



Qisda Corporation Investor Conference: 2022 Q4 Results

March 8, 2023

Participants

Chairman

Peter Chen

President

Joe Huang

CFO

Jasmin Hung

GM, Information Technology Business Group

Daniel Hsueh

GM, Commercial and Industrial Business Group

Yuchin Lin

GM, Medical Devices Business Group

Harry Yang

GM, Business Solutions Group

Michael Lee

GM, Networking and Communication Business Group

April Huang

CIO

Michael Wang

Agenda

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CFO

Jasmin Hung

2. 2022 Q4 Financial Results

3. Business Update and Outlook

Chairman

Peter Chen

President

Joe Huang

4. Summary of Business Groups

GM of each Business Group

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Safe Harbor Notice

We have made forward-looking statements in the presentation. Our forward-looking statements contain information regarding, among other things, our financial conditions, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties, and assumptions about us.

We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

1. Company Profile

CFO Jasmin Hung

Qisda Group

Qisda is a global technology group with businesses spanning information technology, medical, smart business solutions, and networking communication.

Year Established	1984
IPO Year (Ticker 2352)	1996
Capital (NTD)	19.7B
Consolidated Companies	200+
Listed Companies (Taiwan)	16
No. of Employees	27,000+

Global Presence

Manufacturing Sites : Taiwan, China, Vietnam

Sales Offices : 200+ Locations Worldwide

R&D : Taiwan, China

Revenue Breakdown by Geography (2022)

Asia	44%
Americas	33%
Europe	21%
Others	2%

2022 Revenue

NTD \$240B (USD\$ 8.2B)

2021 Revenue

NTD \$226B (USD\$ 8.1B)

Awards

2022 HR Asia:

**" Best Companies to Work For"
(2019 – 2022 consecutively)**

2022 Winning 14 Awards of TCSA*

2021 Forbes:

" World's Best Employer 2021 "

2021 Winning 8 Awards of TCSA*

*TCSA: Taiwan Corporate Sustainability Awards

Business Groups

Qisda Group

(till 2022Q4)

	IT Information Technology (59%)	MEDICAL (9%)	BSG Business Solutions (13%)	NCG Networking & Communication (14%)	OTHERS (5%)
Revenue (NTD)	141.5 B	20.5 B	31.8 B	33.6 B	12.4 B
	<ul style="list-style-type: none"> ➤ Displays 92.6 B (39%) <ul style="list-style-type: none"> • Gaming • High-end • General ➤ Projectors 13.7 B (5%) ➤ IT_Other 14.6 B (6%) 	<ul style="list-style-type: none"> ➤ Medical Services <ul style="list-style-type: none"> • BenQ Medical Center in Nanjing and Suzhou • Medical Management Consulting ➤ Equipment & Consumables <ul style="list-style-type: none"> • Operating Table, Surgical Light • Ultrasound • Intraoral Scanner • Hearing Aids • Dentistry Consumables ➤ Dialyzer <ul style="list-style-type: none"> • Dialysis Equipment & Consumables • Ethanol Solution 	<ul style="list-style-type: none"> ➤ IT Intelligence Partner <ul style="list-style-type: none"> • High Performance Computing • Network Security • Cloud Integration • Digital Transformation ➤ OT Intelligence Partner <ul style="list-style-type: none"> • Green Energy • Automation • Industrial Computer ➤ OMO Solution 	<ul style="list-style-type: none"> ➤ LAN/MAN <ul style="list-style-type: none"> • Data Switch ➤ Wireless Broadband <ul style="list-style-type: none"> • Small Cell • Wireless Router ➤ Digital Multimedia <ul style="list-style-type: none"> • IP Camera ➤ Enterprise Mobile Solutions <ul style="list-style-type: none"> • mmWave Radar 	<ul style="list-style-type: none"> ➤ Material <ul style="list-style-type: none"> • Functional Film • Advanced Battery Materials ➤ Other products
	<ul style="list-style-type: none"> ➤ IT_HVA 20.6 B (9%) <ul style="list-style-type: none"> • Prof. Display Module • Integration Solutions • High-end Video Surveillance 				<ul style="list-style-type: none"> ➤ INVESTMENT ➤ AUO (FVOCI) ➤ Darfon (Equity method)

* Purple columns represent "high value-added business" which account for 45% of total revenue. Each business group's 2022 revenue scale is between NTD 20 B ~ 35 B, reaching a meaningful economics of scale.

2. 2022 Q4 Financial Results

CFO Jasmin Hung

2022 Q4 Highlights

- ◆ **Whole year revenue of NTD 239.8B (+13.9B) hit record high. Net income attributable to Qisda reached 8.25B and EPS hit 4.2 which were both the second highest in 10 years.**
 - High Value-added (HVA) business revenue was 106.6B, exceeded 100B scale, increased by 14.2B (YoY +15%).
 - For two consecutive years, EPS surpassed NTD 4 and ROE exceeded 16%
- ◆ **Q4: Consolidated gross margin was 15.6% (YoY +1.9%), highest in 10 years on quarterly basis. HVA business accounted for 50% of total revenue, and operating income amount grew more than 40% YOY.**
 - **NCG:** Revenue grew 44%, both gross margin and operating income margin increased YoY, operating income amount more than doubled and increased for five consecutive quarters.
 - **Medical:** Revenue grew 19%, operating income margin increased YoY, operating income amount grew more than 30%.
 - **BSG:** Revenue grew 1%, both gross margin and operating income margin increased YoY, operating income amount grew more than 50%.
 - **IT:** Revenue decreased 22%, mainly due to lower demand for IT products, which caused decrease in both operating income margin and operating income amount.

2022 Q4 Highlights

- ◆ **Inventory was NTD 43.9B, decreased by NTD 9.5B QoQ or NTD 6.3B YoY. Inventory amount and turnover days declined for three consecutive quarters.**
- ◆ **Cash dividend NTD 2 per share, payout ratio around 48%, yield rate around 6.6% (based on NTD 30.05 closing price of 3/7)**
- ◆ **Qisda will increase investment in BenQ BM Holding Cayman Corp. (BBHC) within the threshold of USD 235M in order to continuously cultivate the Group's medical distribution channels and further growth in the medical business.**

Consolidated Statement of Comprehensive Income (Quarterly)

Unit : NT\$ Million

	2022 Q4		2021 Q4		YoY		2022 Q3		QoQ	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
Net Sales	56,117	100%	61,872	100%	(5,755)	-9%	60,060	100%	(3,943)	-7%
Cost of Goods Sold	(47,351)		(53,391)		6,040		(51,411)		4,060	
Gross Margin	8,766	15.6%	8,481	13.7%	284	3%	8,649	14.4%	117	1%
Operating Expenses	(7,289)	-13.0%	(6,727)	-10.9%	(562)		(7,861)	-13.1%	572	
Operating Income	1,477	2.6%	1,754	2.8%	(277)	-16%	788	1.3%	689	87%
Net non-operating Income	(335)		263		(599)		10,620		(10,955)	
Profit(Loss) before Tax	1,141	2.0%	2,018	3.3%	(876)	-43%	11,408	19.0%	(10,267)	-90%
Net Income	1,016	1.8%	1,533	2.5%	(517)	-34%	7,315	12.2%	(6,300)	-86%
Net income attributable to Qisda	372	0.7%	995	1.6%	(624)	-63%	6,364	10.6%	(5,993)	-94%
EPS (NT\$) (a)	\$0.19		\$0.51		-\$0.32		\$3.24		-\$3.05	

(a) EPS was calculated based on total weighted-averaged outstanding shares (1,967m shares)

Consolidated Statement of Comprehensive Income (YTD)

Unit : NT\$ Million

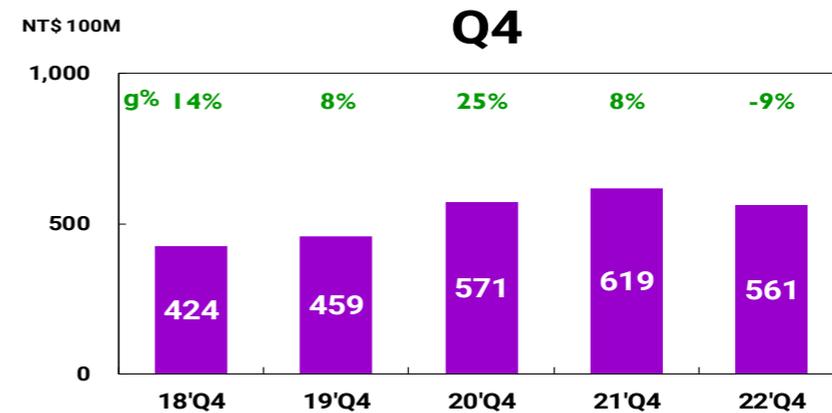
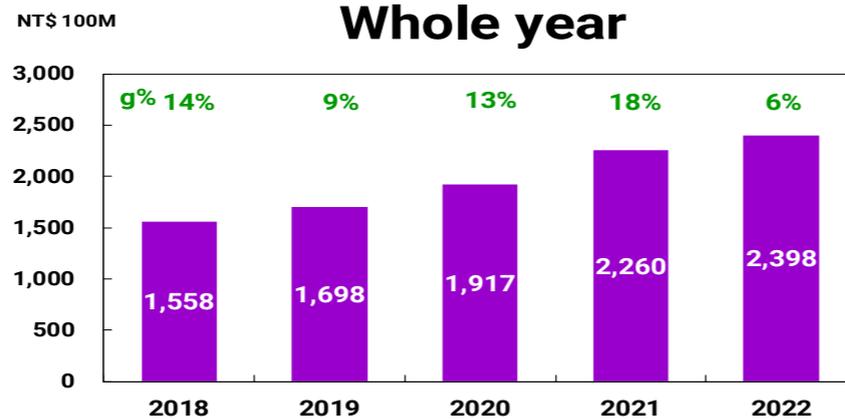
	2022		2021		YTD YoY	
	amt	g%	amt	g%	amt	g%
Net Sales	239,837	100%	225,961	100%	13,876	6%
Cost of Goods Sold	(205,276)		(193,404)		(11,872)	
Gross Margin	34,561	14.4%	32,557	14.4%	2,004	6%
Operating Expenses	(28,709)	-12.0%	(25,196)	-11.2%	(3,513)	
Operating Income	5,852	2.4%	7,361	3.3%	(1,509)	-20%
Net non-operating Income	10,771		5,631		5,140	
Profit(Loss) before Tax	16,623	6.9%	12,992	5.7%	3,631	28%
Net Income	11,079	4.6%	10,483	4.6%	596	6%
Net income attributable to Qisda	8,252	3.4%	8,308	3.7%	(56)	-1%
EPS (NT\$) (a)	\$4.20		\$4.22		-\$0.03	

(a) EPS was calculated based on total weighted-averaged outstanding shares (1,967m shares)

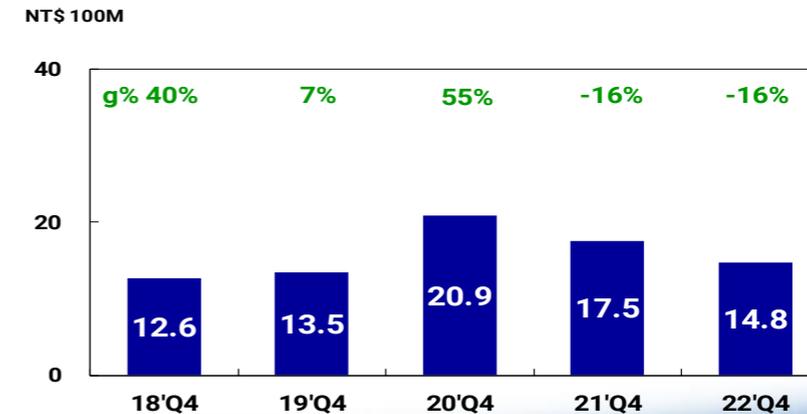
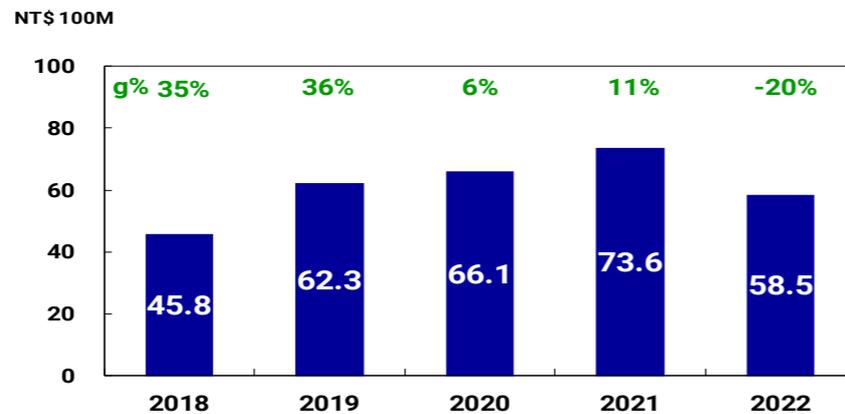
Revenue and Operating Income

- ◆ **Revenue:** record high with an increase of NTD 13.9B YoY.
- ◆ **Operating income:** Operating income decreased by NTD 0.28B QoQ, due to lower demand for IT products. Operating income decreased by NTD 1.51B, mainly due to lockdowns in China, material shortages, increased logistics expenses and costs, and lower demand for IT products.

Revenue

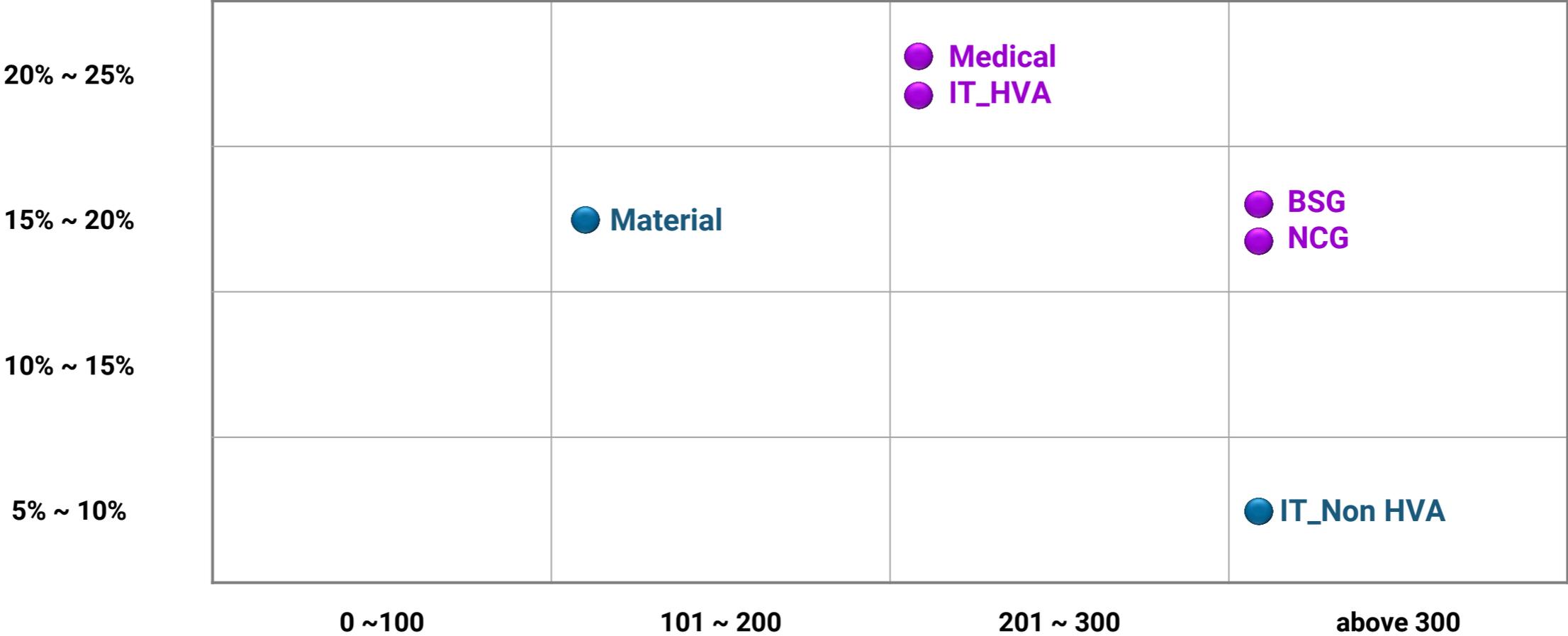


Operating Income



Gross Margin Range (2022 YTD)

GM% Range



Revenue Scale (NTD 100 Million)

Consolidated Balance Sheet Highlights

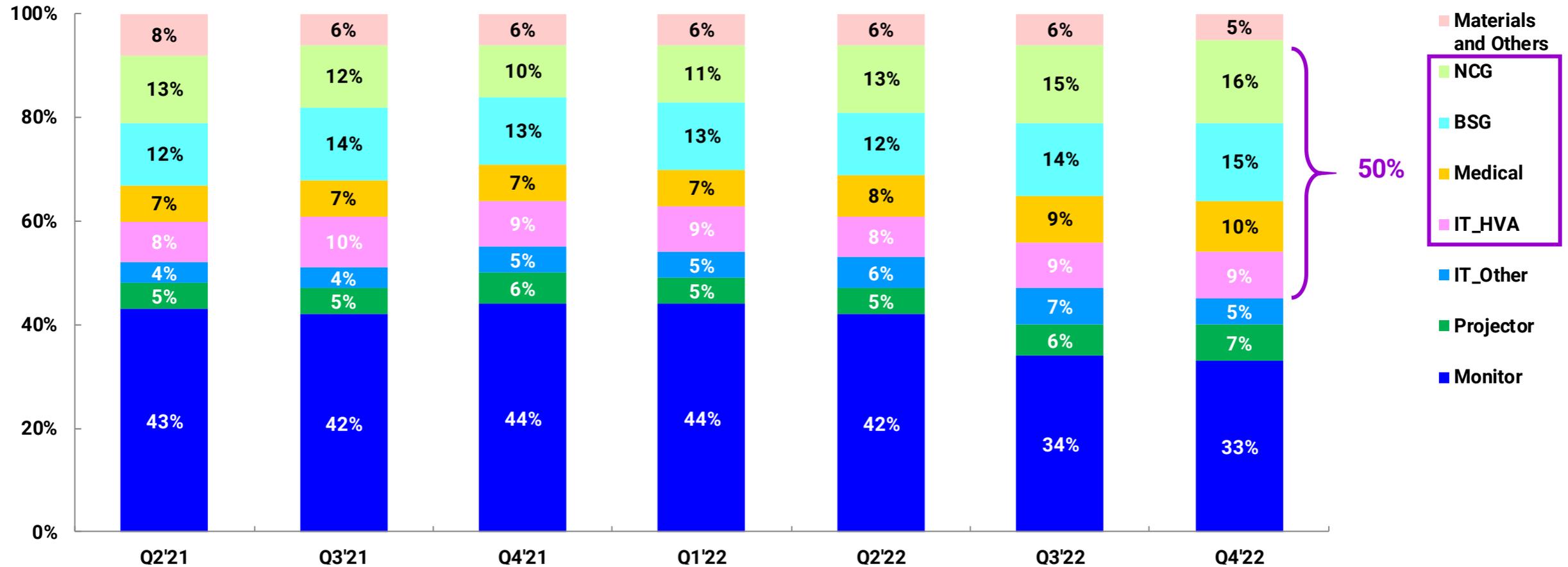
Unit : NT\$ Million

	2022.12.31		2022.09.30		QoQ		2021.12.31		YoY	
	amt	g%								
Cash & Equivalent	30,685	16%	34,792	16%	-4,108	-12%	17,781	10%	12,903	73%
Accounts Receivable	40,150	21%	47,432	22%	-7,282	-15%	33,007	18%	7,143	22%
Inventory	43,870	23%	53,392	25%	-9,522	-18%	50,148	27%	-6,277	-13%
L-T Investments	5,479	3%	5,004	2%	475	9%	4,067	2%	1,412	35%
Financial assets at fair value through other comprehensive income-non-current	10,231	5%	11,440	5%	-1,209	-11%	18,047	10%	-7,816	-43%
Total Assets	193,386	100%	217,494	100%	-24,108	-11%	187,211	100%	6,175	3%
Fin. Debt	62,687	32%	79,565	37%	-16,878	-21%	52,179	28%	10,508	20%
Accounts Payable	29,038	15%	36,501	17%	-7,463	-20%	40,785	22%	-11,747	-29%
Toal Liabilities	125,448	65%	149,847	69%	-24,399	-16%	121,048	65%	4,400	4%
Equity	67,937	35%	67,646	31%	291	0%	66,163	35%	1,775	3%

Key Financial Ratios

	2022.12.31	2022.09.30	QoQ	2021.12.31	YoY
AR Turnover (Days)	70	73	-3	76	-6
Inventory Turnover (Days)	84	90	-6	80	+4
AP Turnover (Days)	62	67	-5	77	-15
Cash Conversion Cycle (Days)	92	96	-4	79	+13
Current ratio	143%	135%	+8 ppt	124%	+19 ppt
ROE	16.5%				

Revenue Breakdown by Business (Quarterly)



*Materials and Others: BenQ Materials and other products

*BSG: Business Solutions Group

*IT_Other: other IT products

*NCG: Networking and Communication

*IT: IT products

*IT_Projector: Projectors

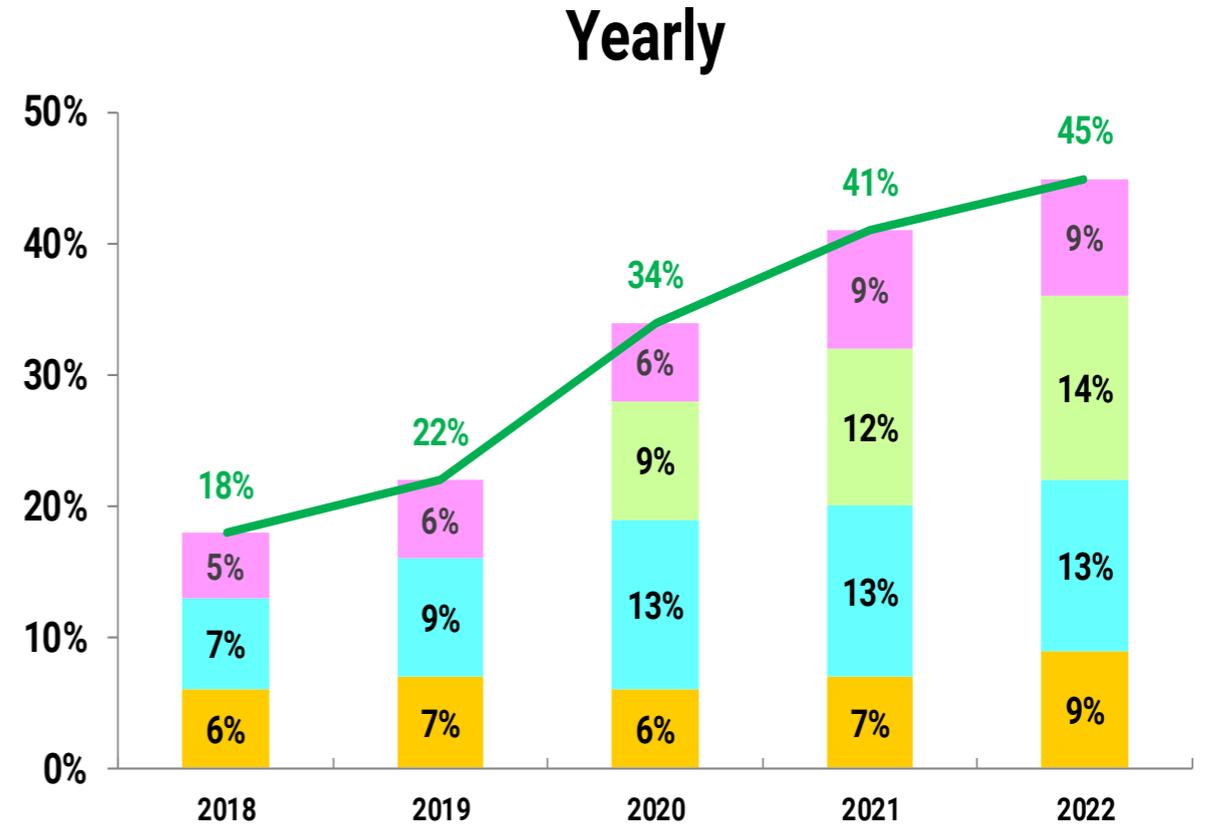
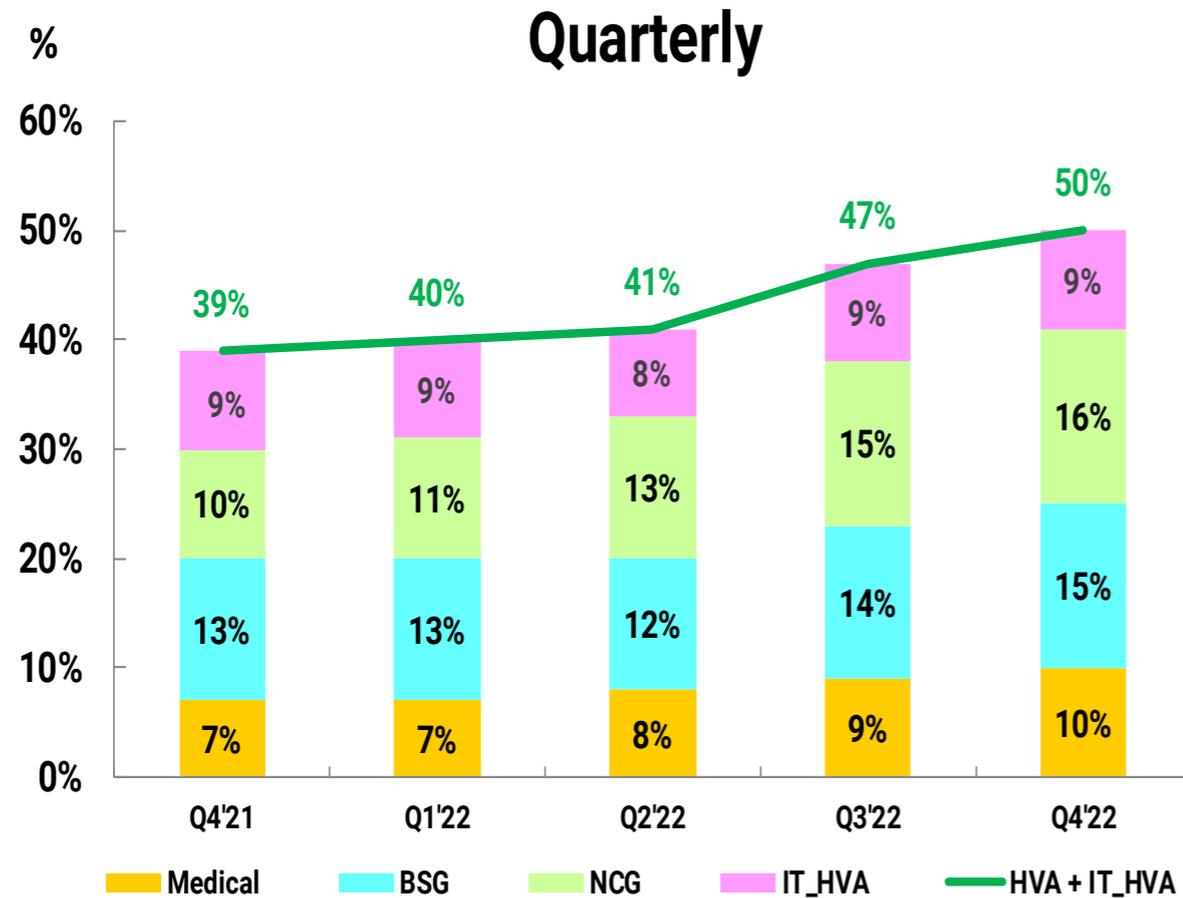
*Medical: medical services, equipment & consumables, dialyzer, medical management consulting

*IT_HVA: prof. display module, integrated solutions, high-end video surveillance

*IT_Monitor: Monitors

High Value-added Revenue Trend

◆ Q4 high value-added business revenue accounts for 50%.



Qisda Group's Listed Companies Results (YTD)

		2022			2021			YoY Differences					
Business Group	Company	Revenue (NTD Million)	Net Income* (NTD Million)	EPS (NTD)	Revenue (NTD Million)	Net Income* (NTD Million)	EPS (NTD)	Revenue (NTD Million)	YoY%	Net Income* (NTD Million)	YoY%	EPS (NTD)	
IT	Datalmage (ROTC)	4,922	422	6.08	4,320	318	4.58	602	14%	104	33%	+1.50	historical high
	TopView (OTC)	2,252	285	9.91	1,995	128	4.46	257	13%	157	122%	+5.45	historical high
	SIMULA (OTC)	4,231	249	3.12	3,068	111	1.39	1,163	38%	138	124%	+1.73	highest in 3 years
Medical	BenQ Medical Tech (OTC)	2,951	180	4.04	1,465	29	0.65	1,487	102%	151	525%	+3.39	historical high
	ConcordMed (ROTC)	889	51	1.52	739	34	1.37	150	20%	16	47%	+0.15	highest in 7 years
	DIVA (OTC)	949	50	0.85	712	22	0.37	237	33%	28	127%	+0.47	highest in 7 years
BSG	DFI (TSE)	16,190	528	4.61	13,312	616	5.38	2,878	22%	-88	-14%	-0.77	Gain on disposal in non-operating profit in 2021
	AEWIN (OTC)	2,463	154	2.60	2,017	45	0.75	447	22%	109	245%	+1.85	highest in 6 years
	Ace Pillar (TSE)	3,762	79	0.70	3,659	148	1.32	103	3%	-69	-47%	-0.61	
	Partner Tech (ROTC)	2,736	136	1.81	2,702	94	1.26	34	1%	41	44%	+0.55	historical high
	MetaAge (TSE)	12,113	413	2.19	12,001	578	3.07	112	1%	-165	-29%	-0.88	Gain on disposal in non-operating profit in 2021
NCG	Alpha (TSE)	33,634	917	1.69	27,862	434	0.80	5,772	21%	483	111%	+0.89	highest in 11 years
	Hitron (TSE)	12,318	482	1.50	9,682	72	0.22	2,637	27%	411	574%	+1.28	highest in 6 years
	IDT (OTC)	2,048	215	5.43	1,865	261	6.73	183	10%	-46	-18%	-1.30	
Materials	BenQ Materials (TSE)	15,540	1,296	4.04	16,482	972	3.03	-941	-6%	324	33%	+1.01	highest in 9 years

* Net income attributable to Qisda

3. Business Update and Outlook

Chairman Peter Chen

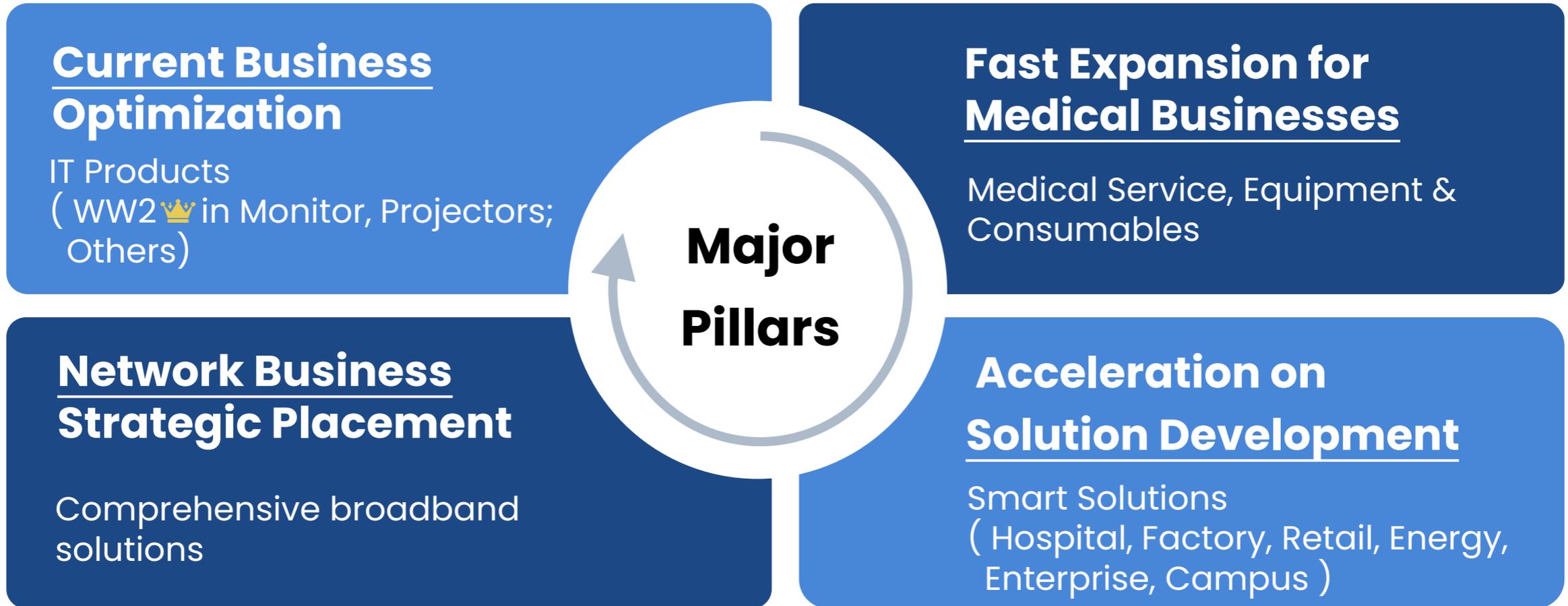
President Joe Huang

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Qisda's Vision

**High value-added business will contribute
more than half of total profit by 2027**

Qisda's Winning Strategy



Foundations for Qisda's Value Transformation



2023 Q1 Outlook

✓ **Cautious Measure in the Face of Global Economic Uncertainties**

- Factors such as inflation, regional wars, pandemic, rising interest rate, as well as slowing market demand bring challenges to operations and need to be monitored.
- Market supply and demand is expected to gradually restoring balance in 1H 2023.

✓ **Business Drivers**

- **Continuous optimization in IT high value-added products.**
- **Medical business to maintain high growth:** Hospital business is operating healthily. Demand for dialysis and consumables are picking up. Enhance synergies from business groups via rapid integration.
- **In-depth expansion of Business Solutions Group:** Steady demand for digital transformation and IT infrastructure, continuously meet the clients' demands.
- **NCG:** Expansion of core businesses, development of new markets and new clients.

4. Summary of Business Groups

GM, Information Technology Business Group

Daniel Hsueh

GM, Commercial and Industrial Business Group

Yuchin Lin

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Harry Yang

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Michael Lee

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5. Q&A



Qisda

Value-Up Solutions