六暉控股股份有限公司
LU HAI HOLDING CORP.

六暉-KY(2115) 2023Q1 Business Review

Safe Harbor Notice

This presentation and discussion contain certain forward-looking statements with respect to the result of operation, financial condition and current expectation. The forward-looking statement are subject to know and unknown uncertainties and risks that could cause actual results to differ materially from those expressed or implied by such statements. Therefore, please refer to the information on MOPS website as the main basis if any adjustment has been made. LUHAI undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date. (http://mops.twse.com.tw)

Company Profile

LUHAI Found : 1980
Holding Corp. Found：2009.10.19
Stock Listing：2013.12.25

Chairman, Simon Hsu
General Manager, Fanny Hsu

Capital
NTD 994.03 million

Number of employees
1,242人 (As of Apr. 2023)

Production
Valves 80 %
Accessories and others 20%

Valve Production Capacity
69 million pcs / Month

Milestone

- **1980** — LIUHO VALVE INDUSTRIAL CO.,LTD FOUNDED IN TAIWAN
  Six brothers start-up
- **1983** — RENAMED TO "LUHAI INDUSTRIAL CORP."
- **1990** — XIAHUI RUBBER METAL IND.CO.,LTD ESTABLISHED
- **1997** — LUHAI RUBBER METAL INDUSTRIAL (KUNSHAN) CO., LTD ESTABLISHED
- **2000** — XIAMEN XIAHUI (PLANT GUANKOU) ESTABLISHED
- **2002** — APPROVED BY MICHELIN TO BE THE ONLY TIRE VALVE SUPPLIER IN CHINA
- **2009** — LUHAI HOLDING CORP ESTABLISHED
- **2011** — PT LUHAI INDUSTRIAL ESTABLISHED. APPROVED BY BRIDGESTONE TO BE TIRE VALVE SUPPLIER.
- **2012** — LUHAI WAS AWARDED WITH "THE WELL-KNOWN BRAND IN CHINA"
- **2013** — LUHAI STOCK WAS LISTED ON TAIWAN STOCK EXCHANGE.
  Pass down to the next generation
- **2018** — XIAHUI VALVE BU MOVE TO NEW PLANT
- **2021** — LUHAI(KUNSHAN) MOVE TO NEW PLANT
- **2023** — TAIWAN TIENCHUNG DEMONSTRATION PLANT

1980–2000: **VALVES**

2000–2021: **VALVES**
TPMS VALVES

2021–: **VALVES**
TPMS VALVES
Precision machining accessories

Global Locations

Taiwan

Head office-TAIWAN BRANCH

Changhwa Tienchung (36 persons)

TAIWAN 4,899m^2

Indonesia

PT. LUHAI

(Valve 220 persons)

PT.LUHAI 57,777m^2

China

XIAMEN XIAHUI

(Valve 664 persons/Copper 18 persons/
Precision machining 270 persons)

LUHAI(KUNSHAN)

(Precision machining
34 persons)

XIAHUI NEW PLANT 54,784m^2

GUANKOU PLANT 16,4384m^2

KUNSHAN NEW PLANT 24,016m^2

Entity Development Core

LUHAI GROUP

LU HAI HOLDING CORP.
TAIWAN BRANCH

XIAMEN XIAHUI (CHINA)

- Valve stem production, Rubber Mixing
- Recycle waste & brass recycle casting
- Electroplating production line & Anode production line

KUNSHAN LUHAI (CHINA)

- Precision machining parts
- Customized automation equipment
- Intelligent software application

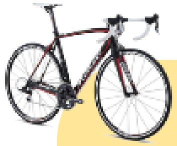
PT. LUHAI (INDONESIA)

- Tire Valve
- Rubber Mixing/ Rubber OEM
- Cementing

LUHAI INDUSTRIAL (TAIWAN)

- Administration center
- Precision machining demonstration plant

Main Products



Bicycle Valves Series

Motorcycle Valves Series

TPMS Valves Series

Truck, Bus, Agricultural & OTR Valves Series

Passenger Car Valves Series

Precision machining accessories

Material Trend

Copper  Aluminum  Rubber 

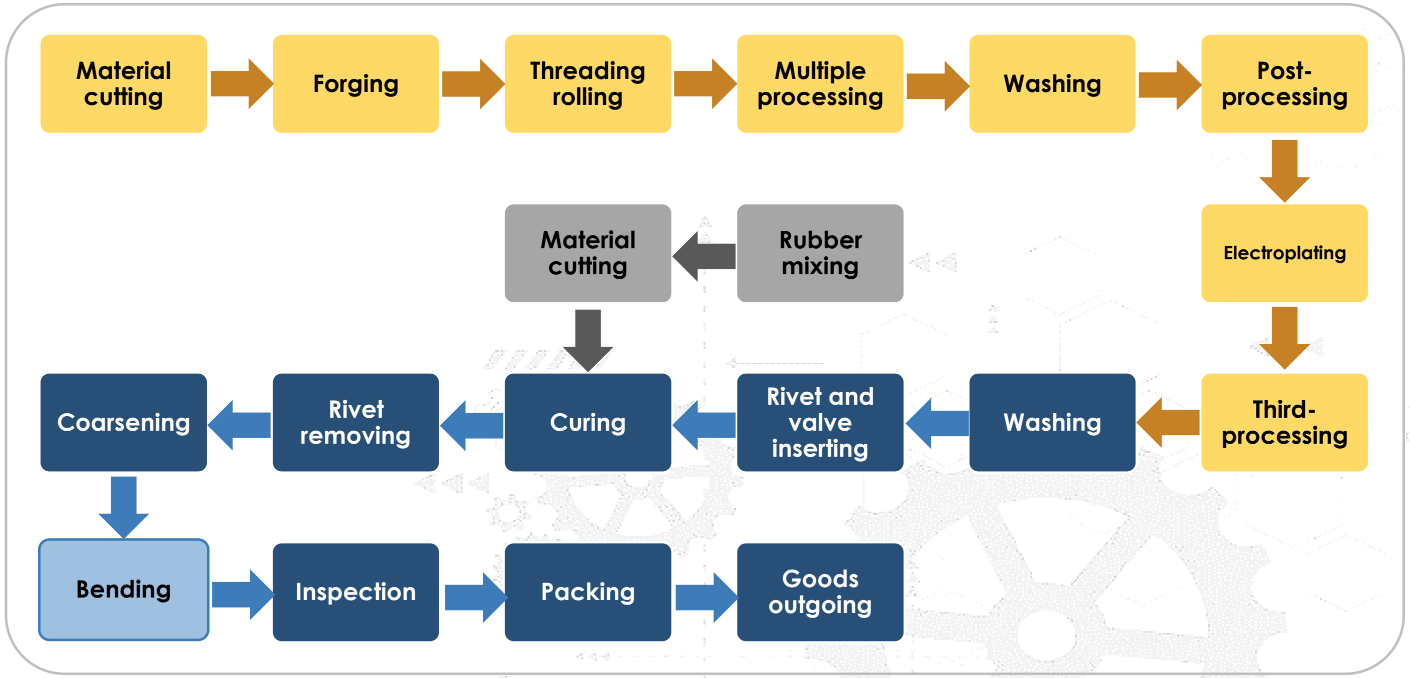
LME-Copper Spot

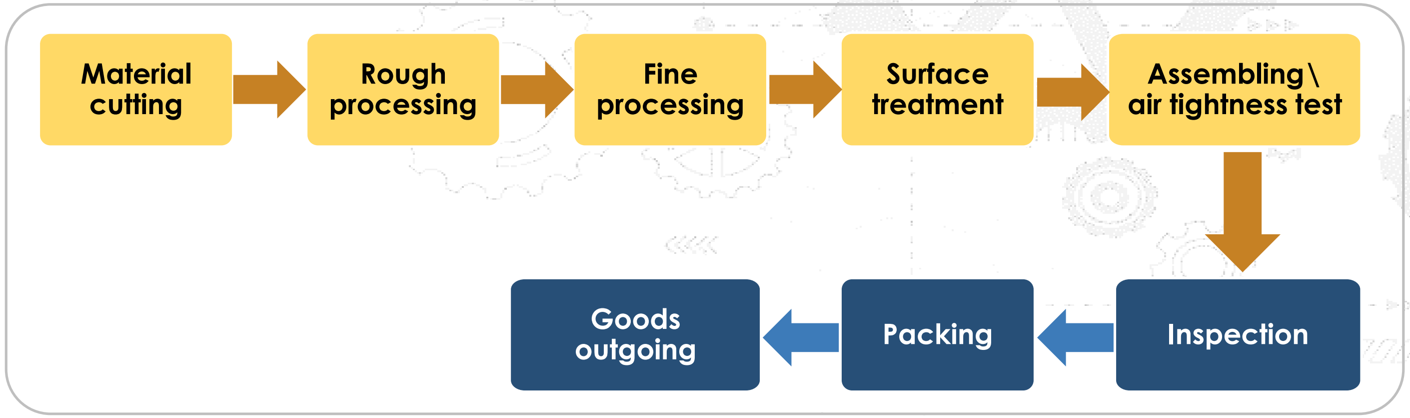
LME-Aluminum Spot

Rubber (SHFE)

Niche Business Model and Production Process

- ✓ Achieve economies of scale, renowned brand and leader manufacturer in the field.
- ✓ Possess well-appointed production line and be able to provide one-stop shopping service.
- ✓ Focus on own field. Only develop market with customer, never compete with customer.
- ✓ Reclaim own copper scrap. That is to decrease cost and ensure copper quality.
- ✓ The electroplating and rubber mixing is all done by our own factory, thus, ensuring product quality.
- ✓ High automation level, attaching great importance to EH&S.
- ✓ Possess three production bases where located in China and Indonesia. Group production could be allocated flexibly.





Financial Results

NTD thousand

	2020	2021	2022	2022Q1	2023Q1	YoY(%)
Revenue	2,602,257	3,397,556	3,040,416	794,539	592,936	-25.37
Gross Profit	626,635	846,003	664,576	179,225	125,159	
Gross Profit%	24.08	24.90	21.86	22.56	21.11	-1.45
Operation Expense	298,600	374,450	330,572	90,296	83,132	
Operation Expense%	11.47	11.02	10.87	11.36	14.02	2.66
Operating Profit	328,035	471,553	334,004	88,929	42,027	
Operations Profit%	12.61	13.88	10.99	11.19	7.09	
Net Income	594,759	399,294	226,861	48,720	120,276	146.87
Net Income%	22.86	11.75	7.46	6.13	20.28	
Capital	903,664	994,030	994,030	994,030	994,030	
EPS	6.58*	4.02	2.28	0.49	1.21*	
Dividend	1.5+1	2.0	1.3			

* Exclude relocation profit, 2020 EPS 3.0, 2023Q1 EPS 0.31

Financial Results

NTD thousand

Revenue	2019	2020	2021	2022	2023
Q1	673,385	530,954	868,372	794,539	592,936
Q2	662,636	498,191	859,541	795,043	
Q3	698,324	738,282	828,687	770,668	
Q4	682,544	834,830	840,956	680,166	
Total	**2,716,889**	**2,602,257**	**3,397,556**	**3,040,416**	

	Gross Profit (NTD thousand)					Gross Profit (%)				
	2019	**2020**	**2021**	**2022**	**2023**	**2019**	**2020**	**2021**	**2022**	**2023**
Q1	144,351	121,143	224,488	179,225	125,159	21.44	22.82	25.85	22.56	21.11
Q2	146,828	103,205	221,163	176,715		22.16	20.72	25.73	22.23	
Q3	153,571	176,742	205,168	158,558		21.99	23.94	24.76	20.57	
Q4	170,308	225,545	195,184	150,078		24.95	27.02	23.21	22.06	

Financial Results

	Operating Profit (NTD thousand)					Operating Profit (%)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Q1	75,673	50,695	139,476	88,929	42,027	11.24	9.55	16.06	11.19	7.09
Q2	74,111	28,218	139,617	97,486		11.18	5.66	16.24	12.26	
Q3	67,784	107,704	110,429	78,214		9.71	14.59	13.33	10.15	
Q4	95,067	141,418	82,031	69,375		13.93	16.94	9.75	10.20	

	Net Income (NTD thousand)					Net Income (%)				
	2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
Q1	54,694	39,761	101,735	48,720	120,276	8.12	7.49	11.72	6.13	20.28
Q2	49,749	364,279	109,104	61,470		7.51	73.12	12.69	7.73	
Q3	67,255	77,853	92,698	53,805		9.63	10.55	11.19	6.98	
Q4	70,212	112,866	95,757	62,866		10.29	13.52	11.39	9.24	

**Exclude relocation profit, 2020Q2 Operating Profit is 42,652 thousand; 2020Q2 net income is 40,122 thousand, net income rate is 8.05%
**Exclude relocation profit, 2023Q1 Operating Profit is 45,105 thousand; 2023Q1 net income is 30,904 thousand, net income rate is 5.21%

Financial Results

NTD thousand

	2020	2021	2022	2022Q1	2023Q1
Cash and cash equivalents	789,600	1,066,980	1,064,075	1,162,491	1,035,006
Accounts/Note receivables	797,525	770,180	686,970	722,920	603,530
Inventories	674,065	766,467	528,023	793,731	540,070
Property, plant and equipment	1,631,999	2,088,514	2,220,150	2,158,963	2,071,213
Total assets	4,725,135	5,166,635	4,865,994	5,283,574	4,758,154
Debt ratio(%)	42.45	42.74	37.58	40.69	33.05
The Net Asset Value of Each Share	30.09	29.76	30.56	31.53	32.05
CASH FLOWS FROM OPERATING ACTIVITIES	263,530	407,462	700,501	193,481	113,293
CASH FLOWS FROM INVESTING ACTIVITIES	(730,710)	(216,473)	(303,621)	(121,530)	(31,147)
CASH FLOWS FROM FINANCING ACTIVITIES	125,040	88,413	(422,856)	(23,501)	(118,791)
Free Cash Flow	(399,298)	(131,639)	315,419	32,056	80,897

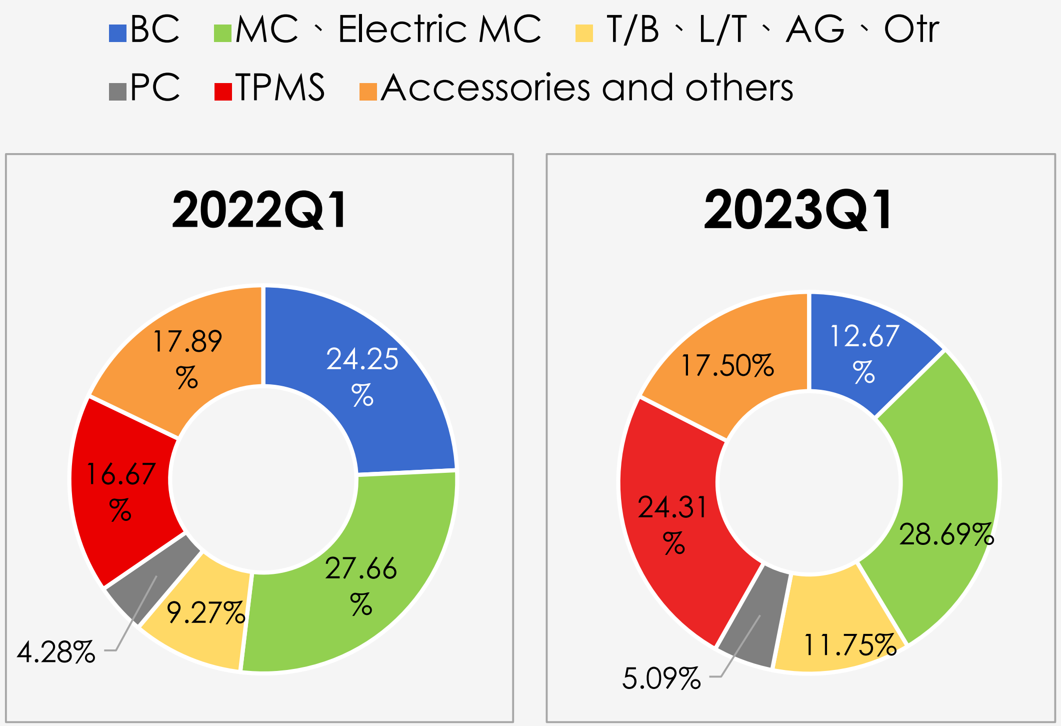
*Free Cash Flow=Cash Flows from Operating Activities - Capital Expenditure

Financial Results

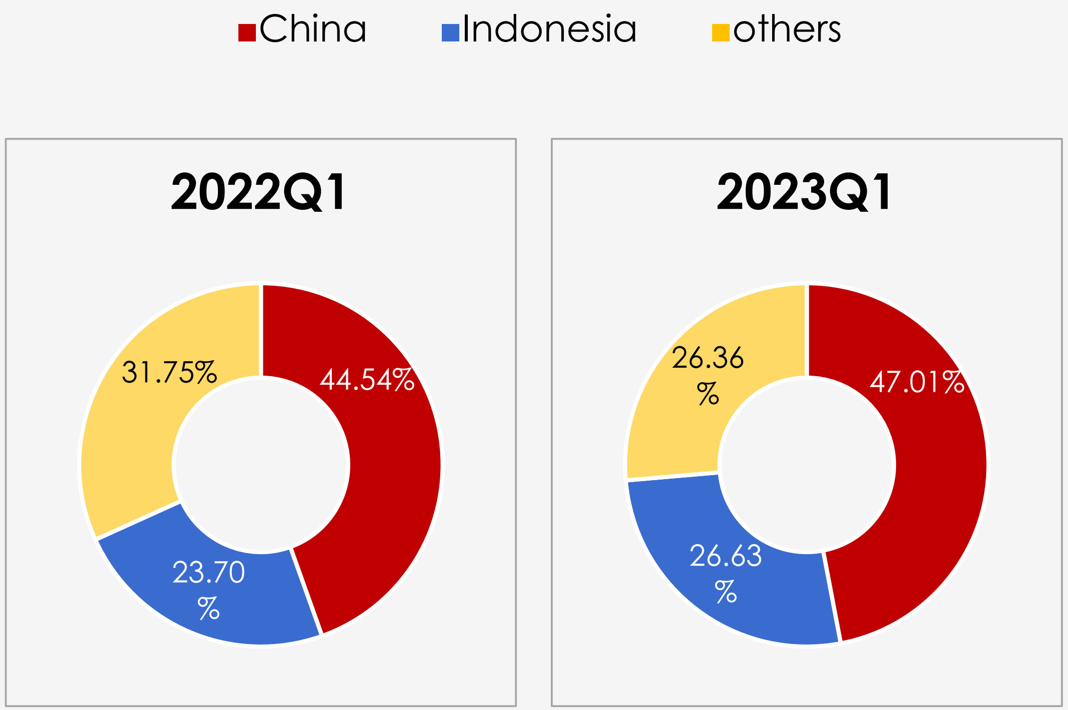
		2020	2021	2022	2022Q1	2023Q1
Capital structure analysis (%)	Debts ratio	42.45	42.74	37.58	40.69	33.05
	Long term funds to fixed assets	233.46	204.26	180.51	202.22	195.05
Liquidity analysis (%)	Current ratio	302.24	308.10	275.44	304.88	316.32
	Quick ratio	222.52	217.57	209.04	213.90	238.85
Operating performance analysis	Average collection turnover (days)	101	85	88	87	100
	Average inventory turnover (days)	123	106	103	119	109
	Average payables turnovers (days)	6.70	8.91	9.70	8.73	7.64
Return on investment analysis (%)	Return on assets(%)	13.55	8.24	4.87	3.92	10.56
	Return on equity(%)	23.70	14.06	7.57	6.40	15.46
	Net income(%)	22.86	11.75	7.46	6.13	20.28

Financial Results

Revenue Breakdown by product category



Revenue Breakdown by Area

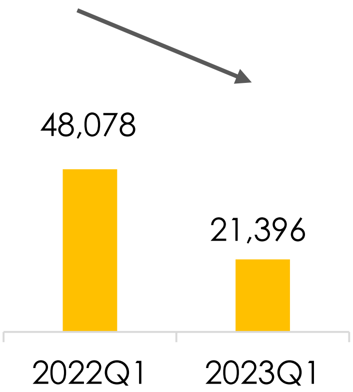


YoY Quantities by Products

Unit：thousand pcs

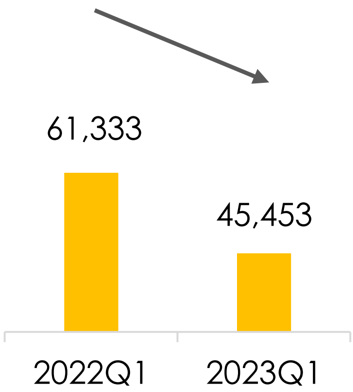
腳踏車(BC)

-55.49%



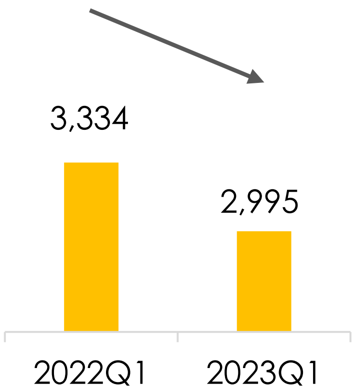
機車、電動摩托車
(MC,E-MC)

-25.89%



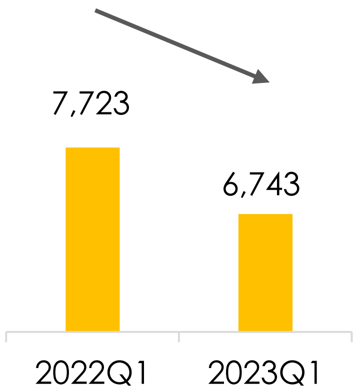
卡車及非道路用車
(T/B,L/T,AG,OTR)

-10.17%



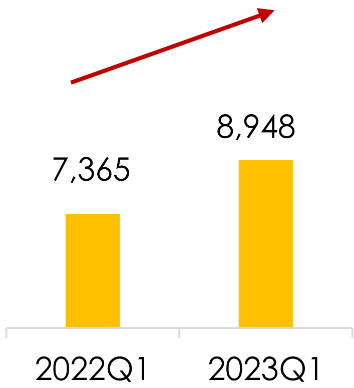
汽車(PC)

-12.69%



TPMS

+21.49%

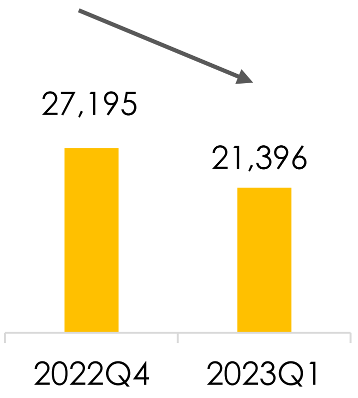


QoQ Quantities by Products

Unit：thousand pcs

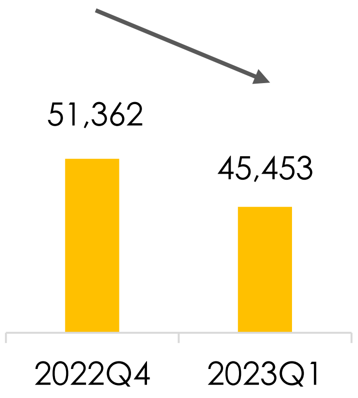
腳踏車(BC)

-21.32%



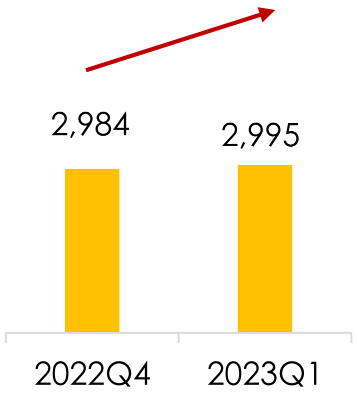
機車、電動摩托車(MC,E-MC)

-11.50%



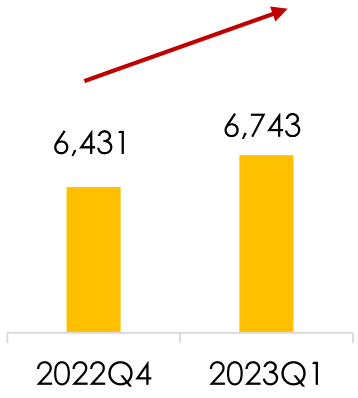
卡車及非道路用車(T/B,L/T,AG,OTR)

+0.37%



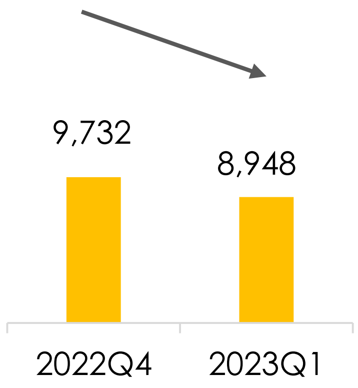
汽車(PC)

+4.85%

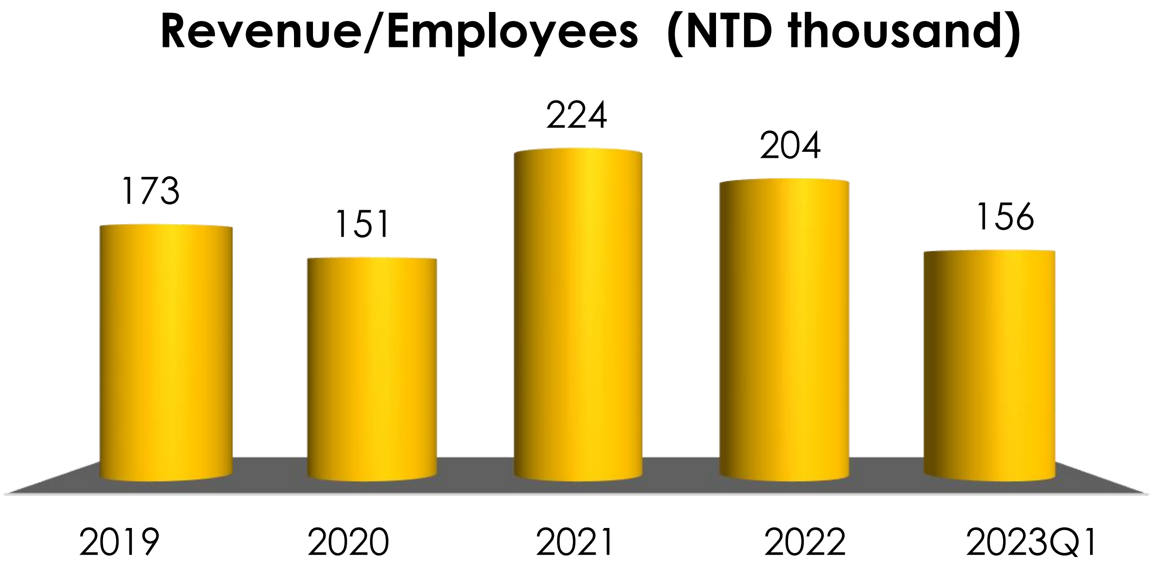


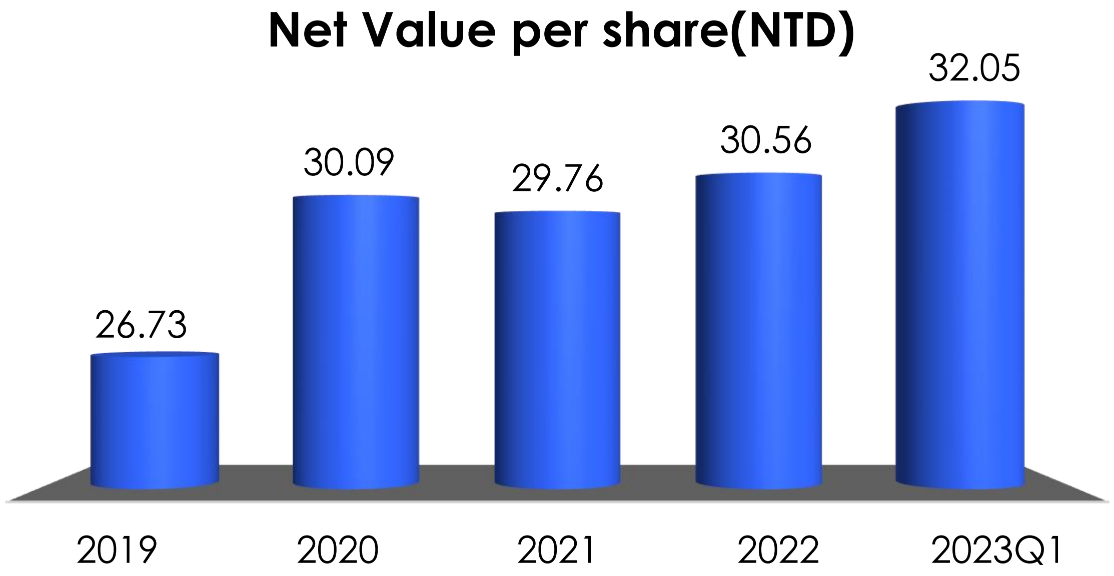
TPMS

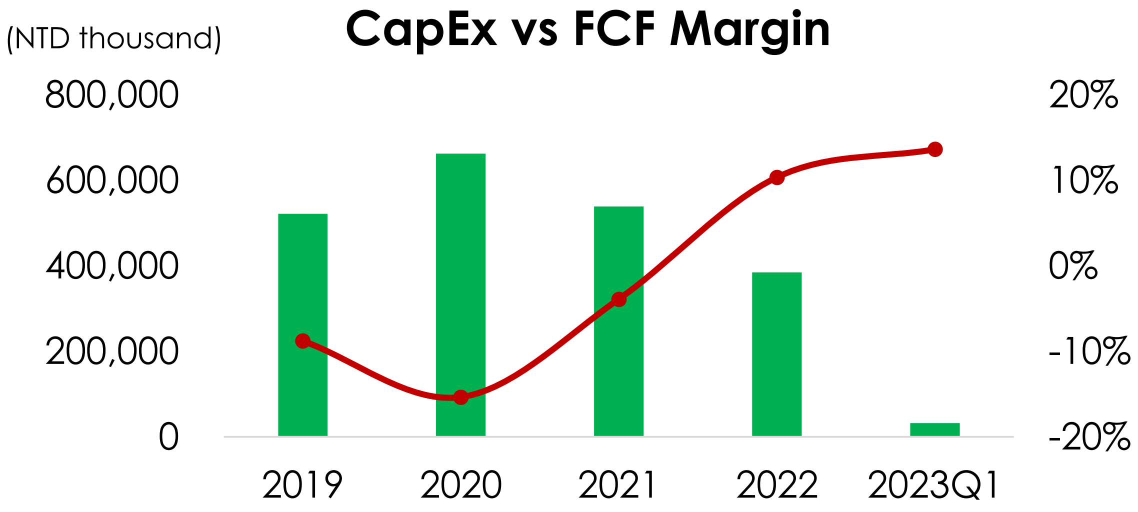
-8.06%

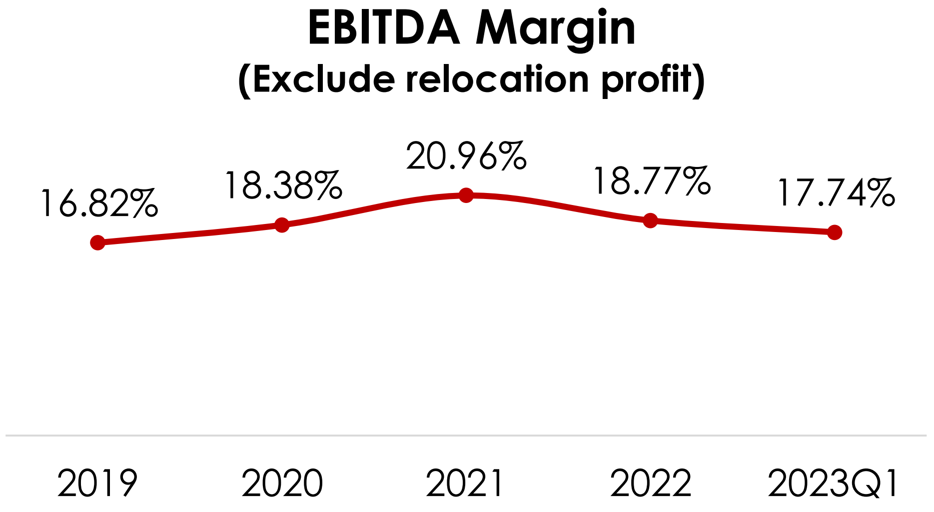


Financial Results





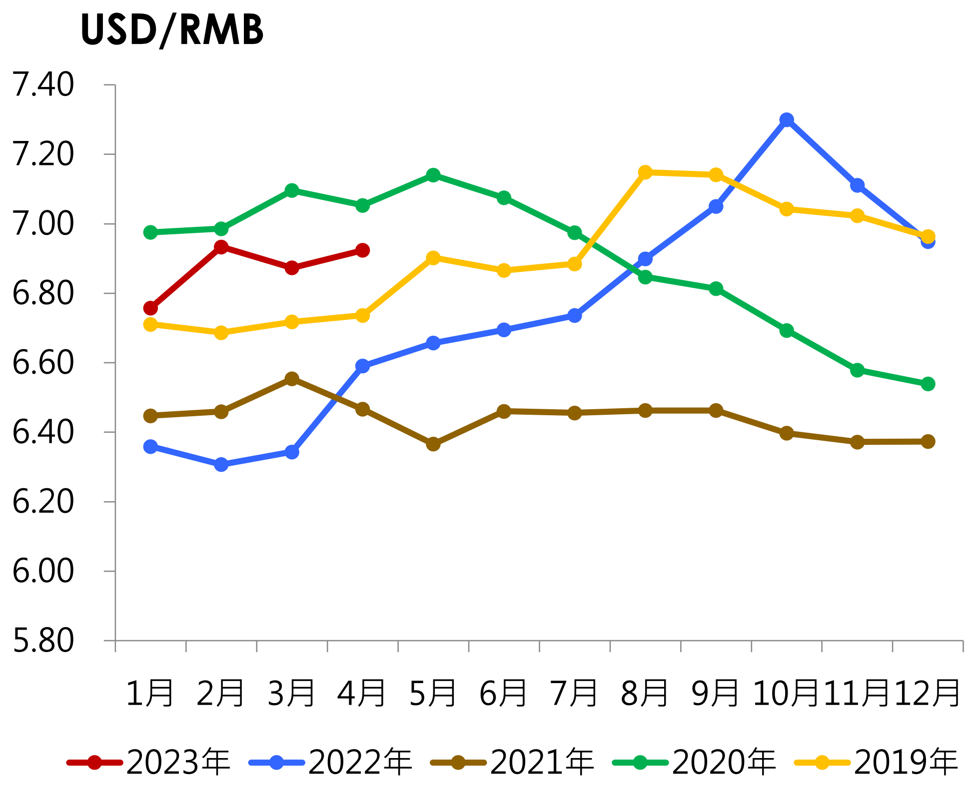


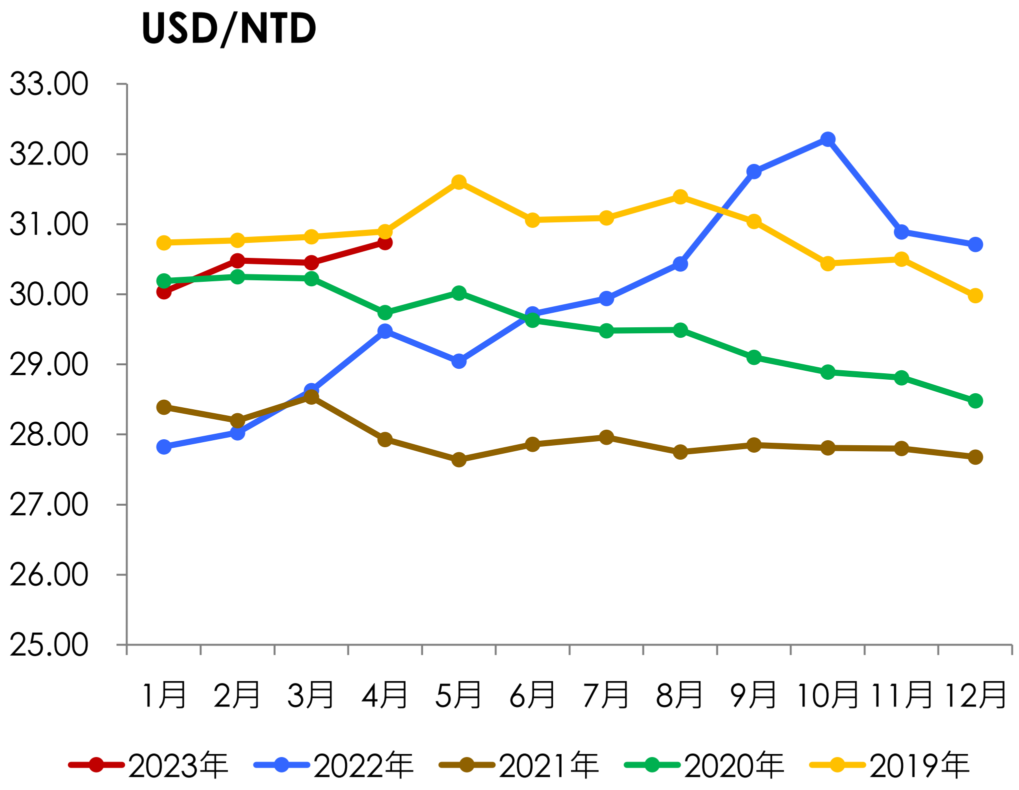


Exchange Rate Impact

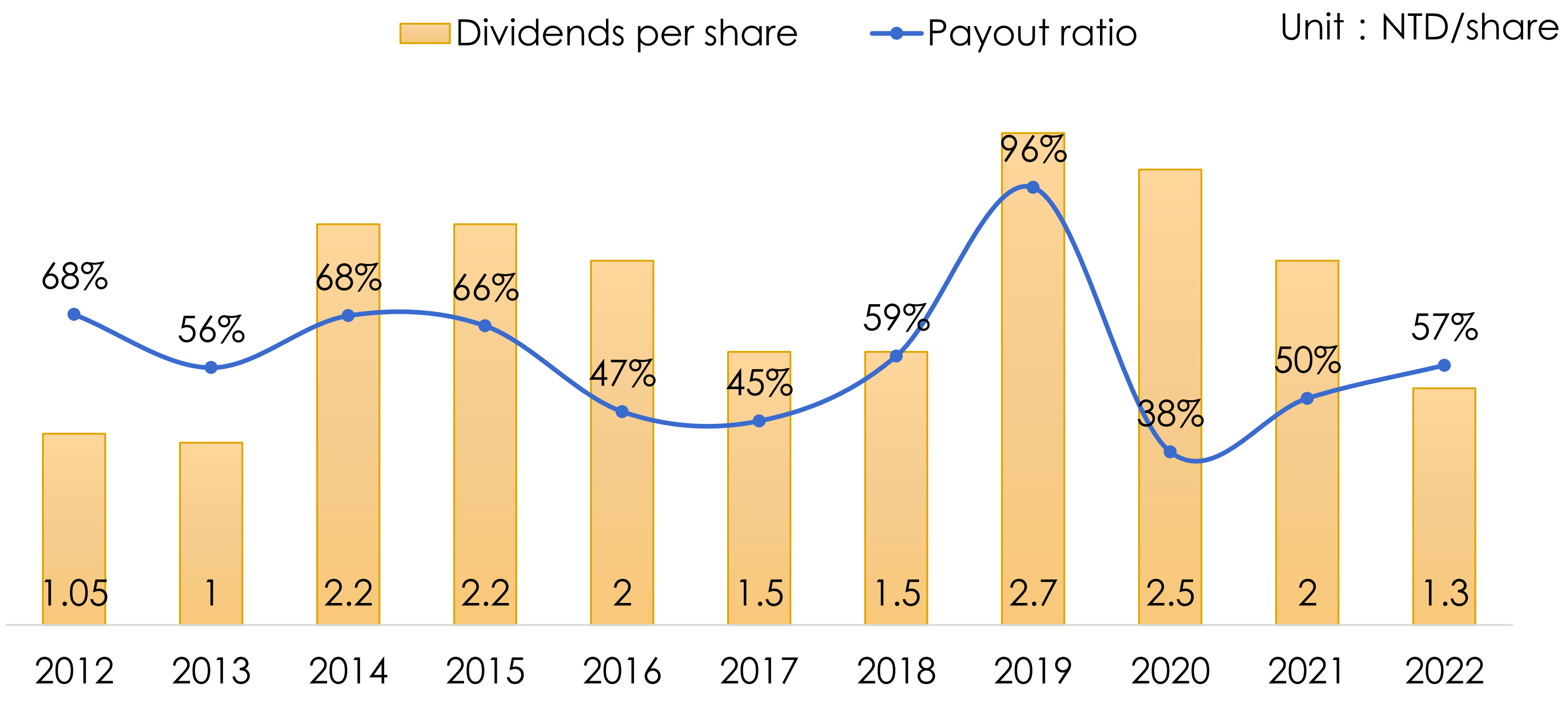
NTD thousand

Foreign Exchange	2019	2020	2021	2022	2022Q1	2023Q1
Gain/(Loss)	26,263	(5,318)	24,554	(69,792)	(13,303)	(2,814)
Sales %	0.97	(0.20)	0.72	(2.30)	(1.67)	(0.47)





Dividend Distribution



- Dividends are distributed annually after listing, with a stable dividend distribution policy.

ESG Implementation

Board of Directors

ESG Sustainable Development Committee

Committee internal verification Team

Environmental Safety and Sanitation

Employee Care, Social Commitment

Corporate Governance

Product Service

✓ **Established ESG Committee in 2022, Implement Sustainable Development early.**

By "Honesty. Good faith. Conscientiousness and above all, Customer satisfaction." Philosophy, the purpose is to pursue sustainable development, strengthen environmental, safety, health and energy management with all our business partners, and fulfill the duties of a good corporate citizen in the global village.

TWSE Requirement : Listed Companies in the less than 5 billion

- Individual Company Stocktake Complete
- Consolidated Subsidiaries Stocktake Complete
- Individual Company Verification Complete

2022Q4 | **2023** | **2024** | **2025** | **2026** | **2027** | **2028**

- Established Sustainability Committee

- Promote ISO 14064-1 for GHG inventory
- Internal verification
- Compile Sustainability Report

- Set GHG emissions reduction targets
- Third-party verification

Implement by LUHAI ahead of schedule

ESG Implementation

Valuing human rights

Equal employment, free from discrimination and human rights violations, prohibiting the employment of child labor and forced labor. Strives to create a friendly, healthy and safe working environment.

Occupational safety and health

- certified under ISO 45001
- regularly hold fire drills and occupational safety education and training

Welfare, Local care

- donated medical masks
- caring for vulnerable groups

ESG Implementation

Audit Committee/ Remuneration Committee

In 2012, Audit Committee was established by three independent directors.
In 2013, Remuneration was established.

Board Diversity

Among the nine directors, there are three female directors, accounting for 33% of the total.

Established of corporate governance supervisor

In January 2021, a corporate governance officer was appointed to implement corporate governance related affairs.

Information transparency

Starting from 2021, significant information, shareholder meeting notice, agenda, annual report, and annual financial statements are disclosed in both Chinese and English simultaneously.

THANK YOU!!

全球產量第一　台灣氣門嘴領導品牌

We Deliver the Best Quality & High-end Technology from Taiwan.

六暉控股股份有限公司

LU HAI HOLDING CORP.

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