

# Darfon Electronics Corp. Investor Conference

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# Agenda

- **4Q22 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.**

# 4Q22 Financial Highlights

# 4Q22 Consolidated Income Statement Highlights

Unit: NT\$ million except per share data

	4Q22		3Q22		QoQ%	4Q21		YoY%	2022		2021		YoY%
<b>Net sales</b>	<b>6,794</b>	<b>100.0%</b>	<b>7,572</b>	<b>100.0%</b>	<b>-10.3%</b>	<b>7,553</b>	<b>100.0%</b>	<b>-10.1%</b>	<b>29,535</b>	<b>100.0%</b>	<b>28,049</b>	<b>100.0%</b>	<b>5.3%</b>
<b>Gross profit</b>	<b>1,177</b>	<b>17.3%</b>	<b>1,282</b>	<b>16.9%</b>	<b>-8.2%</b>	<b>1,240</b>	<b>16.4%</b>	<b>-5.1%</b>	<b>5,011</b>	<b>17.0%</b>	<b>4,665</b>	<b>16.6%</b>	<b>7.4%</b>
<b>Operating expenses</b>	<b>(814)</b>	<b>-12.0%</b>	<b>(864)</b>	<b>-11.4%</b>		<b>(817)</b>	<b>-10.8%</b>		<b>(3,401)</b>	<b>-11.5%</b>	<b>(3,176)</b>	<b>-11.3%</b>	
<b>Operating income</b>	<b>363</b>	<b>5.3%</b>	<b>418</b>	<b>5.5%</b>	<b>-13.1%</b>	<b>423</b>	<b>5.6%</b>	<b>-14.1%</b>	<b>1,610</b>	<b>5.5%</b>	<b>1,489</b>	<b>5.3%</b>	<b>8.1%</b>
Net non-operating items	71	1.0%	132	1.7%	-46.4%	19	0.2%	281.6%	232	0.8%	164	0.6%	41.3%
Earning before income tax	434	6.4%	551	7.3%	-21.1%	442	5.8%	-1.7%	1,842	6.2%	1,654	5.9%	11.4%
<b>Net income</b>	<b>359</b>	<b>5.3%</b>	<b>432</b>	<b>5.7%</b>	<b>-16.9%</b>	<b>358</b>	<b>4.7%</b>	<b>0.3%</b>	<b>1,454</b>	<b>4.9%</b>	<b>1,302</b>	<b>4.6%</b>	<b>11.7%</b>
Net income attributable to:													
The parent company	289	4.3%	339	4.5%	-14.5%	331	4.4%	-12.6%	1,163	3.9%	1,147	4.1%	1.4%
<b>Basic EPS (NT\$(a))</b>	<b>1.03</b>		<b>1.21</b>			<b>1.18</b>			<b>4.15</b>		<b>4.09</b>		

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

- Revenue decrease since PC and bike inventory adjustment
- Gross margin enhanced with better product portfolio

# 4Q22 Consolidated Balance Sheet Highlights

Unit : NT\$ million except per share data

	4Q22		3Q22		4Q'21	
Cash & marketable securities	3,983	11.8%	2,923	8.5%	3,506	10.6%
Accounts receivable	7,364	21.9%	8,445	24.6%	7,862	23.7%
Inventory	8,288	24.6%	8,652	25.2%	8,539	25.7%
<b>Current assets</b>	<b>21,691</b>	<b>64.5%</b>	<b>21,494</b>	<b>62.6%</b>	<b>21,079</b>	<b>63.5%</b>
<b>Net PP&amp;E</b>	<b>8,154</b>	<b>24.2%</b>	<b>8,828</b>	<b>25.7%</b>	<b>7,844</b>	<b>23.6%</b>
<b>Total assets</b>	<b>33,637</b>	<b>100.0%</b>	<b>34,341</b>	<b>100.0%</b>	<b>33,195</b>	<b>100.0%</b>
Short-term bank loans	5,982	17.8%	5,922	17.2%	5,057	15.2%
Accounts payable	4,160	12.4%	5,489	16.0%	6,684	20.1%
<b>Current liabilities</b>	<b>14,613</b>	<b>43.4%</b>	<b>16,000</b>	<b>46.6%</b>	<b>16,154</b>	<b>48.7%</b>
<b>Long-term interest-bearing debt</b>	<b>4,588</b>	<b>13.6%</b>	<b>4,389</b>	<b>12.8%</b>	<b>3,624</b>	<b>10.9%</b>
<b>Total liabilities</b>	<b>19,734</b>	<b>58.7%</b>	<b>20,969</b>	<b>61.1%</b>	<b>20,474</b>	<b>61.7%</b>
<b>Total stockholders' equities</b>	<b>13,903</b>	<b>41.3%</b>	<b>13,372</b>	<b>38.9%</b>	<b>12,721</b>	<b>38.3%</b>
<b>BVPS(NT\$)</b>	<b>37.6</b>		<b>36.8</b>		<b>35.2</b>	

- Management of working capital been consolidated in face of economic uncertainty
- Healthy capital structure for sustainable growth

# 4Q22 Consolidated Cash Flow Highlights

Unit : NT\$ million

	2022	2021	Change
From operating activities	1,219	(1,113)	2,332
Net income	1,454	1,302	152
Depreciation & amortization	1,234	1,094	140
Net change in working capital	(1,889)	(3,959)	2,070
From investing activities	(1,419)	(2,288)	869
Capital expenditure	(1,627)	(1,788)	160
From financing activities	953	3,903	(2,950)
Net change in debt	1,828	4,108	(2,281)
Cash dividends	(840)	(700)	(140)
Net change in cash	323	443	(120)
Free cash flow	(408)	(2,900)	2,492

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

- Cash flow back to healthy level to support capital expenditure

# Key Ratio Highlights

	4Q22	3Q22	QoQ	4Q21	YoY
Debt ratio	59%	61%	(2.4) bps	62%	(3.0) bps
*Debt ratio	53%	57%	(4.3) bps	57%	(4.0) bps
Net debt (Cash) to equity	47%	55%	(7.9) bps	41%	6.7 bps
Current ratio	148.4	134.3	14.1 bps	130.5	17.9 bps
Cash conversion cycle	139	136	3 days	115	24 days
ROA	4.8%	5.5%		4.7%	
ROE	10.5%	13.2%		11.7%	

- Debt related ratios are controlled and show sound capital structure
- Current ratio keeping healthy
- CCC to be managed

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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