



Qisda Corporation Investor Conference: 2023 Q1 Results

May 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

1. Company Profile

CFO **Jasmin Hung**

2. 2023 Q1 Financial Results

Chairman **Peter Chen**

3. Business Update and Outlook

President **Joe Huang**

4. Q&A

GM of each Business Group

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 (2023 Q1)

Asia	47%
Americas	31%
Europe	20%
Others	2%

2023 Q1 Revenue

NTD \$50.4B (USD\$ 1.6B)

2022 Revenue

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

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 2023Q1)

	IT Information Technology (43% + 8%)	MEDICAL (11%)	BSG Business Solutions (16%)	NCG Networking & Communication (16%)	OTHERS (6%)
Revenue (NTD)	26 B	5.7 B	8.1 B	7.9 B	2.7 B
	<ul style="list-style-type: none"> ➤ Displays 16.3 B (32%) <ul style="list-style-type: none"> • Gaming • High-end • General ➤ Projectors 3 B (6%) ➤ IT_Other 2.4 B (5%) 	<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 • Cybersecurity • Edge to 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 4.3 B (8%) <ul style="list-style-type: none"> • Prof. Display Module • Integration Solutions • High-end Video Surveillance 				INVESTMENT <ul style="list-style-type: none"> ➤ AUO (FVOCI) ➤ Darfon (Equity method)

* Purple columns represent "high value-added businesses", which account for 51% of total revenue. Each business group's 2022 revenue scale is more than NTD 20 B, reaching a meaningful economics of scale.

2. 2023 Q1 Financial Results

CFO Jasmin Hung

2023 Q1 Highlights

- ◆ **Both gross margin and operating income margin increased YoY and QoQ, benefiting from the contribution of high value-added (HVA) businesses.**
 - Consolidated gross margin was 15.8%(YoY +2.9 ppt, QoQ +0.2ppt), highest in 10 years on quarterly basis, and exceeded 15.5% for two consecutive quarters.
 - Operating income margin was 2.7%. (YoY +0.5ppt, QoQ +0.1ppt)
 - Operating Income amount increase 2% YoY, despite the 17% decrease in revenue.
- ◆ **HVA businesses revenue was 26B (YoY +1.8B, +8%), operating income amount grew more than 30% YOY.**
 - **Medical:** Revenue grew 29%, both gross margin and operating income margin increased YoY, operating income amount grew substantially.
 - **NCG:** Revenue grew 14%, operating income margin increased YoY, operating income amount grew 20%.
 - **BSG:** Revenue grew 6%, both gross margin and operating income margin increased YoY, operating income amount grew more than 50%.
 - **IT:** Revenue decreased 32%, mainly due to lower demand for IT products, which caused decrease in both operating income margin and operating income amount.
- ◆ **Inventory was NTD 39.7B, decreased by NTD 16.7B YoY and NTD 4.2B QoQ. Inventory amount decreased for four consecutive quarters.**
- ◆ **To acquire up to 28.54% outstanding shares of NORBEL BABY CO., LTD., in order to strengthen our investment in medical devices and pharmaceutical channels.**

Consolidated Statement of Comprehensive Income (Quarterly)

Unit : NT\$ Million

	2023 Q1		2022 Q1		YoY		2022 Q4		QoQ	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
Net Sales	50,446	100%	60,866	100%	(10,420)	-17%	56,117	100%	(5,671)	-10%
Cost of Goods Sold	(42,451)		(52,993)		10,542		(47,351)		4,901	
Gross Margin	7,995	15.8%	7,873	12.9%	122	2%	8,766	15.6%	(771)	-9%
Operating Expenses	(6,645)	-13.2%	(6,550)	-10.8%	(96)		(7,289)	-13.0%	643	
Operating Income	1,350	2.7%	1,324	2.2%	26	2%	1,477	2.6%	(127)	-9%
Net non-operating Income	(121)		241		(362)		(335)		215	
Profit(Loss) before Tax	1,229	2.4%	1,565	2.6%	(336)	-21%	1,141	2.0%	88	8%
Net Income	757	1.5%	1,069	1.8%	(312)	-29%	1,016	1.8%	(258)	-25%
Net income attributable to Qisda	324	0.6%	534	0.9%	(210)	-39%	372	0.7%	(48)	-13%
EPS (NT\$) (a)	\$0.16		\$0.27		-\$0.11		\$0.19		-\$0.02	

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

Consolidated Balance Sheet Highlights

Unit : NT\$ Million

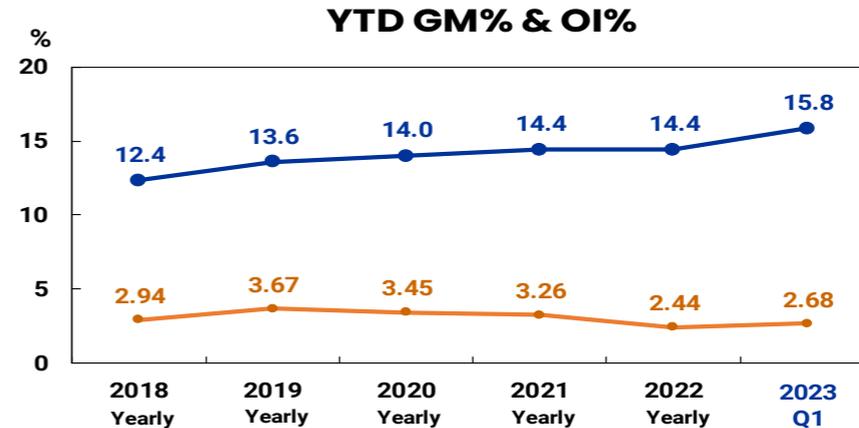
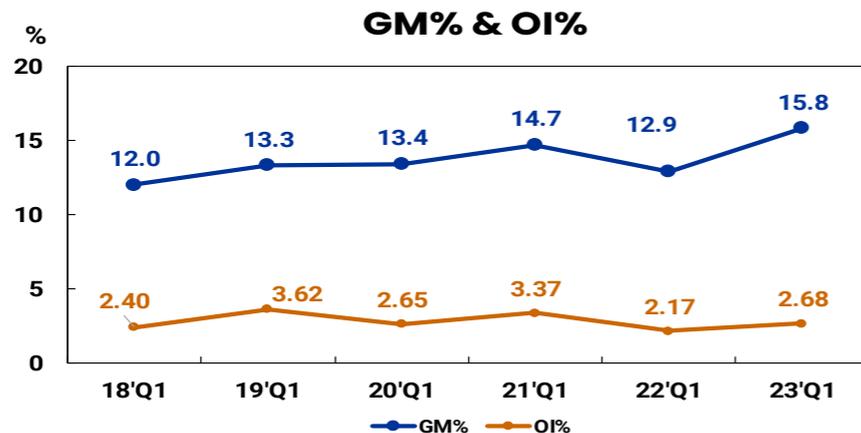
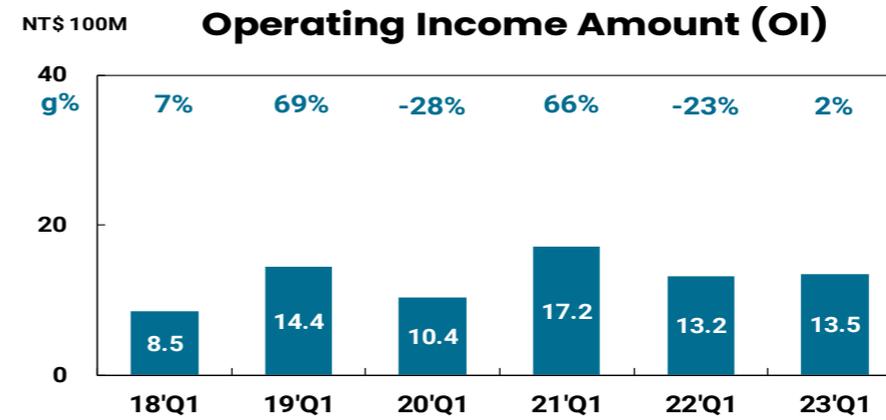
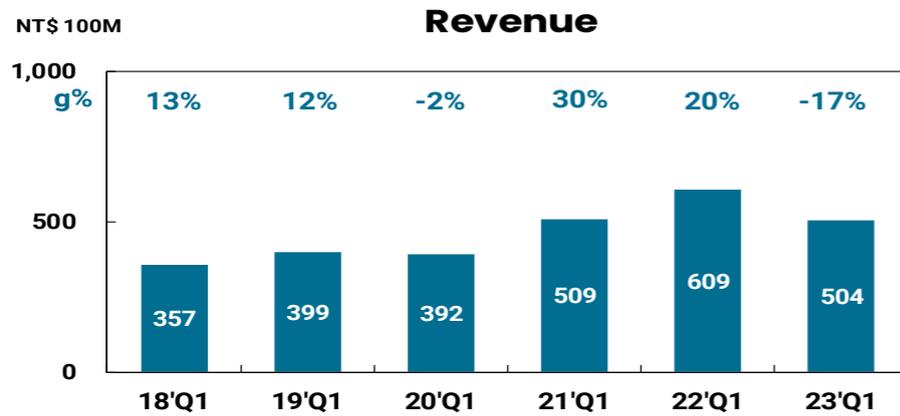
	2023.03.31		2022.12.31		QoQ		2022.03.31		YoY	
	amt	g%	amt	g%	amt	g%	amt	g%	amt	g%
Cash & Equivalent	36,052	18%	30,685	16%	5,367	17%	19,904	10%	16,147	81%
Accounts Receivable	37,472	18%	40,150	21%	(2,678)	-7%	34,991	18%	2,481	7%
Inventory	39,656	19%	43,870	23%	(4,215)	-10%	56,379	29%	(16,723)	-30%
L-T Investments	5,297	3%	5,479	3%	(183)	-3%	4,105	2%	1,191	29%
Financial assets at fair value through other comprehensive income–non-current	12,539	6%	10,231	5%	2,308	23%	15,727	8%	(3,188)	-20%
Total Assets	203,893	100%	193,416	100%	10,477	5%	197,482	100%	6,411	3%
Fin. Debt	70,271	34%	62,687	32%	7,584	12%	59,469	30%	10,802	18%
Accounts Payable	27,910	14%	29,038	15%	(1,128)	-4%	43,128	22%	(15,218)	-35%
Total Liabilities	135,815	67%	125,478	65%	10,337	8%	136,416	69%	(600)	0%
Equity	68,078	33%	67,937	35%	140	0%	61,065	31%	7,012	11%

Financial Ratios

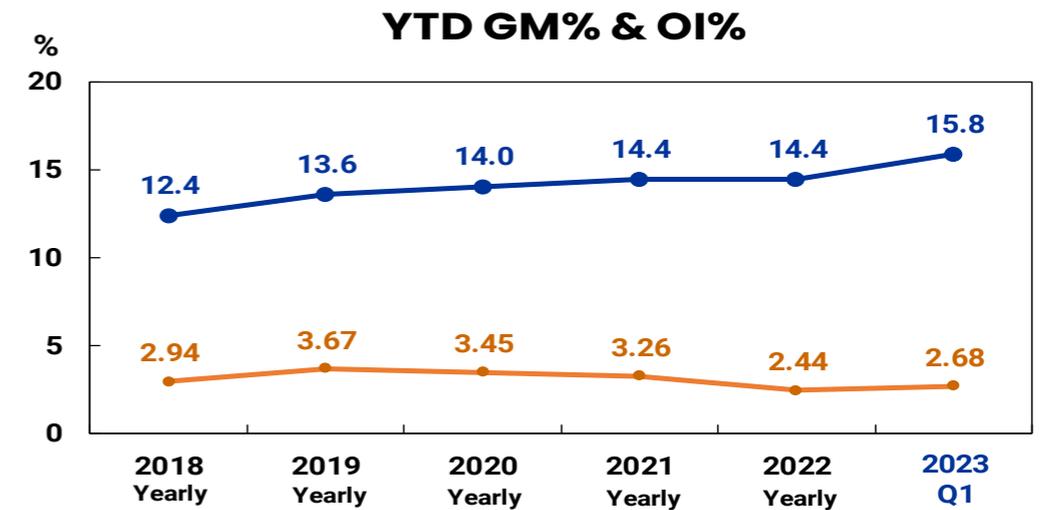
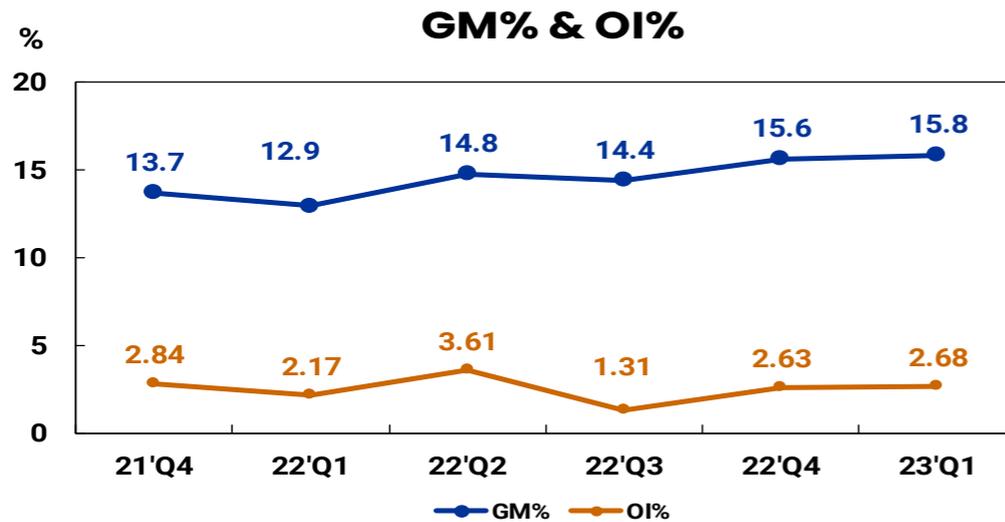
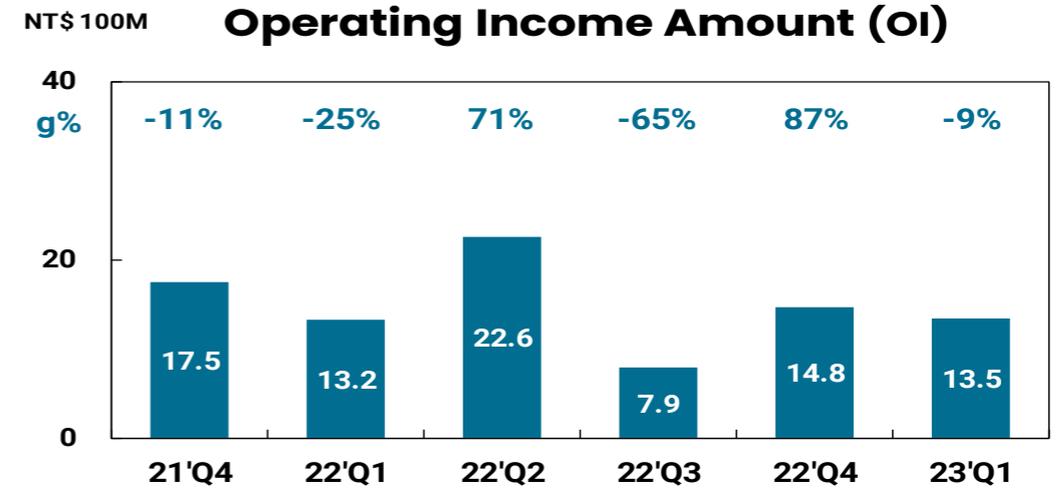
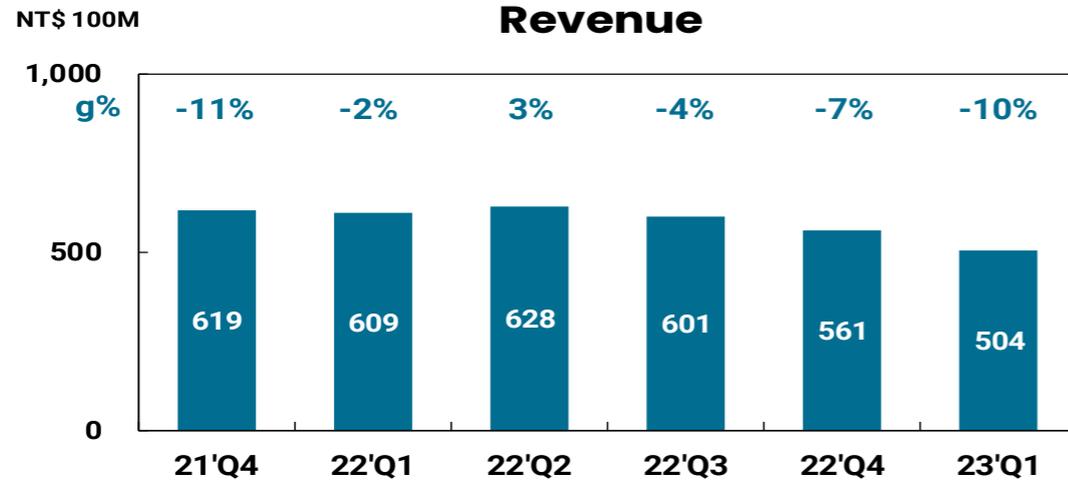
	2023.03.31	2022.12.31	QoQ	2022.03.31	YoY
AR Turnover (Days)	75	70	+5	75	+0
Inventory Turnover (Days)	90	84	+6	92	-2
AP Turnover (Days)	61	62	-1	72	-11
Cash Conversion Cycle (Days)	104	92	+12	95	+9
Current ratio	136%	143%	-7 ppt	115%	+21 ppt

Financial Trend – Q1 YOY

- Consolidated gross margin was 15.8%, highest in 10 years on quarterly basis, and exceeded 15.5% for two consecutive quarters.
- Operating Income amount increase 2% YoY, despite the 17% decrease in revenue.



Financial Trend – Quarterly Trend

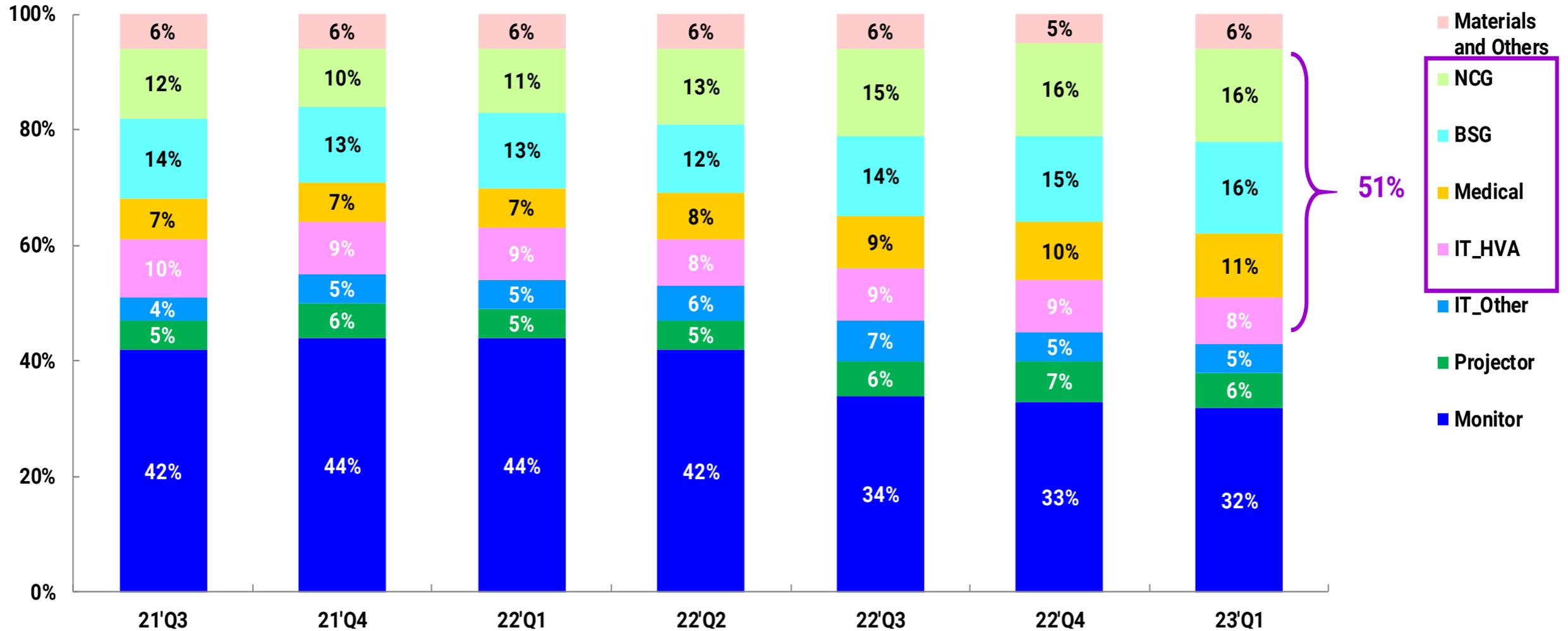


Financial highlights by Business Group

NT\$ 100M

Business Group	2023 Q1			YoY			QoQ		
	Revenue Portion	Revenue	GM% Range	Revenue Amount	Revenue Growth Rate	GM% Range	Revenue Amount	Revenue Growth Rate	GM% Range
Medical	11%	57	20-25	+13	+29%	unchanged	+2	+4%	unchanged
BSG	16%	81	15-20	+5	+6%	unchanged	-2	-3%	unchanged
NCG	16%	79	15-20	+10	+14%	unchanged	-14	-15%	unchanged
IT_HVA	8%	43	20-25	-9	-18 %	unchanged	-6	-13%	unchanged
IT_Non HVA	43%	217	10-15	-114	-34 %	upward	-38	-15%	upward
Others	6%	27	15-20	-8	-24 %	unchanged	+1	+6%	unchanged

Revenue Breakdown by Business (Quarterly)



*BSG: Business Solutions Group

*IT: IT products

*IT_Other: other IT products

*NCG: Networking and Communication Group

*IT_Monitor: Monitors

*IT_Projector: Projectors

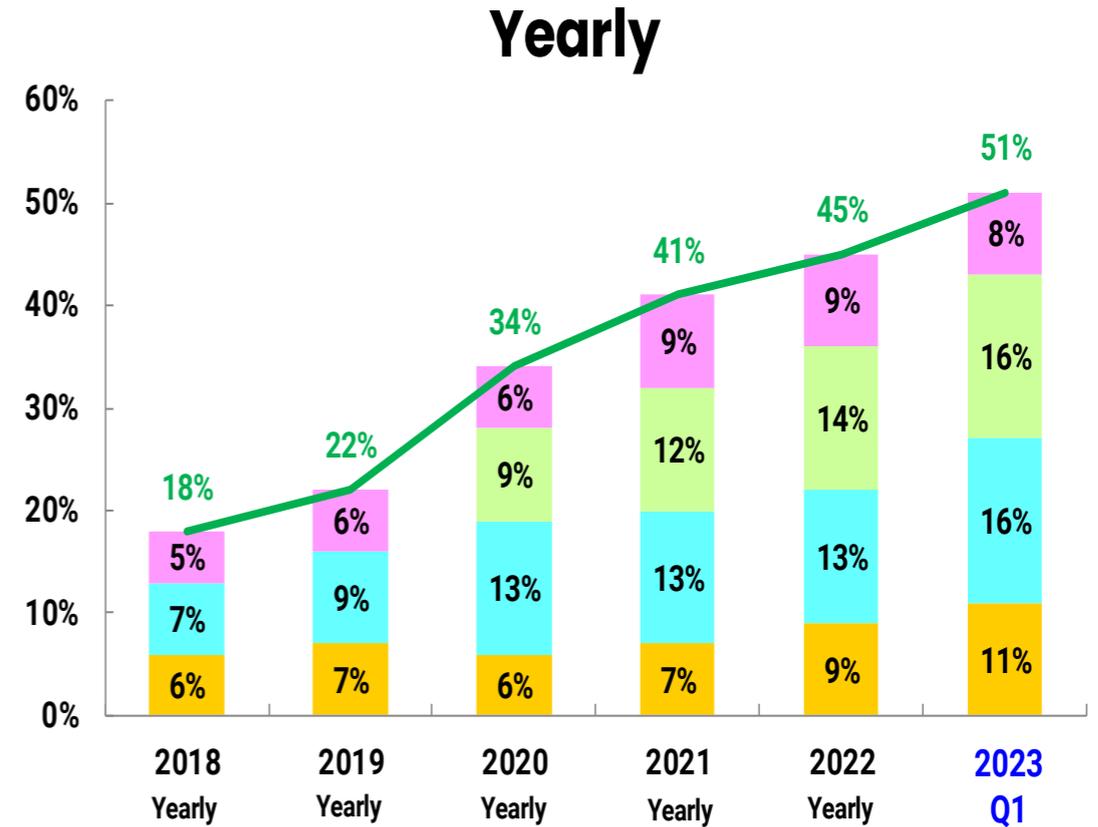
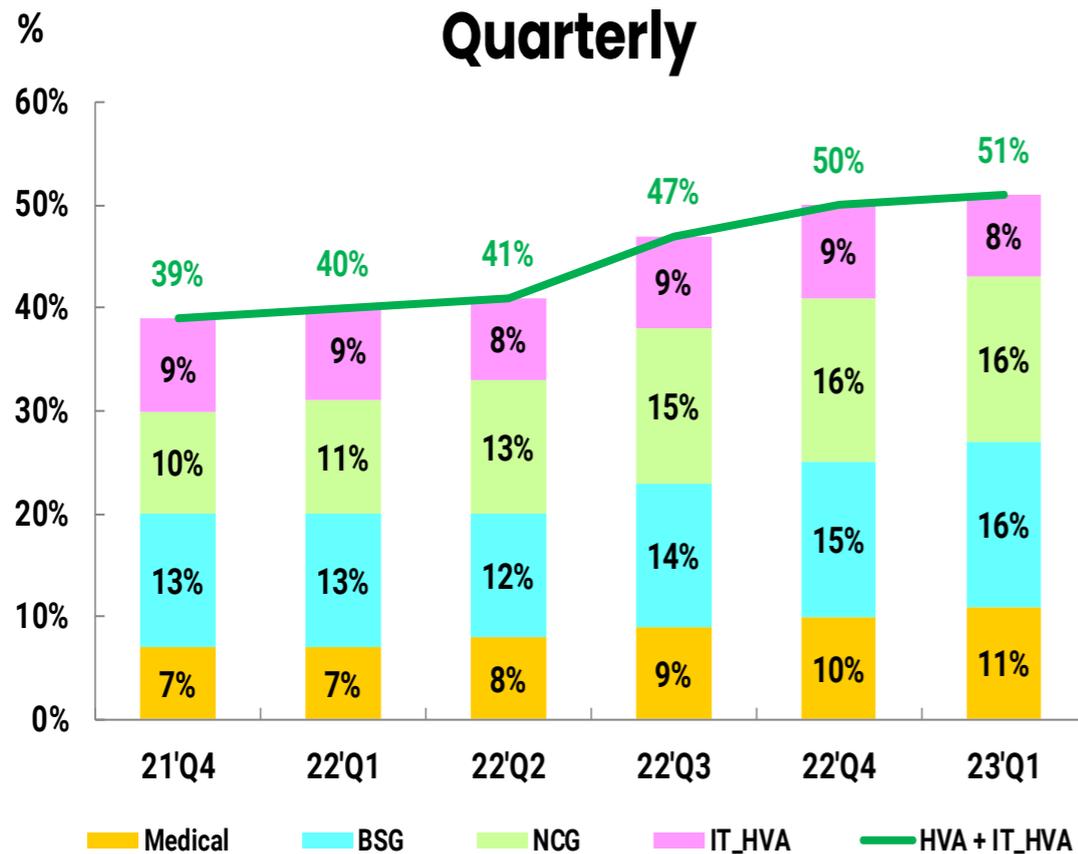
*Medical: medical services, equipment & consumables, dialyzer, medical management consulting

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

*Materials and Others: BenQ Materials and other products

High Value-added Revenue Portion Trend

- Q1 high value-added businesses revenue accounts for 51%.



Qisda Group's Listed Companies Results

		2023 Q1			2022 Q1			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)	1,070	79	1.13	1,318	102	1.47	-248	-19%	-24	-23%	-0.34	
	TopView (OTC)	544	55	1.92	563	53	1.85	-20	-3%	2	4%	+0.07	highest in the same period
	SIMULA (OTC)	753	-2	-0.03	967	44	0.54	-214	-22%	-46	-105%	-0.57	
Medical	BenQ Medical Tech (OTC)	686	23	0.51	615	88	1.97	71	12%	-65	-74%	-1.46	Gain on non-operating profit in 2022
	ConcordMed (ROTC)	198	9	0.26	195	11	0.34	3	2%	-3	-24%	-0.08	
	DIVA (OTC)	249	21	0.37	193	2	0.03	56	29%	20	1053%	+0.33	highest in the same period in 8 years
BSG	DFI (TSE)	3,820	125	1.10	3,884	84	0.73	-64	-2%	42	50%	+0.37	highest in the same period in 3 years
	AEWIN (OTC)	507	14	0.24	412	15	0.26	94	23%	-1	-6%	-0.02	
	Ace Pillar (TSE)	800	1	0.01	948	40	0.35	-148	-16%	-38	-97%	-0.34	
	Partner Tech (ROTC)	614	4	0.05	744	33	0.44	-130	-17%	-29	-89%	-0.39	
	MetaAge (TSE)	3,401	220	1.17	2,819	85	0.45	583	21%	135	158%	+0.72	
NCG	Alpha (TSE)	7,869	174	0.32	6,875	134	0.25	994	14%	40	30%	+0.07	highest in the same period in 6 years
	Hitron (TSE)	2,811	29	0.09	2,439	74	0.23	372	15%	-45	-61%	-0.14	
	IDT (OTC)	333	29	0.73	343	24	0.62	-10	-3%	5	21%	+0.11	
Materials	BenQ Materials (TSE)	4,067	50	0.16	4,164	293	0.91	-97	-2%	-243	-83%	-0.76	Gain on disposal in non-operating profit in 2022

* Net income attributable to Qisda

3. Business Update and Outlook

Chairman Peter Chen

President Joe Huang

GM of each Business Group

2023 Q2 Outlook

◆ Respond Prudently to Global Economic Uncertainties

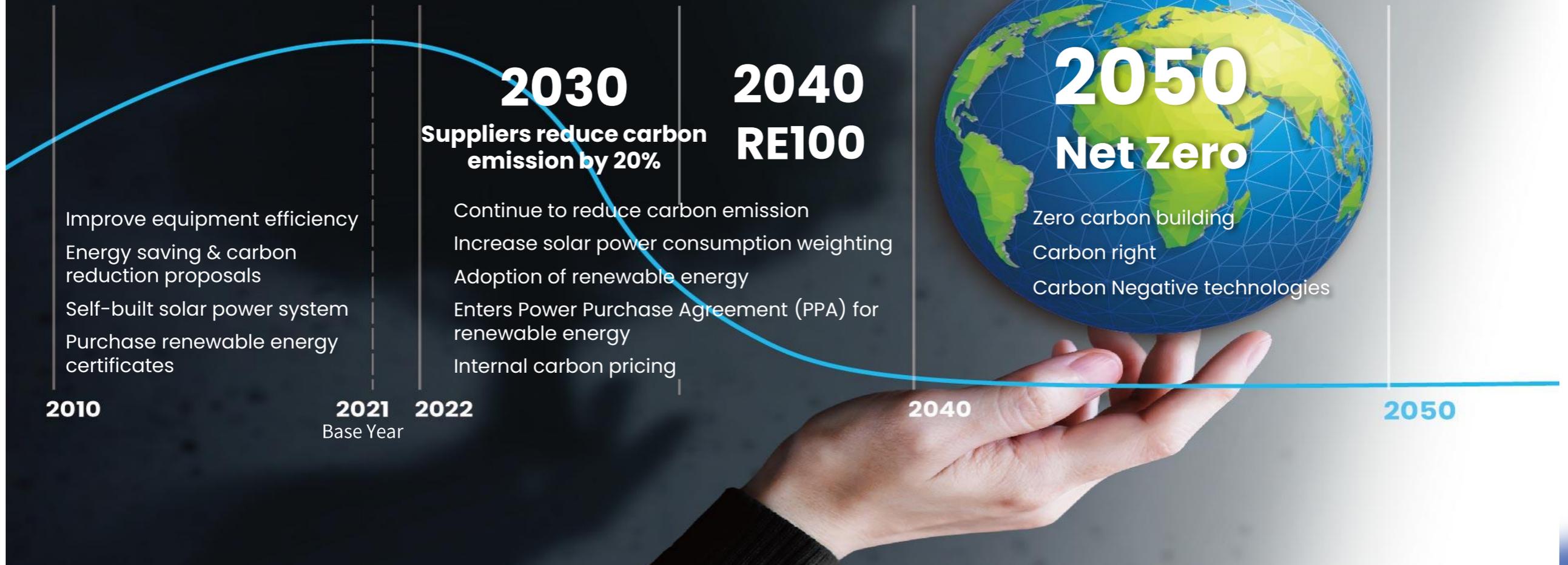
- Factors such as inflation, regional wars, rising interest rates, bank risks and slowing market demand bring challenges to operations, which require extra attention.
- Market supply and demand is expected to gradually restore balance in 1H 2023.

◆ Business Drivers

- **Continuous optimization in IT high value-added products.**
- **Medical business to maintain high growth:** Hospital business enjoys healthy operation. Demands 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 and development of new markets and new clients.



Qisda Carbon Reduction Roadmap



2023 Strategic Directions

IT

- **China+1 strategy and increase production scale in Vietnam**
- **In-depth development in high-end monitors, prepared for market recovery**
- **Development in interactive flat panel display**
- **Expansion in medical oral scanner**

Medical

- **Medical devices and pharmaceuticals as dual growth engines to expand in distribution channels**
- **In-depth development in dialysis market**
- **Expansion in healthcare service**
- **Development in smart healthcare**

BSG

- **Edge to Cloud Integration**
- **Cybersecurity**
- **HPC (high performance computing)**
- **Green energy, automation (smart manufacturing), new infrastructure**

NCG

- **Increase penetration in telecom markets**
- **Investment in low earth orbit satellite technologies**
- **Enlarge 5G market share**

4. Q&A



Qisda

Value-Up Solutions