

Q1 FY23

Hon Hai Precision Industry Co., Ltd. **2023 First Quarter Financial Results**

May 11, 2023



- This document and relevant information herein may contain internal and external forward-looking information and constitute forward-looking statement.
- This document and relevant information may contain certain forward-looking statements. Such forward-looking statement is not actual results but only reflects the Company's estimates and expectations and is subject to inherent risks and uncertainties that could cause actual results to differ materially from such statement.
- Financial numbers in this document contains unaudited and unreviewed information. All information is for reference only.
- Any business outlook or forward-looking statement hereof reflects the Company's estimates and expectations as of now and is subject to change after this date. Unless required by applicable law, the Company undertakes no obligation to update any such information.

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1Q23 Financial Results

2023 Q1 Financial Statements

1. Consolidated Statements of Income

| (NTD in millions) | Q1/23 | Q4/22 | QoQ | Q1/22 | YoY |
|---|-----------|-----------|----------|-----------|----------|
| Revenues | 1,462,437 | 1,963,028 | -26% | 1,407,553 | 4% |
| Gross Profit | 88,334 | 111,064 | -20% | 84,766 | 4% |
| Operating Income | 40,523 | 44,233 | -8% | 36,669 | 11% |
| Total Non-Op. Income and Expenses | (20,120) | 8,218 | -345% | 258 | -7897% |
| Income Before Tax | 20,403 | 52,451 | -61% | 36,927 | -45% |
| Income Tax Expense | (6,804) | (7,345) | -7% | (7,318) | -7% |
| Profit (Loss) Attributable to Owner of the Parent | 12,825 | 39,979 | -68% | 29,450 | -56% |
| Earnings Per Share (NTD) | 0.93 | 2.88 | -68% | 2.12 | -56% |
| Gross Profit Margin | 6.04 % | 5.66% | 38 bps | 6.02 % | 2 bps |
| Operating Profit Margin | 2.77 % | 2.25% | 52 bps | 2.61 % | 17 bps |
| Net Profit Margin | 0.88 % | 2.04% | -116 bps | 2.09 % | -122 bps |

2023 Q1 Financial Statements

2.

Consolidated Balance Sheets

| (NTD in millions) | 2023.3.31 | 2022.12.31 | QoQ | 2022.3.31 | YoY |
|---|-----------|------------|------|-----------|------|
| Cash and Cash Equivalent | 1,119,530 | 1,062,326 | 5% | 1,184,630 | -5% |
| Net Accounts Receivable | 703,678 | 1,098,690 | -36% | 880,424 | -20% |
| Inventory | 813,157 | 939,022 | -13% | 754,530 | 8% |
| Investments Accounted for Using the Equity Method | 206,038 | 239,489 | -14% | 197,610 | 4% |
| Property, Plant and Equipment | 366,591 | 362,405 | 1% | 318,854 | 15% |
| Total Assets | 3,659,319 | 4,133,974 | -11% | 3,893,456 | -6% |
| Accounts Payable | 692,988 | 1,068,941 | -35% | 888,444 | -22% |
| Bonds payable | 220,699 | 245,283 | -10% | 227,533 | -3% |
| Total Liabilities | 2,056,561 | 2,483,443 | -17% | 2,308,368 | -11% |
| Total Equity | 1,602,758 | 1,650,531 | -3% | 1,585,088 | 1% |
| Net Cash | 272,106 | 138,553 | 96% | 271,478 | 0% |
| AR Turnover Days | 56 | 55 | 1 | 66 | -10 |
| Inventory Turnover Days | 59 | 45 | 14 | 50 | 9 |
| AP Turnover Days | 58 | 55 | 2 | 67 | -9 |
| Cash Conversion Cycle | 57 | 45 | 13 | 49 | 9 |
| Debt Ratio | 56 % | 60% | -4% | 59 % | -3% |

3. Consolidated Statements of Cash Flow

| (NTD in millions) | 2023.1.1~2023.3.31 | 2022.1.1~2022.3.31 |
|--|--------------------|--------------------|
| Net Cash Flows from (Used in) Operating Activities | 140,319 | 61,652 |
| Net Cash Flows from (Used in) Investing Activities | (4,621) | (49,080) |
| Net Cash Flows from (Used in) Financing Activities | (82,119) | 73,979 |
| Capital Expenditures | (25,099) | (17,561) |
| Free Cash Flow (FCF) ¹ | 115,221 | 44,091 |

¹ Free Cash Flow = Net Cash Flows from (Used in) Operating Activities – Capital Expenditures

1Q23 Performance Review

1Q23

Smart Consumer Electronics Products

56%

Cloud and Networking Products

22%

Computing Products

17%

Components and Others Products

5%

| | Smart Consumer Electronics Products | | Cloud and Networking Products | | Computing Products | | Components and Others Products | |
|-----|-------------------------------------|----------|-------------------------------|----------|--------------------|----------|--------------------------------|----------|
| QoQ | ↓ Guidance | ↓ Actual | ↓ Guidance | ↓ Actual | ↓ Guidance | ↓ Actual | ↓ Guidance | ↓ Actual |
| YoY | → Guidance | → Actual | ↗ Guidance | ↗ Actual | → Guidance | → Actual | ↓ Guidance | ↓ Actual |

2Q23 & FY23 Business Outlook

2Q23 Business Outlook

2Q23

Smart Consumer Electronics Products

Cloud and Networking Products

Computing Products

Components and Others Products

QoQ



YoY



2023 Business Outlook

FY23

Smart Consumer Electronics Products

Cloud and Networking Products

Computing Products

Components and Others Products

YoY
(2023/3/15)



YoY
(2023/5/11)



3+3 New Business Development

EV Business Development



Enhance Production

- Autonomous agricultural tractor will gradually ramp up production



Promote Kaohsiung Smart City project

- Collaborate with Kaohsiung to develop Smart City & CityGPT
- To start construction on Kaohsiung E-Bus factory in 2023, aiming to begin production in 2025



Model C Production on Track

- Model C will gradually be delivered in Q4 2023

EV Battery Development



**Kaohsiung HoFa
Battery Center**

- Target to start Pilot run in Q4 2023
- Target to start production in Q3 2024, with 1.2GWh capacity



**Kaohsiung Ciaotou
EV Center**

- Target to start construction in 2024
- 3.0GWh battery capacity SOP at end of 2025



**LFP Battery Cell
for E-Bus**

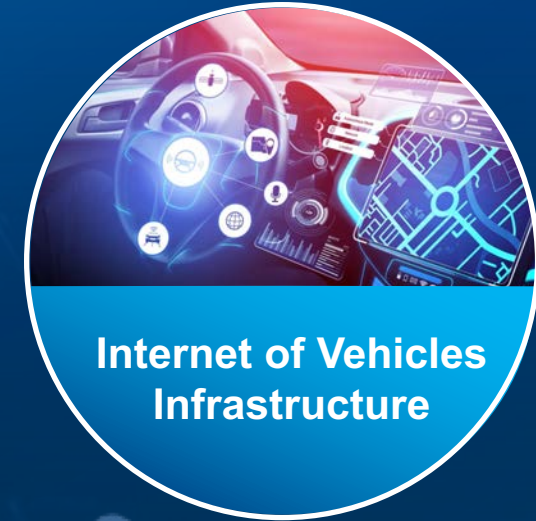
- Completed development, all functions have reached design target
- Battery Pack Tests for E-Bus are proceeding



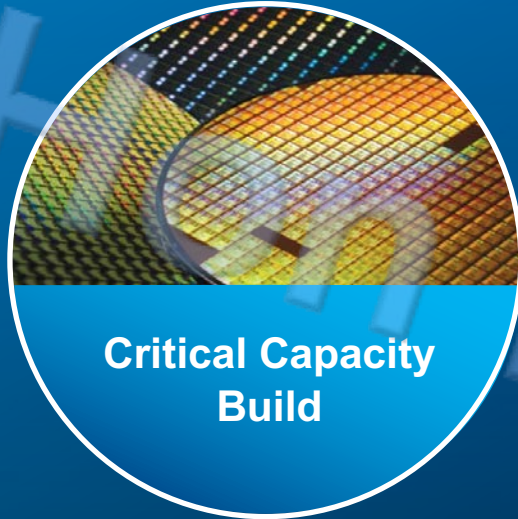
- Applied in actual project to show technology effect



- Developments on track, including EEA, smart cockpit, smart gateway, and autonomous driving
- Continue to expand business and generate revenue



- Collaborate with regional partners and set project timelines



- More than 5 customers start Pilot run in our SiC wafer fab
- Customers launch production in our advanced wafer-level package factory



- Released the virtual platform of chip development for MCU/ SoC design, verification, application development and implementation of EV EEA architecture



- Developed the first self-design with local manufacturing single-phase SiC 1200V/700A power module
- Kick off SiC power module design-in with EV powertrain supplier and OEMs

New Business Development



LEO Satellite

- Finalize testing phase with plan to launch in Q4 this year
- Expedite the industrialization process of LEO Satellite Constellation industry
- Build up next-gen high resiliency network infrastructure through CDMS business model



Metaverse

- Based on our investment in XRSPACE and Varjo, further investment at Jorjin – an AR glasses development focused company
- Apply Metaverse and AR technology in our manufacturing factory
- Develop application for AR glasses on tourism



**China R&D and
NPI Center**

- Establish new business R&D and NPI Center in Zhengzhou, Henan, China
- Expand ICT R&D and NPI Center at Shenzhen, China

Global Footprint Expansion

173+ campuses and offices
in **24+** countries / areas around the world

Based on customers' demand, we will continue to optimize our global capacity.

■ Germany

- 2023/1/2 Acquire PRETTL SWH group (FIT)

■ India

- 2023/4/21 Purchase Telangana land (FIT)
- 2023/5/8 Purchase Karnataka land

■ Vietnam

- 2023/2/14 Acquire right-of-use of land at Quang Chau commune (Fii)
- 2023/2/24 Obtain Fushan Technology (Vietnam) Limited Liability Company shares to expand operation (FIH)
- 2023/4/6 & 2023/5/8 Purchase land and expand production line (FIT)

■ China

1. Zhengzhou, Henan
 - 2023/2/27 Acquire right-of-use of land in Zhengzhou and begin construction
2. Ganzhou, Jiangxi
 - 2023/3/27 Begin production (Fii)
3. Zhoukou, Henan
 - 2023/4/20 Expand operation (Fii)
4. Jiyuan, Henan
 - Expect to start production in May 2023 (Fii)

■ Taiwan

- 2023/4/9 Plan to build Smart City in Kaohsiung

Note: Information covers Jan 1, 2023 to May 10, 2023

Recap of Recent Major Events

Recap of Recent Major Events | New Business Progress



2023/03/21

Mobile Drive builds next generation ADAS with Siemens

攜手富采 開發Micro LED

【記者蕭君暉／台北報導】鴻海昨（19）日宣布攜手富采旗下晶成半導體共同開發出一款新型0.12吋微顯示器，像素密度超過6,500PPI、藍光亮度達20萬nits的Micro LED樣品。Micro LED是AR/VR/MR等元宇宙產品重要關鍵零組件，鴻海掌握相關技術，並有重大突破，展現在元宇宙的垂直整合能力，以及深耕元宇宙市場的決心。

雖然AR/VR/MR眼鏡已切入醫療、工廠與教育訓練等市場，但這些是應用在工業與商業領域，是B2B市場，

要普及到消費市場（B2C），還有很多難題要克服，包括眼鏡的色彩、亮度、續航力與重量等。Micro LED就是達到色彩、亮度、重量與續航力等目標的關鍵零組件之一。

鴻海董事長劉揚偉先前表示，在元宇宙方面，除協助客戶開發產品，也初步完成相關布局，包括投資元宇宙應用軟體公司XRSPACE、高階VR/MR的芬蘭公司Varjo，以及專注在AR眼鏡的佐臻。

他指出，迎接元宇宙商機，鴻海推出三平台，即應用平台、雲網平台、硬體平台。

2023/04/19

Hon Hai collaborates with Ennostar to develop new Micro LED Micro-Display to optimize Micro LED chip structures



2023/05/09

Partnership with Infineon in strategic SiC collaboration, EV development

Recap of Recent Major Events | ESG Implementation



2023/03/30

**Milestone celebration at
3rd anniversary of
0 to 6 years childcare subsidy
program for employees**



2023/04/08

**Kick-off summer intern program
interviews in Chairman Office
to provide outstanding students
chance to explore leading global
company**



2023/04/29

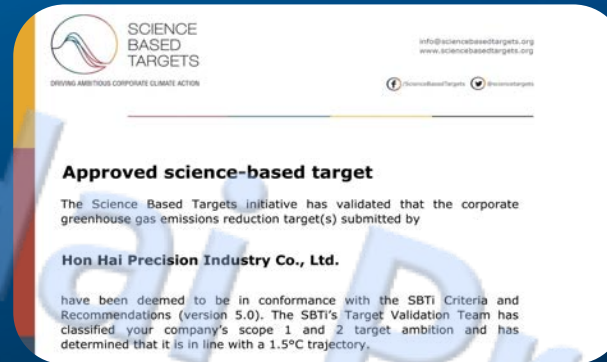
**Employees and families enjoy
lively time out together at Hon
Hai Baseball Day**

Recap of Recent Major Events | ESG Implementation



2023/03/17

Chief Audit Executive delivers speech at Women in Business Forum: Climate Action Taiwan hosted by British Chamber of Commerce in Taipei



2023/04/11

GHG reduction targets validated by SBTi, reaching new milestone in environmental sustainability promotion



2023/04/19

With National Taiwan Ocean University, collaborate to promote sustainable marine environment, turning waste building materials into algae reefs to ensure biodiversity

Recap of Recent Major Events | ESG Implementation



New Taipei City
2023/03/31

Donated fire and disaster relief equipment to Dingpu Fire Brigade in New Taipei City



Czech Republic
2023/04/03

Donated touch screens to 5 local primary schools



Guangdong
2023/04/04

Recognized as top-tier employment base for disabled persons in Guangdong Province, China



Vietnam
2023/04/11

Organized blood donation charitable activities

Recap of Recent Major Events | ESG Implementation



Shenzhen
2023/04/12

Completed dormitory renovations at Longhua Campus



Slovakia
2023/04/17

"Good-club" set up by staff carries out cleaning and environmental protection work



Shenzhen
2023/04/25

Awarded as Longhua District Health Enterprise



USA
2023/04/25

Organize "Earth Day Celebration"

धन्यवाद **Thank you** 谢谢
謝謝 Cảm ơn Muchas Gracias

