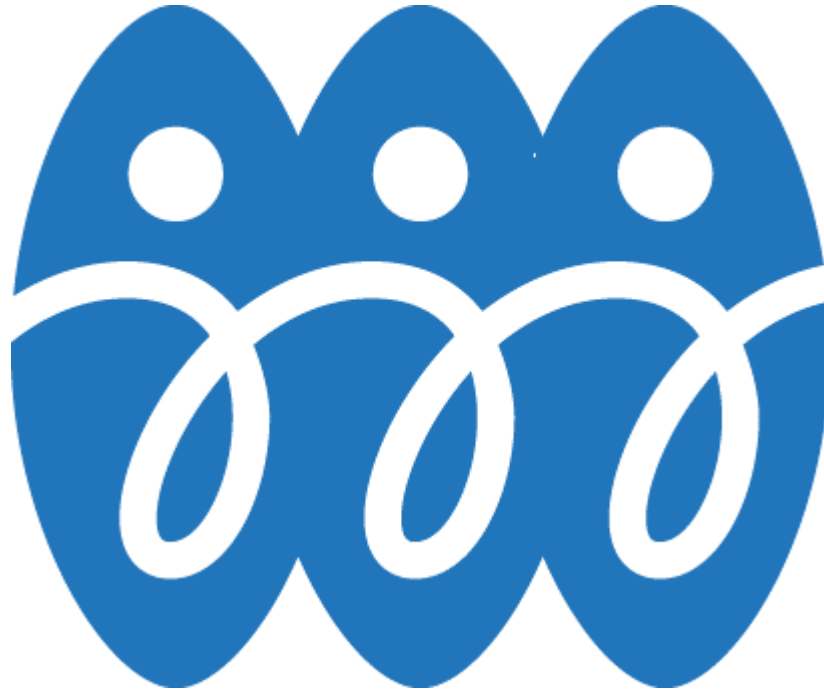




Makalot Industrial Co., Ltd.

April , 2023

Safe Harbor Notice

1. The information provided is intended for reference purposes only and should not be considered as a buy or sell recommendation. It is important to note that any investment decision should be based on your own analysis and understanding of the market.
2. Please be advised that this meeting may include forward-looking statements that are subject to the safe harbor provisions of applicable securities law. These statements may be affected by known and unknown risks, uncertainties, and other factors that could cause actual results to differ materially from those expressed or implied in such statements.

Table of Contents



Company Overview

A Glance at Makalot -P.4

Company Outline -P.5

2023 & Beyond -P.6

Sustainability -P.7



Operating Highlight

Operating Highlight -P.8

Financial Highlight -P.9

ASP/Shipment -P.10

Global Network -P.11

Cost Breakdown -P.12



Financial Figures

Capital Expenditure -P.13

Dividend Policy -P.14

Debt Ratio -P.15

FX Gain/Loss -P.16

A Glance at Makalot

A well known integrated coordinator of apparel supply chain in Asia.

Makalot's Strengths

- ◆ **Strong management** : Creating best formula to stabilize margin through international production bases across 5 countries with diversified production lines.
- ◆ **Value added service** : Providing our customers with one-stop shopping experience and high value-added services in design, material sourcing and speed to market.
- ◆ **Vertical integration** : An addition of a fabric mill in Vietnam though JV enables Makalot to upgrade its speed to market and lower production cost.

Main Strategies



Company Outline

Product Line

- **Active & Sportswear**
 - Performance/Outdoor
 - Athleisure
- **Fashion Apparel**
 - Ready to Wear
 - Sleepwear/Loungewear
 - Underwear
- **Others**
 - Swimwear
 - Medical

Customer

- **Brands**



- **Mass Channels**



- **Department Stores**

KOHL'S

Production Base

- **Vietnam**
- **Indonesia**
- **Cambodia**
- **China**
- **Philippines**

2023 & Beyond



Supply chain relocation

- Production moving out of China due to wage growth and worker shortage.
- To avoid the risk of US-China trade war, buyer is looking for non-China production base.



Big vendors become bigger

- With the buyer's vendor consolidation plan, a big supplier would gain more market shares.
- Stronger co-operations benefitting vendors with stable finances and diversified production bases.
- Barrier to entry due to stronger demand for large scale productions and innovation capabilities.



Reduce supply chain lead-time

- In order to improve inventory management, customers require vendors to shorten lead-time.
- Vendors who are able to cut their lead-time will be the winner in the long run.



Implement ESG rule

- In order to control risk, customers ask vendors to follow the high specification ESG rule.
- Clients will increase orders to the vendors who perform well in ESG .

Sustainability

- Ranked Top 5% in the 2022 Corporate Governance Evaluation of TWSE-listed Companies
- Listed as a constituent stock in the TWSE Corporate Governance 100 Index of the Taiwan Stock Exchange
- Listed as a constituent stock in the TWSE RAFI Taiwan High Compensation 100 Index of the Taiwan Stock Exchange



Help disadvantaged groups to improve their life



Natural farming
Farmland protection



Provide good benefits and takes care of employees' health



Provide in-service training to prepare for future career growth



100% retention rate after childcare leave



Use energy-saving machinery and equipment



Create 36,000↑ job opportunities



Set a net zero target for 2050



Natural farming adoption
Coastal forestation



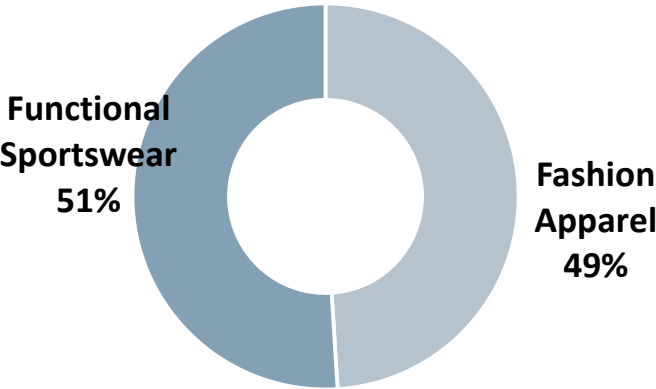
Strictly prohibit child and forced labor



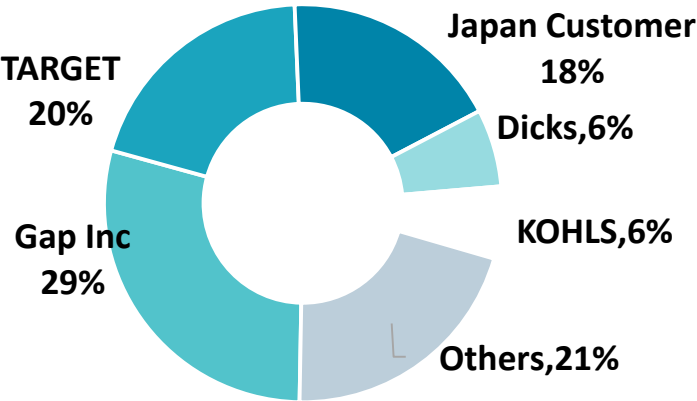
Establish a Sustainability Committee

2022 Operating Highlight

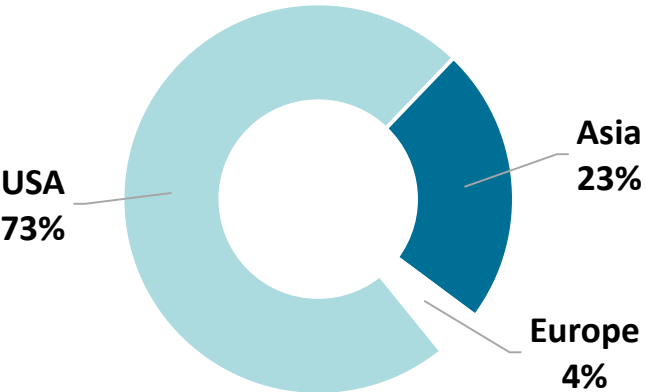
Revenue by Product Line



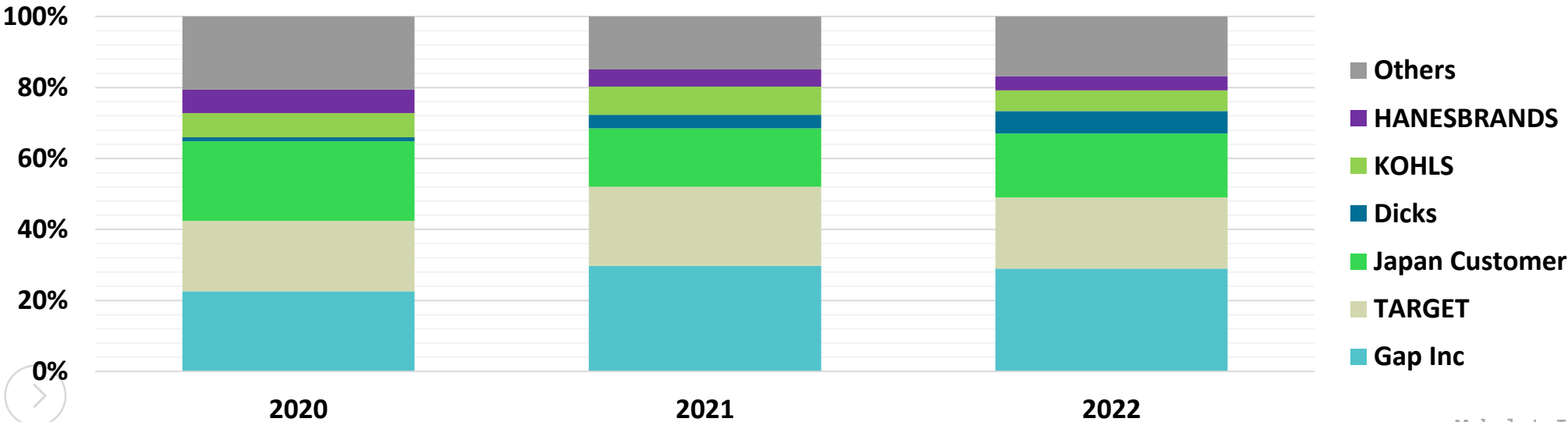
Revenue by Customer



Revenue by Region



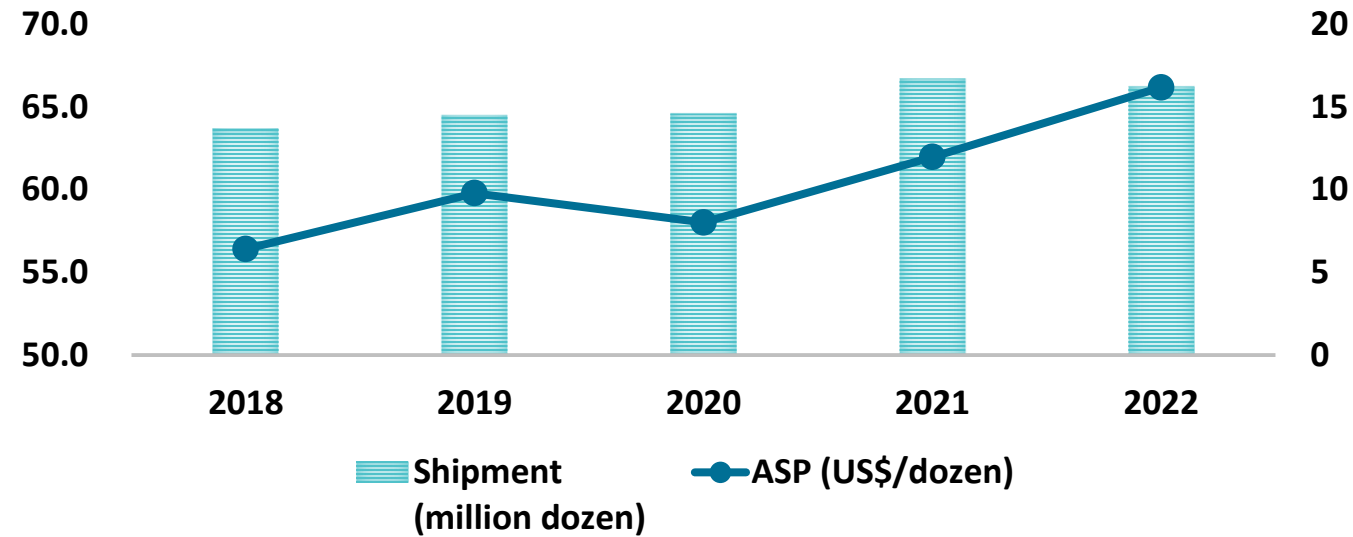
Top Client Revenue Proportion Diagram



Financial Highlight

NT\$m	2018	2019	2020	2021	2022
Net Sales	23,930	27,048	24,924	28,931	32,083
Sales growth (%)	6.95%	13.03%	-7.85%	16.07%	10.90%
COGS	19,187	21,622	19,353	22,396	23,827
Gross profit	4,742	5,425	5,571	6,535	8,256
Operating profit	1,977	2,490	2,666	3,381	4,432
Net profit	1,522	1,929	2,079	2,678	3,540
Net profit growth (%)	17.39%	26.73%	7.77%	28.83%	32.17%
Basic EPS (NT\$)	7.2	8.66	9.35	11.21	14.53
Gross margin	19.82%	20.06%	22.35%	22.59%	25.73%
Operating margin	8.26%	9.21%	10.70%	11.69%	13.81%
Net margin	6.36%	7.13%	8.34%	9.26%	11.03%
ROE	17.51%	21.34%	21.47%	22.36%	24.21%
ROA	11.61%	13.58%	12.45%	13.11%	15.18%

ASP/Shipment

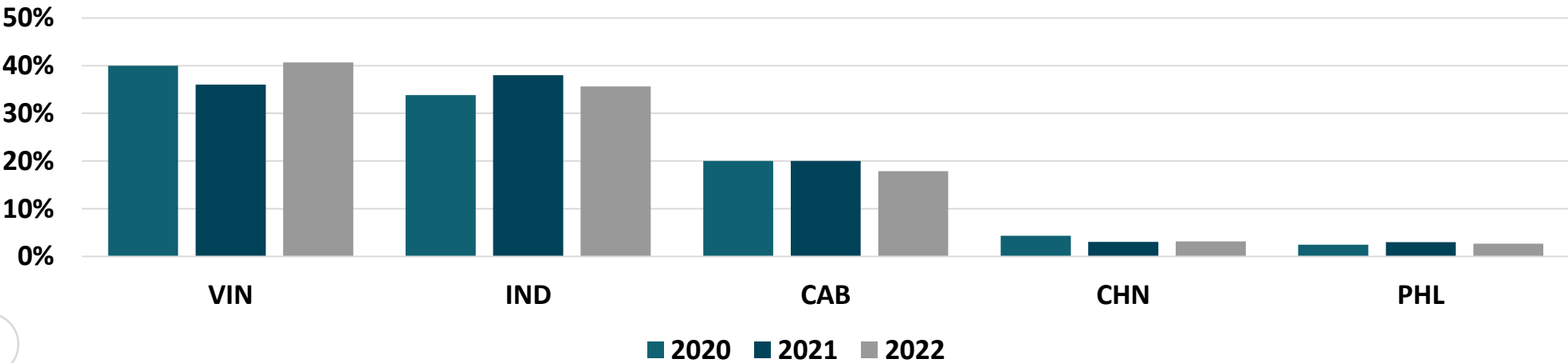


	2018	2019	2020	2021	2022
Shipment (million dozen)	13.7	14.5	14.6	16.7	16.2
Growth	6%	6%	1%	14%	-3%
ASP (US\$/dozen)	56.4	59.8	58.0	62.0	66.2
Growth	1%	6%	-3%	7%	7%

Global Network

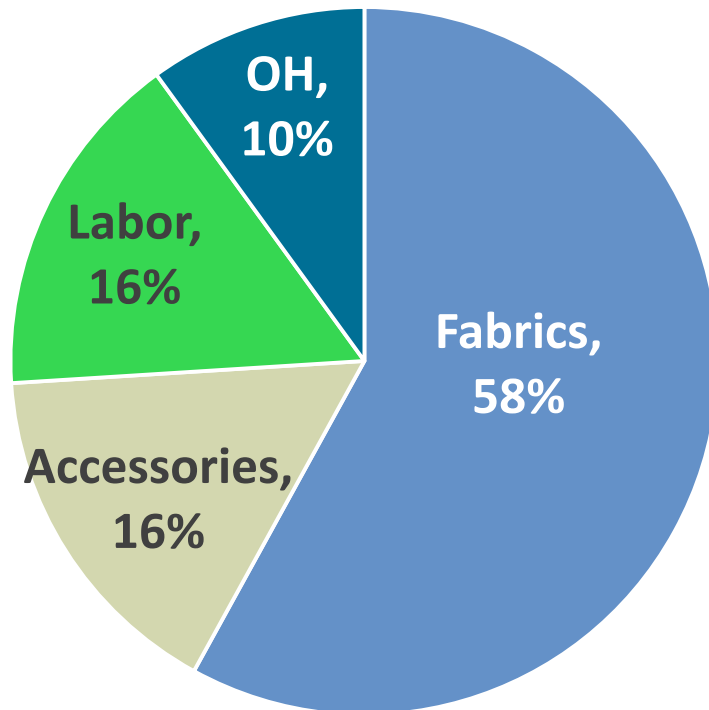
Site	Function	2022 Capacity (dozens)		%	2023E Capacity (dozens)		%
Taipei, Taiwan	Headquarters						
Vietnam	Factory	6,592,000		41%	6,970,000		41%
Indonesia	Factory	5,773,000		36%	6,460,000		38%
Cambodia	Factory	2,896,000		18%	2,890,000		17%
China	Factory	509,000		3%	340,000		2%
Philippines	Factory	429,000		3%	340,000		2%
Total		16,200,000		100%	17,000,000		100%

Capacity Distribution Chart (Country / Production %)



Cost Breakdown

Cost of good sold breakdown

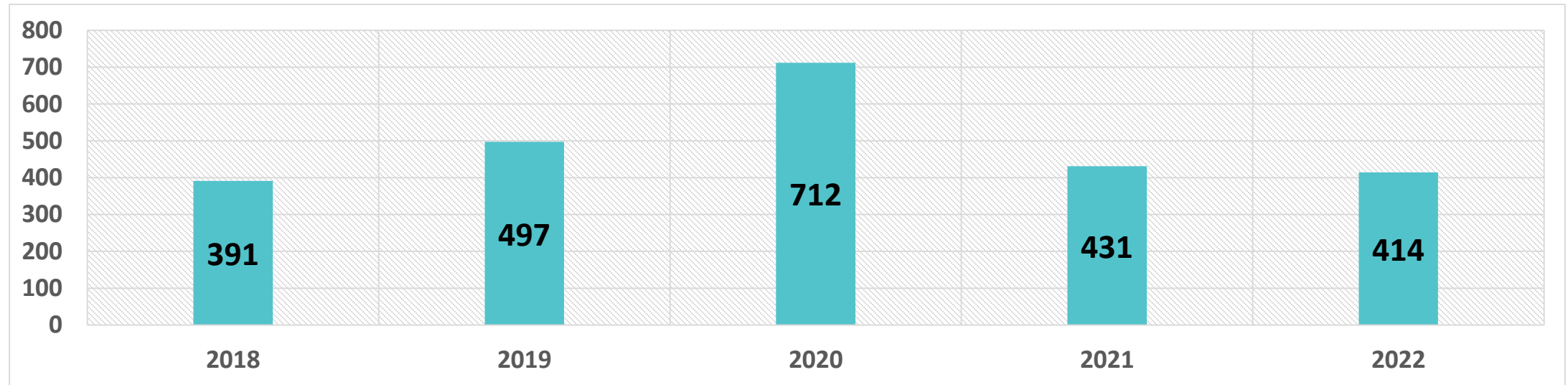


Cost Structure based on ASP

- **Material** **57%**
- **Labor** **13%**
- **Overheads** **8%**
- **Gross Margin** **22%**

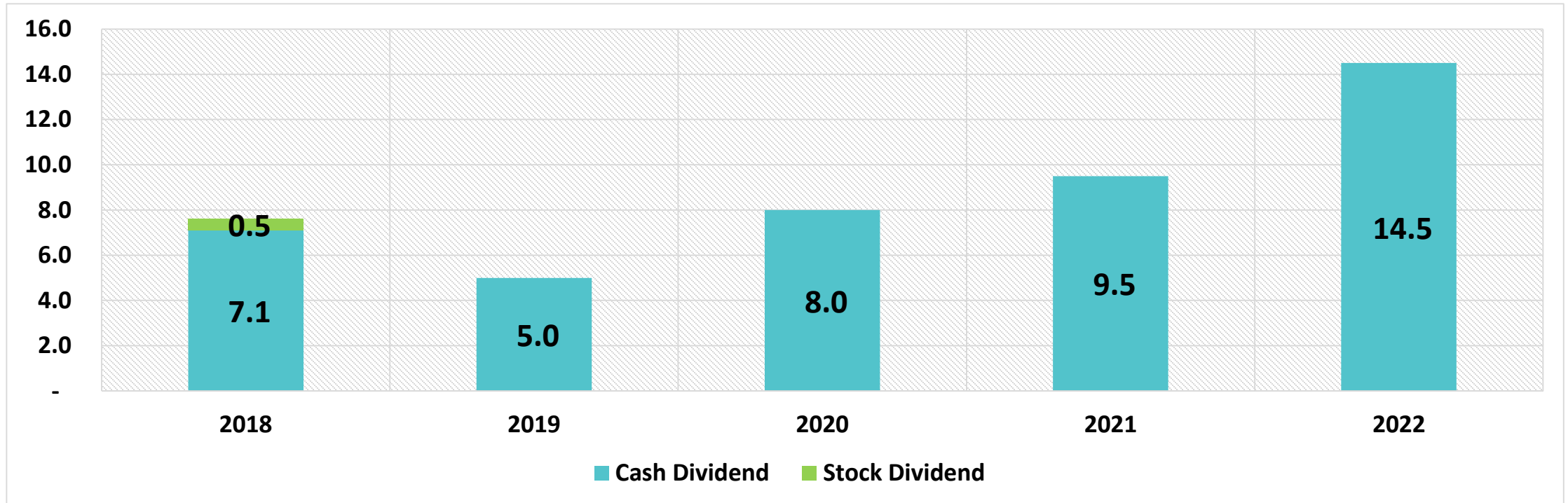
Capital Expenditure

Million NT\$



- ◆ 2020 capex was about US\$ 24.13 million (NT\$ 712 million)
- ◆ 2021 capex was about US\$ 15.50 million (NT\$ 431 million)
- ◆ 2022 capex was about US\$ 14.03 million (NT\$ 414 million)

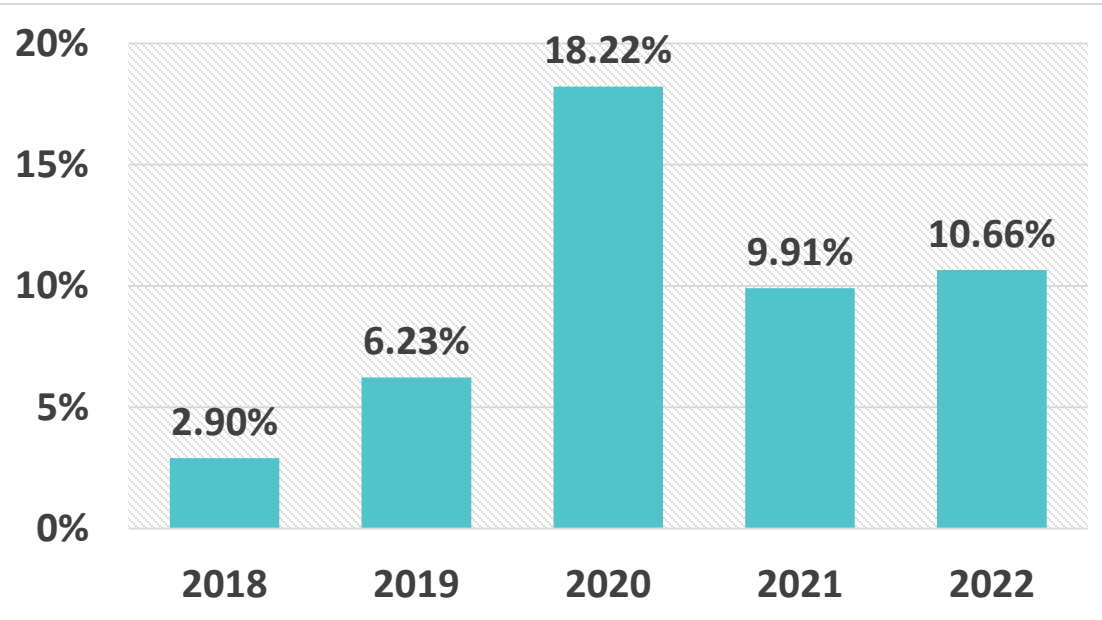
Dividend Policy



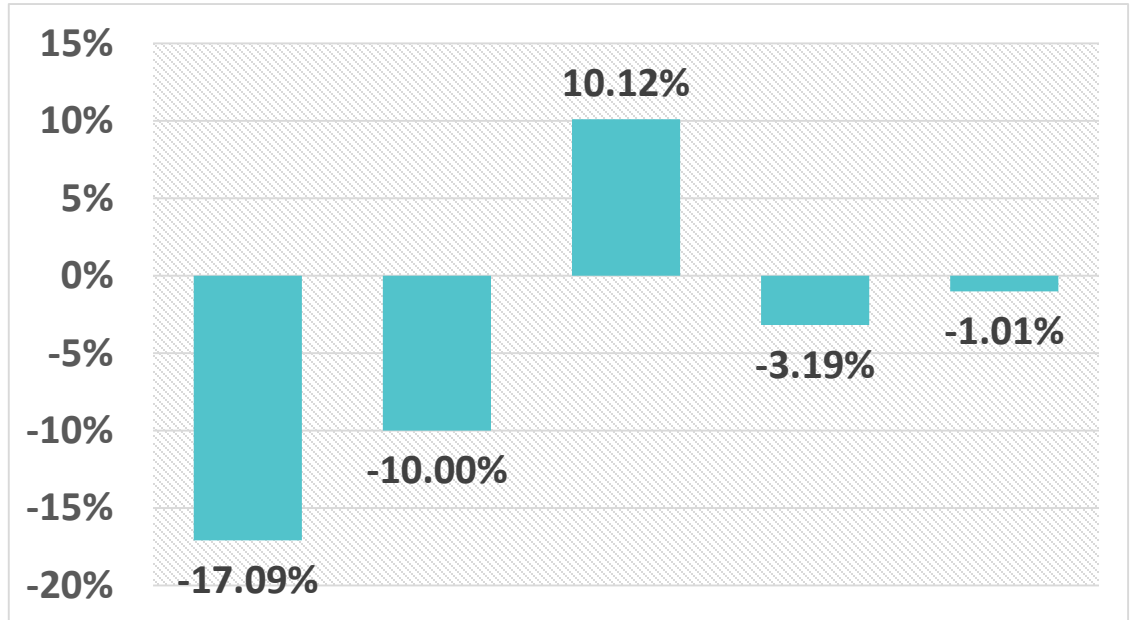
- ◆ Cash dividend payout ratio will be maintained around 70% and 90%.

Debt Ratio

Total Debt / Total Assets



Net debt to equity



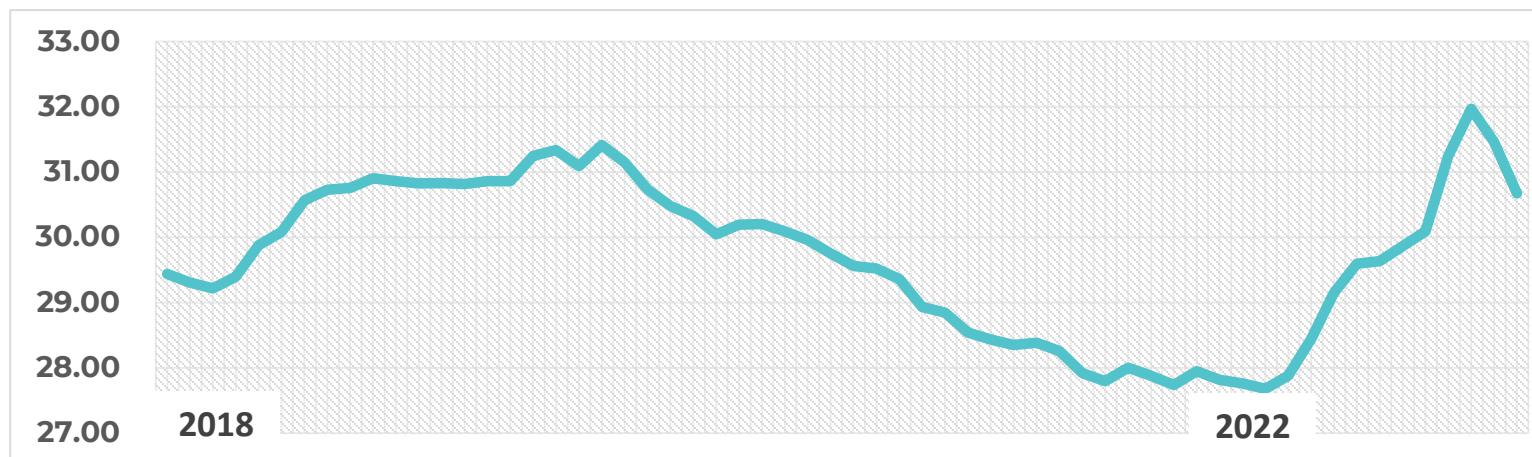
2022 Net Cash position NT\$ 156 million

- ◆ NT\$ 2,760 million cash on hand
- ◆ NT\$ 2,604 million debt

FX Gain/Loss

NT\$m	2018	2019	2020	2021	2022
FX gain/(loss)	39.5	-8.7	- 23.7	- 3.6	171.0
Total sales	23,930	27,048	24,924	28,931	32,083
% to total sales	0.16%	-0.03%	-0.09%	-0.01%	0.53%

NTD/USD



Hedging strategies

- ◆ Set conservative FX budget forecasts for the upcoming year.
- ◆ Cash flow hedges to reduce the exposure to variability in certain expected future cash flows.
- ◆ Natural hedge = 80% and net exposure position= 20%. Use USD/NTD forwards to hedge this 20% net position risk.

[Appendix] Makalot's History



Q&A

?

HAVE

ANY

QUESTION