

For More Information
Please Contact

Ellen Tseng
Senior Director
Investor Relations | Taiwan

IR@primax.com.tw

Ellen Hsiao
Investor Relations | Taiwan



INVESTOR RELATIONS

Primax Electronics 3Q 2023 Financial Results

Primax Speakers

YY Hsiao

General Manager | CFO |
Taiwan

Ellen Tseng

Senior Director
Investor Relations | Taiwan



Meeting Agenda

Quarterly Results
& Update

🕒 30'

Trends & Growth
Opportunities

🕒 10'

Investor Questions
& Feedback

🕒 20'

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.

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PRIMAX HIGHLIGHTS OF THE QUARTER

3Q23 Revenue
NTD 15.72 Billion
down 2.1% QoQ

3Q23 GM 16.3%
Up 2.1 ppt YoY

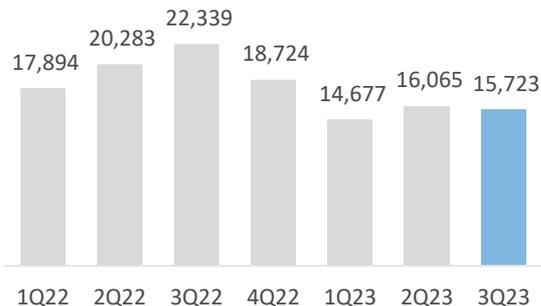
PRIMA X

- Information products dropped YoY from weak demand and led to a slowdown of PC/ NB/ gaming/ MFPs

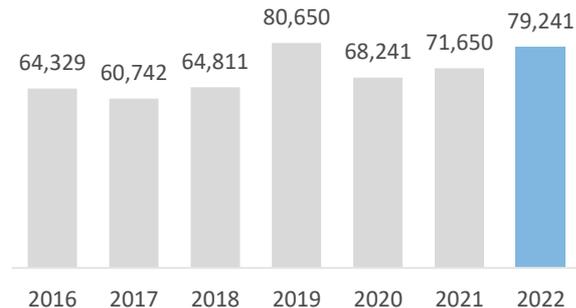
- Smart lifestyle was also negatively impacted from weak consumer sentiment leading to slow audio sales

- Auto/ AIoT dropped YoY was impacted by professional audio customer inventory adjustments and delayed new models launch

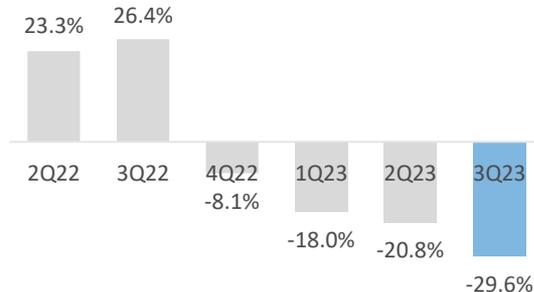
Quarterly Revenue (NTD million)



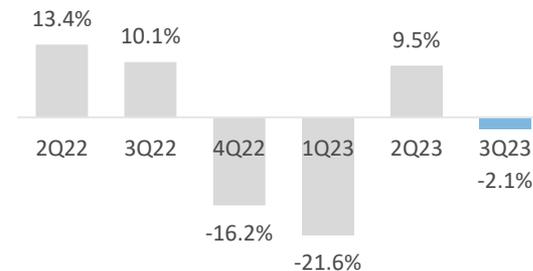
Annual Revenue (NTD million)



Revenue Growth Rate YoY (%)

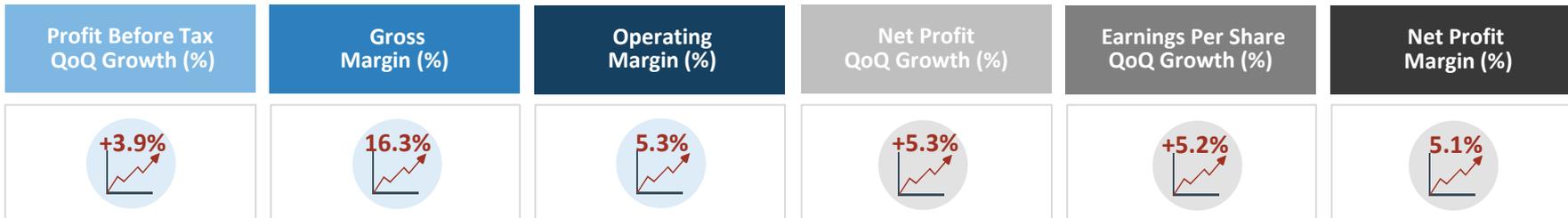


Revenue Growth Rate QoQ (%)

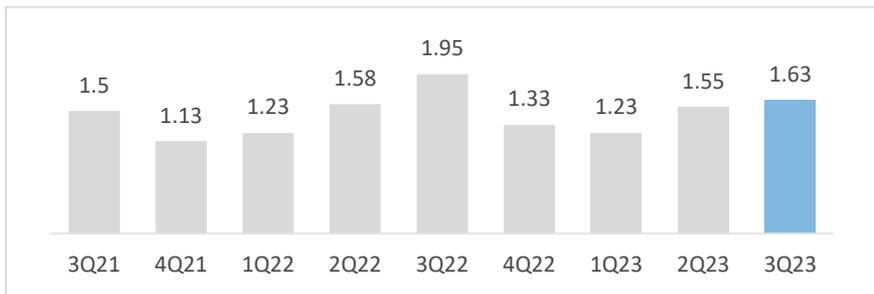


PRIMAX FINANCIAL DASHBOARD

Primax 3Q23 Highlights – Profit Before Tax (PBT), Gross Margin, Operating Margin, EPS, And Return On Equity And Assets

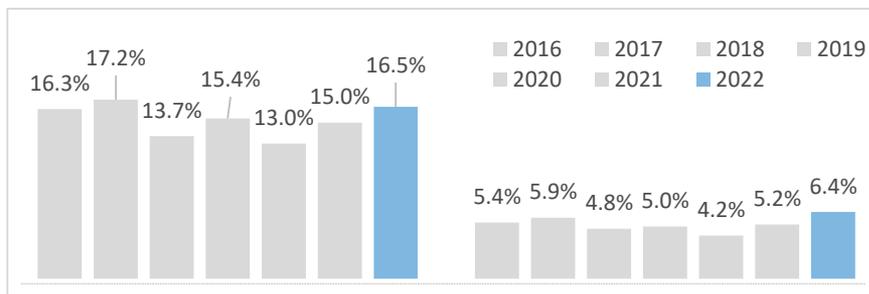


Quarterly Earnings Per Share (NTD)



Despite of weak consumer demand and high comparison base in 3Q22, Primax maintained sequential growth in EPS

Return On Equity And Return On Assets (%)



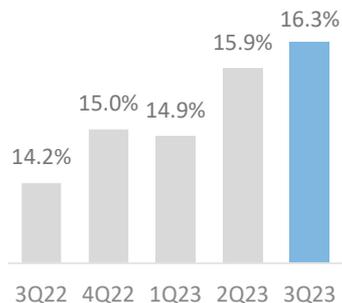
Primax 2016-2022 Return On Equity



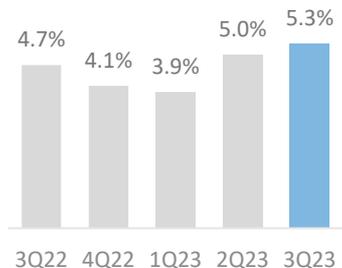
Primax 2016-2022 Return On Assets

PRIMAX 3Q23 INCOME STATEMENT

Quarterly Gross Margin (%)

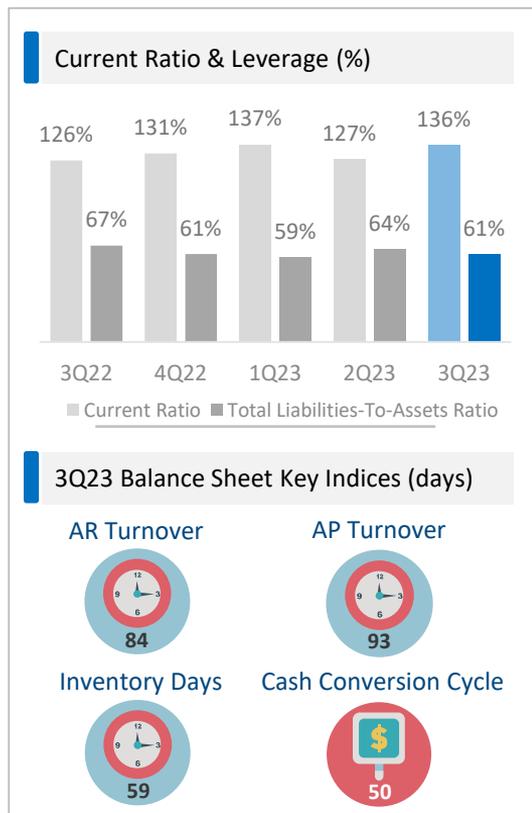


Quarterly Operating Margin (%)



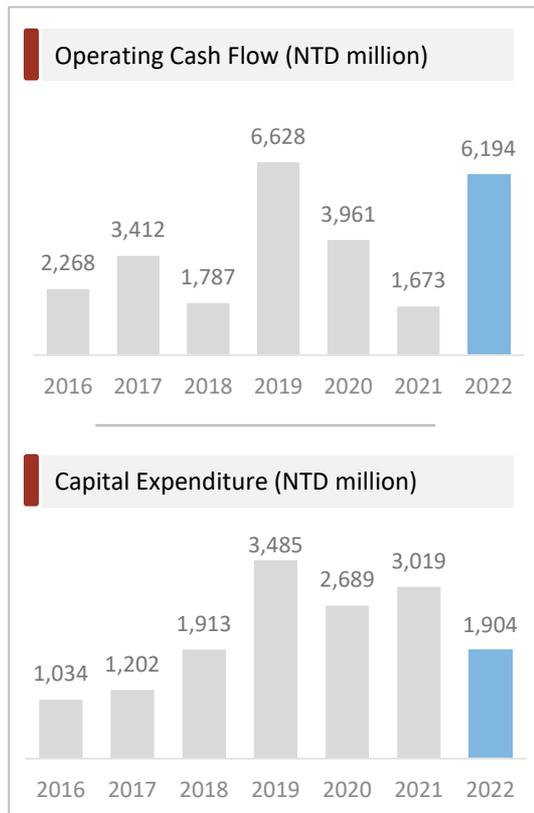
(NTD million)	3Q 2023	2Q 2023	3Q 2022	QoQ	YoY	Jan-Sep 2023	Jan-Sep 2022	YoY
Net Sales	15,723	16,065	22,339	-2.1%	-29.6%	46,466	60,517	-23.2%
COGS	13,156	13,503	19,162			39,145	52,341	
Gross Profit	2,567	2,562	3,177	0.2%	-19.2%	7,320	8,176	-10.5%
Gross Margin (%)	16.3%	15.9%	14.2%	0.4 ppt	2.1 ppt	15.8%	13.5%	2.2 ppt
Operating Expense	1,732	1,761	2,131			5,112	5,596	
Operating Expense (%)	11.0%	11.0%	9.5%	0.0 ppt	1.5 ppt	11.0%	9.2%	1.8 ppt
Operating Income	835	801	1,046	4.3%	-20.2%	2,208	2,580	-14.4%
Operating Margin (%)	5.3%	5.0%	4.7%	0.3 ppt	0.6 ppt	4.8%	4.3%	0.5 ppt
Non-operating Items	158	155	144			454	256	
Income before Tax	993	956	1,190	3.9%	-16.5%	2,662	2,836	-6.1%
Income Tax	194	187	250			519	596	
Net Income	799	769	940	3.9%	-14.9%	2,142	2,240	-4.4%
Net Margin (%)	5.1%	4.8%	4.2%	0.3 ppt	0.9 ppt	4.6%	3.7%	0.9 ppt
NI attributed to Primax	737	699	878	5.3%	-16.1%	1,991	2,141	-7.0%
EPS (NTD)	1.63	1.55	1.95	5.2%	-16.4%	4.41	4.77	-7.5%

PRIMAX BALANCE SHEET



(NTD million)	3Q 2023	2Q 2023	1Q 2022	4Q 2022	3Q 2022
Cash	9,653	10,923	7,158	6,285	6,713
Notes & Accounts Receivable	14,034	15,011	13,086	14,338	16,639
Inventory	7,536	8,107	8,627	9,354	10,302
Total Current Assets	34,913	35,799	32,038	33,260	39,276
Fixed Assets	7,604	8,061	8,220	8,247	8,083
Total Assets	48,778	49,605	45,988	47,264	53,340
Notes & Accounts Payable	12,669	13,238	12,300	14,039	16,177
S-T Borrowings	1,866	2,974	1,373	489	3,510
Others	0	0	0	0	435
Total Current Liabilities	25,596	28,249	23,369	25,336	31,086
L-T Borrowings	708	464	464	464	978
Total Liabilities	29,572	31,952	26,986	28,970	35,619
Total Equity	19,206	17,654	19,002	18,294	17,721
Net Debt-To-Equity (%)	-37%	-42%	-28%	-29%	-13%

PRIMAX STATEMENT OF CASH FLOWS



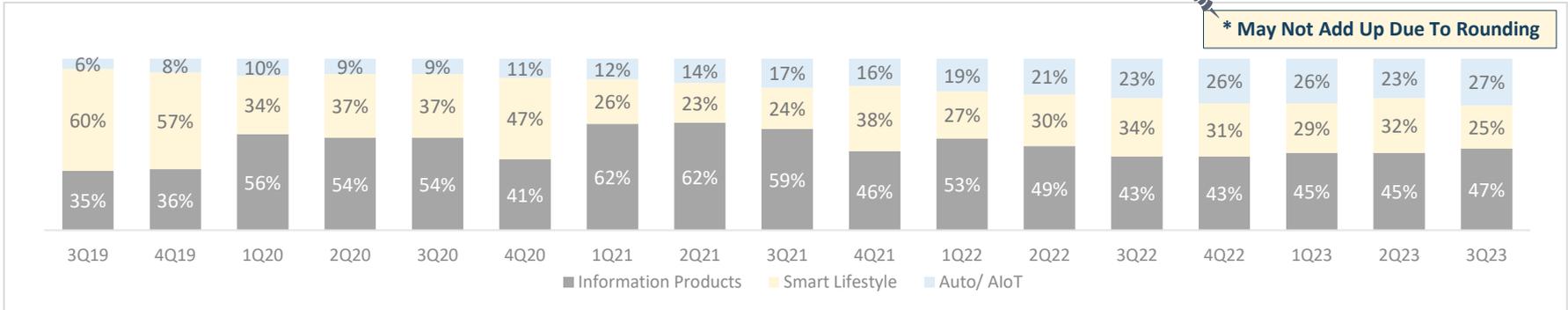
(NTD million)

	3Q23 YTD	2Q23 YTD	1Q23 YTD	4Q22 YTD	3Q22 YTD
From Operations	4,472	2,995	379	6,194	3,658
- Income Before Tax	2,662	1,668	712	3,629	2,836
- Depreciation & Amortization	1,430	962	485	1,887	1,409
- Notes & Accounts Receivable	571	873	1,262	(2,066)	(3,975)
- Notes & Accounts Payable	(1,369)	(800)	(1,739)	(3,655)	(1,516)
- Inventory	1,817	1,247	727	3,811	2,863
- Other Operating Sources	(639)	(955)	(1,069)	2,588	2,041
From Investment	(1,078)	(579)	(383)	(534)	(1,718)
- Fixed Assets	(968)	(665)	(355)	(1,904)	(1,424)
- Others & Amortized Cost*	(111)	86	(28)	1,370	(294)
From Financing	(322)	2,382	838	(4,533)	(507)
- S-T Borrowings	1,377	2,485	884	(1,541)	1,479
- L-T Borrowings	244	0	0	(997)	(48)
- Cash Dividend	(1,792)			(1,411)	(1,411)
- Other Financing Sources	(152)	(103)	(46)	(584)	(527)
Net Cash Position Change	3,071	4,797	834	1,128	1,433
Effect of Foreign Currency	297	(159)	39	318	441
Cash At Beginning of Year	6,285	6,285	6,285	4,839	4,839
Ending Cash Balance	9,653	10,923	7,158	6,285	6,713

Note: *Financial Assets Measured At Amortized Cost

REVENUE BREAKDOWN

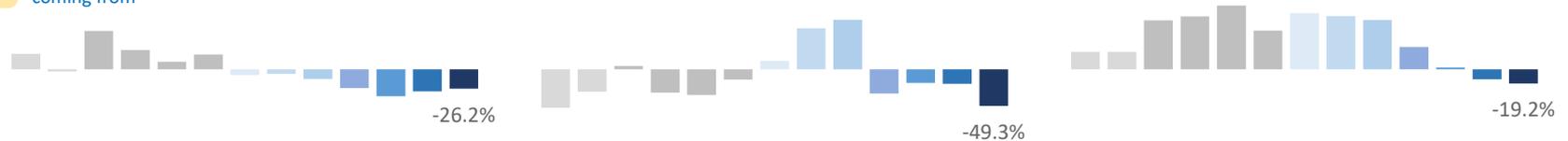
Revenue Breakdown By Application Better Shows Future Trend Of Business Growth And Opportunities



(Growth YoY, %)

Better shows trend and depicts where growth and value is coming from

■ 3Q20 ■ 4Q20 ■ 1Q21 ■ 2Q21 ■ 3Q21 ■ 4Q21 ■ 1Q22
■ 2Q22 ■ 3Q22 ■ 4Q22 ■ 1Q23 ■ 2Q23 ■ 3Q23



Information Products



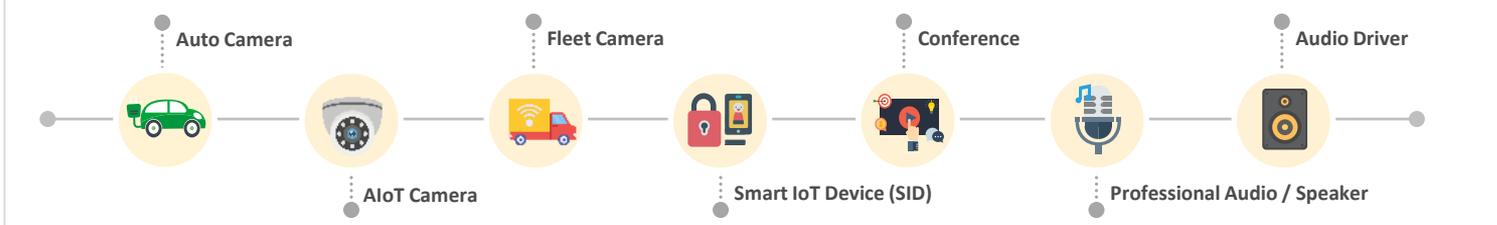
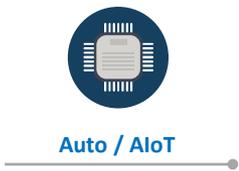
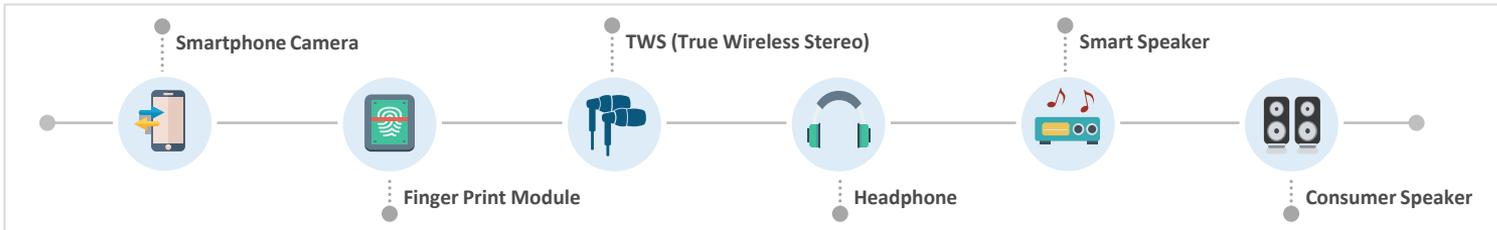
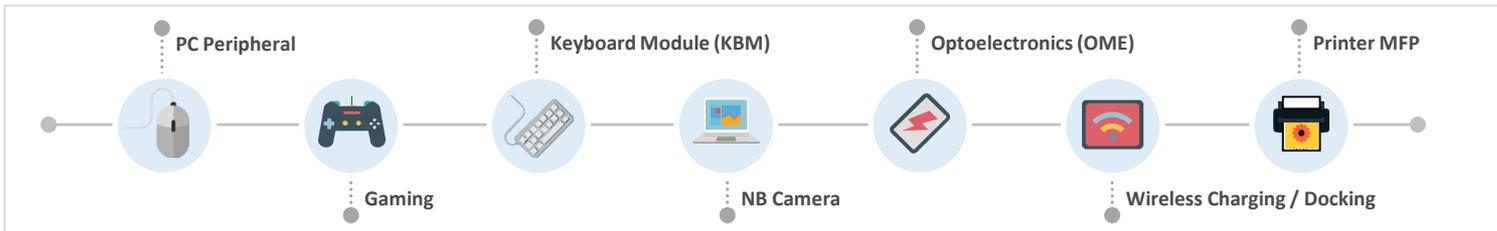
Smart Lifestyle



Auto / AIoT

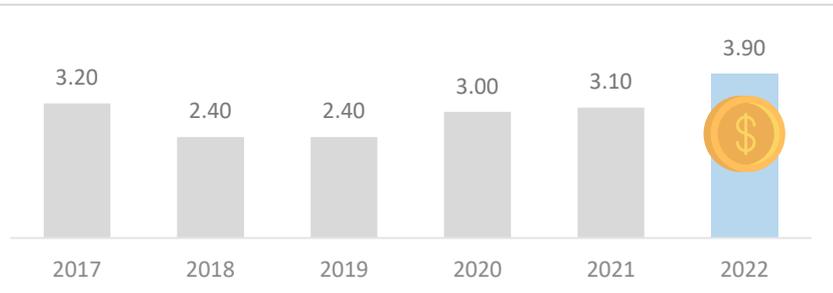
PRIMAX – PRODUCT PORTFOLIO

Product Portfolio By Applications

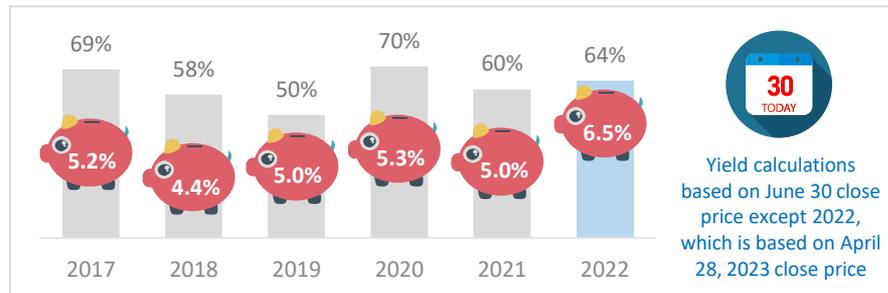


CASH DIVIDEND AND 2023 CALENDAR

Cash Dividend Per Share (NTD)



Cash Dividend Payout And Dividend Yield (%)



Financial Calendar For 2023 And CSR & ESG Awards



PRIMAX – 4Q23 REVENUE AND PROFIT OUTLOOK

Primax – 4Q23 Revenue Outlook

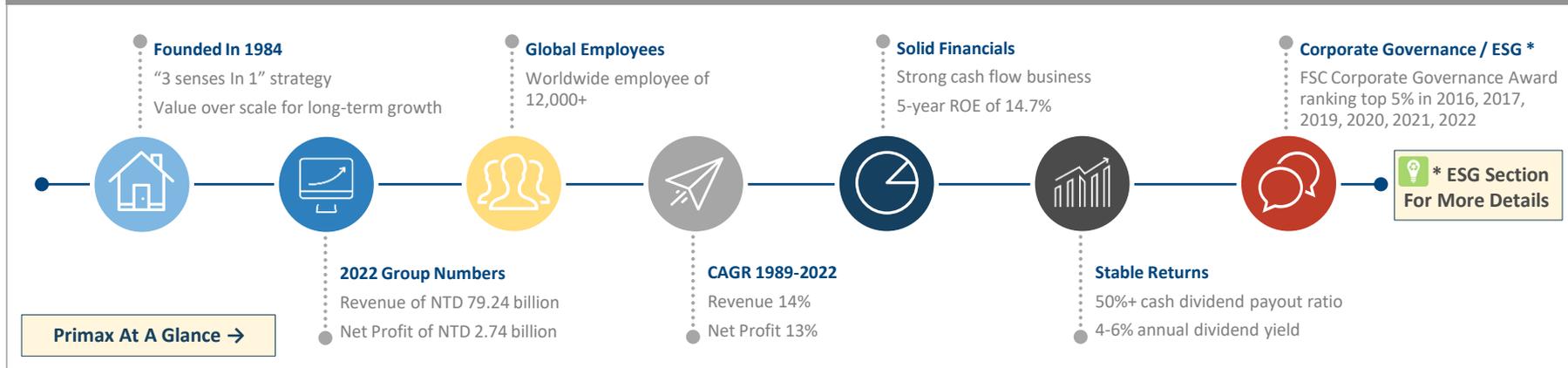
Revenue Segment	Growth	Remarks
 Revenue Outlook		<ul style="list-style-type: none"> ✓ 4Q23 down double-digit YoY ✓ PC show no clear sign of seasonality demand ✓ Weak demand for audio and other consumer products
 Information Products		<ul style="list-style-type: none"> ✓ Biz equipment demand also slowing down ✓ PC and gaming decline more moderately YoY ✓ Some rush orders for gaming
 Smart Lifestyle		<ul style="list-style-type: none"> ✓ 4Q23 to see sharp YoY decline from high base in 4Q22 ✓ Smart speaker/Consumer speaker demand slow on weak consumer sentiment
 Auto / AIoT		<ul style="list-style-type: none"> ✓ New business as a percent of total revenue will continue to grow ✓ Professional audio is facing customer inventory adjustments and delays in launching new models

Primax – 4Q23 Profit And Margin Outlook

Profit Segment	Growth	Remarks
 Profit Outlook		<ul style="list-style-type: none"> ✓ 4Q23 profit to see YoY decline ✓ GM improve on YoY basis due to better mix ✓ Tight Opex control
 Information Products		<ul style="list-style-type: none"> ✓ Information products to see significant cost reduction measures ✓ Opex ratio high from falling sales
 Smart Lifestyle		<ul style="list-style-type: none"> ✓ 4Q23 to see sharp YoY profit decline ✓ Weak consumer demand weighing down profitability especially for audio business
 Auto / AIoT		<ul style="list-style-type: none"> ✓ New products with higher GM and gradually improving scale ✓ Professional audio impact overall profit contribution

PRIMAX GROWTH STRATEGY AND CORE COMPETENCY

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

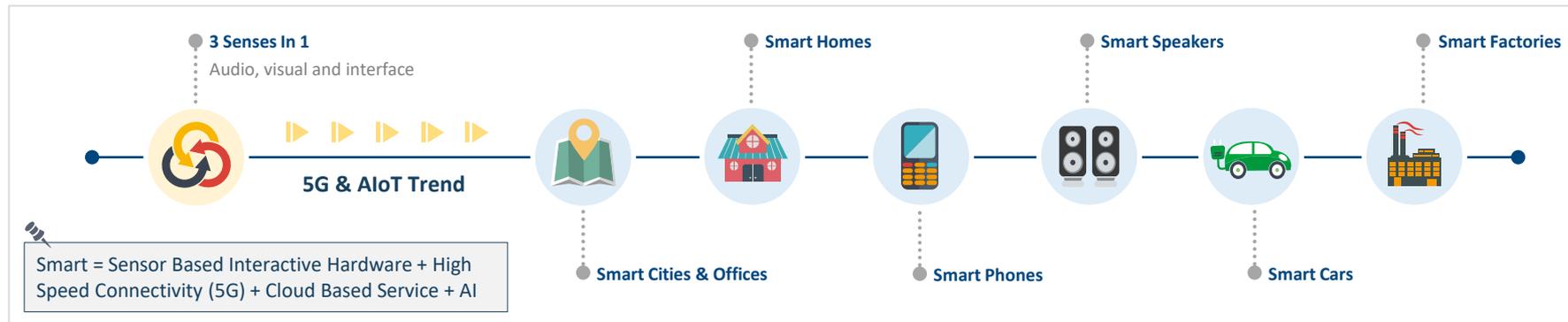


3 Senses In 1 Uniquely Positioned	Long History of Re-Investing	ODM Design Service Provider	Moving Away From Low Value Add	Diversifying To Mitigate Risks
<ul style="list-style-type: none"> ✓ 3 senses in 1 strategy ✓ A value added approach ✓ All in one solutions provider ✓ Visual, audio and interface expertise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

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, Public Safety, 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 – INFORMATION PRODUCTS AS CORE

Information Products Sales Contribution To Primax

2021 Sales As A Percent
Of Total (%)



2022 Sales As A Percent
Of Total (%)



Information Products Highlights For The Year

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
- ✓ MFP business with high margins and limited competition
- ✓ **New businesses such as content creation products provide fresh growth drivers**

Provide Full Integration And Compatibility

CORE TECHNOLOGY WITH AET & LAB 2.0

TRACKPAD



KEYBOARD



MOUSE



SMARTER INTERFACE DEVICES

DOCKING/
WIRELESS CHARGING



CONTENT CREATION
PRODUCT



BUSINESS EQUIPMENT

MULTI-FUNCTION PRINTER



PHOTO PRINTER



PRIMAX – SMART LIFESTYLE FOCUS ON PREMIUM AUDIO

Smart Lifestyle Sales Contribution To Primax

2021 Sales As A Percent
Of Total (%)



2022 Sales As A Percent
Of Total (%)



Smart Lifestyle Highlights For The Year

Key Highlights And Main Strategies



- ✓ A focus on higher margin products
- ✓ Increase high-end consumer audio to improve margins
- ✓ Primax + Tymphany synergy is well positioned to capture market growth opportunity

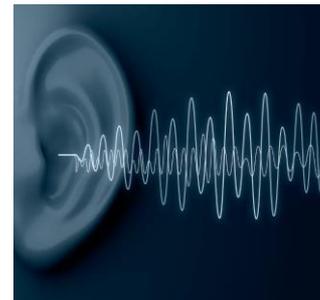
TYMPHANY

TYMPHANY is a market leader in the audio segment offering a full range of products

Well Positioned In Audio Segment

Speaker & OTE Headphone

Be the go to supplier for major international brands, where the industry's entry barrier is based on scale and expertise



TWS (True Wireless Stereo) & Hearing Aid

Hearing aid offers future growth opportunity

PRIMAX – AUTO / AIOT PROVIDE PROMISING GROWTH

Auto / AIoT Sales Contribution To Primax

2021 Sales As A Percent Of Total (%)



2022 Sales As A Percent Of Total (%)



Auto / AIoT Highlights For The Year

Key Highlights And Main Strategies



- ✓ Focus on automotive, public safety and professional audio
- ✓ Car ADAS demand would remain strong thanks to existing and new clients
- ✓ While gross margin would see marginal improvement, operating margin would continue to improve significantly from scale
- ✓ Expanding into industrial and wearables (AR/VR/MR) for future long-term growth

Leverage Core Competencies For Diversification

AUTOMOTIVE – PARTNERSHIP WITH EV / TRADITIONAL CAR MANUFACTURER

ADAS
(ADVANCED DRIVER ASSISTANCE SYSTEM)



AVAS
(ACOUSTIC VEHICLE ALERT SYSTEM)



Potential robust growth in EV market | Well positioned to take advantage of current trends

AIOT – IN VARIOUS APPLICATIONS

SMART
ACCESS



PUBLIC
SAFETY



FLEET
MANAGEMENT



DASH CAM



AR/VR/MR



PROFESSIONAL
AUDIO



Value Add Products | Higher value add / higher ASP / mid-volume

Vertical Integration | Capability in optical, ME, EE, FW, audio and video, and RF

PRIMAX – KEY INVESTMENT THESIS

Key Investment Thesis	Why Primax?	Key Investment Thesis	Why Primax?
 <p>Growth Opportunities</p>	<ul style="list-style-type: none"> ✓ 3 senses in 1 strategy ✓ Car electronics (EV/ ADAS/ AVAS/audio), fleet management ✓ AI enabled Pubic Safety segments <ul style="list-style-type: none"> • Passenger Safety • Law Enforcement Safety • Transportation Safety • Campus & Community Safety • Broder & Access Control 	 <p>Capital Deployment</p>	<ul style="list-style-type: none"> ✓ Increase dividend payout ✓ Less capex and strong free cash flow generating ability ✓ Prudent M&A plans
 <p>Capitalizing On Mega Trends</p>	<ul style="list-style-type: none"> ✓ AIoT, smart home, 5G/ cloud/ AI, auto, new audio ✓ Wearables (AR/ VR/ MR) and robotics (industrial applications) 	 <p>Shareholder Return</p>	<ul style="list-style-type: none"> ✓ Historically paid out 50-70% of earnings as cash dividend ✓ Cash dividend yield of 4-6% ✓ ROIC > 13% and ROE > 15%
 <p>Margin And Profit Expansions</p>	<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 	 <p>Sustainability, ESG And CSR</p>	<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

PRIMAX ESG COMMITMENT AND RECOGNITION



ENVIRONMENT

Net Zero Commitment

- Setting emissions reduction target under SBTi validation
- Joined **RE100** with aims of becoming **carbon neutral by 2040**
- Accelerating sustainability goal with **net zero emissions by 2050**

Primax ESG score

- **MSCI ESG – BBB**
(range of AAA to CCC, with AAA highest rating)
- **Morningstar Sustainalytics – 19.39**
(score of 0-100, with 0 being the best)



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)**
- Ranked **Top 5%** among all the global ITC industry in DJSI information disclosure (CSA)
- Received “**Excellence in Corporate Social Responsibility Awards**” from Commonwealth Magazine





Questions & Feedback

PRIMAX

Primax Electronics Headquarter

Taipei City

No. 669, Ruiguang Road, Neihu District

114 Taipei City, Taiwan

(886 2) 2798 9008

IR@primax.com.tw

About Primax Electronics

[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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