Merry Electronics 2024 Third Quarter Earnings Result Conference

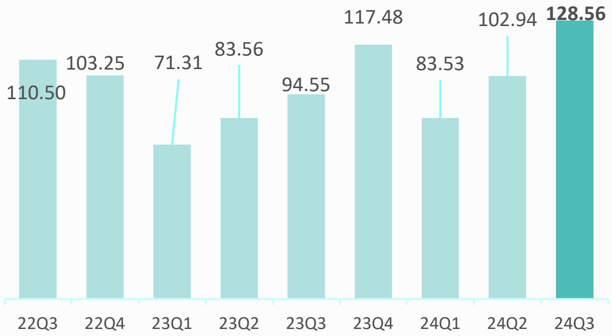
Presented by : Allen Huang, CEO
Date: Oct.28, 2024

Safe Harbor Notice

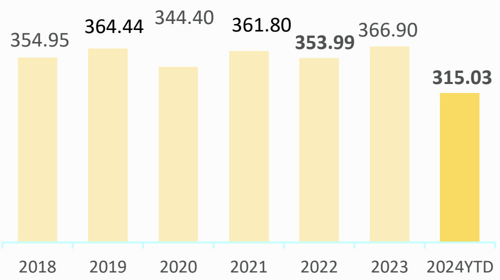
Except for historical information contained herein, the matters set forth in this presentation are forward looking statements subject to significant risks and uncertainties that could cause actual results to differ materially, including the impact of competitive products and pricing strategies, whether the design is accepted by our customers timely, the prompt introduction of new technologies, the capability for mass production of new products, the risk of excess capacity, the availability of production capacity, the financial stability in terminal markets or other risks, and so on.

第三季經營實績：

Sales by Quarter (in 100 Million)

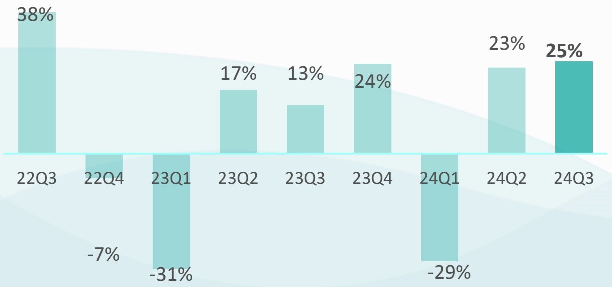


Sales by Year (in 100 million)

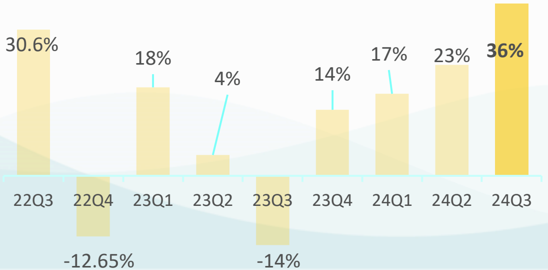


- Demand was packing up in 3Q24. Q3 revenue grew by 36% YoY with significant growth in all product lines.
- The growth in headset came from high end model and TWS.
- The growth in speakers primarily came from the shipment of subwoofers.

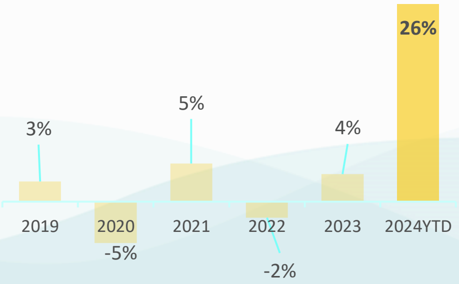
G rate (YoY%) on quarterly sales



G rate (YoY%) on quarterly sales

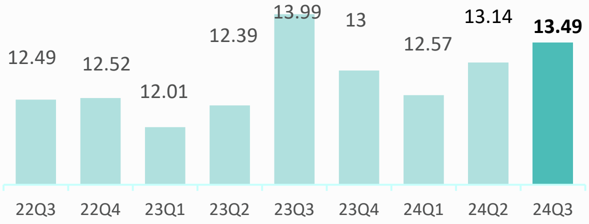


G rate (YoY%) on yearly sales

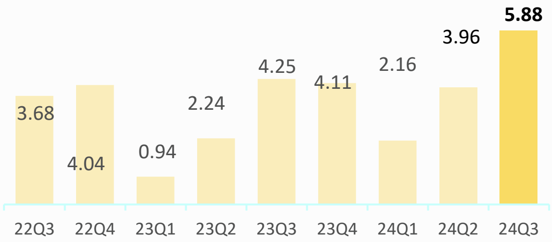


第三季經營實績：

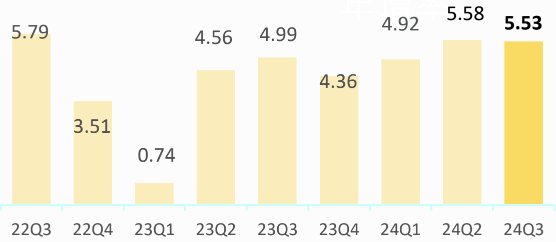
GPM (%).



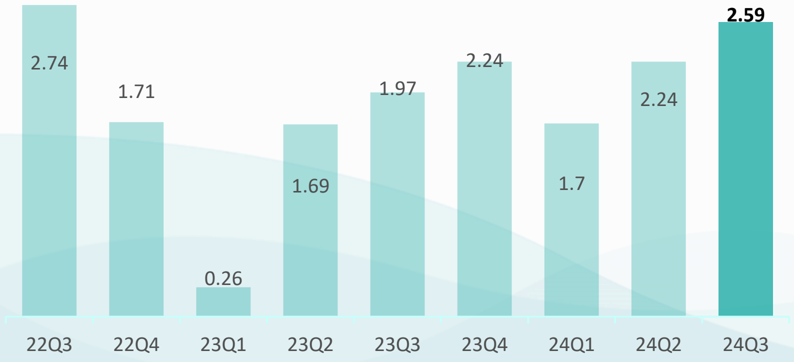
OPM (%).



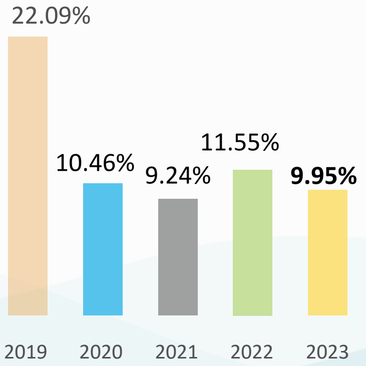
Net margin (%).



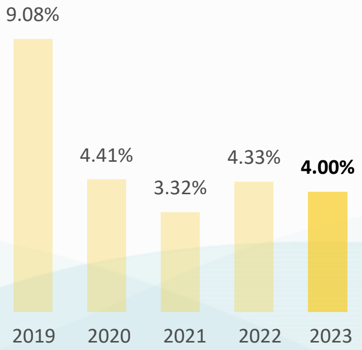
Quarterly EPS (in NT$)



R O E (%)



R O A (%)

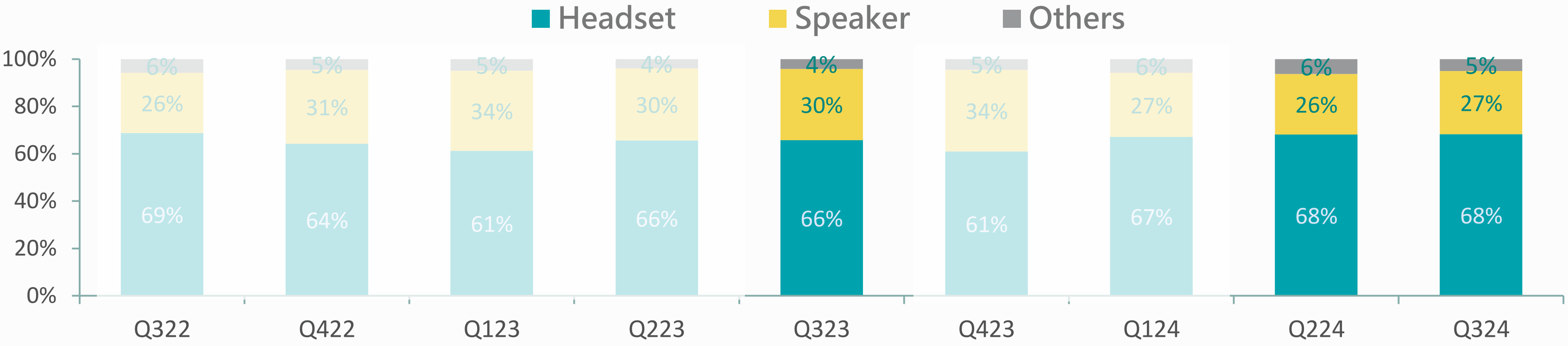


Statement of Comprehensive Income

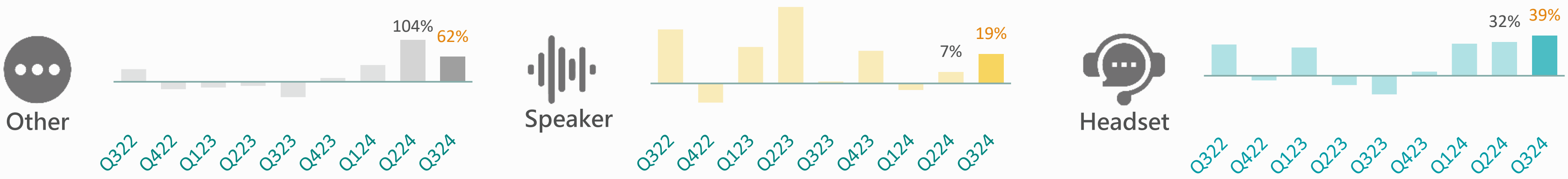
(NT$ Million)

項目	2023Q3	2024Q2	2024Q3	QoQ	YoY
Net Revenue	9,455	10,294	12,856	24.89%	35.97%
Gross Margin(%)	14.0%	13.1%	13.5%	0.4pp	-0.5pp
Operating Expenses	921	945	978	3.49%	6.19%
Operating Margin(%)	4.25%	3.96%	5.88%	1.92pp	1.63pp
Non-operating Income	215	374	109	-70.86%	-49.30%
CNIS*	421	492	626	27.24%	48.69%
Net Profit Margin	4.99%	5.58%	5.53%	-0.05pp	0.54pp
EPS(NT$)	1.97	2.24	2.59	0.35	0.62

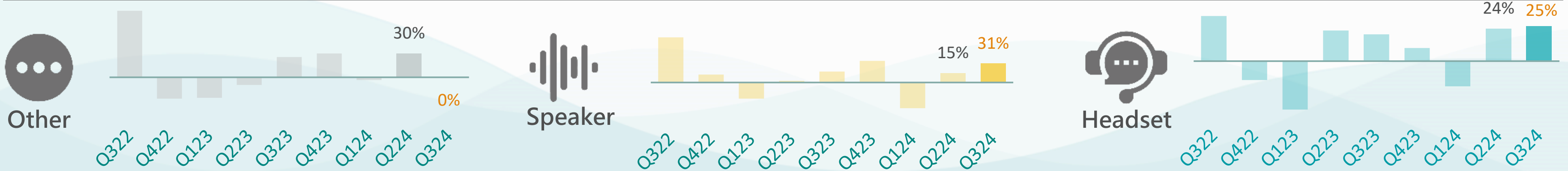
Product Mix - Quarterly



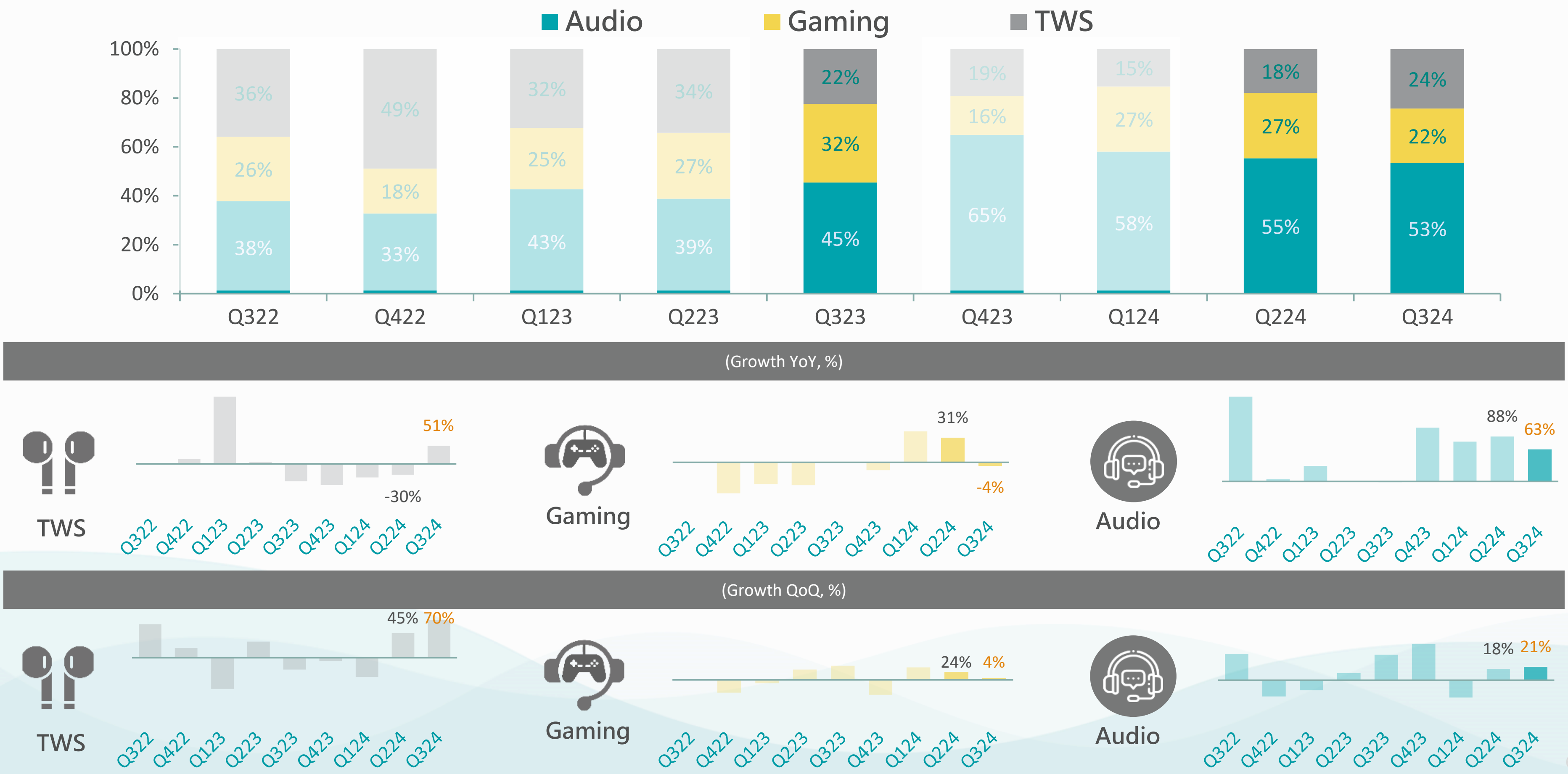
(Growth YoY, %)



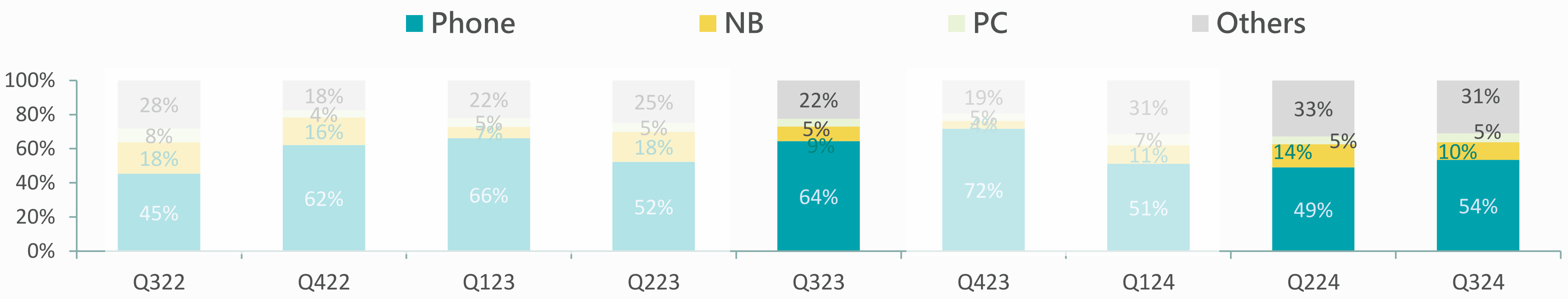
(Growth QoQ, %)



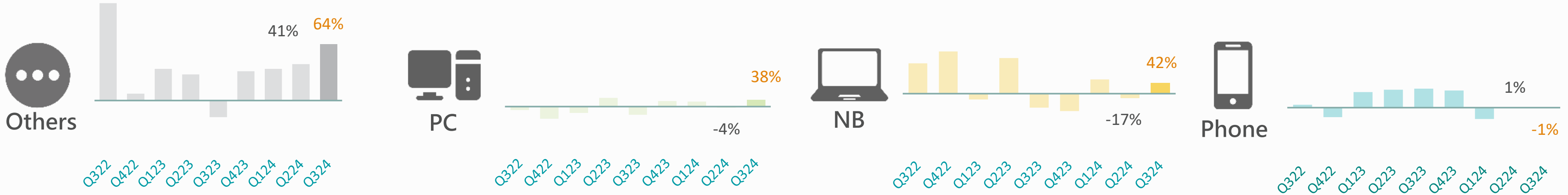
Headset Revenue Breakdown - Quarterly



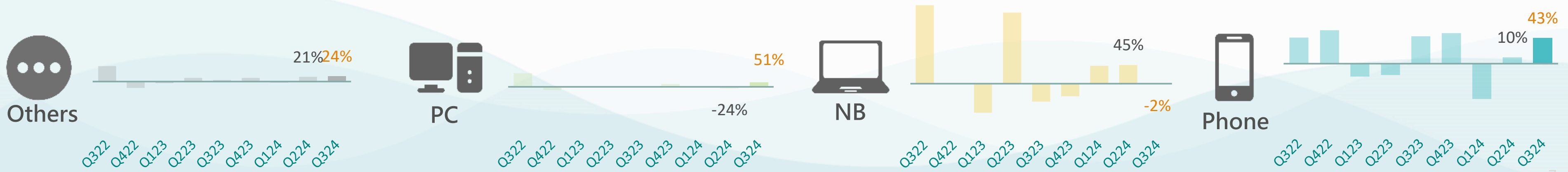
Speaker Revenue Breakdown - Quarterly



(Growth YoY, %)



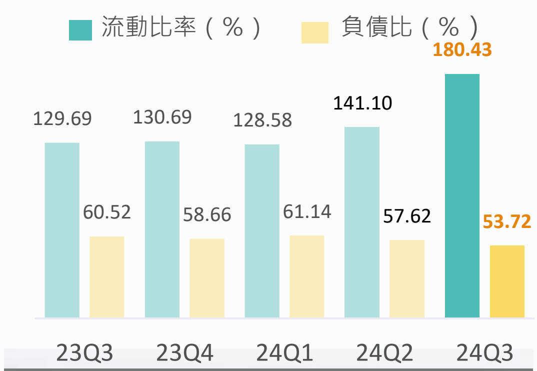
(Growth QoQ, %)



Balance Sheet & Key Indices(CQ)

項目(新台幣百萬元)	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
現金及約當現金	6,249	5,527	9,013	8,838	8,189
應收帳款及票據	8,130	9,380	7,087	9,377	12,052
存貨	5,352	3,821	4,491	5,174	5,942
其他流動資產	1,892	1,988	1,902	1,707	1,757
採用權益法之投資	5,066	5,603	5,392	5,727	5,893
不動產、廠房及設備	3,994	4,022	3,931	3,878	3,887
其他非流動資產	2,753	2,270	2,287	2,182	2,125
資產總計	33,436	32,611	34,103	36,883	39,845
流動負債	16,673	15,852	17,494	17,786	15,485
非流動負債	3,561	3,277	3,358	3,468	5,920
負債總計	20,234	19,129	20,852	21,254	21,405
權益總計	13,202	13,482	13,251	15,629	18,440

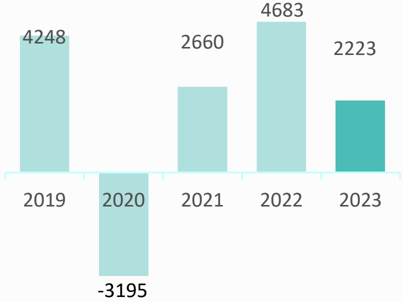
流動比率及負債比



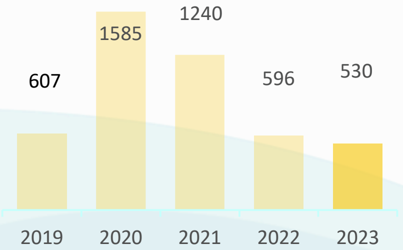
營運週轉天數(日)

2024Q3 Cash Flow

營業活動現金流量(NTD百萬)



資本支出(NTD百萬)



(新台幣百萬元)

項目	2023Q3	2023Q4	2024Q1	2024Q2	2024Q3
期初現金	5,712	6,249	5,527	9,013	8,838
營運活動之現金流入(出)	1,265	-433	2,906	-652	-1,242
資本支出	-253	-69	-97	-60	-79
短期借款增加(減少)	177	481	94	588	-1,501
長期借款增加(減少)	405	-119	- 92	-132	-509
發行(贖回)公司債	0	0	0	0	2,996
現金增資	0	0	0	0	476
發放現金股利	-981	0	0	0	-1,031
投資與其他	-76	-582	675	81	241
期末現金	6,249	5,527	9,013	8,838	8,189
自由現金流量	1,012	-502	2,809	-712	-1,321

自由現金流量=營運活動之現金流入-資本支出

Financial Calendar For 2024

2/22	Convene BOD Y2023 Financial Statement (F/S) Announcement (ANM)
4/25	Convene BOD 2024Q1 F/S ANM
5/29	AGM
7/25	Convene BOD 2024Q2 F/S ANM
9/25	Cash dividend Payment
10/24	Convene BOD 2024Q3 F/S ANM
2025 2/26	TBD convene BOD Y2024 F/S ANM

Corporate Governance (CG) Achievement

- 2023 Gold rating award of SGS
- 2024 MSCI ESG Rating A
- Excellence in Sustainable Corporate Social Responsibility Award in 2023
- Ranked as Top 5% Corporation under CG evaluation in 2024
- ISO27001 ISMS Certification - Merry Taiwan

2024Q4 Outlook

- In Q4, there will be a slight decline compared to the same period last year.
- Market demand remains good, and customer demand in Q4 will depend on market conditions following preparations for the year-end holiday season in Q3.

- Headset shipments will see a slight decline compared to the last quarter, but YoY will remain flat.
- Communication headsets are down, while gaming headsets and TWS have grown compared to the same period last year.

- Speaker shipments in 4Q are expected to remain flat compared to the last quarter, but down compared to the same period last year.
- Mobile phone speakers have declined YoY, while automotive and home speakers have seen significant growth compared to the last year.

- Battery product revenue in 4Q is expected to see significant growth compared to both the last quarter and last year. This growth is primarily driven by a decline in customer inventory and the ramp-up of new products.

- Microphone product revenue in the 4Q is expected to grow compared to the last quarter, showing significant YoY growth. The revenue increase is driven by new microphone product lines, with substantial growth potential for the microphone segment in the future.

Merry Sustainability Roadmap

2020

Implementing
Circularity Design
and Sustainable Materials

2023

Complete ISO 14064
Sustainable material
implement for 30%

2026

80% suppliers complete the
organization CFV

2030

Category 1 & 2
Carbon Reduction 50%

Supply chain
Carbon Reduction 60%

2040

100 % Renewable energy

Carbon Neutrality
100%

Promises of ESG

Governance

- Top 6–20% at the Corporate Governance Evaluation
- TCSA – Corporate Sustainability Report Award, Golden Award
- SGD ESG AWARD ,Golden Award
- MESI ESG Rating A

Social Responsibility

- Promote the "Minimal Hearing Loss" initiative
- Electroacoustic education promotion
- Shaping a reading culture

Environment

- Joined the RE100 global renewables initiative as the 13th enterprise in Taiwan.
- The first electroacoustics manufacturer to undertake to use 100% renewables by 2050.
- To pledge to achieve Carbon Neutrality by 2040

Vision

Creating Sensory experiences for sustainability and well-being

Q&A

Thank You

MERRY