



INVESTOR RELATIONS

DONPON PRECISION 2023 Q3 Financial Results

Presented by:
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TAIWAN | 08 December 2023

Safe Harbor And Disclaimer

Donpon's presentation contains forward-looking statements subject to significant risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In this context, you can identify forward-looking statements because they contain words such as "may", "will", "should", "expects", "plans", "anticipates", "could", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue", or the opposite/negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions.

Actual results may differ materially from those contained in the forward-looking statements due to risk and uncertainties resulting from a number of important factors. Such factors include, but are not limited to, our highly competitive environment, the cyclical nature of our business, our ability to develop new products, and our successful execution of new business developments, etc.

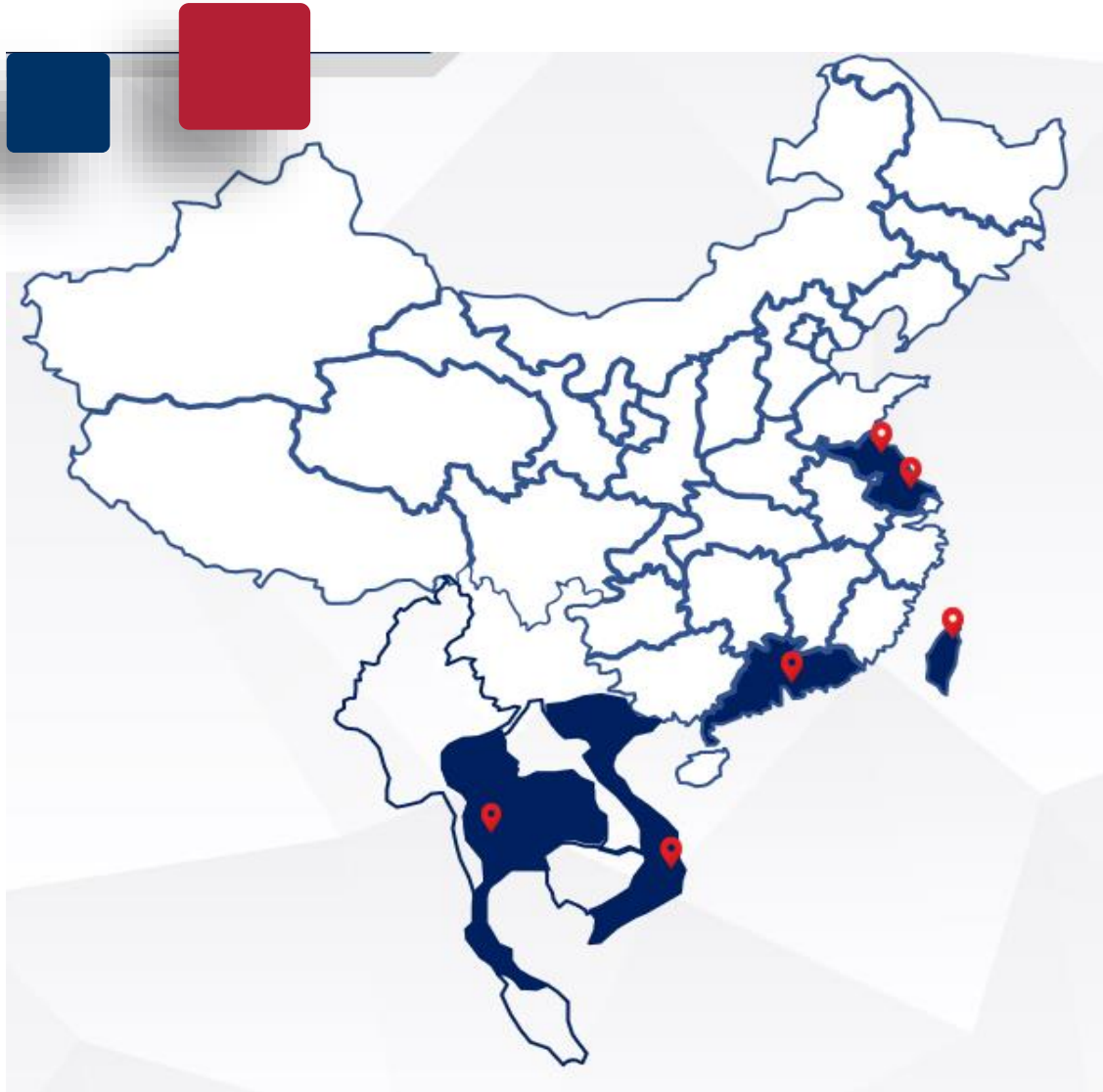
All forward-looking statements in this presentation are based on information available to us as of the date hereof. We undertake no obligation to update these forward-looking statements for new information, future events, or update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

MEETING AGENDA

- Company Profile
- Market and Business Outline
- Operating Results
- Financial Results
- Vision
- Q&A



COMPANY PROFILE



Founded in 1995, Donpon Precision Inc. is a professional OEM company specializing in mold development, design and manufacturing of plastic components, plastic molding, coating, and printing, assembly, and processing, as well as manufacturing of optical transparent lenses and metal parts, etc. It is also an R&D, manufacturing, and sales company for automotive electrical products. The Company has been making progress since it was founded, and now has: Donyun Plastic Manufactory Co., Ltd., Doncan Precision (Jiangsu) Co., Ltd., Doncan Precision (Nanjing) Co., Ltd. in Mainland China; Donpon Group HQ in Taoyuan, Taiwan, and Yutron Precision Co., Ltd., the investee in Taiwan; Donpon Precision Thailand, and an investee Yu Wei International Vietnam in Southeast Asia. We aim to disperse the production site risk in order to develop and manufacture products by providing a professional one-stop solution for our customers.

Share capital
NTD 1.076 Billion
(NTD1.216 Billion after private placement)

Factory
5 (subsidiaries) + 2 (investees)

Revenue for Jan-Oct 2023
NTD 1.517 Billion

Number of employees
1070 +



Raw material supply:
Plastic pellets (PC, ABS,
PMMA, etc.)

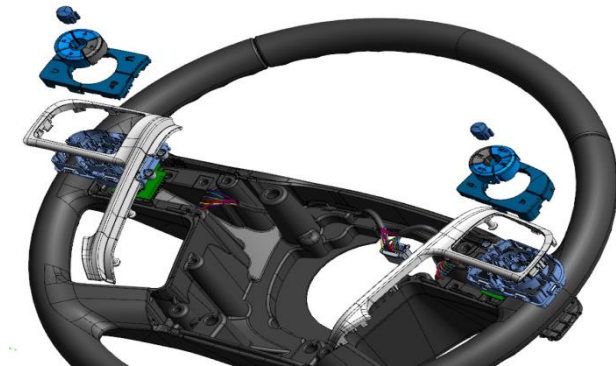
**Machinery and
equipment manufacturing:**
Injection molding machine,
CNC machine, coating
machine, printing machine,
sensing device, etc

Peripheral supply:
Coating materials

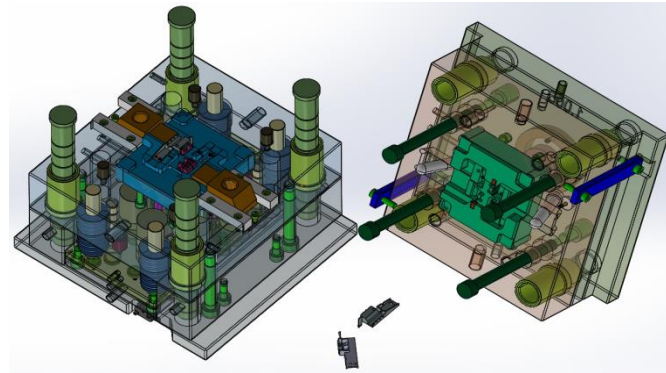
**Mold development, injection molding,
surface processing, parts assembly**

**Earphones, Automotive electronics, Industrial control equipment,
Network communication device, Medical device, Wearables, Computer Peripherals,
Digital cameras, other consumer electronics, etc.**

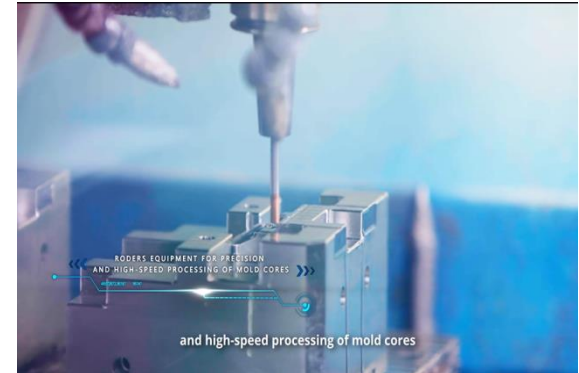
OPERATING RESULTS _ MANUFACTURING PROCESS OF MAIN PRODUCTS



ID/MD Product Design



Mold Design



Mold Manufacturing



Injection Molding



Coating & Printing



Part Structure Assembly

OPERATING RESULTS _ PRODUCTION EQUIPMENT CAPACITY



SMT & Assembly



2 SMT 7 Assembly lines

- Continue to optimize modular production line

Test Equipment



More than 20 types

- Spectrophotometer, gloss meter, XRF detector
- 2.5D, 3D automatic measuring equipment
- Thermal shock tester, temperature and humidity chamber

Surface Treatment Equipment



Over 70 units

- Automatic spraying line with 3-coating and 3-baking
- Full printing line

Mold Design Ability



Over 40 sets
(monthly average)

- Maximum capacity is 100 sets/month
- 3D/CAD design, design knowledge database
- MES System for mold

Mechanical Processing



Over 110 units

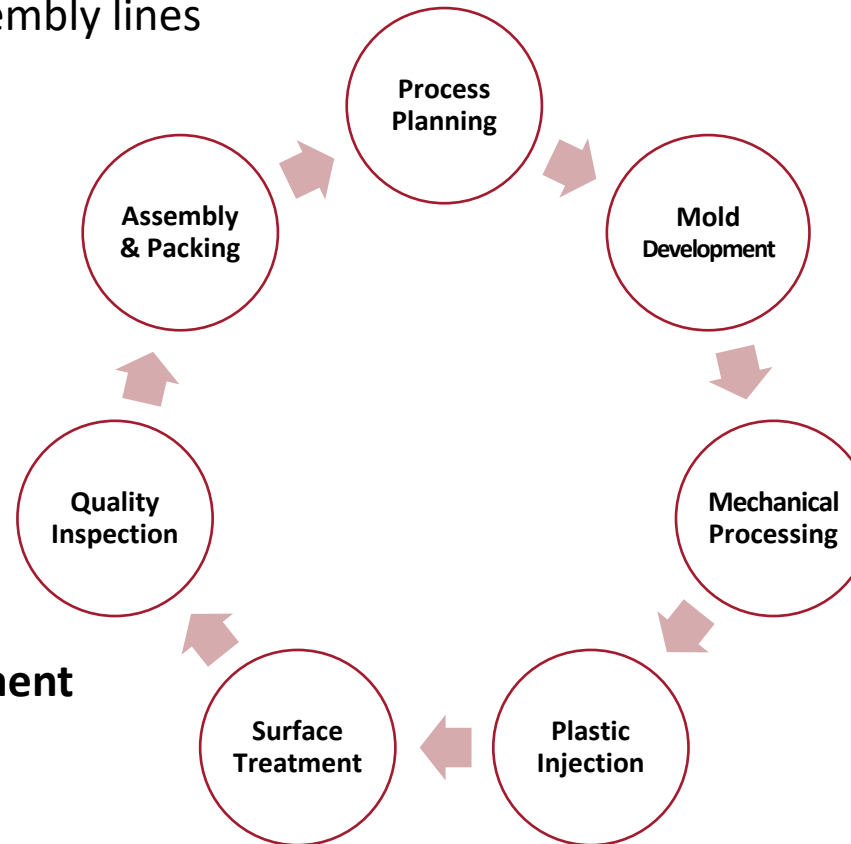
- CNC Machines
- Wire Cut Machines
- Electrical Discharge Machines

Injection Molding



Over 210 units
(60~750T single and double injection)

- Five-axis robot arm, mold monitor
- Three-color injection molding, metal and plastic insert-molding



OPERATING RESULTS _ QUALITY CERTIFICATION



Donpon Taoyuan



Doncan Jiangsu



Doncan Nanjing



Donyun Plastic



	Donpon Taoyuan	Doncan Jiangsu	Doncan Nanjing	Donyun Plastic
IATF 16949	V	V	V	V
ISO 14001	V	V		V
ISO 9001	V		V	V
OHSAS 18001			V	
IECQ				V
ISO 13485				V

Donpon Group (Donpon and its subsidiaries) have passed the **IATF 16949** quality certification

FINANCIAL RESULTS



- Revenue for Jan-Sep 2023 increased by 8.61% YoY
- Revenue for Jan-Oct 2023 increased by 5.84% YoY



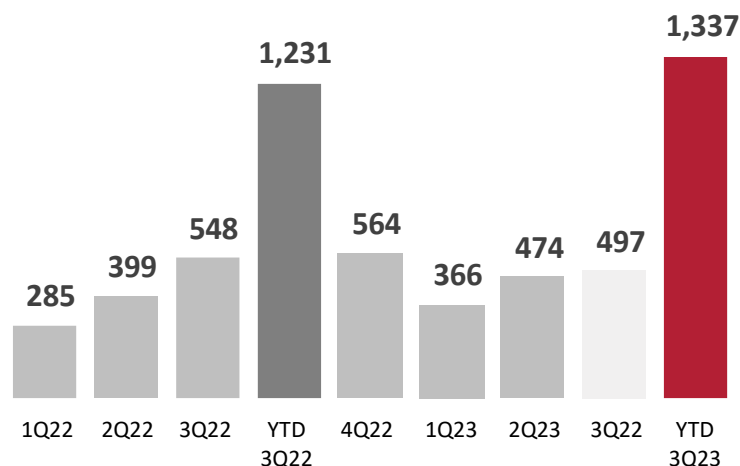
- Gross Margin for Q3 2023 reached new high of 30.35% in the last 8 years
- Net profit for Jan-Sept 2023 increased by 56.47% YoY, reached new high in the last 8 years

Although the consumer market has been slowing down and the new TWS models launched by our major customer last year have resulted in a high base period, the sales performance of the earmuff products from our major customer was better than we expected. Therefore the decline of the headphone products was mitigated. In addition, we have continued to launch many new projects.

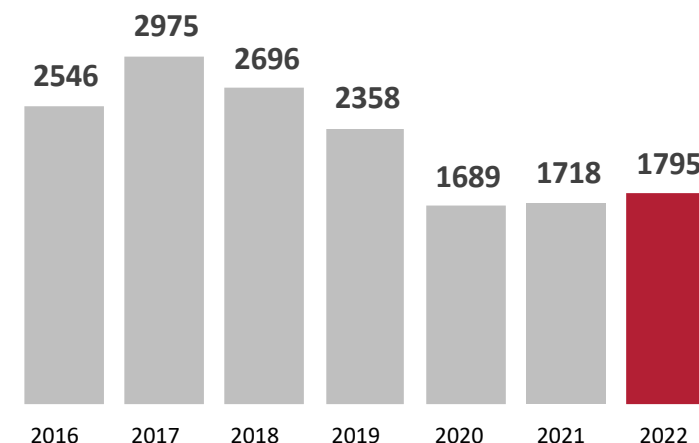
The Company started to see a 15~20% growth in this type of product this year due to the market change caused by EVs in the global automobile market. This year, the market and customers that the Company has been cultivating are beginning to see growth.

Development in other industries has gradually been progressing in recent years. Network communication has continued to attract new customers and develop new models; industrial control has begun to deliver products to overseas clients, and there are new projects that will start mass production in the near future.

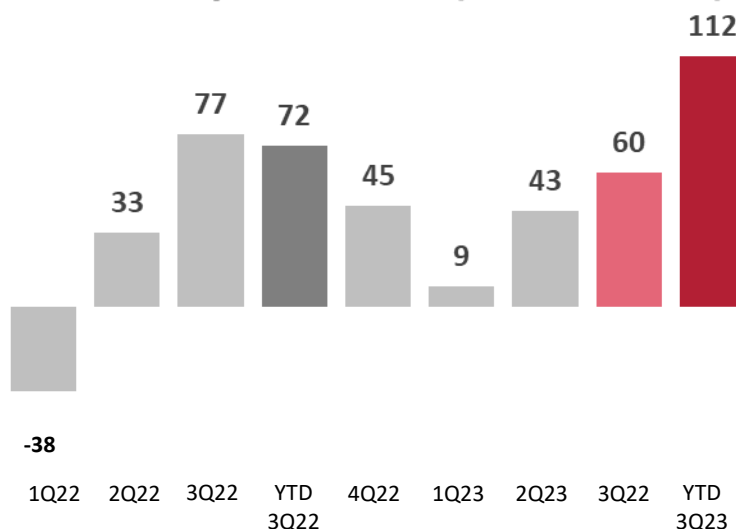
Quarterly Revenue (NTD million)



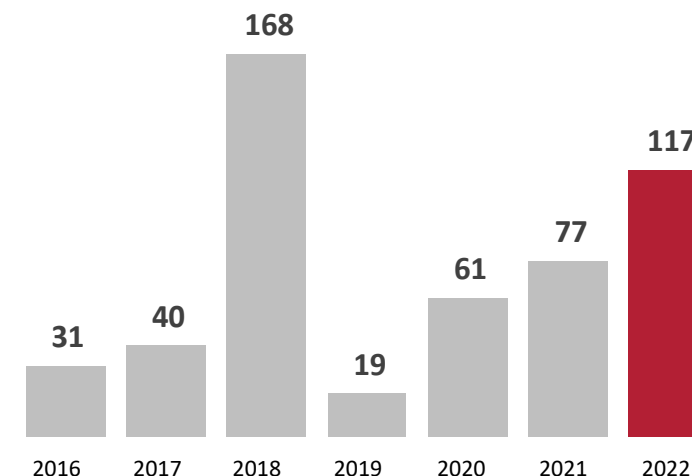
Annual Revenue (NTD million)



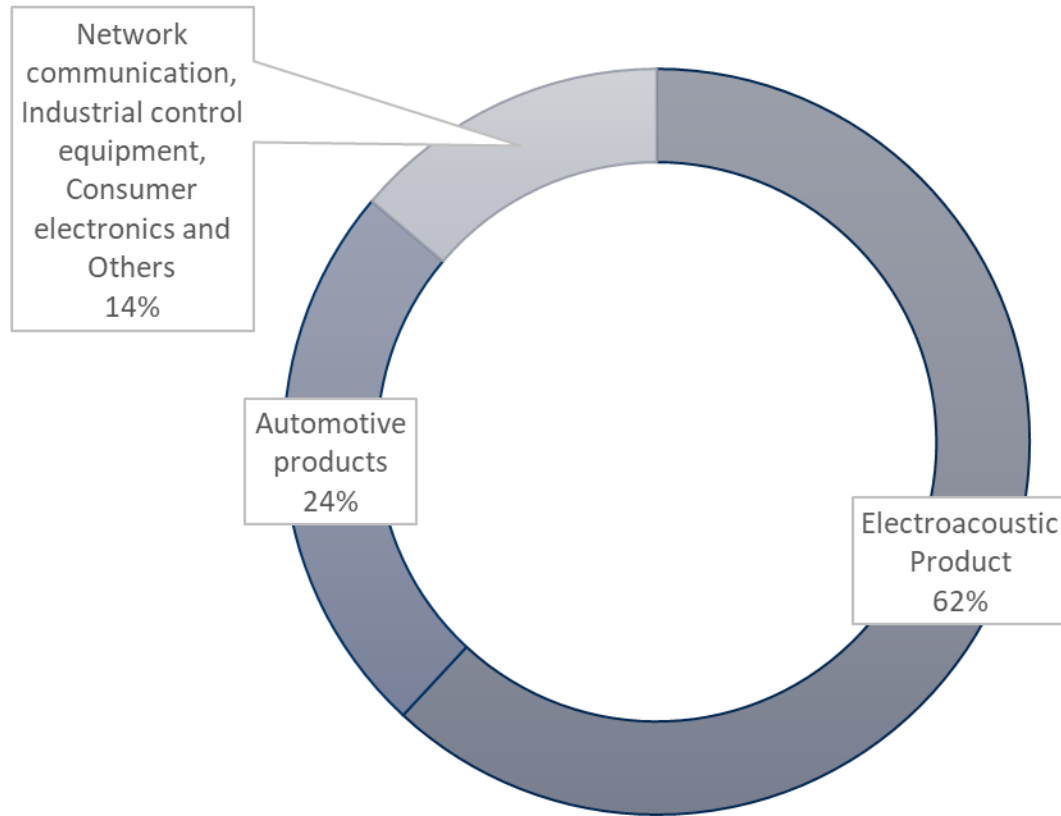
Quarterly Net Profit (NTD million)



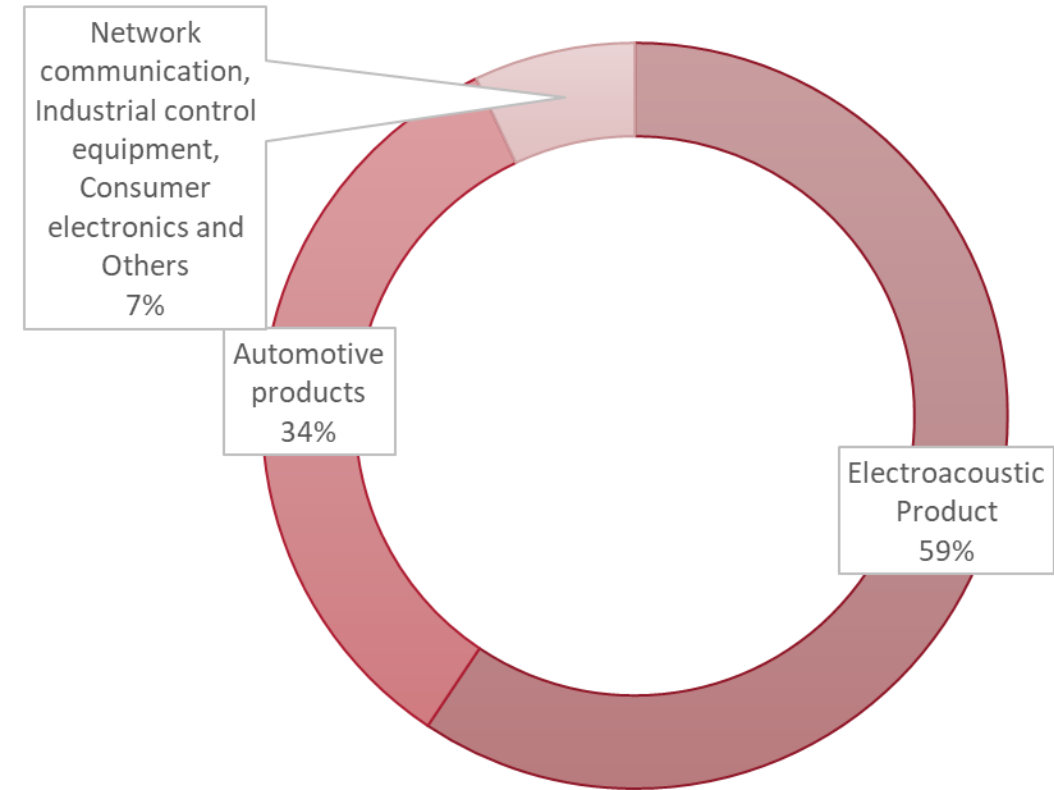
Annual Net Profit (NTD million)



FINANCIAL RESULTS _ REVENUE BY PRODUCT

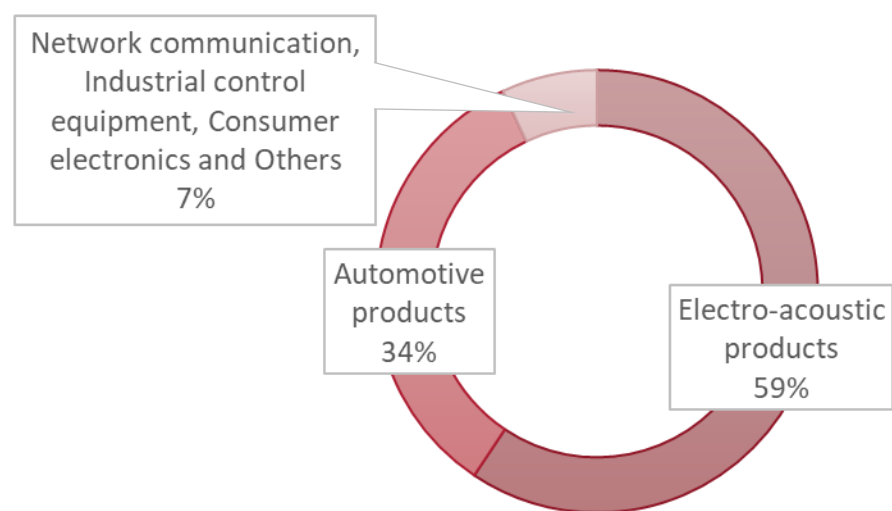
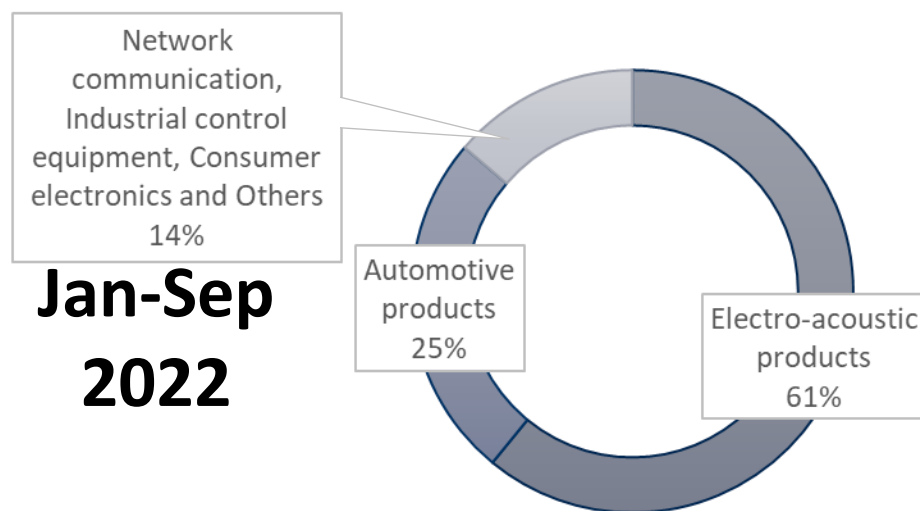
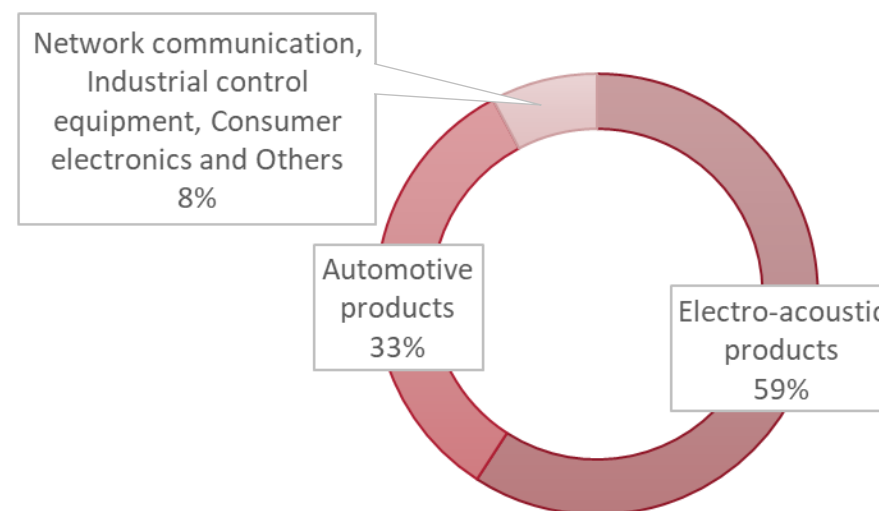
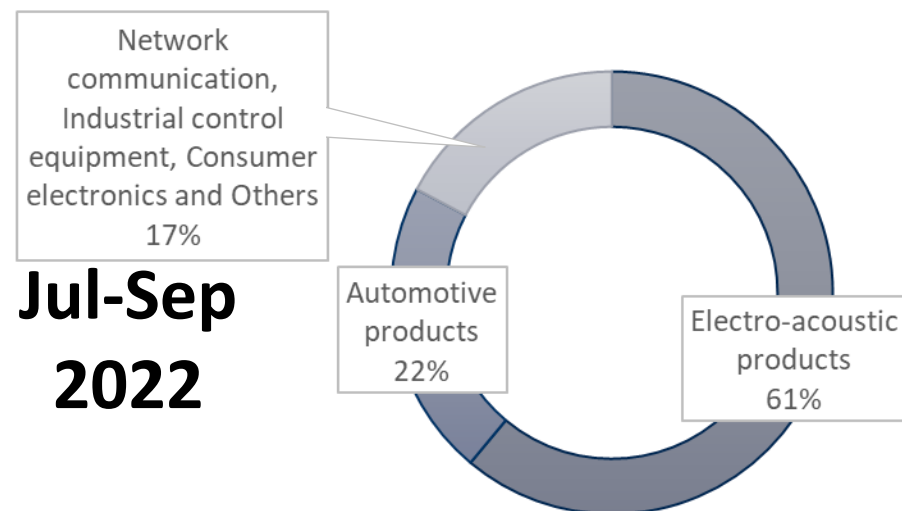


2022 Annual



Jan-Sep 2023

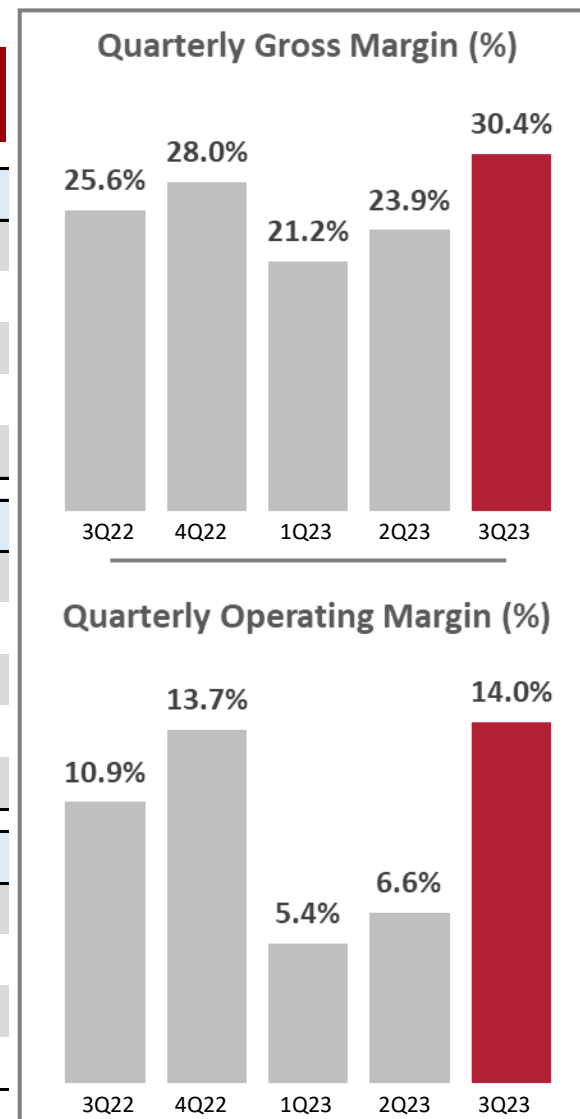
FINANCIAL RESULTS _ REVENUE BY PRODUCT



FINANCIAL RESULTS _ 3Q23 INCOME STATEMENT



(NTD million)	3Q23	2Q23	3Q22	QoQ	YoY	Jan-Sep 2023	Jan-Sep 2022	YoY
Net Sales	497	474	548	4.8%	-9.2%	1337	1231	8.60%
COGS	346	361	408			996	998	
Gross Profit	151	113	140	33.4%	7.8%	341	233	46.50%
Gross Margin (%)	30.4%	23.9%	25.6%	6.5 ppt	4.8 ppt	25.5%	18.9%	6.6 ppt
Operating Expense	81	82	80			221	197	
Operating Expense (%)	16.3%	17.2%	14.7%	-0.9 ppt	1.6 ppt	16.5%	16.0%	0.5 ppt
Operating Income	70	31	60	121.8%	16.7%	121	36	232%
Operating Margin (%)	14.0%	6.6%	10.9%	7.4 ppt	3.1 ppt	9.0%	3.0%	6 ppt
Non-operating Items	8	16	36			15	58	
Income before Tax	78	47	96	64.3%	81.4%	135	94	43.60%
Income Tax	18	4	18			23	22	
Tax Rate(%)	22.9%	9.3%	19.2%	0.00%	0.00%	16.8%	23.6%	
Net Income	60	43	77	39.6%	77.6%	112	72	56.5%
Net Margin (%)	12.1%	9.1%	14.1%	3.0 ppt	-2.0 ppt	8.4%	5.9%	2.6 ppt
NI attributed to Donpon	60	43	77	39.6%	77.6%	112	72	56.5%
EPS (NTD)	0.56	0.42	0.78	33.3%	72.0%	1.09	0.72	56.5%
Wght. Avg. Stocks	1069	1015	995			1027	995	

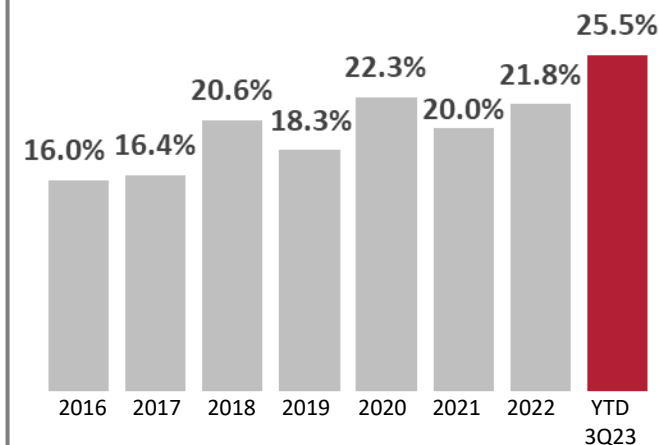


FINANCIAL RESULTS _ INCOME STATEMENT

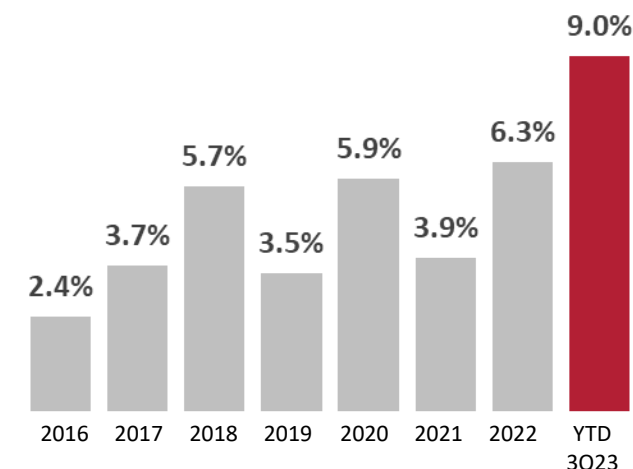


(NTD million)	Jan-Sep 2023	2022	2021	2020	2019	2018	2017	2016
Net Sales	1337	1795	1718	1689	2358	2696	2975	2546
COGS	996	1404	1375	1313	1926	2142	2486	2138
Gross Profit	341	391	343	376	432	554	489	408
Gross Margin (%)	25.5%	21.8%	20.0%	22.3%	18.3%	20.6%	16.4%	16.0%
Operating Expense	221	277	275	277	350	400	378	347
Operating Expense (%)	16.5%	15.4%	16.0%	16.4%	14.8%	14.8%	12.7%	13.6%
Operating Income	121	114	68	99	82	155	111	61
Operating Margin (%)	9.0%	6.3%	3.9%	5.9%	3.5%	5.7%	3.7%	2.4%
Non-operating Items	15	42	-1	37	-30	46	-18	-5
Income before Tax	135	156	67	136	52	201	93	56
Income Tax	23	39	-10	75	32	33	53	25
Tax Rate(%)	16.8%	25.2%	-14.3%	55.1%	62.6%	16.4%	57.0%	44.6%
Net Income	112	117	77	61	19	168	40	31
Net Margin (%)	8.4%	6.5%	4.5%	3.6%	0.8%	6.2%	1.3%	1.2%
NI attributed to Donpor	112	117	77	61	17	166	37	35
EPS (NTD)	1.09	1.17	0.77	0.61	0.17	1.67	0.37	0.35
Wght. Avg. Stocks	1027	995	995	995	995	995	995	995

Quarterly Gross Margin (%)



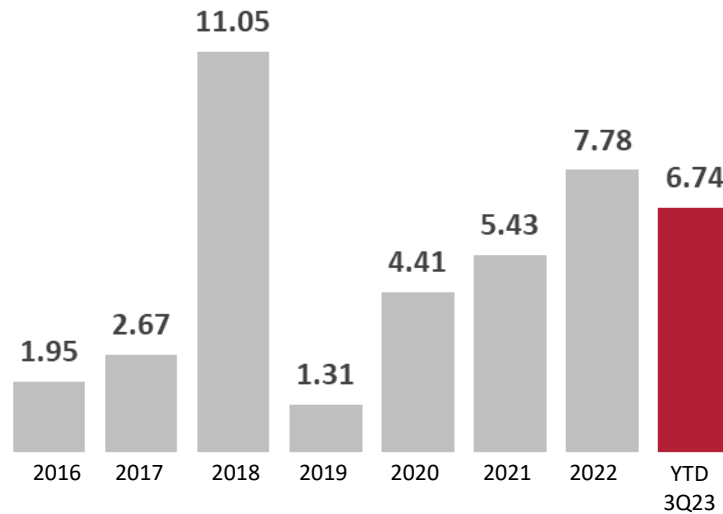
Quarterly Operating Margin (%)



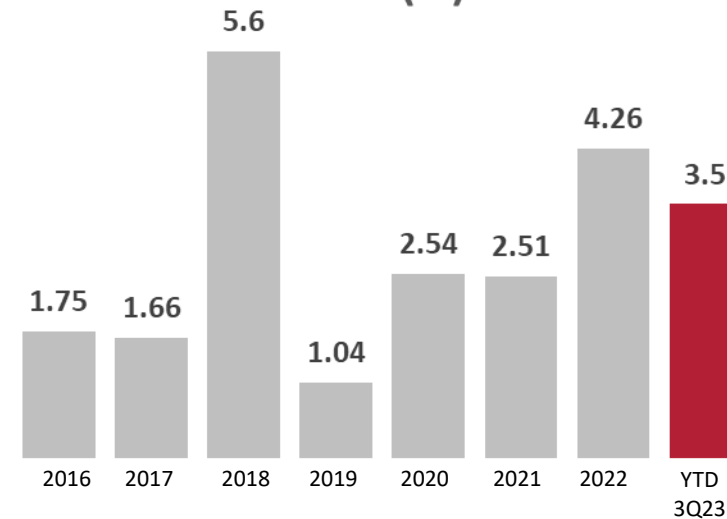
FINANCIAL RESULTS _ Financial Ratios and Dividend Payout



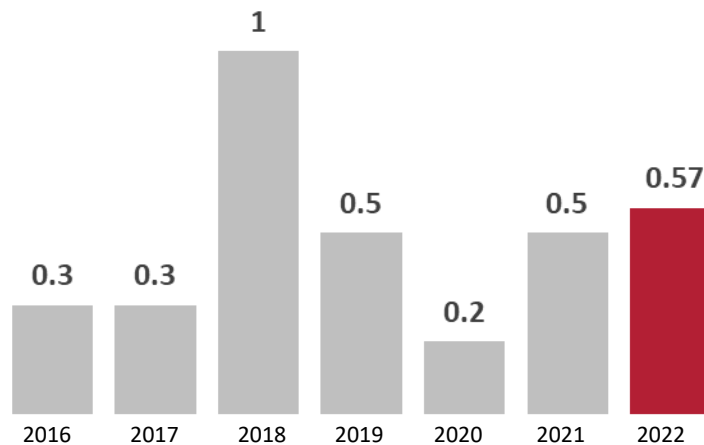
ROE (%)



ROA (%)

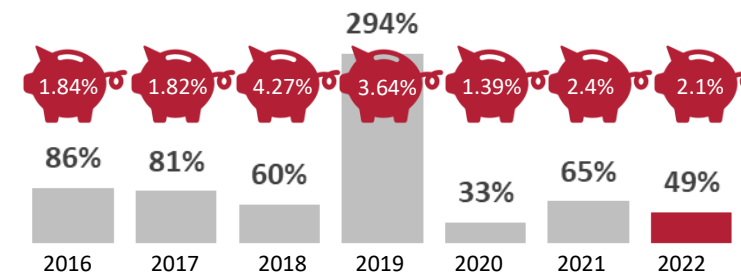


Cash Dividend Per Share (NTD)



Cash Dividend Payout And Dividend Yield (%)

(Yields were calculated based on June 30 closing price)

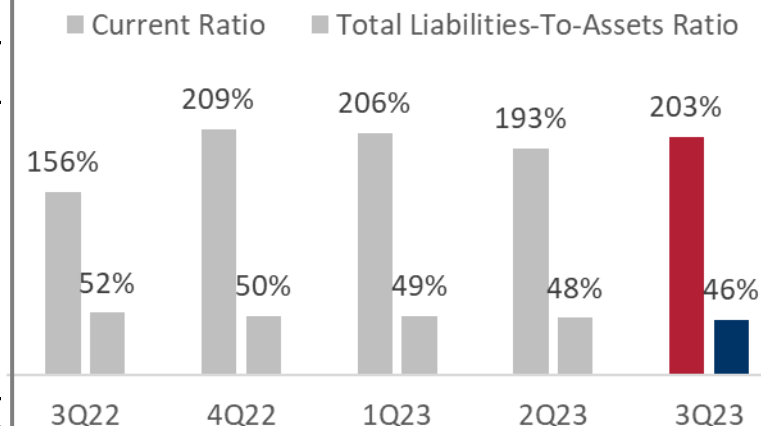


FINANCIAL RESULTS _ BALANCE SHEET



(NTD million)	3Q23	2Q23	1Q23	4Q22	3Q22
Cash	1227	1077	1111	739	854
Notes & Accounts Receivable	765	725	636	885	856
Inventory	209	189	225	207	300
Total Current Assets	2245	2034	2022	1968	2048
Fixed Assets	830	837	867	887	908
Total Assets	3308	3108	3143	3107	3178
Notes & Accounts Payable	360	281	280	263	392
S-T Borrowings	375	375	335	275	375
Others	372	400	369	404	549
Total Current Liabilities	1107	1056	984	942	1316
L-T Borrowings (including CB	418	418	538	561	295
Total Liabilities	1534	1493	1555	1546	1668
Total Equity	1774	1615	1588	1562	1510
Net Debt-To-Equity (%)	-24%	-18%	-15%	6%	-12%

Current Ratio & Debt Ratio (%)



3Q23 Balance Sheet Key Indices (days)

AR Turnover

169

AP Turnover

69

Inventory Days

57

Cash Conversion Cycle

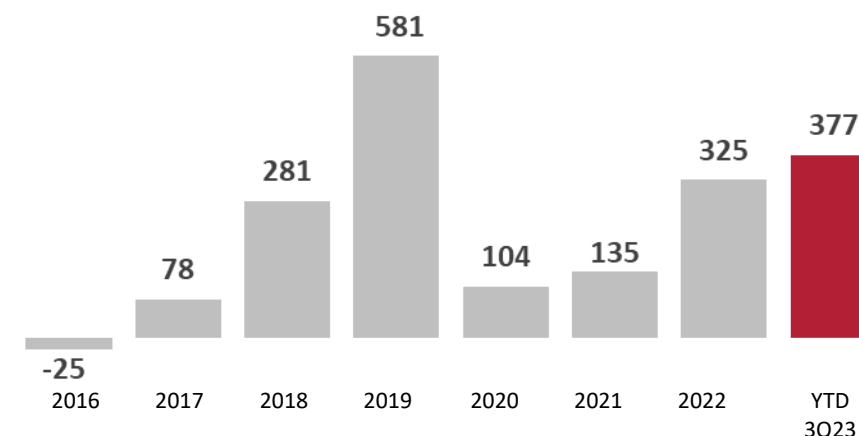
156

FINANCIAL RESULTS _ STATEMENT OF CASH FLOWS

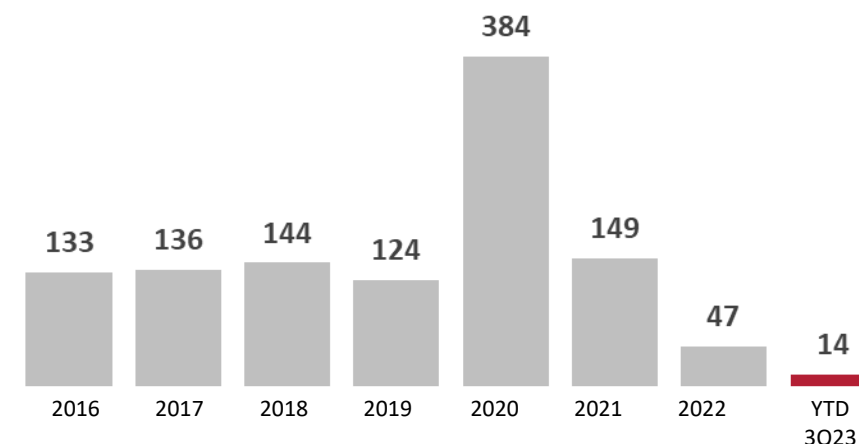


(NTD million)	YTD 3Q23	YTD 2Q23	YTD 1Q23	YTD 4Q22	YTD 3Q22
From Operations	377	244	238	325	226
- Income Before Tax	135	57	10	156	94
- Depreciation & Amortization	123	82	41	178	134
- Notes & Accounts Receivable	120	146	252	24	64
- Notes & Accounts Payable	36	-7	-14	-58	-42
- Inventory	-2	14	-17	61	-29
- Other Operating Sources	-35	-48	-34	-36	5
From Investment	52	69	77	-201	-39
- Fixed Assets	-13	-8	-6	-47	-38
- Others & Amortized Cost	65	77	83	-154	-1
From Financing	52	56	53	-68	-30
- S-T Borrowings	160	130	90	-200	10
- L-T Borrowings	-3	-44	-22	243	5
- Cash Dividend	-60	0	0	-50	0
- Other Financing Sources	-45	-30	-15	-61	-45
Net Cash Position Change	488	338	372	68	183
Effect of Foreign Currency	7	-30	4	12	26
Cash At Beginning of Year	739	739	739	671	671
Ending Cash Balance	1227	1077	1111	739	854

Operating Cash Flow (NTD million)



Capital Expenditure (NTD million)



**Structure Synergy
Model for Cooperation
Discover customers
in niche market**

Core
Plastic Molds and
Automotive Electronics

Factory
Automation
& Risk
Diversification

**Deepen and expand in the fields
of electro acoustics and
automotive electronics**

Core Competence

- We have been working with our Japanese clients to develop key molds, including plastics and lenses for cameras since the Company was incorporated in 1995.
- Started automotive business in 2003. Currently, we have developed hundreds of models for automotive parts.

Regional Development Strategy

- China: Optimize production efficiency to expand into the automotive electronics market for new energy vehicles.
- Taiwan: Be close to customers' primary R&D points; increase the number of niche customers, including industrial control and medical materials.
- Southeast Asia: Assist customers in dispersing the production site risks to gain more new product development opportunities; located in Detroit of the East to expand the global automotive electronics market.

Synergy Model for Cooperation

- In 2023, Merry Group increased the Company's equity through a private placement. Based on the core competencies and customer bases of both companies, they will share resources and strengthen their partnership, so the company will be able to launch more new projects and mass production for its branded customers.
- Seek niche product manufacturers with R&D capabilities to initiate R&D together early and help plan the mass production process.

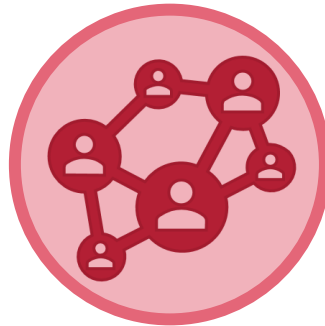
Environmental



Environmental Protection

- In response to climate change, improve hazardous substance management
- Manage suppliers and conduct GHG inventory
- Enhance energy efficiency
- Conduct environmental risk assessment

Social



Social Responsibility

- Treat upstream and downstream suppliers and customers well
- Create a happy workplace, provide a safe work environment, and pay attention to employee care and growth opportunities.
- Establish good relationships with the community and grow together with the neighborhood

Governance



Corporate Governance

- Comply with laws, regulations and articles of incorporation
- Protect the rights and interests of shareholders
- Strengthen the powers of the board of directors
- Enhance information transparency

Facts on Donpon Precision Inc.



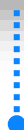
Founded in 1995, our long-term strategy is

We started to work with a Japanese client in the early stages to develop our core competence in precision molding technology. Subsequently, we set up an automotive electronics team to assist our clients in rapidly developing their products in plastic injection molding and automotive electronics markets. We will extend our OEM business to a modular model for integrated product, and actively promote to the niche market business.



Flexible Manufacturing Locations & Smart Technology

After Taiwan's factory started operation, the Company continued to expand its production to Thailand in 2023, and hoped to start mass production in 2024. The Company has set up factories in all major regions in Asia to help customers disperse the production site risk. Each factory has planned for smart production and has introduced automated equipment to optimize the efficiency and yield for modular production.



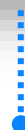
Global employees

We have more than 1070 employees worldwide. We are committed to fulfilling our corporate social responsibility, promoting industry-academia cooperation, training talent related to mold design and manufacturing, and automotive electrics for Taiwan.



Continue to Optimize Financial Performance

For the first three quarters of 2023, revenue grew 8.6%, gross and operating margins reached new highs in the last 8 years, and net income grew 56.5%, with a net worth of NT\$16.49 per share; the ROA was 3.5%, and the ROE was 6.74%.



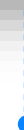
Strategic Partner

Merry Group participated in a private placement on October 26, 2023, to subscribe 1.4 million shares of the Company (11.52% of paid-in capital), with a total shareholding of approximately 16.2% after the private placement. The Company is expected to intensify the vertical integration of industry chain with Merry Group in order to attract more international branded customers.



Corporate Governance & Sustainable Investment

Strengthen the operation of the board of directors and functional committees. We have built green power, wastewater treatment and exhaust gas purification facilities in our factory. In addition, we have set up and implemented a carbon inventory schedule to assist our branded customers in improving their production for environmental sustainability.



A high-angle photograph of a diverse group of people sitting around a light-colored wooden conference table. They are engaged in a meeting, with various documents, charts, and a laptop visible on the table. Two coffee cups are also present. A dark grey rectangular box is superimposed over the center of the image, containing the text 'Questions & Feedback' in white. In the bottom right corner, there is a logo consisting of a blue diamond shape with a white circle inside, containing the letters 'dp' in red.

Questions & Feedback

