

# Darfon Electronics Corp. Investor Conference

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# Agenda

- **2Q23 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.**

# 2Q23 Financial Highlights

# 2Q23 Consolidated Income Statement Highlights

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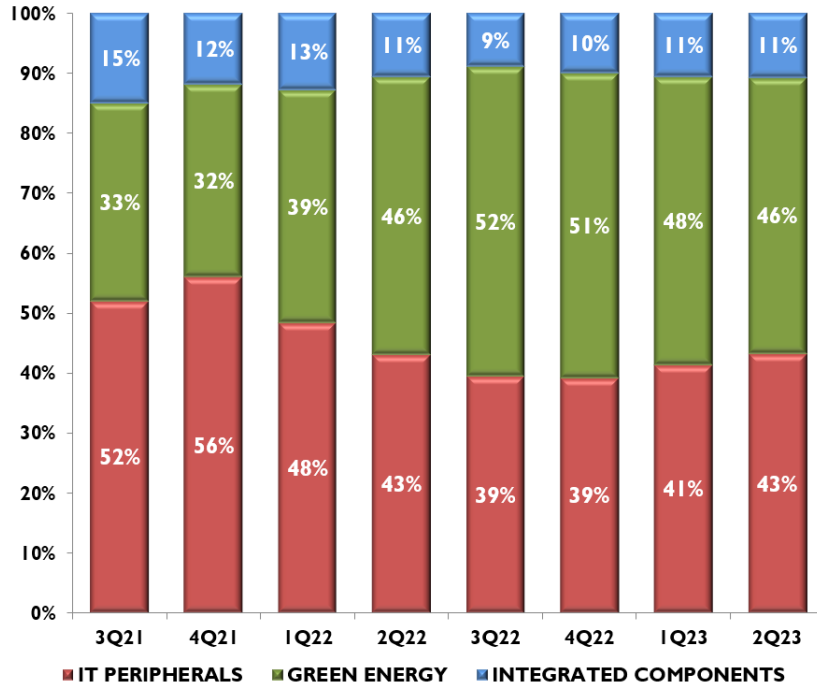
Unit: NT\$ million except per share data

	2Q23		1Q23		QoQ%	2Q22		YoY%	1H23		1H22		YoY%
<b>Net sales</b>	6,888	100.0%	6,001	100.0%	14.8%	7,754	100.0%	-11.2%	12,889	100.0%	15,169	100.0%	-15.0%
<b>Gross profit</b>	1,207	17.5%	1,088	18.1%	10.9%	1,331	17.2%	-9.3%	2,295	17.8%	2,552	16.8%	-10.0%
<b>Operating expenses</b>	(857)	-12.4%	(773)	-12.9%		(867)	-11.2%		(1,631)	-12.7%	(1,723)	-11.4%	
<b>Operating income</b>	350	5.1%	315	5.2%	11.2%	464	6.0%	-24.6%	665	5.2%	828	5.5%	-19.8%
Net non-operating items	51	0.7%	(32)	-0.5%		14	0.2%	270.6%	19	0.1%	29	0.2%	-32.8%
Earning before income tax	401	5.8%	283	4.7%	42.0%	478	6.2%	-16.0%	684	5.3%	857	5.6%	-20.2%
<b>Net income</b>	318	4.6%	221	3.7%	43.6%	374	4.8%	-15.1%	539	4.2%	664	4.4%	-18.8%
Net income attributable to:													
The parent company	228	3.3%	143	2.4%	59.9%	286	3.7%	-20.3%	371	2.9%	535	3.5%	-30.6%
<b>Basic EPS (NT\$)</b>	0.82		0.51			1.02			1.33		1.91		

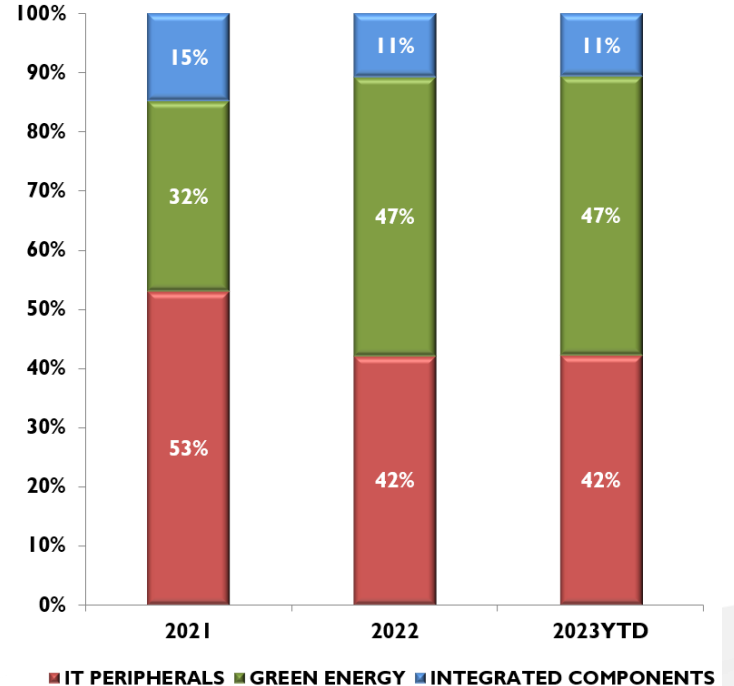
- Quarterly revenue increased with IT demand rebound.
- Maintained gross margin trend up with healthy product portfolio.

# Product Mix

Quarterly Product Mix



Annual Product Mix



**IT PERIPHERALS** : Laptop Keyboards, Desktop Keyboards, IT Accessories, Gaming Products

**GREEN ENERGY** : E-Mobility, Switching Power Supply, Smart Energy, Darfon Energy Tech., TD Hitech Energy, Kenstone Metal, Astro Tech, Darad Innovation

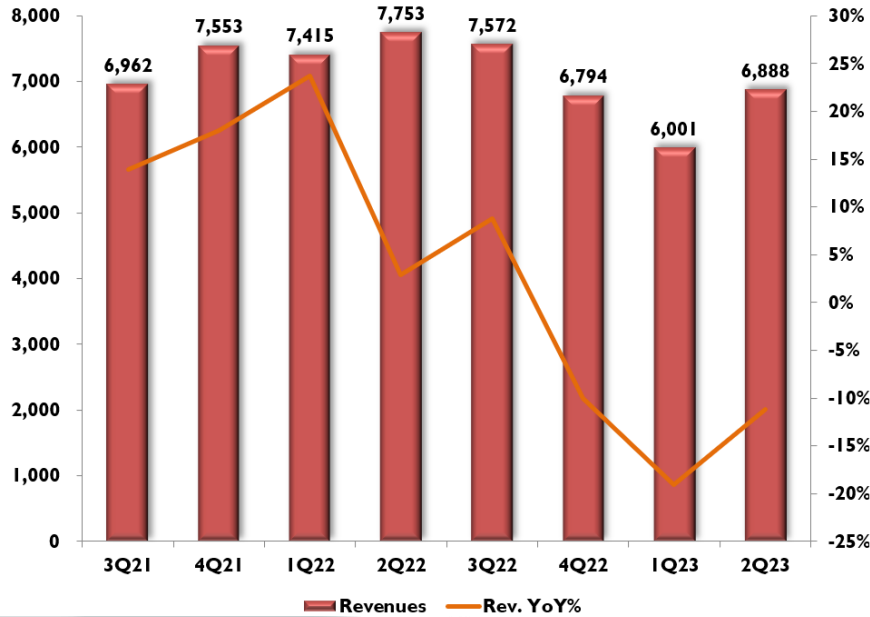
**INTEGRATED COMPONENTS** : MLCC, Inductors, Unicttron Technologies

# Rev YoY and Profit Margins

Quarterly Rev. & YoY%

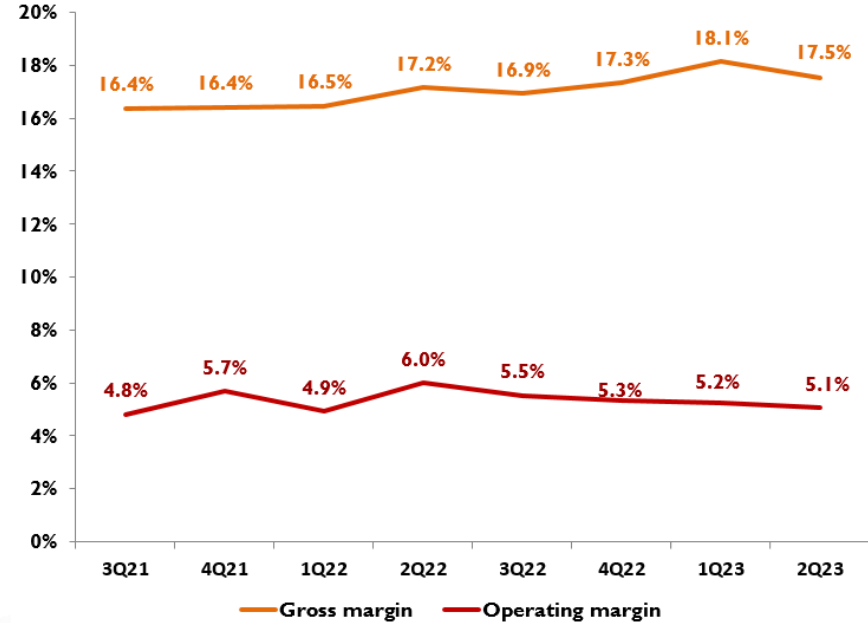
Unit: NT\$ million

Unit: %



Profit Margin Rate %

Unit: %



# 2Q23 Consolidated Balance Sheet Highlights

Unit : NT\$ million except per share data

	2Q23		1Q23		2Q22	
Cash & marketable securities	5,996	16.1%	4,864	14.0%	3,057	8.9%
Accounts receivable	8,031	21.5%	7,060	20.3%	8,259	24.1%
Inventory	7,634	20.4%	8,129	23.4%	8,847	25.8%
<b>Current assets</b>	<b>24,019</b>	<b>64.3%</b>	<b>22,212</b>	<b>63.9%</b>	<b>21,567</b>	<b>62.9%</b>
<b>Net PP&amp;E</b>	<b>8,928</b>	<b>23.9%</b>	<b>8,642</b>	<b>24.9%</b>	<b>8,585</b>	<b>25.0%</b>
<b>Total assets</b>	<b>37,349</b>	<b>100.0%</b>	<b>34,745</b>	<b>100.0%</b>	<b>34,281</b>	<b>100.0%</b>
Short-term bank loans	6,281	16.8%	6,300	18.1%	5,097	14.9%
Accounts payable	4,227	11.3%	3,982	11.5%	5,750	16.8%
<b>Current liabilities</b>	<b>18,018</b>	<b>48.2%</b>	<b>16,418</b>	<b>47.3%</b>	<b>16,787</b>	<b>49.0%</b>
<b>Long-term interest-bearing debt</b>	<b>4,591</b>	<b>12.3%</b>	<b>4,493</b>	<b>12.9%</b>	<b>4,150</b>	<b>12.1%</b>
<b>Total liabilities</b>	<b>23,089</b>	<b>61.8%</b>	<b>21,414</b>	<b>61.6%</b>	<b>21,503</b>	<b>62.7%</b>
<b>Total stockholders' equities</b>	<b>14,260</b>	<b>38.2%</b>	<b>13,331</b>	<b>38.4%</b>	<b>12,778</b>	<b>37.3%</b>
<b>BVPS(NT\$)</b>	<b>39.1</b>		<b>35.6</b>		<b>34.9</b>	

- Accelerating inventory turnover to reduce operational risks.
- Maintained healthy capital structure for sustainable growth.



# 2Q23 Consolidated Cash Flow Highlights

Unit : NT\$ million

	IH23	IH22	Change
<b>From operating activities</b>	<b>1,212</b>	<b>123</b>	<b>1,089</b>
Net income	539	664	(125)
Depreciation & amortization	599	605	(7)
Net change in working capital	30	(1,653)	1,683
<b>From investing activities</b>	<b>20</b>	<b>(1,220)</b>	<b>1,240</b>
Capital expenditure	(1,181)	(1,128)	(53)
<b>From financing activities</b>	<b>155</b>	<b>541</b>	<b>(386)</b>
Net change in debt	283	528	(244)
<b>Net change in cash</b>	<b>1,393</b>	<b>(408)</b>	<b>1,801</b>
<b>Free cash flow</b>	<b>31</b>	<b>(1,005)</b>	<b>1,036</b>

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

- Continuously improving cash flow to meet capital investment.

# Key Ratio Highlights

	2Q23	1Q23	QoQ	2Q22	YoY
Debt ratio	62%	62%	0.2 bps	63%	(0.9) bps
*Debt ratio	55%	55%	(0.9) bps	59%	(4.6) bps
Net debt (Cash) to equity	34%	44%	(10.3) bps	48%	(14.3) bps
Current ratio	133.3	135.3	(2.0) bps	128.5	4.8 bps
ROA	4.1%	3.2%		4.7%	
ROE	9.2%	6.5%		11.8%	

- Debt related ratios were controlled and showed sound capital structure
- Continuously maintaining the healthy current ratio

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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