

Darfon Electronics Corp. Investor Conference

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Agenda

- **2Q22 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.

2Q22 Financial Highlights

2Q22 Consolidated Income Statement Highlights

Unit: NT\$ million except per share data

| | 2Q22 | | 1Q22 | | QoQ% | 2Q21 | | YoY% | 1H22 | | 1H21 | | YoY% |
|-----------------------------|-------|--------|-------|--------|-------|-------|--------|-------|---------|--------|---------|--------|--------|
| Net sales | 7,754 | 100.0% | 7,415 | 100.0% | 4.6% | 7,538 | 100.0% | 2.9% | 15,169 | 100.0% | 13,533 | 100.0% | 12.1% |
| Gross profit | 1,331 | 17.2% | 1,220 | 16.5% | 9.1% | 1,304 | 17.3% | 2.1% | 2,552 | 16.8% | 2,285 | 16.9% | 11.7% |
| Operating expenses | (867) | -11.2% | (856) | -11.5% | | (838) | -11.1% | | (1,723) | -11.4% | (1,554) | -11.5% | |
| Operating income | 464 | 6.0% | 364 | 4.9% | 27.4% | 466 | 6.2% | -0.5% | 828 | 5.5% | 731 | 5.4% | 13.3% |
| Net non-operating items | 14 | 0.2% | 15 | 0.2% | -6.5% | 8 | 0.1% | 65.8% | 29 | 0.2% | 38 | 0.3% | -24.9% |
| Earning before income tax | 478 | 6.2% | 379 | 5.1% | 26.0% | 475 | 6.3% | 0.7% | 857 | 5.6% | 769 | 5.7% | 11.4% |
| Net income | 374 | 4.8% | 289 | 3.9% | 29.4% | 381 | 5.1% | -1.9% | 664 | 4.4% | 607 | 4.5% | 9.3% |
| Net income attributable to: | | | | | | | | | | | | | |
| The parent company | 286 | 3.7% | 248 | 3.3% | 15.3% | 310 | 4.1% | -7.7% | 535 | 3.5% | 512 | 3.8% | 4.5% |
| Basic EPS (NT\$)(a) | 1.02 | | 0.89 | | | 1.11 | | | 1.91 | | 1.83 | | |

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

- Revenue grew since increasing contribution from Green Energy
- Profitability enhanced with economies of scale and portfolio adjustment

2Q22 Consolidated Balance Sheet Highlights

Selected Items from Balance Sheets

Unit : NT\$ million except per share data

| | 2Q22 | | 1Q22 | | 2Q21 | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash & marketable securities | 3,057 | 8.9% | 3,347 | 9.8% | 3,807 | 12.6% |
| Accounts receivable | 8,259 | 24.1% | 8,039 | 23.5% | 7,803 | 25.8% |
| Inventory | 8,847 | 25.8% | 8,895 | 26.0% | 6,373 | 21.1% |
| Current assets | 21,567 | 62.9% | 21,666 | 63.4% | 19,075 | 63.2% |
| Net PP&E | 8,585 | 25.0% | 8,151 | 23.8% | 6,990 | 23.1% |
| Total assets | 34,281 | 100.0% | 34,189 | 100.0% | 30,196 | 100.0% |
| Short-term bank loans | 5,097 | 14.9% | 5,137 | 15.0% | 4,266 | 14.1% |
| Accounts payable | 5,750 | 16.8% | 6,383 | 18.7% | 6,815 | 22.6% |
| Current liabilities | 16,787 | 49.0% | 17,296 | 50.6% | 15,485 | 51.3% |
| Long-term interest-bearing debt | 4,150 | 12.1% | 3,800 | 11.1% | 2,513 | 8.3% |
| Total liabilities | 21,503 | 62.7% | 21,690 | 63.4% | 18,736 | 62.0% |
| Total stockholders' equities | 12,778 | 37.3% | 12,499 | 36.6% | 11,460 | 38.0% |
| BVPS(NT\$) | 34.9 | | 34.4 | | 32.1 | |

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

2Q22 Consolidated Cash Flow Highlights

Unit : NT\$ million

| | IH22 | IH21 | Change |
|----------------------------------|----------------|----------------|----------------|
| From operating activities | 123 | (687) | 810 |
| Net income | 664 | 607 | 56 |
| Depreciation & amortization | 605 | 510 | 95 |
| Net change in working capital | (1,653) | (1,603) | (50) |
| From investing activities | (1,220) | (788) | (432) |
| Capital expenditure | (1,128) | (460) | (668) |
| From financing activities | 541 | 2,237 | (1,696) |
| Net change in debt | 528 | 2,206 | (1,678) |
| Net change in cash | (408) | 713 | (1,121) |
| Free cash flow | (1,005) | (1,148) | 142 |

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

| | 2Q22 | 1Q22 | QoQ | 2Q21 | YoY |
|---------------------------|-------|-------|-----------|-------|----------|
| Debt ratio | 63% | 63% | (0.7) bps | 62% | 0.7 bps |
| *Debt ratio | 59% | 59% | (0.4) bps | 57% | 2.5 bps |
| Net debt (Cash) to equity | 48% | 45% | 3.7 bps | 26% | 22.5 bps |
| Current ratio | 128.5 | 125.3 | 3.2 bps | 123.2 | 5.3 bps |
| Cash conversion cycle | 136 | 130 | 6 days | 80 | 56 days |
| ROA | 4.7% | 3.7% | | 5.8% | |
| ROE | 11.8% | 9.2% | | 14.1% | |

- 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



Q&A

Thank You!

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