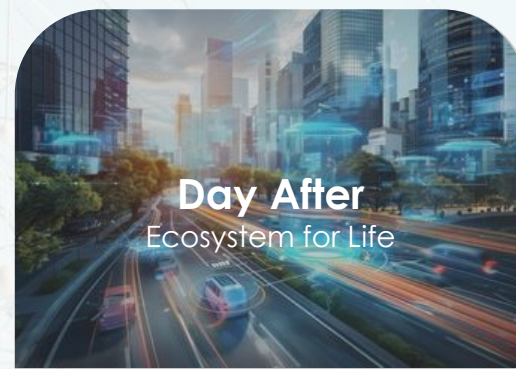
**TODAY**  
Foundation of Innovation

- **X-IN-1 Sensory** Fusion strategy
- Strong proven record with consistent growth



**TOMORROW**  
Transformation and Growth

- Strengthening **group synergies** in Audio-visual technologies
- Growth in **AI surveillance, AI conferencing & Automotive**



**Day After**  
Ecosystem for Life

- Driving innovation in sensory integration to create **ecosystems for home, work, public, on the go, on the road**

# Questions & Feedback





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