

# Darfon Electronics Corp. Investor Conference

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# Agenda

- **IQ23 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.**

# **IQ23 Financial Highlights**

# I Q23 Consolidated Income Statement Highlights

Unit: NT\$ million except per share data

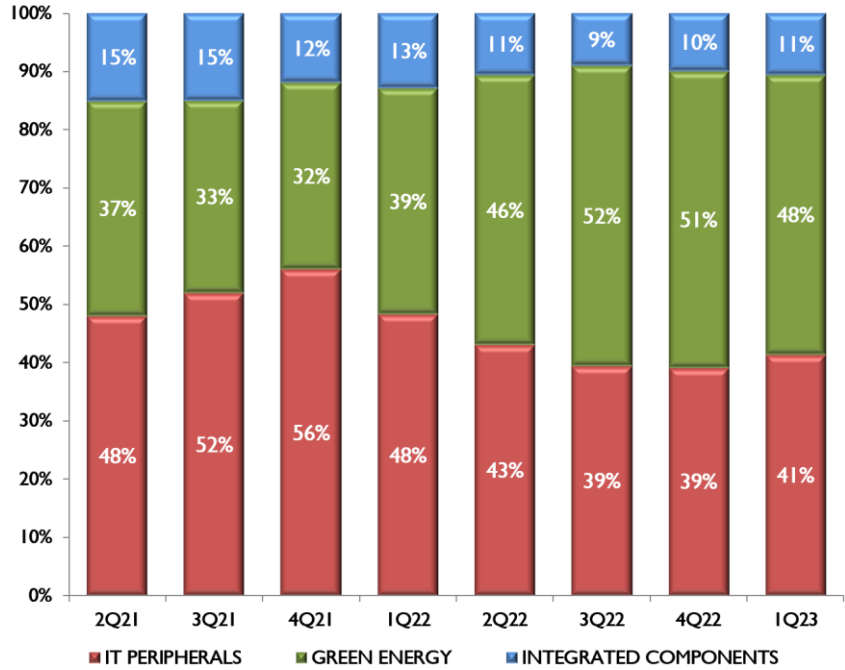
	IQ23		4Q22		QoQ%	IQ22		YoY%
Net sales	6,001	100.0%	6,794	100.0%	-11.7%	7,415	100.0%	-19.1%
Gross profit	1,088	18.1%	1,177	17.3%	-7.6%	1,220	16.5%	-10.8%
Operating expenses	(773)	-12.9%	(814)	-12.0%		(856)	-11.5%	
Operating income	315	5.2%	363	5.3%	-13.4%	364	4.9%	-13.6%
Net non-operating items	(32)	-0.5%	71	1.0%		15	0.2%	
Earning before income tax	283	4.7%	434	6.4%	-34.9%	379	5.1%	-25.5%
Net income	221	3.7%	359	5.3%	-38.3%	289	3.9%	-23.6%
Net income attributable to:								
The parent company	143	2.4%	289	4.3%	-50.7%	248	3.3%	-42.5%
Basic EPS (NT\$)(a)	0.51		1.03			0.89		

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

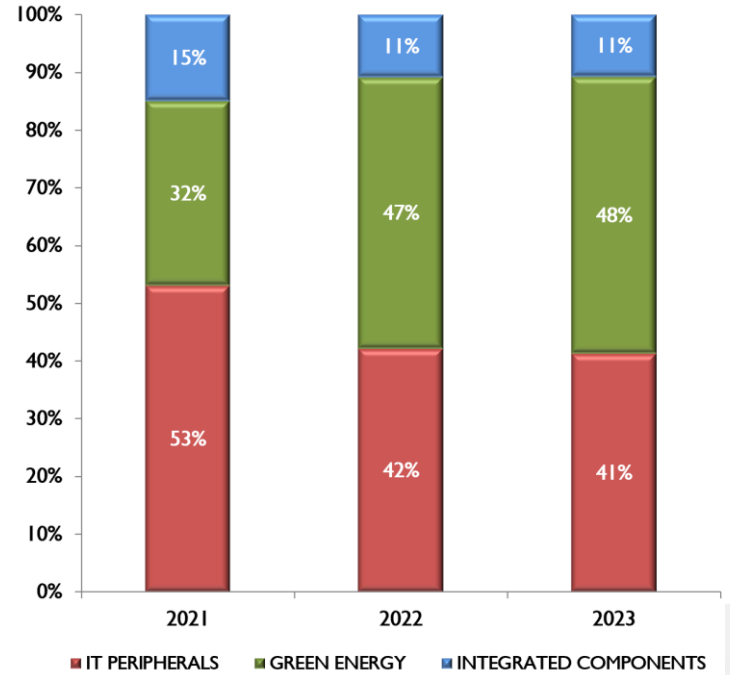
- Revenue decrease since PC and bike inventory adjustment
- Gross margin enhanced with better product portfolio

# 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, TD Hitech Energy, Kenstone Metal, Astro Tech, Darad Innovation

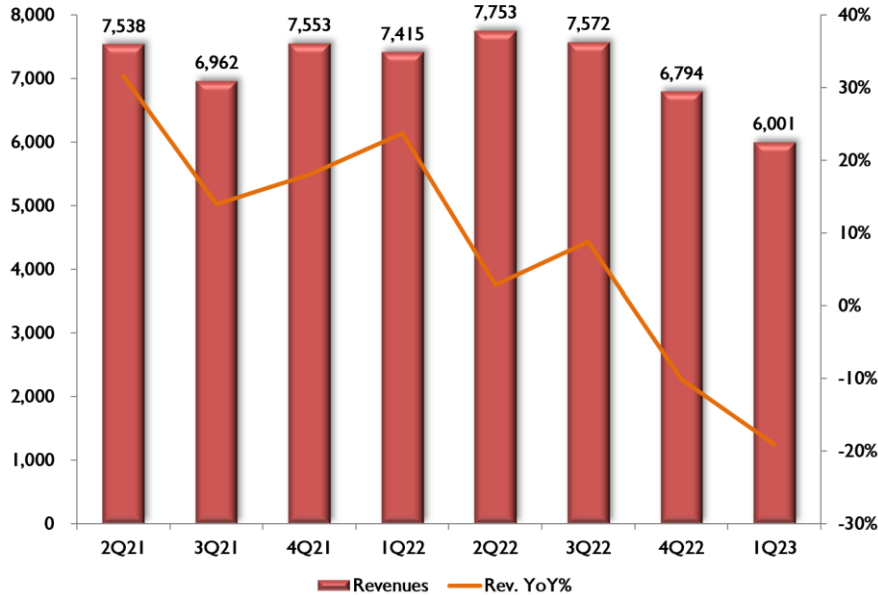
**INTEGRATED COMPONENTS** : MLCC, Inductors, Unictron Technologies

# Rev YoY and Profit Margins

Quarterly Rev. & YoY%

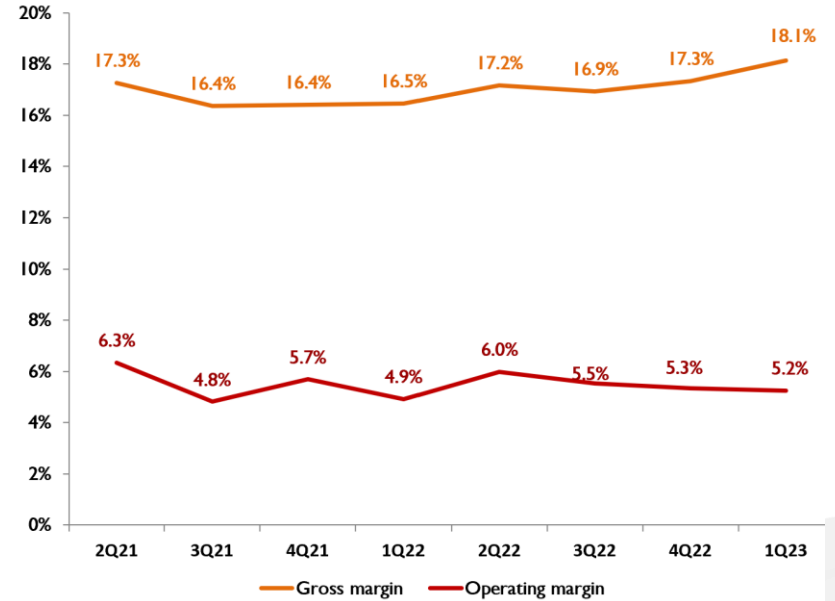
Unit: NT\$ million

Unit: %



Profit Margin Rate %

Unit: %



# I Q23 Consolidated Balance Sheet Highlights

Unit : NT\$ million except per share data

	IQ23		4Q22		IQ'22	
Cash & marketable securities	4,864	14.0%	3,983	11.8%	3,347	9.8%
Accounts receivable	7,060	20.3%	7,364	21.9%	8,039	23.5%
Inventory	8,129	23.4%	8,288	24.6%	8,895	26.0%
<b>Current assets</b>	<b>22,212</b>	<b>63.9%</b>	<b>21,691</b>	<b>64.5%</b>	<b>21,666</b>	<b>63.4%</b>
<b>Net PP&amp;E</b>	<b>8,642</b>	<b>24.9%</b>	<b>8,154</b>	<b>24.2%</b>	<b>8,151</b>	<b>23.8%</b>
<b>Total assets</b>	<b>34,745</b>	<b>100.0%</b>	<b>33,637</b>	<b>100.0%</b>	<b>34,189</b>	<b>100.0%</b>
Short-term bank loans	6,300	18.1%	5,982	17.8%	5,137	15.0%
Accounts payable	3,982	11.5%	4,160	12.4%	6,383	18.7%
<b>Current liabilities</b>	<b>16,418</b>	<b>47.3%</b>	<b>14,613</b>	<b>43.4%</b>	<b>17,296</b>	<b>50.6%</b>
<b>Long-term interest-bearing debt</b>	<b>4,493</b>	<b>12.9%</b>	<b>4,588</b>	<b>13.6%</b>	<b>3,800</b>	<b>11.1%</b>
<b>Total liabilities</b>	<b>21,414</b>	<b>61.6%</b>	<b>19,734</b>	<b>58.7%</b>	<b>21,690</b>	<b>63.4%</b>
<b>Total stockholders' equities</b>	<b>13,331</b>	<b>38.4%</b>	<b>13,903</b>	<b>41.3%</b>	<b>12,499</b>	<b>36.6%</b>
<b>BVPS(NT\$)</b>	<b>35.6</b>		<b>37.6</b>		<b>34.4</b>	

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



# IQ23 Consolidated Cash Flow Highlights

Unit : NT\$ million

	IQ23	IQ22	Change
<b>From operating activities</b>	<b>616</b>	<b>18</b>	<b>598</b>
Net income	221	289	(68)
Depreciation & amortization	301	299	2
Net change in working capital	283	(845)	1,128
<b>From investing activities</b>	<b>(184)</b>	<b>(544)</b>	<b>360</b>
Capital expenditure	(743)	(514)	(229)
<b>From financing activities</b>	<b>198</b>	<b>206</b>	<b>(8)</b>
Net change in debt	231	240	(9)
<b>Net change in cash</b>	<b>489</b>	<b>(168)</b>	<b>657</b>
<b>Free cash flow</b>	<b>(126)</b>	<b>(496)</b>	<b>370</b>

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

- Enhance cash flow to support capital expenditure

# Key Ratio Highlights

	1Q23	4Q22	QoQ	1Q22	YoY
Debt ratio	62%	59%	3.0 bps	63%	(1.8) bps
*Debt ratio	55%	53%	2.3 bps	59%	(4.1) bps
Net debt (Cash) to equity	44%	47%	(2.9) bps	45%	(0.2) bps
Current ratio	135.3	148.4	(13.1) bps	125.3	10.0 bps
ROA	3.2%	4.8%		3.7%	
ROE	6.5%	10.5%		9.2%	

- Debt related ratios are controlled and show sound capital structure
- Current ratio keeping healthy

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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