NAFCO Investor Conference

2023.11.24

Disclaimer

- This presentation and release contain “forward -looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The financial information contained here within in presented in conformity International Financial Reporting Standards(IFRSs).
- The forward-looking statements in this release reflect the current belief of NAFCO as of the date of this release. NAFCO undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

Agenda

Company & Business Introduction
by President Alvin Lin

Finance Performance
by CFO Chris Lee

Q & A

Company & Business Introduction

President Alvin Lin

Production Sites

Taoyuan, Taiwan : Land 45,000 m² / Floor space：46,700 m²

Kunshan, China: Floor space 15,400 m²

Malaysia：
Land (estimated area)20，000 ㎡

Company Profile

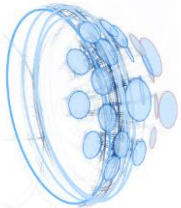
Founded : October 14, 1997
IPO : 2002
Capital: TWD 538 million
Major shareholder: Getac (Since 2007)
Employees: 704
2022 Revenue: TWD 2.19 billion
Main Products: aerospace fasteners, aerospace machining parts and automotive fasteners

Customers & Partners

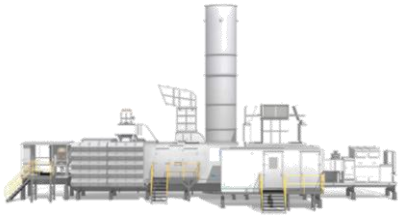
NAFCO Products

Range of Application

- Aviation
- Space
- Land
- Marine



太空



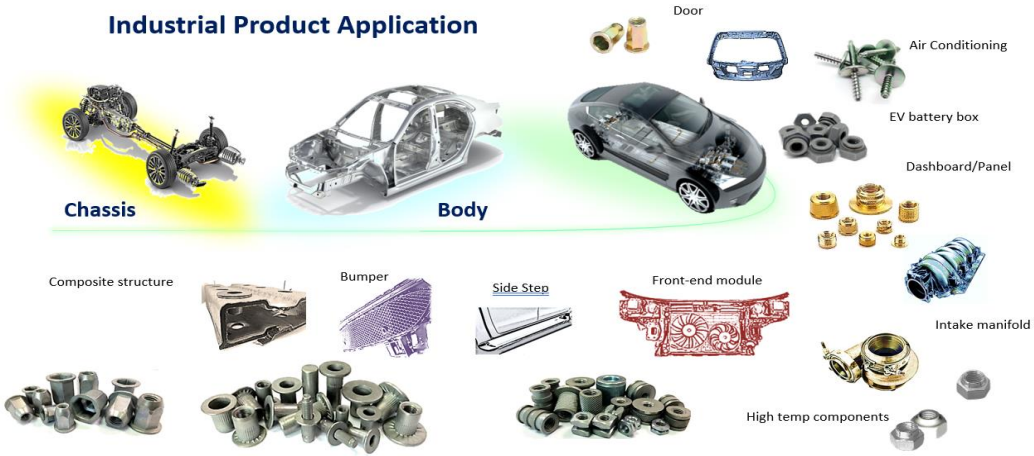
發電

海上鑽油平台發電機

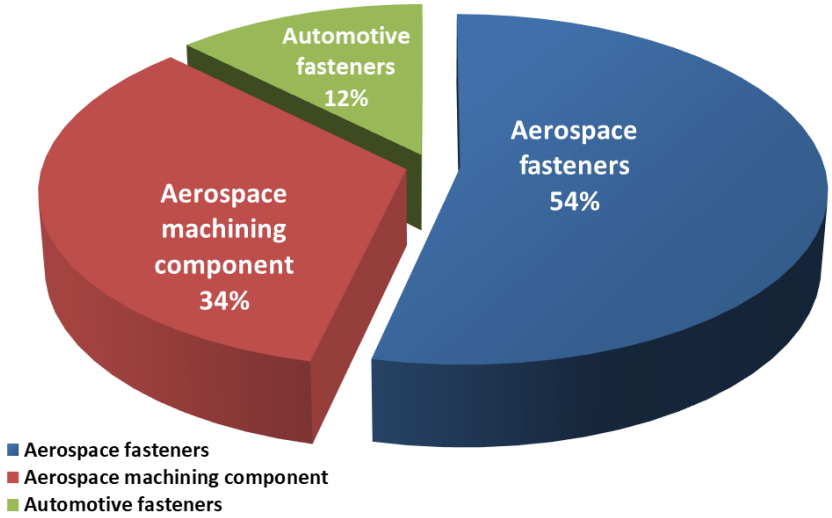
船隻

Aviation product Application

Industrial Product Application

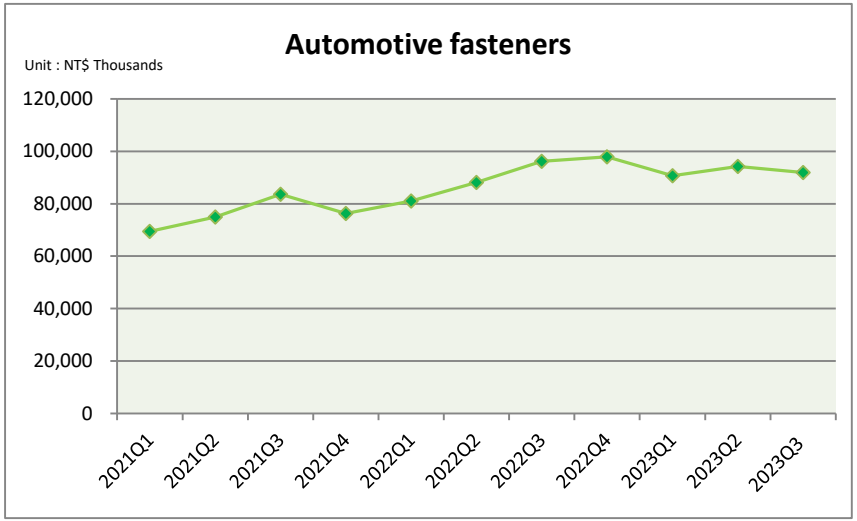


Sales by Product



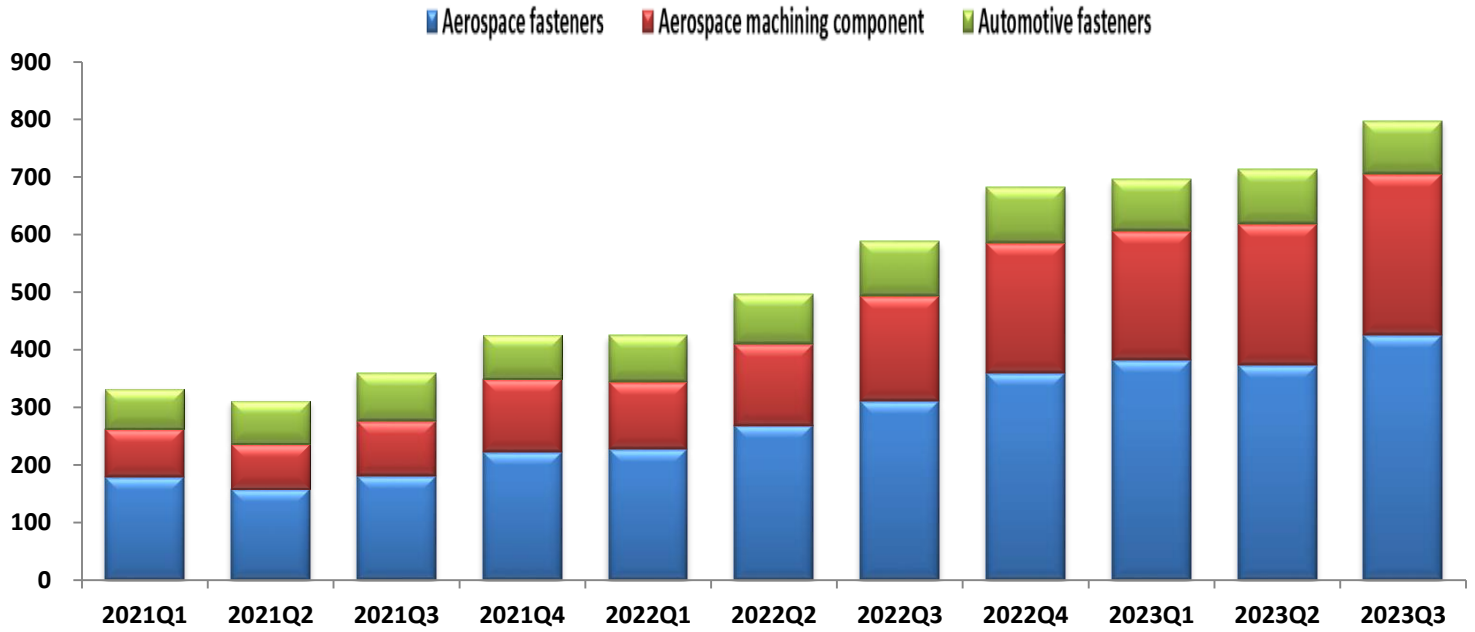
Unit : NT$ Thousands

Product	Amount	%
Aerospace fasteners	1,182,540	54%
Aerospace machining component	747,559	34%
Automotive fasteners	276,752	13%
TTL	2,206,851	100%

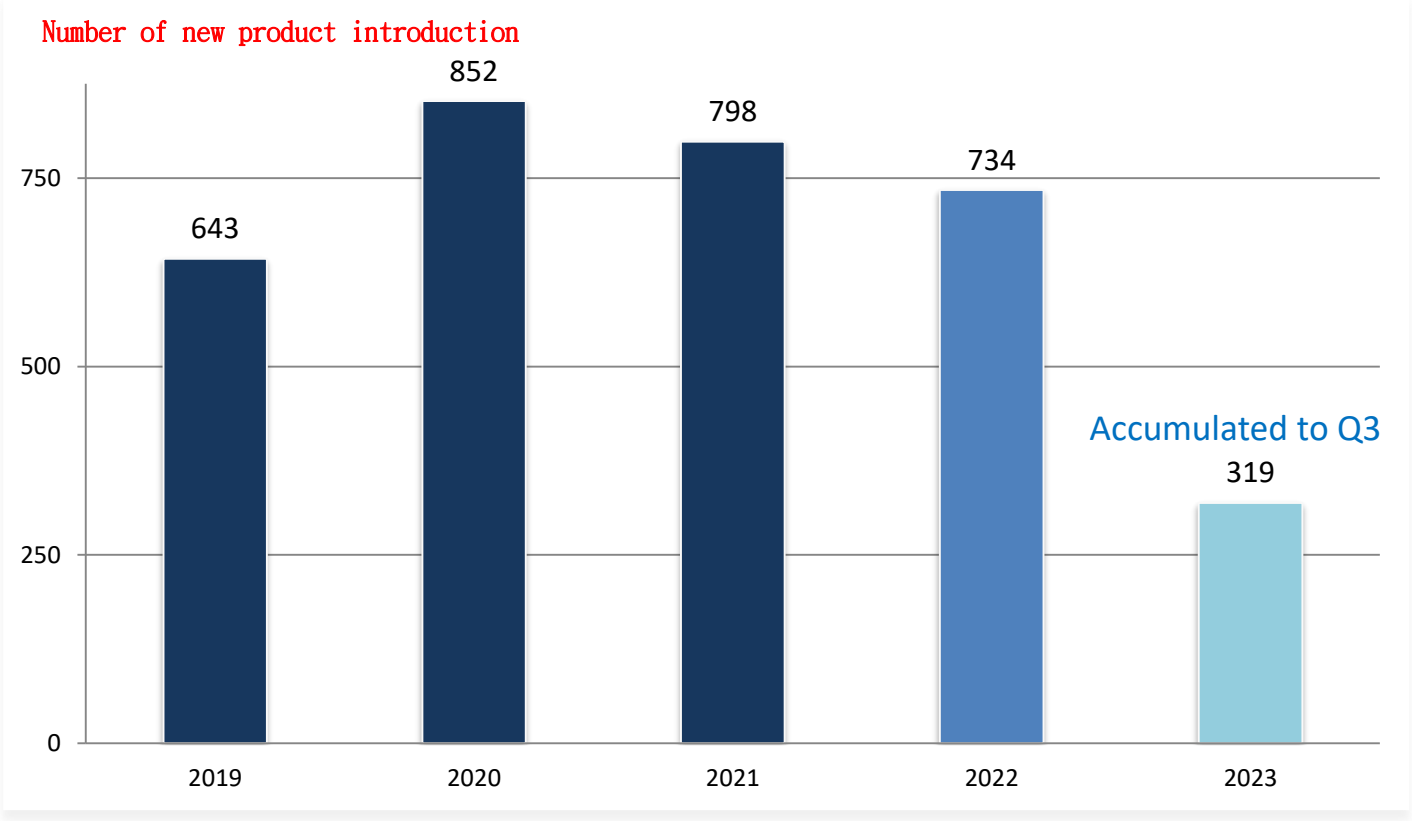


2021Q1~2023Q3 Quarterly Revenue Trend

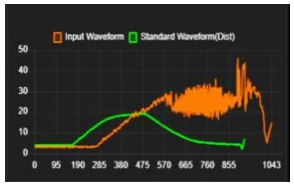
Unit：NT$ Million



Business Development



Technology & Product Roadmap



Found
1997

Engine Nut

2004

Machined
Hardware

2008

Engine Bolt

2015

Forging

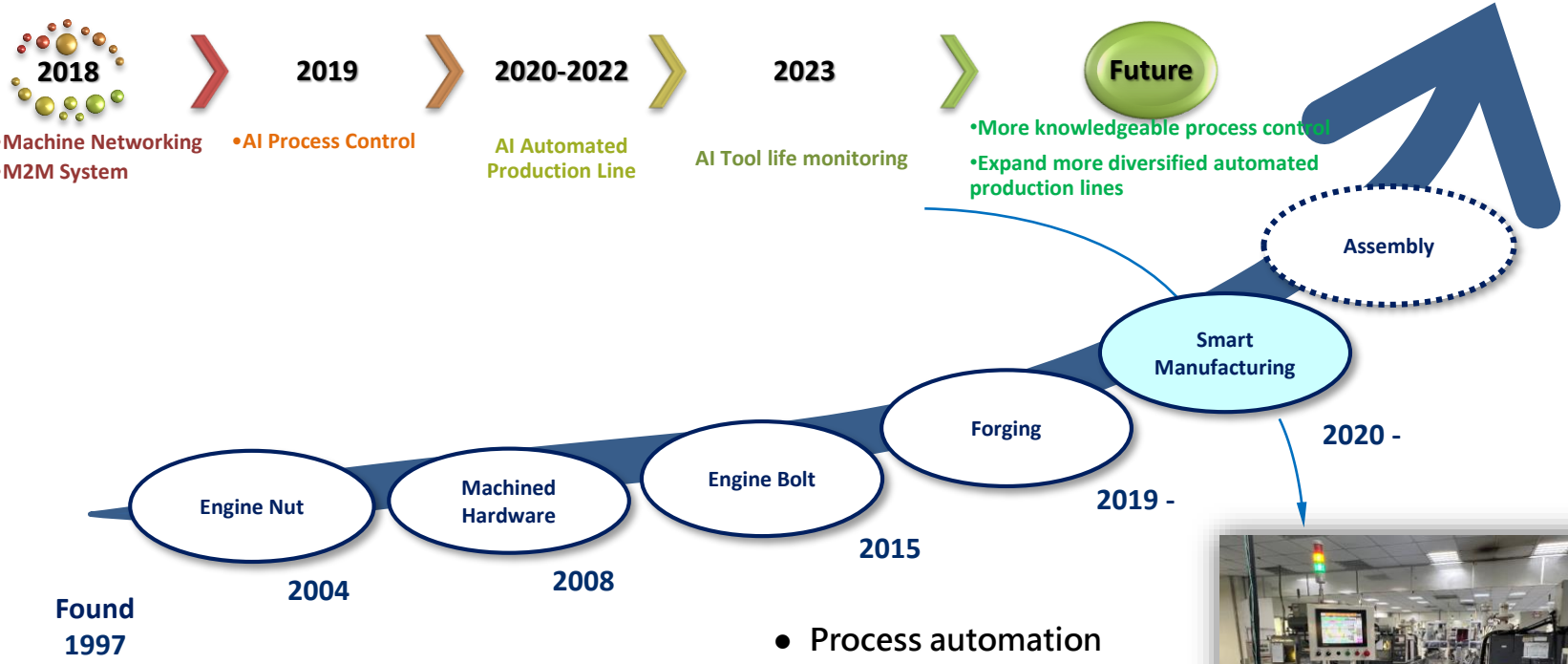
2019 -

Smart
Manufacturing

2020 -

Assembly

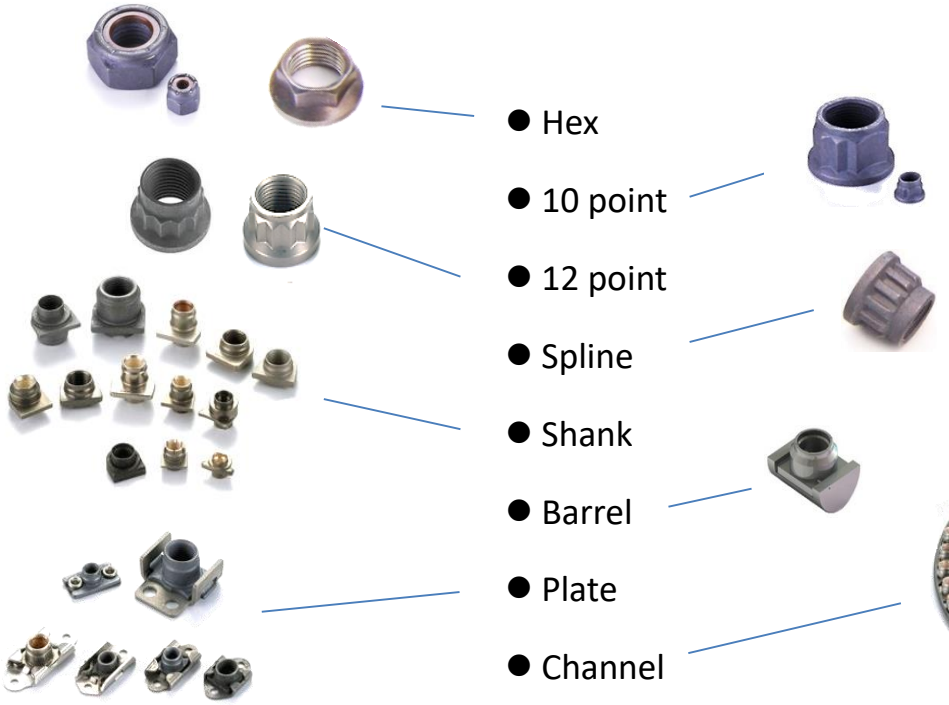
Smart Manufacturing



- Process automation
- Process digitization
- knowledge-assisted manufacturing

High-performance Aerospace Nuts series

All series of self-lock nuts



- Hex
- 10 point
- 12 point
- Spline
- Shank
- Barrel
- Plate
- Channel

✚ New fasteners series

Type	Normal	Dumbbell	Ring-Lock
Photo			

Special lock nut

High-performance Aerospace Bolt series

Continue to deepen the manufacturing capabilities of super alloy bolts for aviation and space engines

Large bolt blank
length ≦ 150mm
Thread size 0.75~1.25"

High-precision aerospace machining product series

Milling:
Around 600mm Max.

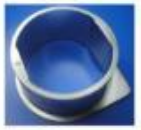
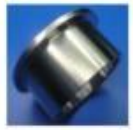
Turning:
Around 800mm Max.


FITTING


FLANGE


SLEEVE


SPACER





WEIGHT&WASHER


NUT


PLUG


COUPLING








RING


LOCKNUT


PISTON


GUIDE


SLEEVE


RETAINER


BEARING

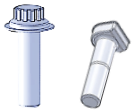

GLAND





Development direction of aviation forging
Expand product size

0.112” — Aerospace Nuts — 1.125”



Bolt、Thread size 9/16 “ max

Found 1997

Engine Nut — 2004

Machined Hardware — 2008

Engine Bolt — 2015

Forging — 2019 -

Smart Manufacturing — 2020 -

Assembly

machining

300 ton

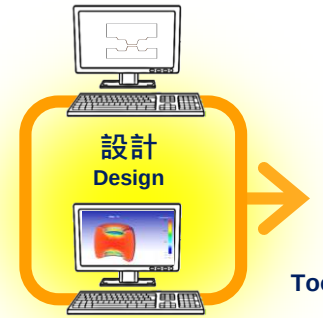
Big bolt、Thread size≥ 1”

3000 ton

Large nuts、 Thread size ≥ 10.9 〞Ring parts ••• 500 mm

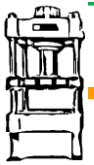
Qualified supplier of aerospace forgings

Aviation forging process: knowledge-based (predictable), quantified (digitized), systematic

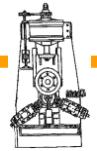


Simulation (Modeling)

Tooling Conception



Forging



Ring Rolling

Machining

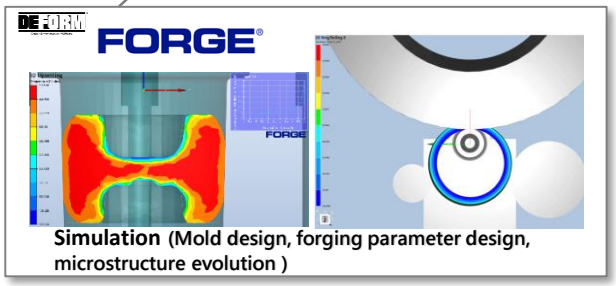
Heat Treatment

Subsequent Operations

Test & Inspect

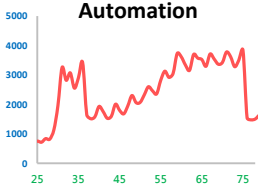
- NADCAP MMM

Safran Qualified Forging Supplier



Simulation (Mold design, forging parameter design, microstructure evolution)

Automation



Digitization

System

Ring Rolling
2023/06

System

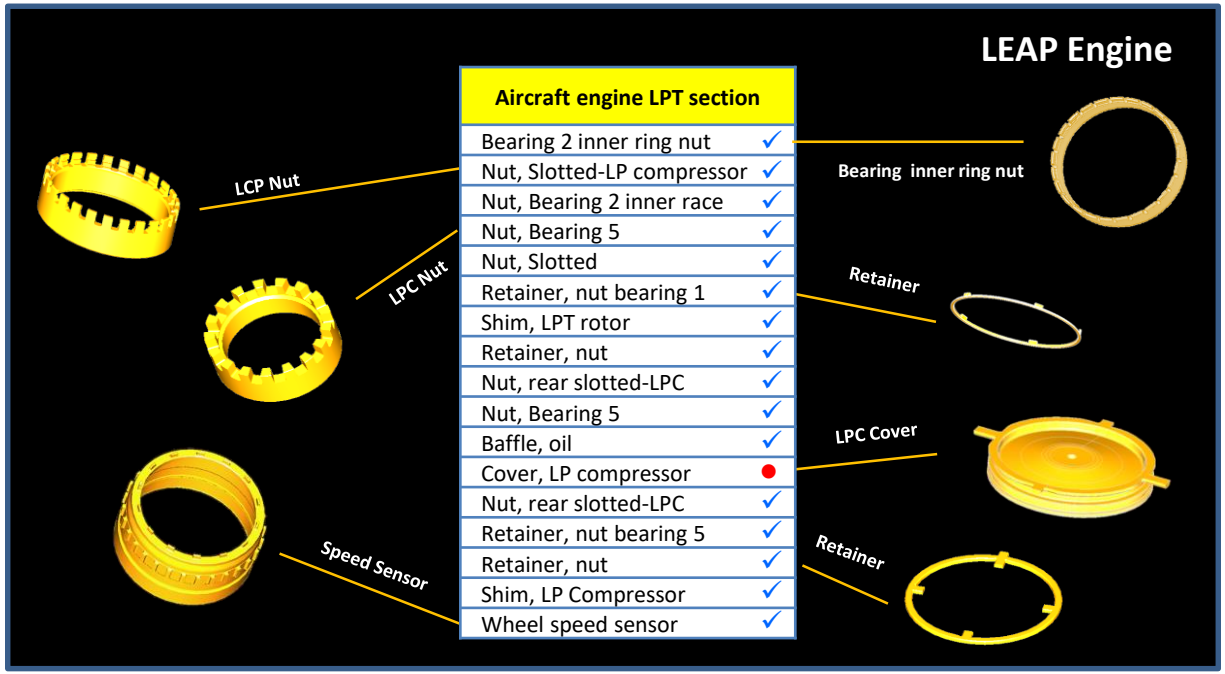
Macro-Etch
(Customer Audit) 2023/06

Macro-Etch Qualification 06/06/2023

NAFCO Forging Products

Commercial turbofan engine

Ring (disk)-shaped parts of the fan and low compression section



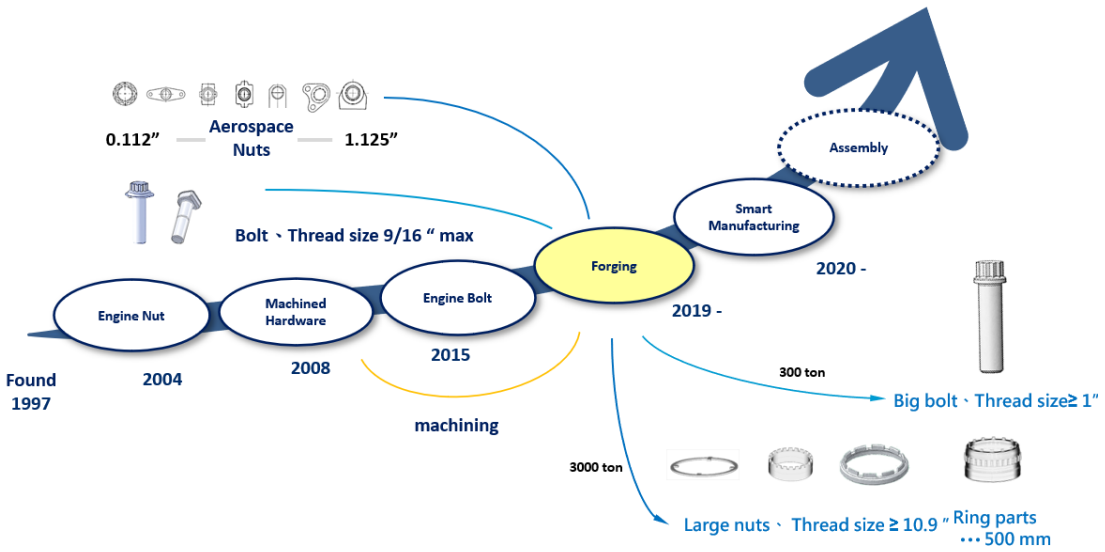
● 正在開發階段

Material：

- Inconel 718
- A286
- M152
- Ti64（In development）

豐達航空鍛造發展

產品多樣性



- Forging combined with subsequent processes to create competitive products

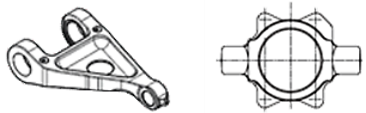
① Internal thread aviation product series

② Ring (disc) shaped aerospace parts

③ Special shaped aviation parts

④ Aviation hardware parts with market value

Special-shaped products



disc shape

Aviation hardware parts

The focus of automotive product development---Customized Products

STANLEY

chassis

body

1997

Standard parts
Rivet Nut / Brass Insert

2017

Focus on Lightweight/High Strength/High Torque
Inserts used in lightweight (new energy) vehicles

2020

Customized
Co-designed with automakers & Tier 1

Co-design with OEMs and Tier 1
Newly designed parts enter mass production for the first time

2022

Continuous research and development of customized components with unique application requirements

Commercial Aircraft Market Trend

Air travel forecast

- Intra-regional markets will gradually recover as countries ease travel restrictions, followed by long-distance travel returning to pre-pandemic levels in 2023-2024

Changes in aircraft type demand

- Boeing's Commercial Market Outlook (2023-2043) forecasts single-aisle airliners will account for over 76% of all new deliveries to the global market
- The impact of the pandemic on the wide-body airliner market is clear, with Boeing's 20-year commercial market outlook forecasting that wide-body airliner deliveries account for only 18 percent of new deliveries
- Airbus' 20-year demand forecast gives similar results; 20% for typical widebody aircraft and 80% for typical single aisle aircraft

New airplane demand

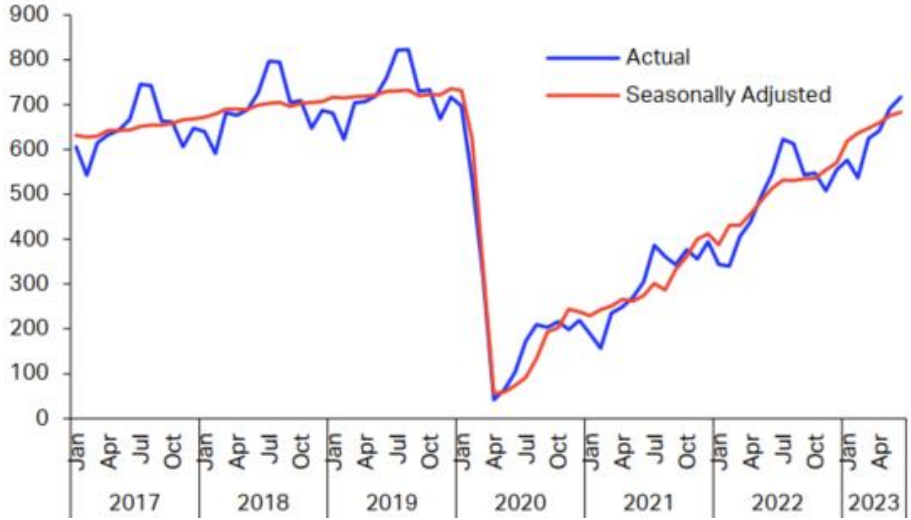
Airline will need around 48,575 aircraft to operate by 2043, an 81% increase from 2019, with nearly 88% of these being new builds.

Component Opportunities

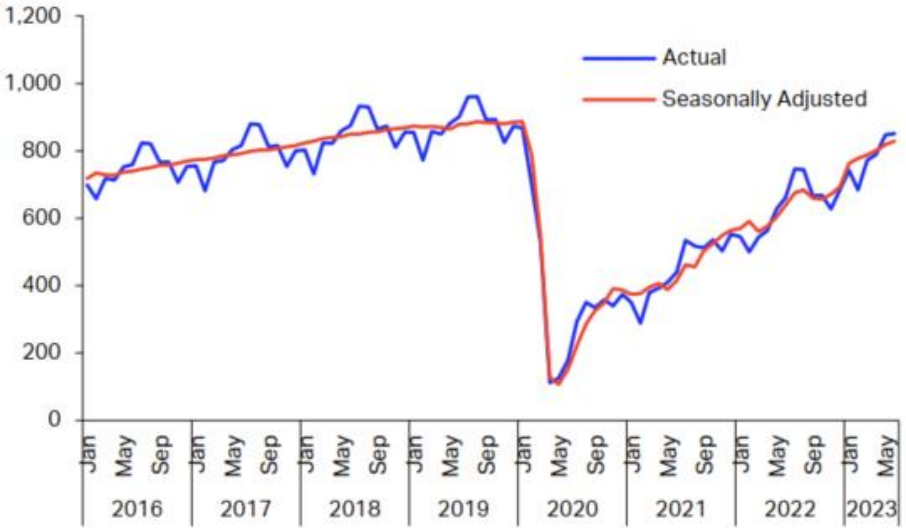
The epidemic in the past few years has severely damaged the supply chain structure of the aerospace industry, and many competitors have chosen to lay off employees or even go bankrupt. Due to the high difficulty of certification in the aerospace industry, new entrants need to invest a lot of time and resources to obtain qualifications and start delivering parts. Therefore, when there is a shortage of engine components and competitors' manpower, there are now full of opportunities for manufacturers that continue to work hard and retain talents.

Passenger traffic expected to recover in 2024

RPKs in billions

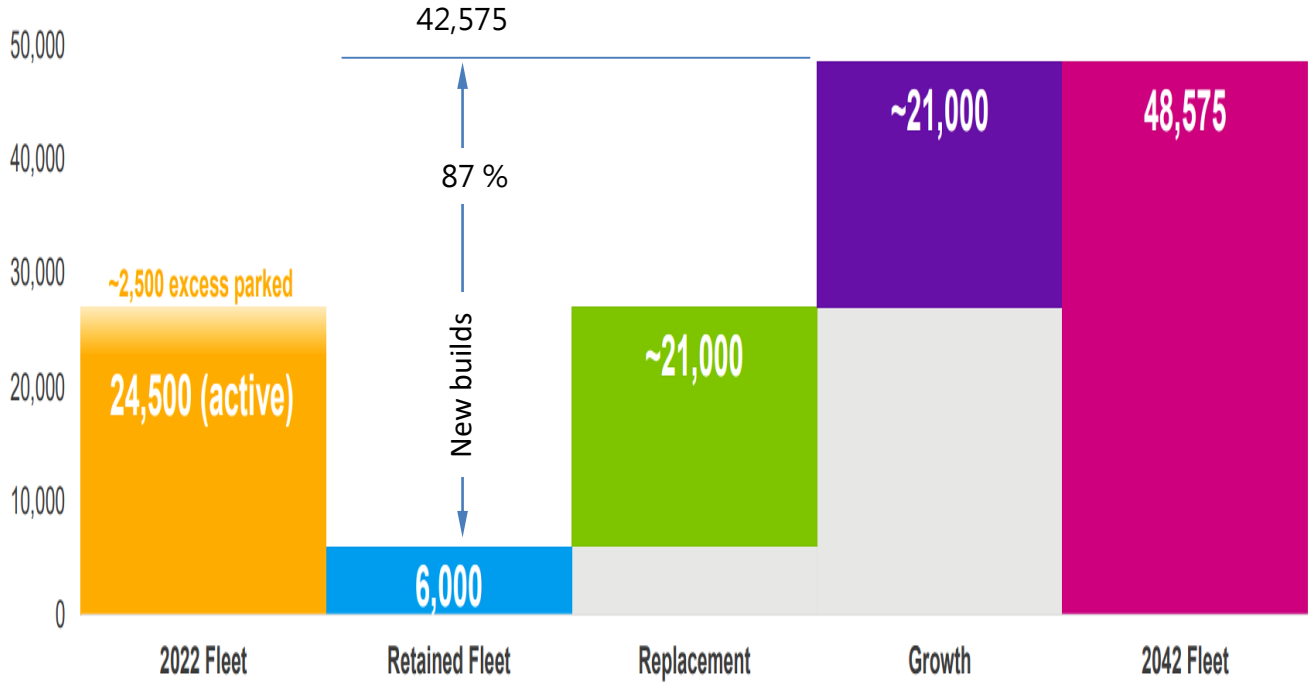


ASKs in billions



Source: Tourism Economics/IATA Sustainability and Economics June 2023

Boeing forecast airlines will need 42,575 new airplanes over 20 years

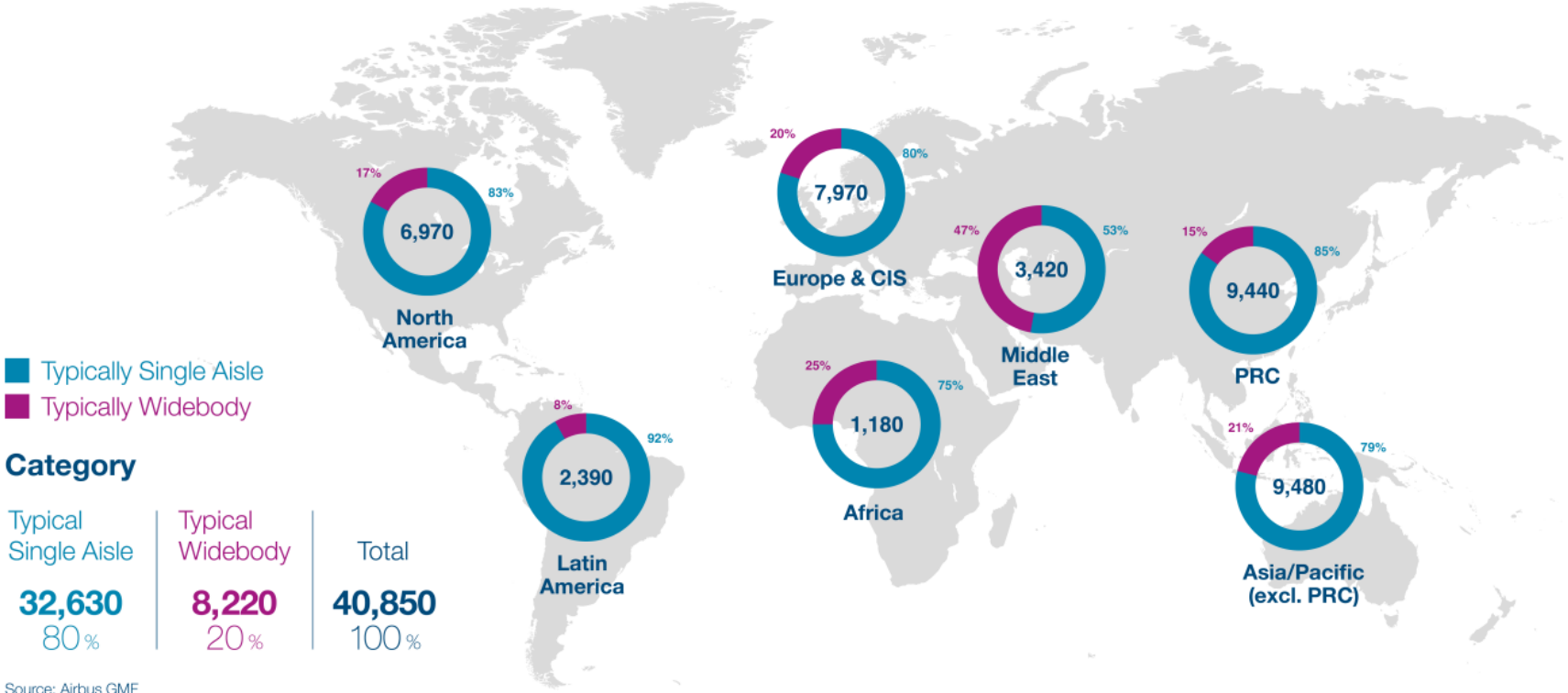


SOURCE: Boeing CMO June 15, 2023

40,850 new deliveries between 2023 and 2042

80% typical Single Aisle - 20% typical Widebody

Airbus forecast airlines will need 40,850 new airplanes over 20 years



Category

Typical Single Aisle	Typical Widebody	Total
32,630	8,220	40,850
80%	20%	100%

Source: Airbus GMF

Note: Passenger (>100 seats) & Freighter (>10 tons payload) | Figures rounded to the nearest 10

AIRBUS

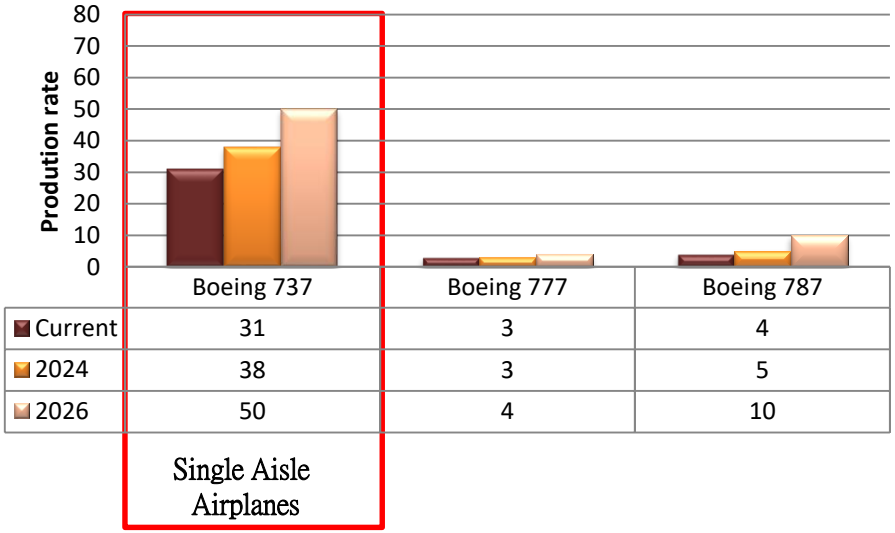
Single Aisle dominates the market

SOURCE: Boeing CMO June 15, 2023

PASSENGER AIRPLANES		
REGIONAL JETS	SINGLE AISLE AIRPLANES	WIDEBODY AIRPLANES
AVIC ARJ-700	Boeing 717	Boeing 747
Bombardier CRJ	Boeing 737	Boeing 767
Embraer ERJ Series	Boeing 757	Boeing 777
Embraer 170 Series	Boeing/MDC MD-80, -90	Boeing 787
Fokker 70	Airbus A220 Series	Airbus A300/A310
Sukhoi SSJ100	Airbus A320 Series	Airbus A330
	Bombardier CRJ-1000	Airbus A340
	Comac C919	Airbus A350
	Embraer 190 Series	Airbus A380
	Fokker 100	
	UAC MS 21	

Expected monthly production capacity of commercial aircraft

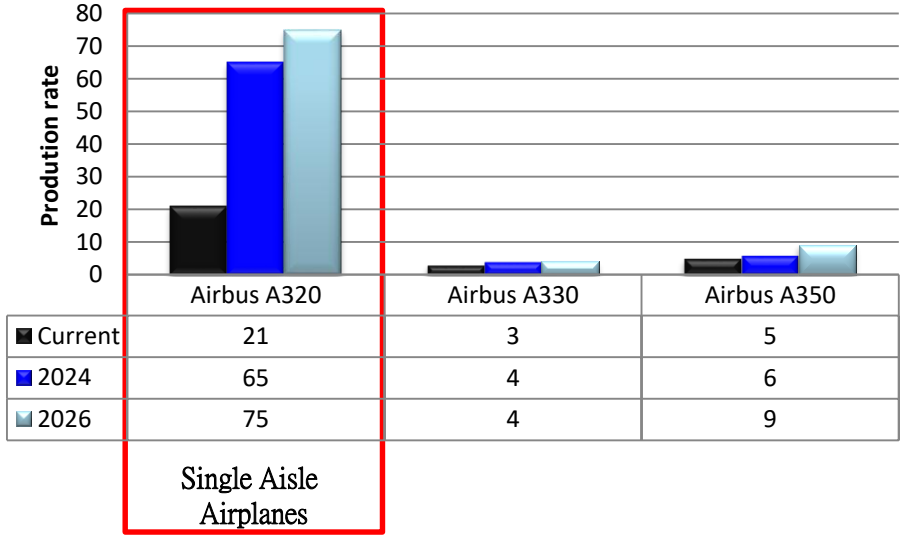
Monthly Aircraft Production Rate (BOEING)



	Boeing 737	Boeing 777	Boeing 787
Current	31	3	4
2024	38	3	5
2026	50	4	10

SOURCE: Boeing Company - Investors - Fact Sheets June 30, 2023

Monthly Aircraft Production Rate (AIRBUS)



	Airbus A320	Airbus A330	Airbus A350
Current	21	3	5
2024	65	4	6
2026	75	4	9

SOURCE: Airbus reports Full-Year (FY) 2022 results February 16, 2023

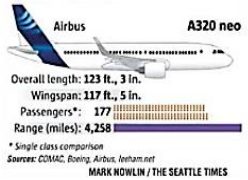
Primary single-aisle aircraft engines

PASSENGER AIRPLANES

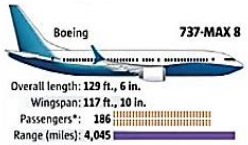
SINGLE AISLE AIRPLANES

- Boeing 717
- Boeing 737
- Boeing 757
- Boeing/MDC MD-80, -90
- Airbus A220 Series
- Airbus A320 Series
- Bombardier CRJ-1000
- Comac C919
- Embraer 190 Series
- Fokker 100
- UAC MS 21

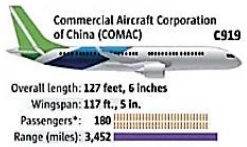
LEAP-1A/-1B/-1C have a 72 % share of the entire narrowbody market



CFMI LEAP-1A
PW1100G-JM



CFMI LEAP-1B

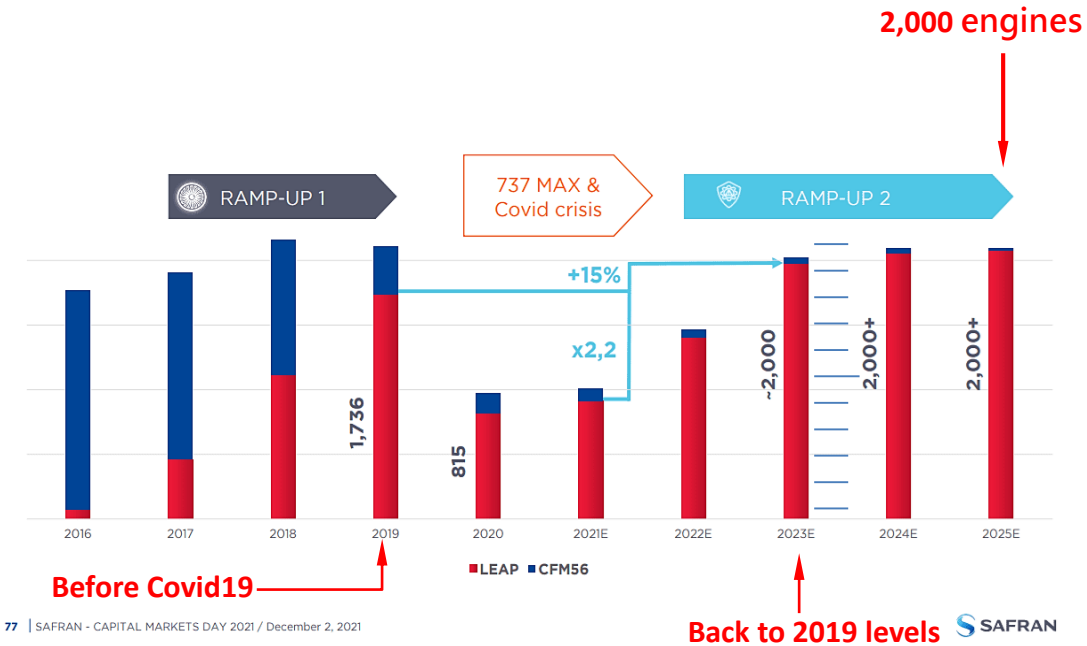


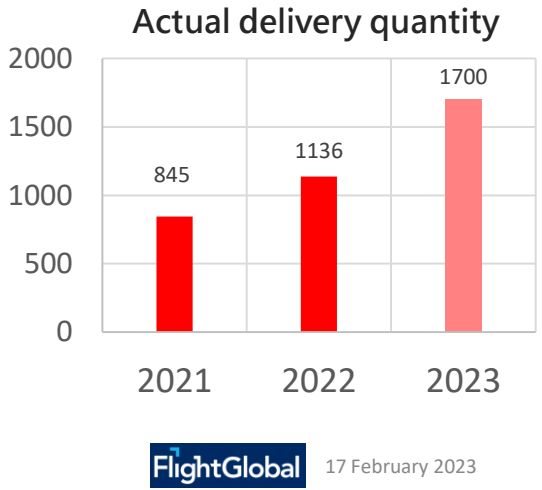
CFMI LEAP-1C

- For the environment and the fact that purely for operating costs, airlines are very, very motivated to require the latest, most efficient and lowest-emission aircraft
- In the Chinese market, if the aircraft model switches to C919, the total demand for NAFCO products will not actually change much, because all three engines are assembled in Europe and the United States.

Engine production plan

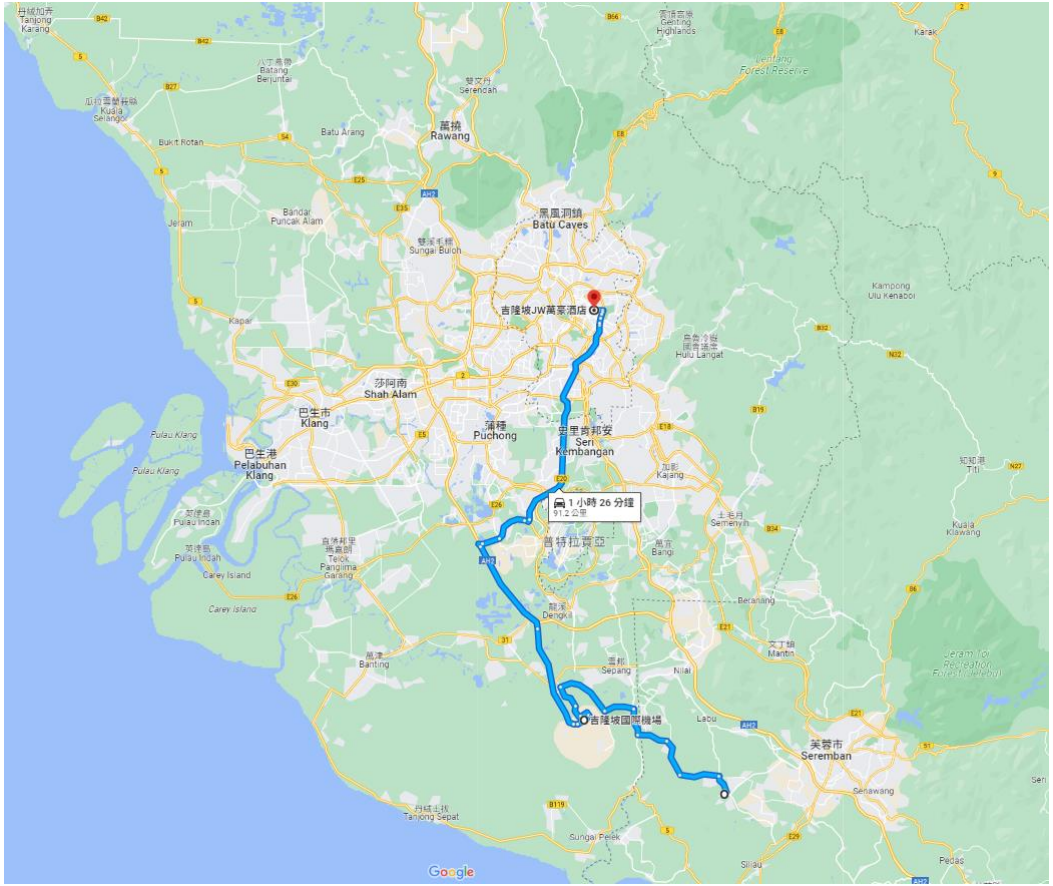
- 2023 LEAP deliveries to be close to 2019 levels
- Around 2,000 LEAP engines will be produced annually starting in 2024





Investment in Malaysia

- Geopolitics
- Regional tax competitiveness
- Global footprint of automotive and aerospace manufacturing
- It is expected to choose Sandayan Industrial Area near Seremban City, Negeri Sembilan
- The first phase of investment is expected to be US$5 million



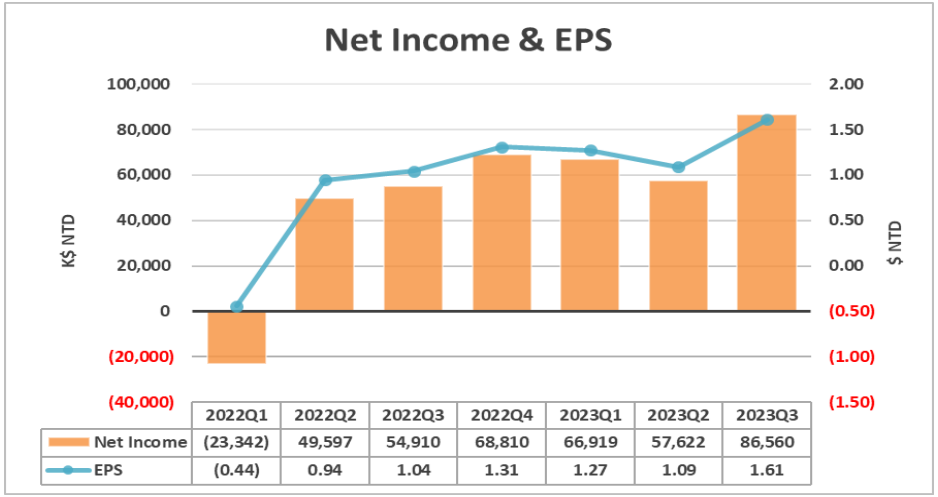
Financial Performance

Chris Lee / CFO

30

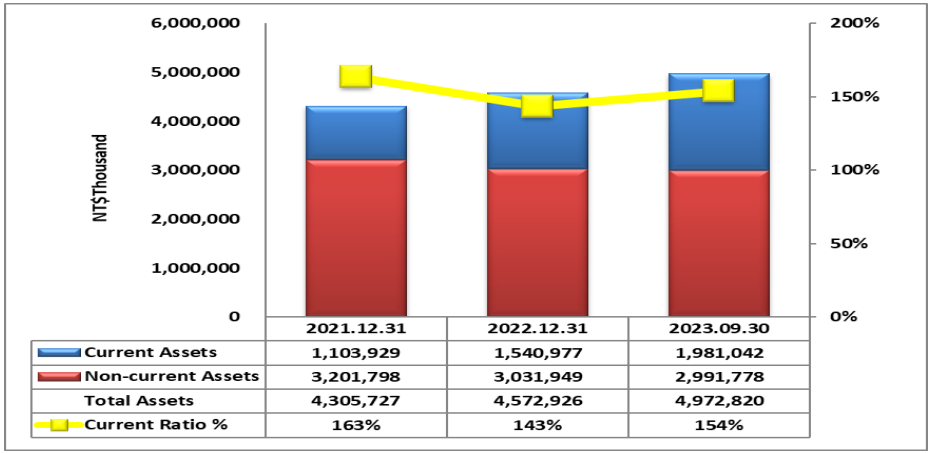
Sales Revenue、Net Income and Eps

	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3
Sales revenue	424,627	497,171	588,494	682,629	696,479	713,103	797,269

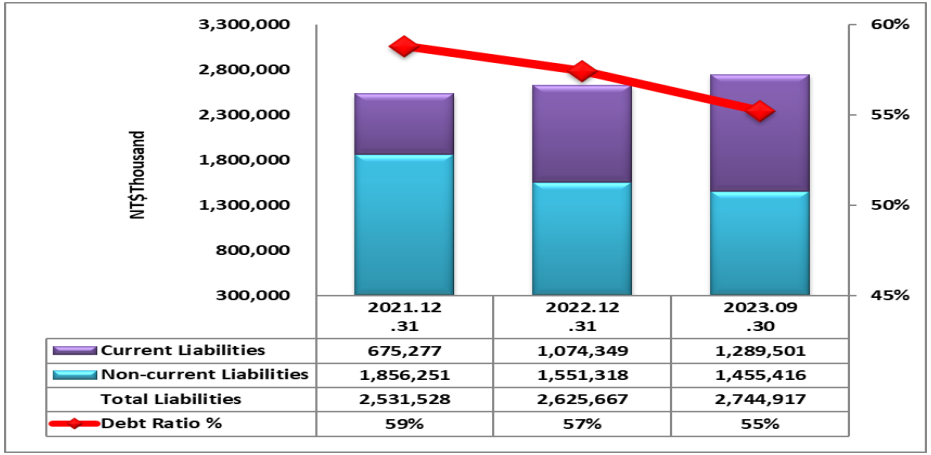


	2022Q1	2022Q2	2022Q3	2022Q4	2023Q1	2023Q2	2023Q3
Net Income	(23,342)	49,597	54,910	68,810	66,919	57,622	86,560
EPS	(0.44)	0.94	1.04	1.31	1.27	1.09	1.61

Asset and Liabilities

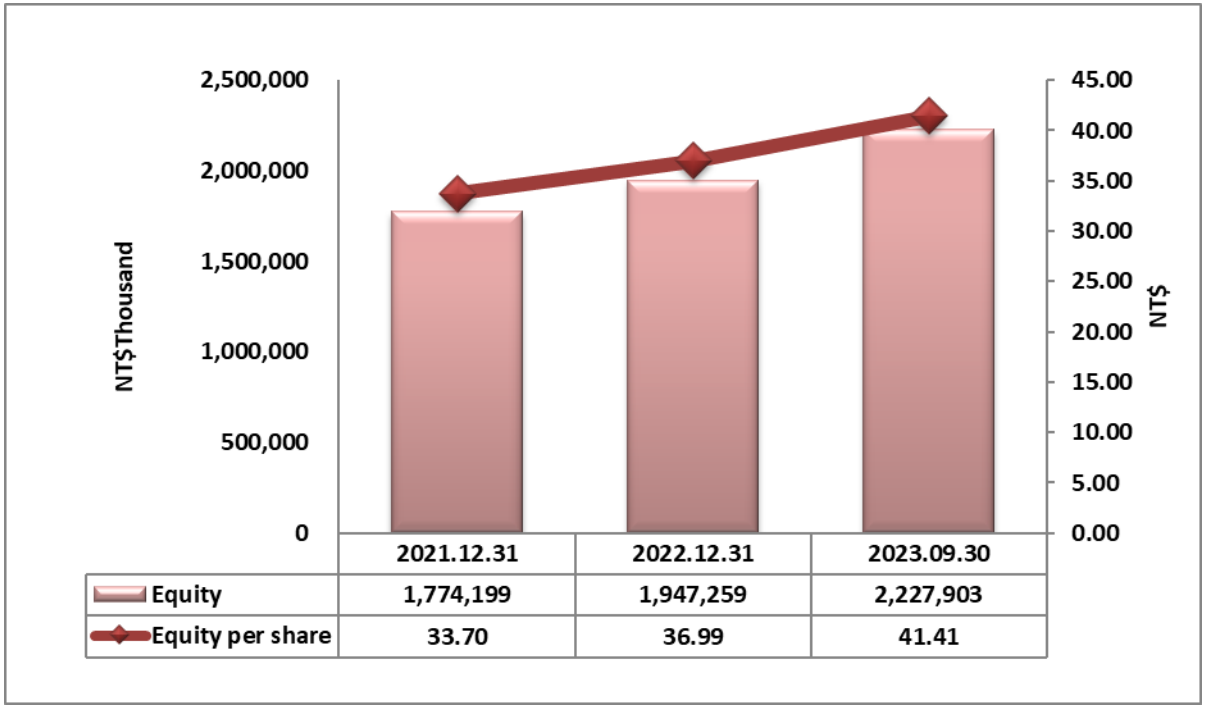


	2021.12.31	2022.12.31	2023.09.30
Current Assets	1,103,929	1,540,977	1,981,042
Non-current Assets	3,201,798	3,031,949	2,991,778
Total Assets	4,305,727	4,572,926	4,972,820
Current Ratio %	163%	143%	154%



	2021.12 .31	2022.12 .31	2023.09 .30
Current Liabilities	675,277	1,074,349	1,289,501
Non-current Liabilities	1,856,251	1,551,318	1,455,416
Total Liabilities	2,531,528	2,625,667	2,744,917
Debt Ratio %	59%	57%	55%

Equity and Equity per share



	2021.12.31	2022.12.31	2023.09.30
Equity	1,774,199	1,947,259	2,227,903
Equity per share	33.70	36.99	41.41

Thank you