Eclat Textile Co., Ltd

2023 Q3 Investor Conference

Nov. 2023

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Eclat

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Eclat

Company Profile

• Year of establishment	Nov. 28, 1977
• Capital	US$ 91,000,000 (TWD$ 2,744 million)
• Chairman/CEO	Mr. C.H. Hung
• Group employee	1,800 employees in Taiwan ; 15,200 employees overseas
• Status	IPO in Taiwan Stock Market, 2001 (TWSE: 1476)
• Main products	Provide the vertical integration supply chain including knitting, dyeing, finishing, and garment making. Specialize in functional elastic circular knitting fabrics and garments for performance and sportswear.

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Competitive Advantage

- Global strategy to shorten the lead-time and strengthen competition.
- R&D Technicians attend to the task to provide more than 3,000 new fabrics per year.
- Quick response to produce 150 pieces of sample per day.
- Deeply collaborative development with the first tier international brand and built up a strategy partner relationship with our customers.
- Advantage of production economies of scale and vertical integration.

Global Strategy

- Headquarters — New Taipei City, Taiwan
- Fabric mill bases — Taiwan and Vietnam – Total 2 bases
- Garment factories — Vietnam、Cambodia、Lesotho、China and Indonesia – Total 18 factories

Vertical Integration

- **Fabric mill** — **Monthly capacity 15,000,000 yards**

  Taiwan: **8,000,000** yards/month

  Vietnam: **7,000,000** yards/month

- **Garment factories** — **Monthly capacity 11,200,000 pieces**

  1. Total monthly capacity 7,000,000 pieces

     Vietnam： Eclat Textile Co., Ltd (Vietnam)

     Colltex Garment Mfy Co., Ltd (VN).

     E-Top (Vietnam) Co., Ltd.

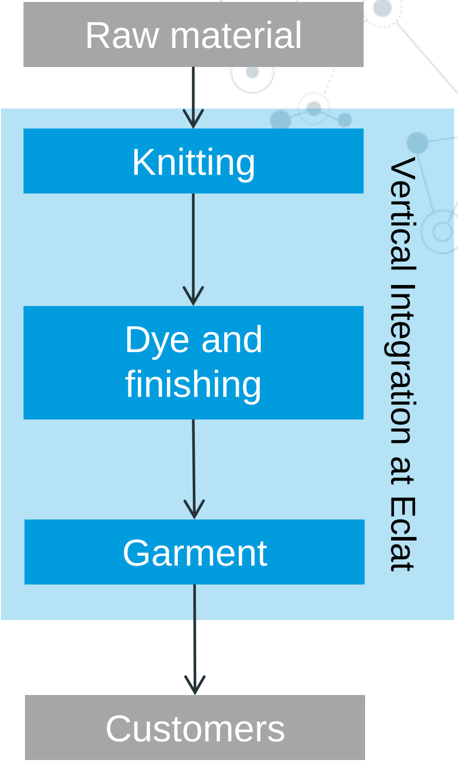
     Tai-Yuan Garments Co., Ltd.

     Indonesia： PT Eclat Textile International

     Cambodia：Eclat Textile (Cambodia) Co., Ltd.

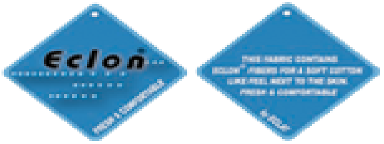
  2. Sub-Contractor monthly capacity 4,200,000 pieces

Supply Chain



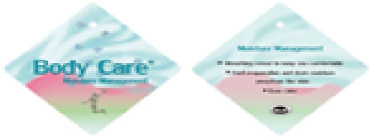
Fabric Products

Eclon® - Developed by Eclat



It feels and looks like natural cotton, also permeable to air and soft. It provides unlimited possibilities for new creations in fashion design, including T-shirts, tight clothes, dresses, aerobic outfits, etc.

Body Care® - Functional series



Moisture Management, Anti-bacterial function, High compression, Lycra sport, Anti-pilling, UV-cut, 3X dry .

X-POLE ® - Outdoor series

Thermal control, warm & cool, Water proof & breathable, Lightweight knitting, Wind block knitting, Knitting lamination, Anti-snagging, UV-cut.

Garment Products

Performance

Made with ecofriendly materials, organic & recycle polyester.

Non- sew and welding

Production sites based in both Taiwan and Vietnam.

Athleisure

Multi-function sportswear from gym to street styles.

Seamless

Design for comfort.

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Customer Collaboration

ODM

1. Design research

2. Fabric development

3. Design sketch for brands

4. End product

Design sketch for yoga

Design sketch for training

Quality Control

Four certified laboratories

Certification


bluesign
Eclat Textile Co., LTD
Range
Outdoor Wear
manufactured in
bluesign approved fabric
Certificate number: 020.207.001
October 25, 2011
November 11, 2013
bluesign approved fabric
certificate

Bluesign


SGS
ECLAT TEXTILE CO., LTD.
ISO 14001:2004
SGS

ISO 14001


Certificate of Achievement
CONGRATULATIONS TO
Eclat Textile Co., Ltd.

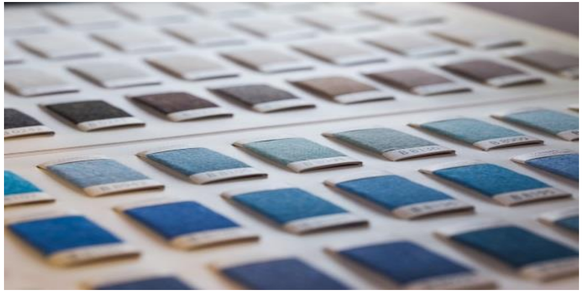
NIKE


adidas
GROUP
Accreditation Certificate
Level Three
Eclat Textile Co. Ltd.

ADIDAS

Product Creative Center

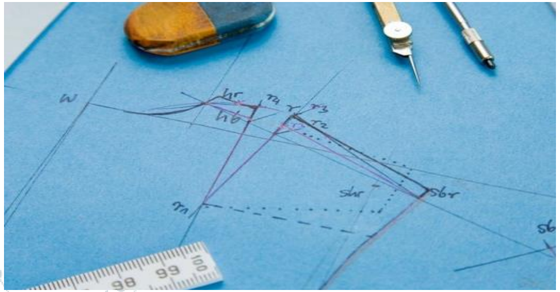
The process of P.C.C.



1. Raw material – yarn

2. Fabric development

3. Customized product design



4. Pattern making

5. Sampling - sewing

6. Sampling - quality check

Comprehensive Income – 2023Q3 vs 2022Q3

Expressed in Thousands of NTD

	2023 Q3		2022 Q3		Diff.	
	Amount	%	Amount	%	Amount	%
Operating revenue	**7,972,808**	**100.00**	**10,712,675**	**100.00**	**(2,739,867)**	**(25.58)**
Operating costs	**5,336,554**	**66.93**	**7,606,511**	**71.00**	**(2,269,957)**	**(29.84)**
Gross profit from operations	**2,636,254**	**33.07**	**3,106,164**	**29.00**	**(469,910)**	**(15.13)**
Operating expenses:						
Selling expenses	423,027	5.31	445,368	4.16	(22,341)	(5.02)
Administrative expenses	352,976	4.43	379,349	3.54	(26,373)	(6.95)
Research and development expenses	40,011	0.50	40,785	0.38	(774)	(1.90)
Total operating expenses	**816,014**	**10.24**	**865,502**	**8.08**	**(49,488)**	**(5.72)**
Net operating income	**1,820,240**	**22.83**	**2,240,662**	**20.92**	**(420,422)**	**(18.76)**
Non-operating income and expenses:						
Other income	7,296	0.09	4,511	0.04	2,785	61.74
Other gains and losses, net	229,746	2.88	498,581	4.55	(268,835)	(53.92)
Finance costs	(23,961)	(0.30)	(18,307)	(0.17)	(5,654)	(30.88)
Interest income	11,533	0.14	3,451	0.03	8,082	234.19
Subtotal	**224,614**	**2.81**	**488,236**	**4.45**	**(263,622)**	**(53.99)**
Income before income tax	**2,044,854**	**25.64**	**2,728,898**	**25.37**	**(684,044)**	**(25.07)**
Less: Tax expenses	**486,741**	**6.11**	**559,008**	**5.22**	**(72,267)**	**(12.93)**
Profit	**1,558,113**	**19.53**	**2,169,890**	**20.15**	**(611,777)**	**(28.19)**
Other comprehensive income:						
Exchange differences on translation of foreign financial statements	203,848	2.56	386,058	3.60	(182,210)	(47.20)
Total comprehensive income	**1,761,961**	**22.09**	**2,555,948**	**23.75**	**(793,987)**	**(31.06)**
Earnings per share (in dollars)	**5.68**		**7.91**		**(2.23)**	**(28.19)**

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Comprehensive Income – 2023Q1-Q3 vs 2022Q1-Q3

Expressed in Thousands of NTD

	2023 Q1-Q3		2022 Q1-Q3		Diff.	
	Amount	%	Amount	%	Amount	%
Operating revenue	**22,291,528**	**100.00**	**32,105,868**	**100.00**	**(9,814,340)**	**(30.57)**
Operating costs	**15,375,262**	**68.97**	**23,138,537**	**72.07**	**(7,763,275)**	**(33.55)**
Gross profit from operations	**6,916,266**	**31.03**	**8,967,331**	**27.93**	**(2,051,065)**	**(22.87)**
Operating expenses:						
Selling expenses	1,159,645	5.20	1,247,563	3.69	(87,918)	(7.05)
Administrative expenses	1,036,312	4.65	1,042,068	3.15	(5,756)	(0.55)
Research and development expenses	112,083	0.50	117,819	0.37	(5,736)	(4.87)
Total operating expenses	**2,308,040**	**10.35**	**2,407,450**	**7.21**	**(99,410)**	**(4.13)**
Net operating income	**4,608,226**	**20.68**	**6,559,881**	**20.72**	**(1,951,655)**	**(29.75)**
Non-operating income and expenses:						
Other income	17,238	0.08	9,694	0.03	7,544	77.82
Other gains and losses, net	329,552	1.48	974,006	3.03	(644,454)	(66.17)
Finance costs	(96,551)	(0.43)	(37,258)	(0.12)	(59,293)	(159.14)
Interest income	74,811	0.34	9,714	0.03	65,097	670.14
Subtotal	**325,050**	**1.47**	**956,156**	**2.97**	**(631,106)**	**(66.00)**
Income before income tax	**4,933,276**	**22.15**	**7,516,037**	**23.69**	**(2,582,761)**	**(34.36)**
Less: Tax expenses	**1,156,443**	**5.19**	**1,517,840**	**4.73**	**(361,397)**	**(23.81)**
Profit	**3,776,833**	**16.96**	**5,998,197**	**18.96**	**(2,221,364)**	**(37.03)**
Other comprehensive income:						
Exchange differences on translation of foreign financial statements	282,057	1.27	771,093	2.40	(489,036)	(63.42)
Total comprehensive income	**4,058,890**	**18.23**	**6,769,290**	**21.36**	**(2,710,400)**	**(40.04)**
Earnings per share (in dollars)	**13.77**		**21.86**		**(8.09)**	**(37.01)**

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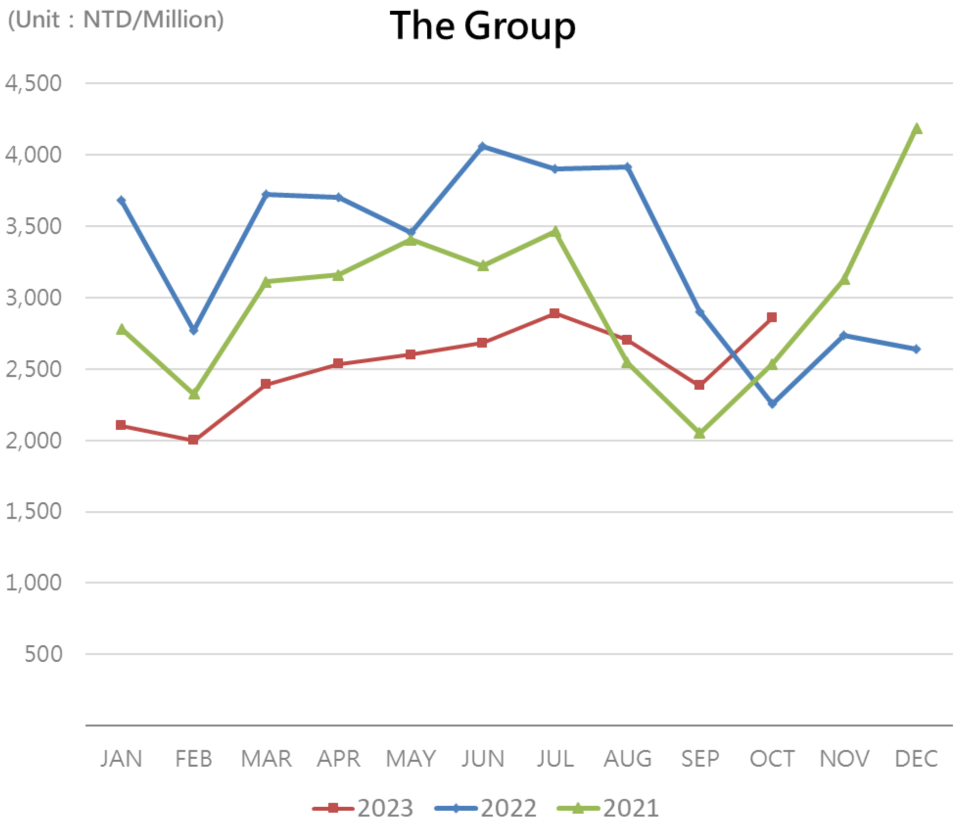
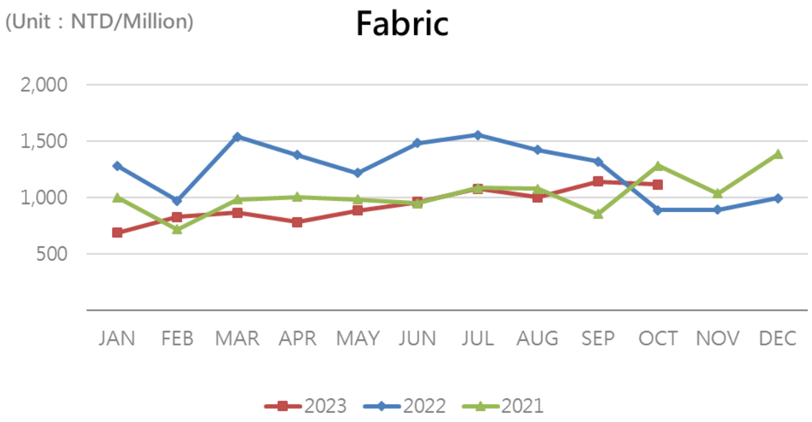
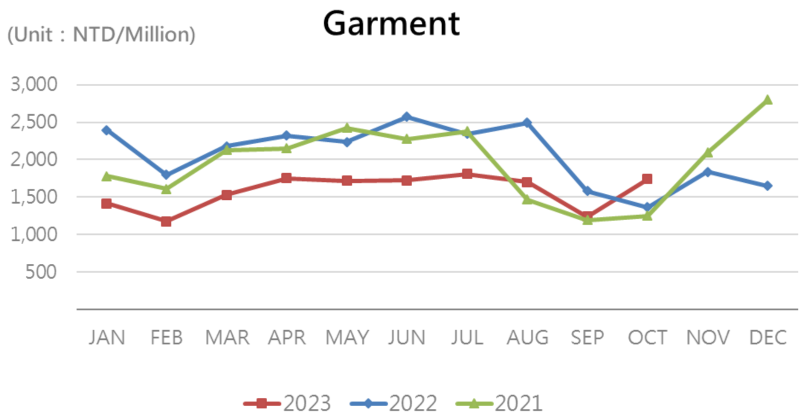
Sales Revenue – Monthly







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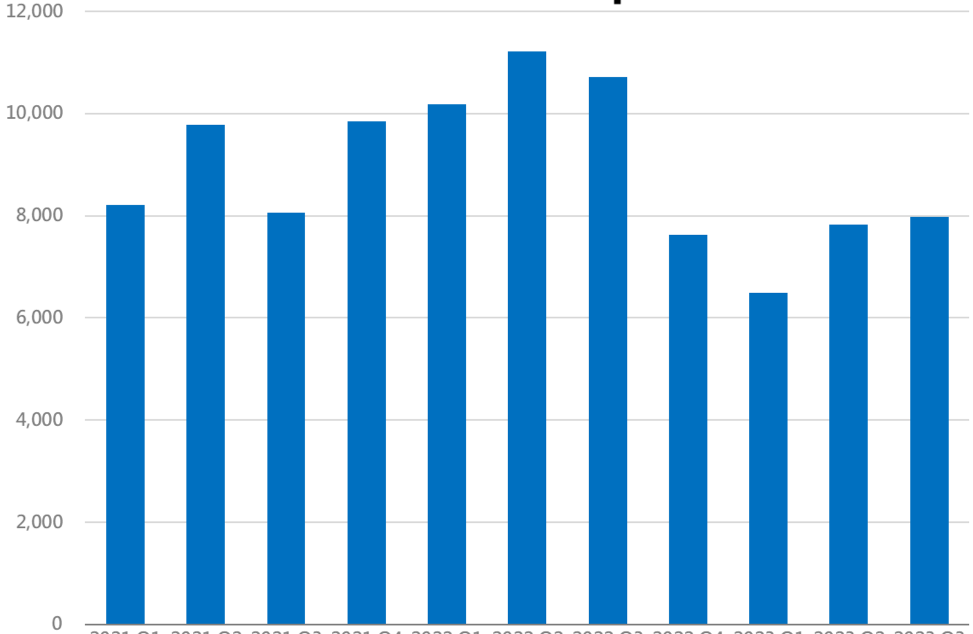
Sales Revenue – Quarterly

(Unit：NTD/Million)

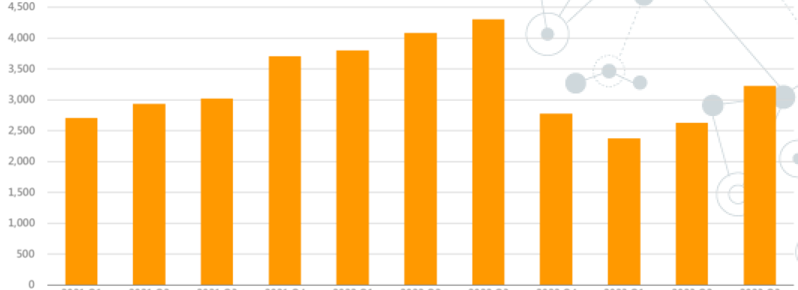
The Group



	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Revenue	8,219	9,787	8,059	9,852	10,178	11,215	10,713	7,630	6,498	7,821	7,973
YOY	36.74%	79.10%	9.28%	5.65%	23.83%	14.60%	32.93%	-22.55%	-36.16%	-30.26%	-25.58%

(Unit：NTD/Million)

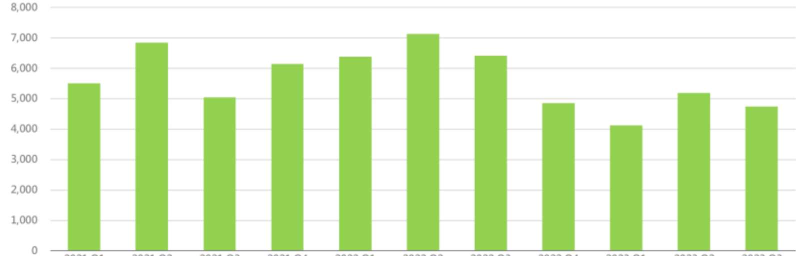
Fabric



	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Revenue	2,704	2,936	3,018	3,707	3,800	4,083	4,300	2,778	2,379	2,629	3,226
YOY	63.97%	106.83%	35.40%	35.58%	40.56%	39.06%	42.49%	-25.06%	-37.40%	-35.61%	-24.99%

(Unit：NTD/Million)

Garment



	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Revenue	5,516	6,851	5,041	6,145	6,378	7,132	6,412	4,852	4,119	5,192	4,747
YOY	26.45%	69.37%	-2.04%	-6.77%	15.63%	4.11%	27.21%	-21.04%	-35.42%	-27.20%	-25.97%

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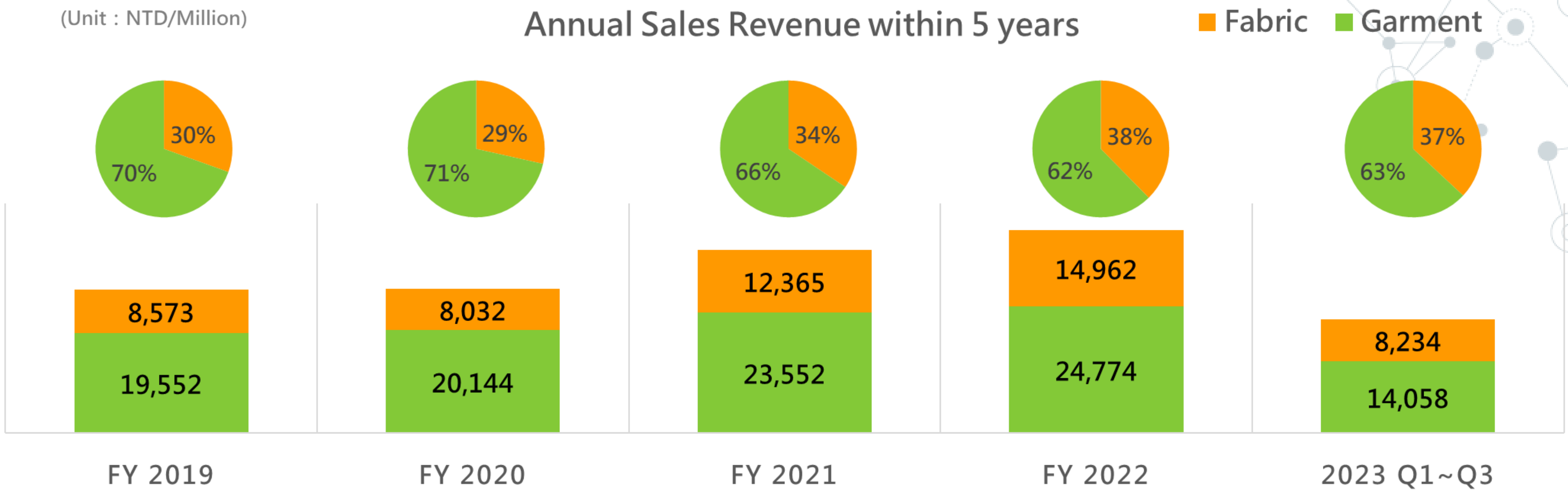
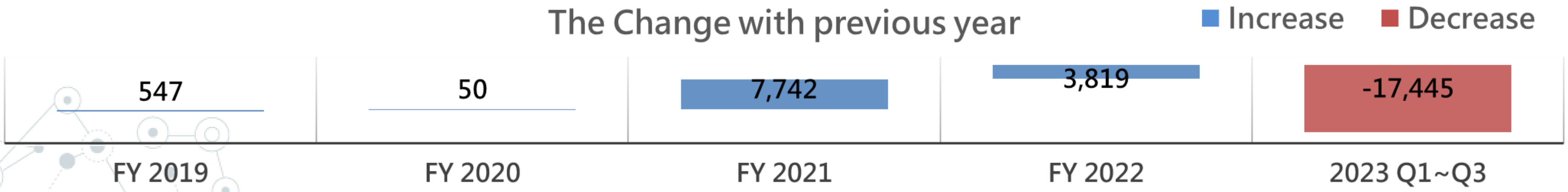
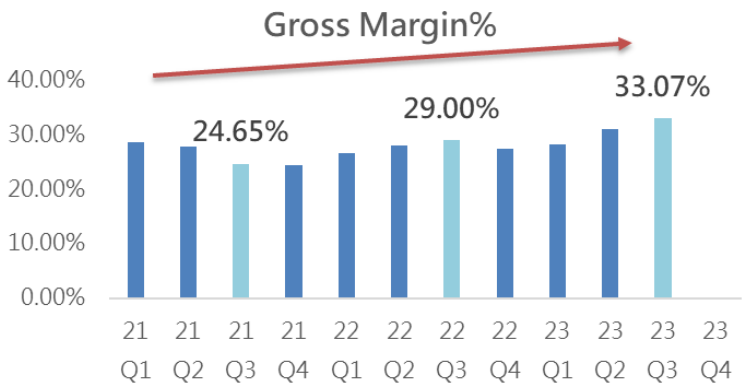
Sales Revenue Composition

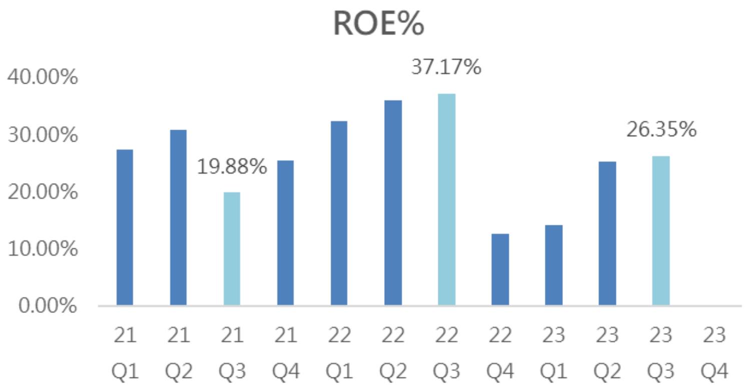
(Unit : NTD/Million)

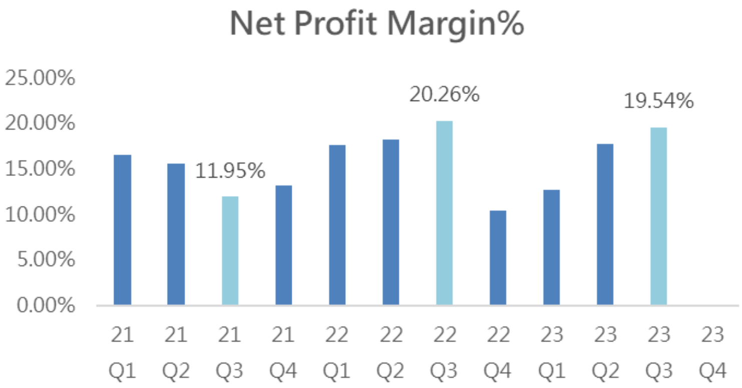


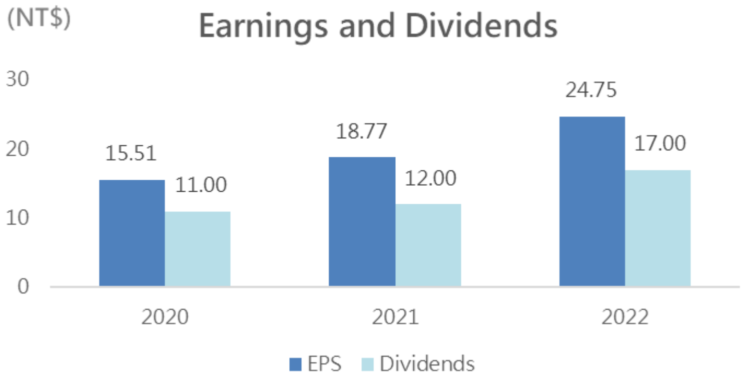


Analysis of Profitability Ratios









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Analysis of Receivables

(Expressed in Thousands of NTD)

1. Age of receivables：

	2023/09/30		2022/12/31		2022/09/30	
	Fabric	**Garment**	**Fabric**	**Garment**	**Fabric**	**Garment**
Current	879,368	3,067,563	652,965	2,756,779	1,039,504	3,319,039
Within 30 days past due	109,933	307,262	82,561	261,823	138,276	451,833
31~120 days past due	41,242	7,311	66,205	3,337	50	98,553
Over 121 days past due	427	0	415	17	0	1,815
Allowance for doubtful accounts	(8,921)	(15,165)	(15,156)	(8,930)	(8,430)	(15,656)
Total	**1,022,050**	**3,366,970**	**786,990**	**3,013,026**	**1,169,400**	**3,855,584**

2. Average collection days :

	2023 Q1-Q3		Annual 2022		2022 Q1-Q3	
	Fabric	**Garment**	**Fabric**	**Garment**	**Fabric**	**Garment**
Net sales	8,233,736	14,057,792	14,961,822	24,774,351	12,183,885	19,921,983
Beginning receivables	786,990	3,013,026	1,252,052	3,625,159	1,252,052	3,625,159
Ending receivables	1,022,050	3,366,970	786,990	3,013,026	1,169,400	3,855,584
Receivables turnover	12.14	5.88	14.68	7.46	13.42	7.10
Days sales outstanding	**30 Days**	**62 Days**	**25 Days**	**49 Days**	**27 Days**	**51 Days**

Analysis of Inventories

(Expressed in Thousands of NTD)

1. Details of inventories:

	2023/09/30		2022/12/31		2022/09/30	
	Fabric	**Garment**	**Fabric**	**Garment**	**Fabric**	**Garment**
Raw materials	727,873	1,875,213	907,225	1,635,006	946,356	2,022,053
Supplies	34,224	498,289	37,303	490,809	32,600	513,261
Work in progress	1,077,006	260,895	1,150,743	233,218	1,189,608	147,387
Finished goods	136,352	101,236	133,445	56,015	139,431	15,758
Sub total	1,975,455	2,735,633	2,228,716	2,415,048	2,307,995	2,698,459
Allowance to reduce inventory to market	(19,412)	(1,817)	(18,494)	(94)	(18,588)	(6,092)
Net inventories	**1,956,043**	**2,733,816**	**2,210,222**	**2,414,954**	**2,289,407**	**2,692,367**

2.Days sales outstanding:

	2023 Q1-Q3		Annual 2022		2022 Q1-Q3	
	Fabric	**Garment**	**Fabric**	**Garment**	**Fabric**	**Garment**
Cost of Good Sold	5,620,796	9,754,466	10,869,764	17,801,082	8,800,134	14,338,403
Beginning Inventory	2,210,222	2,414,954	3,593,196	4,683,112	3,593,196	4,683,112
Ending Inventory	1,956,043	2,733,816	2,210,222	2,414,954	2,289,407	2,692,367
Inventory turnover	3.60	5.05	3.75	5.02	3.99	5.18
Days sales of inventory	**101 Days**	**72 Days**	**97 Days**	**73 Days**	**91 Days**	**70 Days**

Thank You

Q & A