Company Update
Textile & Apparel

2026/05/14

TruePulse Equity Research
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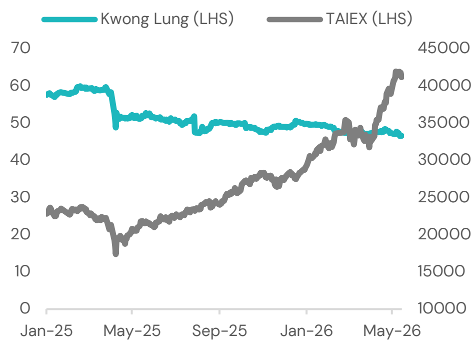
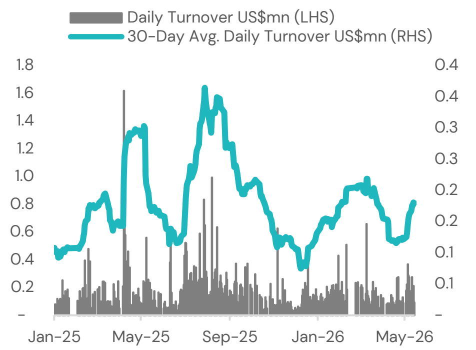
Key Statistics

Ticker:	8916.TW / 8916 TT
Current Price:	TWD 46.5
52-Week Range:	TWD 46.2 - 52.8
Avg. Vol. (30-Day, k share)	117.9
Outstanding Shares (MN)	150.2
FINI Holding (%)	3.05
Market Cap (US$MN)	221.0

Price Performance





Financial Summary

NT$ mn	2024	2025	2026E	2027E
Revenue	7,893	8,538	8,367	9,543
Revenue YoY (%)	2.4	8.2	(2.0)	14.1
Gross Margin (%)	17.3	15.3	16.4	17.5
OP Margin(%)	7.3	5.6	7.0	8.2
Net Profit	609	377	600	700
Net Profit YoY (%)	5.5	(38.1)	59.1	16.5
Net Margin(%)	7.7	4.4	7.2	7.3
EPS (NT$)	4.04	2.50	3.89	4.53
BPS (NT$)	39.6	35.8	34.2	35.9
ROE (%)	10.7	67	11.3	13.0
Yield (%)	7.7	6.5	7.5	-
P/E (x)	11.5	18.5	11.6	10.0
P/B (x)	1.2	1.3	1.4	1.3
P/S (x)	0.9	0.8	0.8	0.7
EV/EBITDA (x)	12.6	13.6	10.6	8.2

Kwong Lung Enterprise

New Growth Drivers Taking Shape; Shareholder Return Visibility Continues to Improve

Company Overview

Founded in 1966, Kwong Lung Enterprise (8916.TW) has evolved from a traditional down materials supplier into a diversified manufacturer spanning apparel, home textiles, and insulation materials. With a global production network and a focus on product innovation, the company serves a diverse global brand customers. Kwong Lung continues to enhance operational efficiency and expand its market presence while maintaining financial discipline. Over the years, it has sustained a stable dividend policy, reflecting its commitment to long-term financial stability and shareholder returns.

Key Points

1Q26 Earnings Miss Driven by Temporary Home Textile Weakness: Kwong Lung reported 1Q26 revenue of NT$1.45bn, down 13.3% YoY and slightly below our estimate, while EPS of NT$0.17 missed both our forecast and market consensus by ~34%. The miss was mainly driven by weaker home textile utilization as key customer Nitori continues inventory normalization, alongside elevated down material costs that pressured margins. Gross margin declined to 11.8%, below our 12.6% estimate. Despite temporary softness, the company remained profitable, supported by residential project contribution.

Defense, New Customers, and E-commerce Driving the Next Growth Phase: Management maintained its double-digit full-year revenue growth target for its apparel business, with secured orders already reaching roughly 70% of its annual target. Beyond traditional outdoor apparel, the company has formally entered Taiwan's defense procurement market, securing its first grenade carrier bag contract while pursuing the Kaohsiung Former 302 Factory multi-year project. Management indicated defense-related orders could exceed NT$500mn this year. Meanwhile, new customer contribution has increased to roughly 10–15% of revenue. The company is also actively developing relationships with major U.S. e-commerce platforms, with potential updates expected later this year.

Step-up Dividend Framework Enhances Shareholder Return Visibility: Management reiterated its step-up dividend framework, targeting approximately 20% annualized shareholder returns while aiming to increase annual cash dividends toward NT$3.5–4.0/share by 2027–2028. Alongside core operations, the company continues strengthening recurring non-operating cash flow through commercial real estate, renewable energy initiatives, and Japanese asset monetization. Management expects non-operating income to exceed NT$100mn this year, supported by Tokyo office disposal gains, rental income, and solar power generation.

Forecast Revision Reflects Near-term Adjustment; Long-term Thesis Intact: We slightly revise down our 2026–2027 earnings forecasts to reflect temporary weakness in home textiles, elevated feather costs, and adjustments to project recognition timing, with EPS revised to NT$3.89 and NT$4.53, respectively. Nevertheless, we believe the company's medium- to long-term outlook remains intact. Relative to traditional textile peers, Kwong Lung continues to build a more differentiated operating profile through high-end functional apparel, defense-related business, scaling new customer contribution, and recurring non-operating income streams. Applying a 13–14x base-case P/E on average 2026–2027 EPS implies a valuation range of approximately NT$55–59/share.

1Q26 Results Analysts Meeting Summary

1Q26 Review: Temporary Margin Pressure Amid Inventory Adjustment
Management attributed the softer 1Q26 performance primarily to temporary weakness within the home textile segment, as key customer Nitori continues to undergo inventory normalization. Lower utilization within home textiles, coupled with elevated down material costs versus an already high base last year, weighed on group gross margins during the quarter.

Despite near-term operating pressure, the company remained profitable at the bottom line, supported by contributions from the Huashan residential project in Taipei, which added approximately NT$20mn in net profit during the quarter. Looking ahead, management expects 2Q26 revenue to remain broadly stable sequentially, while profitability should improve YoY on a more favorable product mix and additional non-operating income contribution.

Geographically, Japan remains the company's largest market at roughly 40% of revenue, including both outdoor brands and Nitori, while the U.S. accounts for approximately 30%, primarily outdoor and winter sports customers. Management also indicated that order visibility has now extended into 4Q26, with secured orders already reaching approximately 70% of the company's full-year target.

Maintaining Leadership in High-end Functional Apparel Manufacturing
Management reiterated that Kwong Lung Enterprise continues to position itself as a high-end functional apparel manufacturer rather than a conventional commodity garment OEM. The company remains focused on technically demanding categories such as Gore-Tex outerwear, down jackets, and ski apparel, while increasingly expanding its role from pure manufacturing into a more integrated ODM solutions provider covering product development, material sourcing, and production engineering.

A key differentiator remains the company's manufacturing system, which adopts a U-shaped production line model derived from the Toyota Motor Corporation production philosophy. Unlike traditional large-scale garment manufacturing, the system is optimized for small-batch, high-mix, and technically complex orders, allowing management teams to identify and resolve production issues in real time through its "One Piece Flow" process. Management believes this operational flexibility remains a meaningful competitive advantage, particularly in premium outdoor apparel where quality control and customization are critical.

From a manufacturing footprint perspective, the company now operates across Taiwan, Vietnam, Indonesia, and Bangladesh. Vietnam facilities are currently operating at peak-season utilization, while Indonesia capacity has expanded to eight production lines. Meanwhile, Bangladesh partnerships continue to scale, with nine partner factories already secured to support future growth initiatives and defense-related production.

Defense and Tactical Equipment Emerging as a New Vertical
Leveraging prior experience supplying tactical and law enforcement apparel for global brands such as 5.11 Tactical, management confirmed that the company has formally entered Taiwan's defense procurement market this year. Beyond the technical requirements, management noted that defense-related tenders also require compliance with non-China supply chain regulations, which positions Bangladesh as an important production base for future military-related products.

The company has already secured its first defense-related order involving grenade carrier bags and is actively pursuing larger opportunities, including the multi-year Kaohsiung Former 302 Factory project, which could exceed

NT$3.6bn in contract value. Management indicated that defense-related orders could potentially reach NT$500mn this year and views the segment as a meaningful long-term business opportunity rather than a one-off contribution.

Importantly, management believes the company's core expertise in waterproof, breathable, flame-resistant, and anti-static functional materials translates naturally into military apparel and tactical equipment applications. As global defense spending continues to rise, the company sees defense-related manufacturing as a structurally attractive extension of its existing high-end functional apparel platform.

Scaling New Customers and Expanding Beyond Traditional Outdoor Apparel

Beyond premium outdoor apparel, management is also targeting larger-scale opportunities within the broader mass-market segment, including major U.S. e-commerce platforms. Customer development remains ongoing, with management expecting potential updates as early as 3Q26 and meaningful revenue contribution beginning in late 2026 or 2027.

At the same time, customers added over the past three years are now gradually scaling into meaningful contributors, with two newly added accounts already becoming top-10 customers. As a result, new customer contribution has increased from approximately 5–10% historically to around 10–15% today.

Management maintained its double-digit full-year revenue growth target, supported primarily by second-half momentum, including replenishment orders from Nitori, scaling new customer programs, and gradually increasing defense-related contribution. Regarding recent Middle East shipping disruptions, management stated that operational impact remains limited given the company's FOB structure, under which freight costs are borne by customers, while most key raw materials had already been secured ahead of time.

Recurring Non-operating Income and Shareholder Return Visibility

Alongside its core apparel business, management continues to build recurring non-operating cash flow streams through commercial real estate and renewable energy initiatives, targeting approximately NT$70mn in recurring commercial income by 2027.

The rooftop solar installation at the Zhongli facility is expected to contribute approximately NT$2.5mn in electricity sales this year, with management also pursuing future green energy certification to enhance monetization. Meanwhile, Taiwan rental properties could generate monthly rental income of roughly NT$4.45mn under full occupancy conditions, with full-year rental income expected to reach approximately NT$34mn this year.

In Japan, the company recently divested a commercial office building in Tokyo's Chiyoda district for approximately JPY716mn, implying estimated pre-tax disposal gains of roughly JPY400mn. The transaction is expected to close in June 2026. Management also indicated that the Osaka hotel project currently under development could potentially be monetized upon completion if targeted profitability thresholds are achieved. Overall, management expects non-operating income to exceed NT$100mn this year.

On shareholder returns, the company reiterated its commitment to a step-up dividend framework, targeting approximately 20% annualized shareholder returns through a combination of dividends and capital appreciation. Management continues to target annual dividends of NT$3.5–4.0/share by 2027–2028, while recently repurchased treasury shares are expected to be cancelled as part of its ongoing capital return strategy.

Our View

In our view, the key takeaway from this quarter extends beyond near-term earnings softness or temporary inventory adjustments. Rather, we believe Kwong Lung is gradually evolving from a traditional cyclical textile manufacturer into a more differentiated yield-and-growth platform.

On one side, the company continues to strengthen new growth vectors through defense-related manufacturing, scaling customer programs, and expansion into broader market segments. On the other, management is simultaneously improving shareholder return visibility through recurring non-operating income streams and a clearly articulated step-up dividend framework.

We believe this combination could gradually narrow the valuation discount historically applied to cyclical textile names, while repositioning the company toward a more balanced investment profile offering both earnings visibility and structural growth optionality. As defense-related contribution, new customer ramp-up, and recurring cash flow continue to scale over time, we believe the company's investment narrative is increasingly shifting toward a more diversified platform capable of delivering both shareholder return visibility and longer-term growth potential.

Exhibit 1.1: Kwong Lung's 1Q26 Results Summary vs. Our Estimates

NT$mn	1Q26A	1Q26E	Diff.	1Q25	YoY	4Q25	QoQ
Net Sales	1,446	1,469	-1.5%	1,668	-13.3%	2,274	-36.4%
COGS	1,276	1,284	-0.6%	1,438	-11.3%	2,010	-36.5%
Gross Profit	170	185	-7.7%	231	-26.2%	264	-35.5%
Operating Expenses	169	174	-2.5%	197	-14.0%	248	-31.8%
Operating Profit	1	11	-90.8%	34	-97.0%	16	-93.7%
Net Non-Op gain/(loss)	33	39	-14.1%	37	-10.6%	10	220.7%
Profit before Tax	34	50	-30.9%	71	-51.7%	26	30.2%
Income Tax	8	11	-25.7%	20	-58.9%	13	-35.7%
Minorities	-0	-0	-19.0.	0	n.a.	-0	-47.7%
Net Income	26	39	-32.3%	51	-48.9%	14	89.1%
EPS (NT$)	0.17	0.26	-33.9%	0.34	-50.0%	0.09	84.8%
Gross margin	11.8%	12.6%		13.8%		11.6%	
Opex Ratio	11.7%	11.8%		11.8%		10.9%	
Operating margin	0.1%	0.7%		2.0%		0.7%	
Income tax %	23.5%	21.9%		27.7%		47.7%	
Pretax-margin	2.4%	3.4%		4.3%		1.2%	
Net margin	1.8%	2.6%		3.1%		0.6%	

Source: Company Data, TruePulse Equity Research

Exhibit 1.2: Kwong Lung's 2026-2027E Forecasts Revision

	2026E			2027E		
NT$mn	Revised	Original	Change	Revised	Original	Change
Revenue	8,367	8,388	-0.2%	9,543	9,580	-0.4%
Gross profit	1,375	1,469	-6.4%	1,665	1,701	-2.1%
Operating profit	584	674	-13.3%	787	819	-3.9%
Pre-tax profit	750	813	-7.7%	885	907	-2.4%
Net profit	600	647	-7.2%	700	716	-2.2%
EPS (NT$)	3.89	4.29	-9.3%	4.53	4.74	-4.4%
Gross margin	16.4%	17.5%		17.5%	17.8%	
Operating margin	7.0%	8.0%		8.2%	8.6%	
Pre-tax margin	9.0%	9.7%		9.3%	9.5%	
Net margin	7.2%	7.7%		7.3%	7.5%	

Source: Company Data, TruePulse Equity Research

Exhibit 1.3: Kwong Lung's Financial Summary and Forecast

Revenue Breakdown (%)	2023	2024	2025	2026E	2027E
Apparel	58.56	61.44	54.89	61.91	65.13
Down Materials	21.85	19.23	19.24	19.17	16.81
Home textile	18.84	18.95	18.12	16.81	16.21
Others	0.75	0.39	7.75	2.11	1.85
(NT$mn)					
Revenue	7,708	7,893	8,538	8,367	9,543
Gross Profit	1,382	1,365	1,310	1,375	1,665
Operating Profit	597	577	475	584	787
Non-op Profit	149	165	32	166	98
Pretax Profit	746	742	507	750	885
Net Profit	578	609	377	600	700
EPS (NT$)	3.95	4.04	2.50	3.89	4.53
Margins					
Gross Margin	17.9%	17.3%	15.3%	16.4%	17.5%
OPEX Ratio	10.2%	10.0%	9.8%	9.4%	9.2%
Operating Margin	7.7%	7.3%	5.6%	7.0%	8.2%
Pretax Margin	9.7%	9.4%	5.9%	9.0%	9.3%
Net Margin	7.5%	7.7%	4.4%	7.2%	7.3%
YoY					
Revenue	-25.2%	2.4%	8.2%	-2.0%	14.1%
Gross Profit	-21.6%	-1.2%	-4.1%	5.0%	21.1%
Operating Profit	-37.4%	-3.4%	-17.7%	23.1%	34.8%
Net Profit	-37.1%	5.5%	-38.1%	59.1%	16.5%
EPS (NT$)	-42.6%	2.5%	-38.1%	55.5%	16.5%

Source: Company Data, TruePulse Equity Research

Exhibit 1.4: Kwong Lung's Financial Summary and Forecast (Quarterly)

(NT$mn)	1Q26	2Q26E	3Q26E	4Q26E	1Q27E	2Q27E	3Q27E	4Q27E
Revenue	1,446	2,467	2,573	1,880	1,637	2,798	2,972	2,135
Gross Profit	170	423	487	295	238	521	566	339
Operating Profit	1	236	263	84	66	313	303	105
Non-op Profit	33	59	36	37	28	32	28	10
Pretax Profit	34	295	299	121	94	346	331	114
Net Profit	26	233	232	109	74	272	253	100
EPS (NT$)	0.17	1.51	1.50	0.71	0.48	1.76	1.64	0.65
Margins								
Gross Margin	11.8%	17.1%	18.9%	15.7%	14.6%	18.6%	19.1%	15.9%
OPEX Ratio	11.7%	7.6%	8.7%	11.2%	10.5%	7.4%	8.9%	11.0%
Operating Margin	0.1%	9.6%	10.2%	4.5%	4.0%	11.2%	10.2%	4.9%
Pretax Margin	2.4%	12.0%	11.6%	6.5%	5.8%	12.3%	11.1%	5.3%
Net Margin	1.8%	9.5%	9.0%	5.8%	4.5%	9.7%	8.5%	4.7%
YoY	1.8%	9.5%	9.0%	5.8%	4.5%	9.7%	8.5%	4.7%
Revenue	-13.3%	1.5%	18.9%	-17.3%	13.2%	13.4%	15.5%	13.6%
Gross Profit	-26.2%	3.0%	20.5%	11.5%	39.9%	23.3%	16.4%	15.1%
Operating Profit	-97.0%	-1.0%	41.1%	426.7%	6515.7%	32.7%	15.3%	24.6%
Net Profit	-48.9%	130.5%	9.8%	688.5%	181.4%	16.6%	9.5%	-8.3%
EPS (NT$)	-50.0%	125.7%	7.4%	670.6%	181.4%	16.6%	9.5%	-8.3%

Source: Company Data, TruePulse Equity Research

TruePulse Capital Advisory

Exhibit 1.5: Kwong Lung's Peer Valuation Comparison Table

	Market Cap	EPS CAGR	P/E (x)			P/B (x)			ROE (%)			Dividend Yield (%)	
	(US$mn)	2025-2027E	2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026
Taiwan Textile Peers													
Kwong Lung	221	36.2%	18.5	11.6	10.0	1.3	1.4	1.3	6.7	11.3	13.0	6.5	7.5
Quang Viet	207	-	20.4	10.7	-	0.8	-	-	19.7	17.3	20.8	-	-
Eclat	3,036	15.2%	17.4	14.5	13.1	3.2	3.2	2.8	18.9	22.3	22.7	4.3	5.2
Makalot	1,791	10.3%	15.6	14.2	12.8	4.0	4.0	3.8	24.9	29.3	30.5	6.6	6.4
Great Giant	467	25.1%	15.9	11.6	10.1	2.1	2.4	2.3	16.6	20.8	19.8	5.0	5.7
Average		**21.7%**	**17.6**	**12.5**	**11.5**	**2.3**	**2.8**	**2.5**	**17.4**	**20.2**	**21.4**	**5.6**	**6.2**
Global Textile Peers													
Youngone	2,228	11.1%	6.8	5.7	5.5	0.8	0.8	0.7	11.8	13.2	12.6	2.7	2.4
Shenzhou Int'l	8,891	7.2%	10.4	10.1	9.0	1.6	1.5	1.4	17.1	15.2	16.0	5.8	6.1
Average		**9.1%**	**8.6**	**7.9**	**7.2**	**1.2**	**1.1**	**1.0**	**14.5**	**14.2**	**14.3**	**4.3**	**4.3**
TW Footwear Peers													
Feng Tay	2,242	8.8%	14.0	13.2	11.9	2.7	2.6	2.4	19.3	20.2	21.2	5.7	6.2
Fulgent Sun	505	29.1%	13.1	10.7	7.9	1.2	1.2	1.0	9.3	10.7	13.7	6.4	5.4
Lai Yih	1,293	14.7%	12.6	13.0	9.5	1.7	1.6	1.4	13.3	12.9	14.9	4.3	4.2
Sports Gear	556	8.8%	13.0	14.6	9.6	1.2	1.1	1.0	9.3	7.9	11.3	5.9	4.8
Chung Jye	390	-0.3%	22.9	15.4	8.9	1.0	1.0	-	5.2	6.4	6.6	6.4	-
Average		**12.2%**	**15.1**	**13.4**	**9.6**	**1.6**	**1.5**	**1.5**	**11.3**	**11.6**	**13.5**	**5.7**	**5.1**
Global Outerwear													
adidas	29,476	22.5%	18.8	15.3	12.6	4.5	4.0	3.3	22.2	26.8	29.0	1.9	2.6
Columbia Sportswear	2,969	10.5%	16.8	14.7	13.7	1.8	1.7	1.6	10.4	11.6	12.0	2.1	2.0
V.F. Corporation	6,702	9.3%	30.0	17.1	13.3	4.1	-	-	16.5	19.9	-	2.1	2.1
Canada Goose	1,034	123.0%	66.0	14.9	13.3	2.5	2.4	-	18.4	11.8	-	-	-
Moncler	16,105	6.2%	22.0	21.2	19.5	3.6	3.4	3.1	16.2	16.4	16.7	2.8	2.7
Amer Sports	19,072	42.6%	44.6	27.5	21.9	3.2	2.8	2.5	9.4	10.7	12.1	-	-
Average		**35.7%**	**33.0**	**18.4**	**15.7**	**3.3**	**2.8**	**2.6**	**15.5**	**16.2**	**17.4**	**2.2**	**2.4**

Source: Company Data, TruePulse Equity Research

Income Statement

NT$mn	2023	2024	2025	2026E	2027E
Net Sales	7,708	7,893	8,538	8,367	9,543
COGS	6,326	6,528	7,228	6,992	7,878
Realized profit (loss) from sales	0	0	0	0	0
Gross Profit	1,382	1,365	1,310	1,375	1,665
Selling Expenses	365	342	386	339	389
G&A Expenses	367	396	393	395	428
R&D Expenses	53	51	56	55	60
Other Operating Expenses	0	0	0	1	1
Operating Profit	597	577	475	584	787
EBITDA	761	734	645	827	1,065
Net Interest Income (Expenses)	29	11	-12	20	18
Other, Net	8	5	2	21	42
EBT Excl. Unusual Items	635	593	465	625	847
Gain (Loss) on Sales of Investments	-2	83	1	102	38
Gain (Loss) on Sale of Assets	1	-0	60	0	0
Gain (Loss) on FX	28	47	-67	0	0
Other Unusual Items, Total	85	18	48	23	0
EBT Incl. Unusual Items	746	742	507	750	885
Income Tax Expense	169	135	130	150	186
Earnings from Cont. Ops.	577	606	377	600	699
Discontinued Operations	0	0	0	0	0
Net Income to Company	577	606	377	600	699
Minority Interest	-1	-3	-0	-0	-0
Net Income to Parent	578	609	377	600	700
EPS (NT$)	3.95	4.04	2.50	3.89	4.53

Source: Company Data, TEJ TruePulse Equity Research

Statement of Cashflow

NT$mn	2023	2024	2025	2026E	2027E
Net Income	578	609	377	600	700
Minority Interest	-1	-3	-0	-0	-0
D & A, Total	155	154	170	242	276
Amortization of Deferred Charges	8	3	1	2	2
Change in Net Operating Assets	610	-529	560	-779	-153
Other Non-Cash Items, Total	-93	-128	27	-16	0
Other Non-Cash Items, Total (incl. minority profit)	-93	-131	27	-16	0
Cash Flow-Operating	1,258	106	1,135	49	823
Capital Expenditure	-270	-357	-205	-110	-126
Sales of PP&E	48	1	12	12	30
Other Investing Activities	-865	-543	-427	178	0
Cash Flow-Investment	-1,087	-899	-620	80	-96
Issue/(Retire) of Debt	-145	941	599	24	0
Bank Revolver Draw/(Paydown)	-201	629	737	42	0
LT Debt (Paydown)	56	312	-138	-19	0
Issue/(Retire) of Common Equity	12	22	-54	-33	0
Issue/(Retire) of Preferred Equity	0	0	0	0	0
Cash dividends paid	-569	-542	-545	-453	-492
Other Financing Activities	-42	-32	-183	-26	0
Increase (decrease) in Minority	-2	-1	18	3	0
Cash Flow-Financing	-746	388	-164	-485	-492
Foreign Exchange Effects	-32	111	-130	69	42
Change in Cash Flow	-606	-294	222	-286	277
Beginning Cash	1,530	923	629	851	564
Ending Cash	923	629	851	564	842

Source: Company Data, TEJ, TruePulse Equity Research

Balance Sheet

NT$mn	2023	2024	2025	2026E	2027E
Cash & Equivalent	923	629	851	564	842
Trading Asset Securities	6	10	8	20	20
Short-Term Investment	561	437	454	365	365
AR & NR	577	832	715	960	989
Inventories	1,579	2,449	1,638	2,078	2,303
Prepaid Expenses	58	75	33	0	0
Other Current Assets	313	479	353	462	462
Total Current Assets	4,017	4,911	4,051	4,449	4,980
Long-term Investment	1,047	1,156	928	879	879
Total property plant and equipment	1,831	2,307	1,381	1,265	1,085
Goodwill	22	22	22	24	24
Other intangibles	5	3	2	0	0
Other Non-Current Assets	1,056	1,877	3,411	3,370	3,370
Total Assets	7,978	10,276	9,795	9,987	10,338
AP & NP	644	1,050	639	749	850
Accrued Expenses	462	443	489	686	676
Other Current Liabilities	68	267	144	144	144
Total Current Liabilities (excl. ST Debt)	1,174	1,760	1,272	1,579	1,669
Working Capital Revolver (ST Debt)	549	1,349	2,087	2,129	2,129
Total Debt (excl. Working Capital Revolver+incl. LT Debt within 1 yr)	485	970	829	810	810
Other Liabilities	170	225	210	193	193
Total Liabilities	2,378	4,304	4,398	4,712	4,802
Total Common Equity	5,592	5,826	5,377	5,252	5,514
Common Stock	1,501	1,511	1,502	1,503	1,503
Capital Reserve	2,233	2,255	2,234	2,162	2,162
Retained Earnings	1,952	2,050	1,915	1,842	2,062
Other Adjusted Items	-94	10	-275	-256	-214
Total Preferred Equity	7	3	3	3	3
Minority Interest	1	143	18	21	20
Total Equity	5,601	5,972	5,397	5,275	5,537

Source: Company Data, TEJ TruePulse Equity Research

Financial Ratios

NT$mn / % / Days	2023	2024	2025	2026E	2027E
Margins					
Gross margin	17.9%	17.3%	15.3%	16.4%	17.5%
Op expense ratio	10.2%	10.0%	9.8%	9.4%	9.2%
Operating margin	7.7%	7.3%	5.6%	7.0%	8.2%
EBITDA margin	9.9%	9.3%	7.6%	9.9%	11.2%
Pretax margin	9.7%	9.4%	5.9%	9.0%	9.3%
Net margin	7.5%	7.7%	4.4%	7.2%	7.3%
Balance sheet ratios					
Receivables	577	832	715	960	989
Inventory	1,579	2,449	1,638	2,078	2,303
Payables	644	1,050	639	749	850
Net working capital	1,512	2,231	1,714	2,289	2,443
Receivable days	37.6	32.6	33.1	36.5	37.3
Inventory days	106.7	112.6	103.2	97.0	101.5
Payable days	43.1	47.4	42.6	36.2	37.0
Cash conversion cycle	101.2	97.8	93.6	97.3	101.7
Liquidity ratios	577	832	715	960	989
Operating cash flow	1,258	106	1,135	49	823
Capex	-270	-357	-205	-110	-126
Free cash flow	988	-251	930	-61	698
Cash & Cash equivalent	923	629	851	564	842
Gross debt	1,034	2,319	2,916	2,940	2,940
Net debt	-450	1,253	1,612	2,011	1,733
Gross debt/equity	18%	39%	54%	56%	53%
Net Debt/Equity	-8%	21%	30%	38%	31%
Liabilities/Equity	42%	72%	81%	89%	87%
Liabilities/Assets	30%	42%	45%	47%	46%
Return ratios					
ROAE	10.4%	10.7%	6.7%	11.3%	13.0%
ROAA	7.0%	6.7%	3.8%	6.1%	6.9%

Source: Company Data, TEJ TruePulse Equity Research

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