

# Darfon Electronics Corp. Investor Conference

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# Agenda

- **1Q22 Financial Highlights**
  - **Business Outlook**
  - **Q&A**
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# Safe Harbor Notice

**We have made forward-looking statements in the presentation. Our forward-looking statements contain information regarding, among other things, our financial conditions, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties, and assumptions about us.**

**We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events in the conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.**

# 1Q22 Financial Highlights

# 1Q22 Consolidated Income Statement Highlights

Unit: NT\$ million except per share data

	1Q22		4Q21		QoQ%	1Q21		YoY%
Net sales	7,415	100.0%	7,553	100.0%	-1.8%	5,995	100.0%	23.7%
Gross profit	1,220	16.5%	1,240	16.4%	-1.6%	981	16.4%	24.5%
Operating expenses	(856)	-11.5%	(817)	-10.8%		(716)	-11.9%	
Operating income	364	4.9%	423	5.6%	-13.9%	265	4.4%	37.5%
Net non-operating items	15	0.2%	19	0.2%	-20.5%	30	0.5%	-50.3%
Earning before income tax	379	5.1%	442	5.8%	-14.2%	295	4.9%	28.7%
Net income	289	3.9%	358	4.7%	-19.1%	226	3.8%	28.1%
Net income attributable to:								
The parent company	248	3.3%	331	4.4%	-25.0%	201	3.4%	23.4%
Basic EPS (NT\$)(a)	0.89		1.18			0.72		

(a) Basic EPS was calculated based on the weighted average outstanding shares (280m shares) of each period

- Revenue affected by seasonality but enhanced since increasing contribution from Green Energy year over year

- Profitability enhanced significantly with economies of scale

# 1Q22 Consolidated Balance Sheet Highlights

*Selected Items from Balance Sheets*

*Unit : NT\$ million except per share data*

	1Q22		4Q21		1Q21	
Cash & marketable securities	3,347	9.8%	3,506	10.6%	2,753	11.1%
Accounts receivable	8,039	23.5%	7,862	23.7%	6,567	26.5%
Inventory	8,895	26.0%	8,539	25.7%	5,212	21.0%
Current assets	21,666	63.4%	21,079	63.5%	15,338	61.9%
Net PP&E	8,151	23.8%	7,844	23.6%	6,068	24.5%
<b>Total assets</b>	<b>34,189</b>	<b>100.0%</b>	<b>33,195</b>	<b>100.0%</b>	<b>24,770</b>	<b>100.0%</b>
Short-term bank loans	5,137	15.0%	5,057	15.2%	2,374	9.6%
Accounts payable	6,383	18.7%	6,684	20.1%	5,695	23.0%
Current liabilities	17,296	50.6%	16,154	48.7%	12,145	49.0%
Long-term interest-bearing debt	3,800	11.1%	3,624	10.9%	2,000	8.1%
<b>Total liabilities</b>	<b>21,690</b>	<b>63.4%</b>	<b>20,474</b>	<b>61.7%</b>	<b>14,519</b>	<b>58.6%</b>
<b>Total stockholders' equities</b>	<b>12,499</b>	<b>36.6%</b>	<b>12,721</b>	<b>38.3%</b>	<b>10,252</b>	<b>41.4%</b>
BVPS(NT\$)	34.4		35.2		31.8	
Net Debt (Cash)	5,590		5,175		1,621	

- Working capital to be managed with revenue scale growth
- Maintain healthy capital structure and leverage for sustainable growth

Note: Net Debt (Cash) = ST Loans + LT Loans – Cash & cash equivalents

# 1Q22 Consolidated Cash Flow Highlights

Unit : NT\$ million

	1Q22	1Q21	Change
From operating activities	18	(30)	48
Net income	289	226	64
Depreciation & amortization	299	225	73
Net change in working capital	(845)	(213)	(632)
From investing activities	(544)	(166)	(378)
Capital expenditure	(514)	(158)	(356)
From financing activities	206	(166)	372
Net change in debt	240	(136)	377
Net change in cash	(168)	(343)	174
Free cash flow	(496)	(188)	(308)

Note: Free cash flow = Cash flow from operating activities - Capital expenditure

- Cash flow affected by working capital level up and capital expenditure increase

# Key Ratio Highlights

	1Q22	4Q21	QoQ	1Q21	YoY
Debt ratio	63%	62%	1.8 bps	59%	4.8 bps
*Debt ratio	59%	57%	2.3 bps	53%	6.0 bps
Net debt (Cash) to equity	45%	41%	4.0 bps	16%	28.9 bps
Current ratio	125.3	130.5	(5.2) bps	126.3	(1.0) bps
Cash conversion cycle	130	115	15 days	89	41 days
ROA	3.7%	4.7%		3.9%	
ROE	9.2%	11.7%		8.7%	

- Current ratio keeps a healthy level
- CCC to be managed
- ROE increase with profitability enhanced

Note: \*Debt Ratio = (Total Liabilities - Cash & Marketable Sec.) / (Total Assets - Cash & Marketable Sec.)

Net Debt (Cash) to Equity = (ST Loans + LT Loans - Cash & Marketable Sec.) / Total Stockholders' Equities



# Business Outlook

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