



Qisda Corporation Investor Conference: 2023 Q3 Results

November 13, 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

Agenda

1. Company Profile

CFO

Jasmin Hung

2. 2023 Q3 Financial Results

Chairman

Peter Chen

3. Business Update and Outlook

President

Joe Huang

GM of each Business Group

4. Q&A

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

Awards

2023 Winning 12 Awards of TCSA
2023 Winning 3 Awards of AREA
2023 HR Asia:
“ Best Companies to Work For”
(2019 – 2023 consecutively)

2023 Winning 9 Awards of TSAA

Global Presence

Manufacturing Sites : Taiwan, China,
Vietnam

Sales Offices : 200+ Locations Worldwide

R&D Centers : Taiwan, China

No. of Employees : 27,000+

2023 First Three Quarters Revenue

NTD \$152.9B (USD\$ 4.9B)

2022 Revenue

NTD \$239.8B (USD\$ 8.2B)

Revenue Breakdown (2023 Q3)

Asia

48%

Americas

31%

Europe

19%

Others

2%

*AREA: Asia Responsible Enterprise Awards *TSAA: Taiwan Sustainability Action Awards *TCSA: Taiwan Corporate Sustainability Awards



Business Groups

Qisda Group

(till 2023Q3)

Revenue
(NTD)

IT Information Technology (43% + 8%)	MEDICAL (12%)	BSG Business Solutions (16%)	NCG Networking & Communication (14%)	OTHERS (7%)
79.5B	18.0B	24.8B	21.5B	9.1B
<ul style="list-style-type: none"> ➤ Displays 52.1 B (34%) <ul style="list-style-type: none"> • Gaming • High-end • General ➤ Projectors 8.3 B (5%) ➤ IT_Other 6.8 B (4%) 	<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"> • AI 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 12.3 B (8%) <ul style="list-style-type: none"> • Prof. Display Module • Integration Solutions 				KEY INVESTMENTS <ul style="list-style-type: none"> ➤ Equity Method <ul style="list-style-type: none"> • Darfon • Norbel Baby • Rapidtek • Topview ➤ FVOCI <ul style="list-style-type: none"> • AUO

* Purple columns represent "high value-added businesses", which account for 50% of total revenue. Each business group's 2022 revenue scale is more than NTD 20 B, reaching a meaningful economics of scale.

2. 2023 Q3 Financial Results

CFO Jasmin Hung

2023 Q3 Highlights

◆ **Q3: GM% was 16.6% (YoY +2.2ppt, QoQ +0.3ppt), risen for four consecutive quarters, highest in 20 years on quarterly basis.**

- QoQ: Revenue decreased 3%, net profit attributable to Qisda was 1.2B (+180M, +17%), EPS NTD 0.61 (+0.09).
- YoY: Revenue decreased 16%, GM% +2.2ppt, OI% +1.4ppt, net profit 1.35B (+560M, +71%).

EPS NTD 0.61 (-2.62) as last year non-operating profit was benefited from the disposal of BenQ (Hong Kong) Limited, which contributed approximately 5.3B.

◆ **HVA businesses Q3 revenue was 24.2B (QoQ -2.3B, -9%), GM% risen for two consecutive quarters and higher than the same period last year.**

- Medical: Revenue grew 2% QoQ. OI amount grew in double digits YoY, but GM% and OI% kept flat QoQ.
- BSG: Revenue grew 4% QoQ. OI% increased and OI amount grew more than 20%, but slightly decreased YoY.
- NCG: Revenue decreased 24% QoQ. GM% grew QoQ and YoY. However, OI amount decreased as revenue decreased.

◆ **IT business Q3 revenue was 26.6B (QoQ -200M, -1%), display revenue grew 5% QoQ.**

- IT_HVA: Revenue decreased by 750M QoQ, mainly due to the accounting treatment for TopView has changed to equity method from consolidated subsidiary, which accounted for 470M.
- IT_Original: Revenue increased by 570M QoQ, both GM% and OI% continued to increase.

◆ **First three quarters: GM% grew by 2.3ppt YoY, achieved 16.3%, highest in 20 years. OI% increased by 0.3ppt.**

- Revenue decreased by 30.8B, a decrease of 17% YoY. However, as both GM% and OI% increased, operating income amount was 4.14B (YoY -230M, -5%), which is lower than the percentage of revenue decline.

*IT_Original: Displays + Projectors + IT_Other

Consolidated Statement of Comprehensive Income (Quarterly)

Unit : NT\$ Million

	2023 Q3		2022 Q3		YoY		2023 Q2		QoQ	
					amt	g%			amt	g%
Net Sales	50,370	100%	60,060	100%	(9,690)	-16%	52,112	100%	(1,741)	-3%
Cost of Goods Sold	(41,993)		(51,411)		9,418		(43,615)		1,622	
Gross Margin	8,377	16.6%	8,649	14.4%	(272)	-3%	8,497	16.3%	(119)	-1%
Operating Expenses	(7,027)	-14.0%	(7,861)	-13.1%	834		(7,054)	-13.5%	27	
Operating Income	1,350	2.7%	788	1.3%	562	71%	1,443	2.8%	(93)	-6%
Net non-operating Income	774		10,620		(9,846)		660		114	
Profit(Loss) before Tax	2,125	4.2%	11,408	19.0%	(9,283)	-81%	2,104	4.0%	21	1%
Net Income	1,549	3.1%	7,315	12.2%	(5,766)	-79%	1,534	2.9%	15	1%
Net income attributable to Qisda	1,202	2.4%	6,364	10.6%	(5,162)	-81%	1,024	2.0%	178	17%
EPS (NT\$) (a)	\$0.61		\$3.24		-\$2.62		\$0.52		\$0.09	

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

Consolidated Statement of Comprehensive Income (YTD)

Unit : NT\$ Million

	2023 Q3		2022 Q3		YTD YoY	
					amt	g%
Net Sales	152,928	100%	183,720	100%	(30,793)	-17%
Cost of Goods Sold	(128,058)		(157,925)		29,866	
Gross Margin	24,869	16.3%	25,795	14.0%	(926)	-4%
Operating Expenses	(20,726)	-13.6%	(21,420)	-11.7%	694	
Operating Income	4,144	2.7%	4,375	2.4%	(232)	-5%
Net non-operating Income	1,314		11,106		(9,793)	
Profit(Loss) before Tax	5,457	3.6%	15,482	8.4%	(10,024)	-65%
Net Income	3,841	2.5%	10,063	5.5%	(6,222)	-62%
Net income attributable to Qisda	2,550	1.7%	7,880	4.3%	(5,330)	-68%
EPS (NT\$) (a)	\$1.30		\$4.01		-\$2.71	

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

Consolidated Balance Sheet Highlights

Unit : NT\$ Million

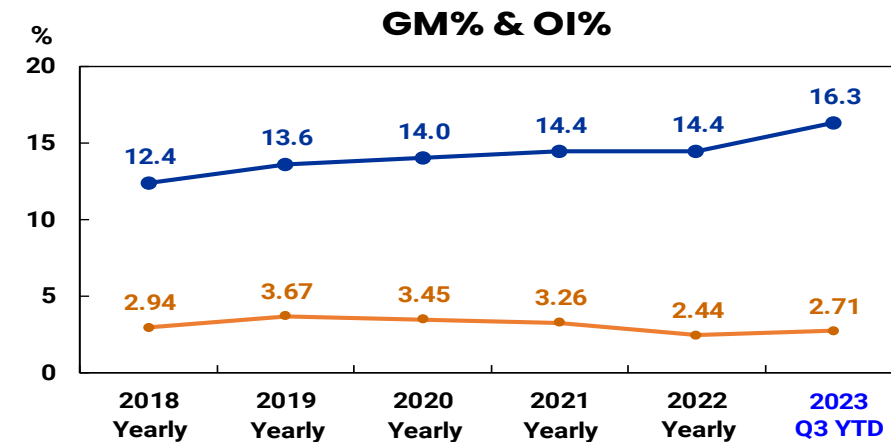
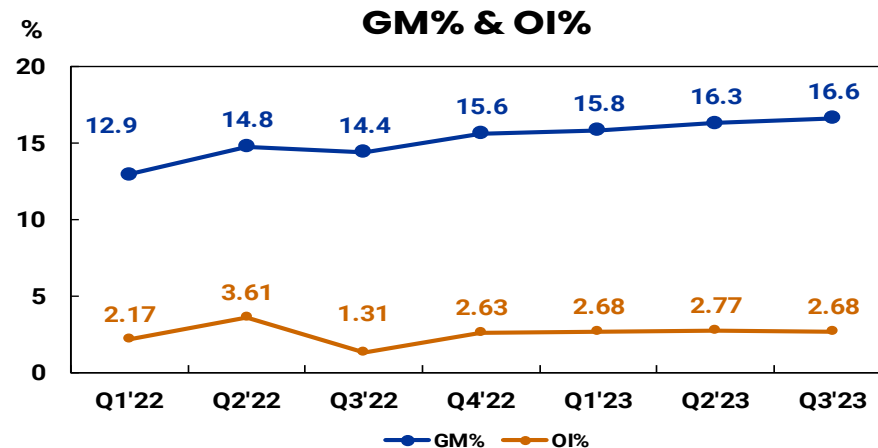
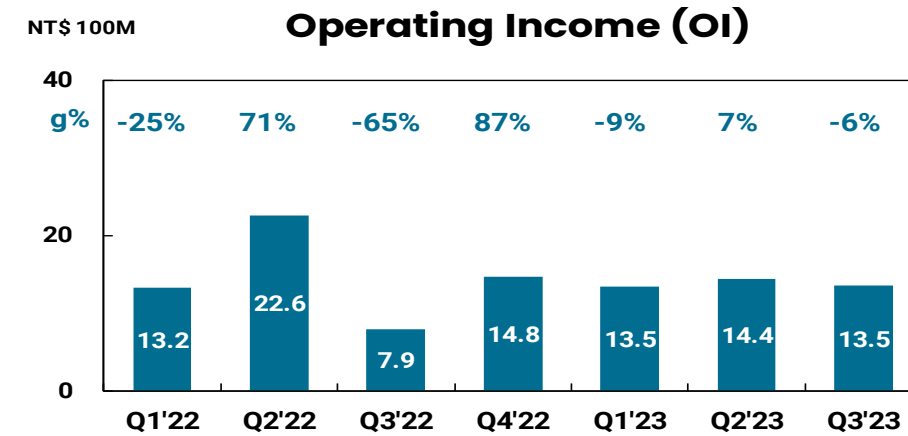
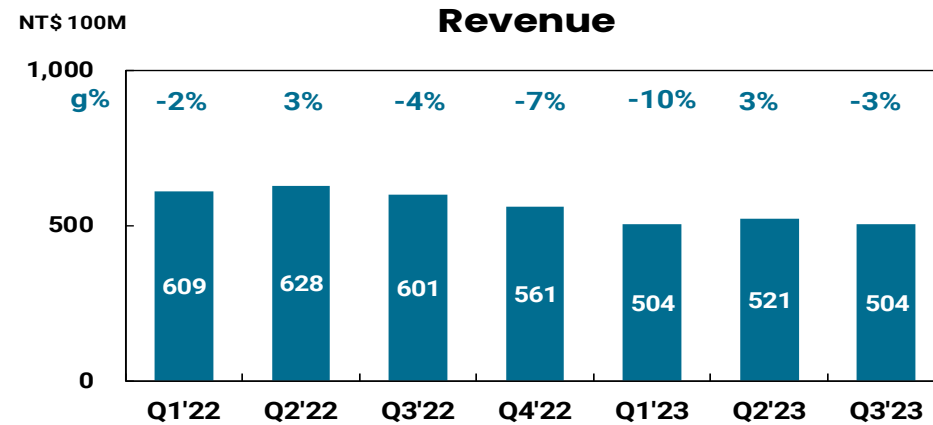
	2023.09.30		2023.06.30		QoQ		2022.09.30		YoY	
					amt	g%			amt	g%
Cash & Equivalent	22,798	12%	27,174	14%	(4,376)	-16%	34,792	16%	(11,994)	-34%
Accounts Receivable	40,730	22%	38,007	20%	2,723	7%	47,432	22%	(6,701)	-14%
Inventory	38,386	20%	35,845	19%	2,541	7%	53,392	25%	(15,007)	-28%
L-T Investments	8,534	5%	8,163	4%	370	5%	5,004	2%	3,530	71%
Financial assets at fair value through comprehensive income-non-current	11,328	6%	12,491	6%	(1,163)	-9%	11,440	5%	(112)	-1%
Total Assets	189,027	100%	192,552	100%	(3,525)	-2%	217,521	100%	(28,493)	-13%
Fin. Debt	62,351	33%	58,825	31%	3,526	6%	79,194	36%	(16,843)	-21%
Accounts Payable	33,068	17%	29,597	15%	3,472	12%	36,501	17%	(3,432)	-9%
Toal Liabilities	124,889	66%	124,188	64%	701	1%	149,875	69%	(24,986)	-17%
Equity	64,138	34%	68,364	36%	(4,225)	-6%	67,646	31%	(3,508)	-5%

Financial Ratios

	2023.09.30	2023.06.30	QoQ	2022.09.30	YoY
AR Turnover (Days)	76	74	+2	73	+3
Inventory Turnover (Days)	88	85	+3	90	-2
AP Turnover (Days)	66	62	+4	67	-1
Cash Conversion Cycle (Days)	98	97	+1	96	+2
Current ratio	125%	132%	-7 ppt	135%	-10 ppt

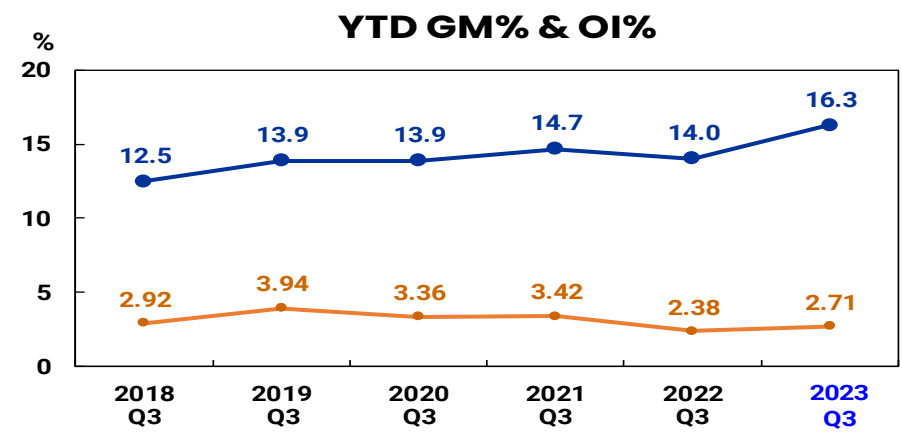
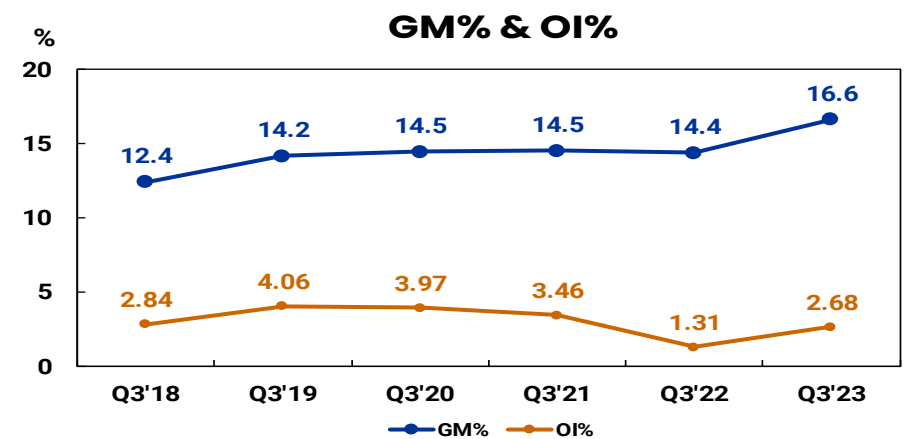
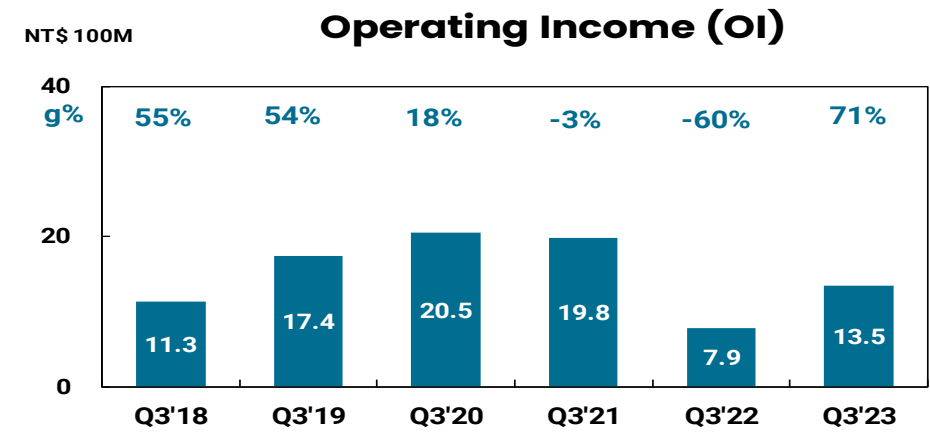
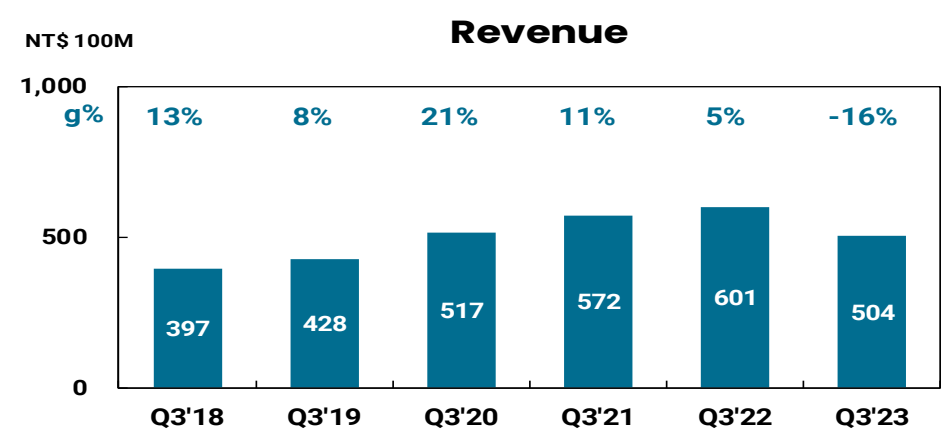
Financial Trend – Quarterly Trend

- GM% was 16.6% (YoY +2.2ppt, QoQ +0.3ppt), risen for four consecutive quarters, highest in 20 years on quarterly basis.

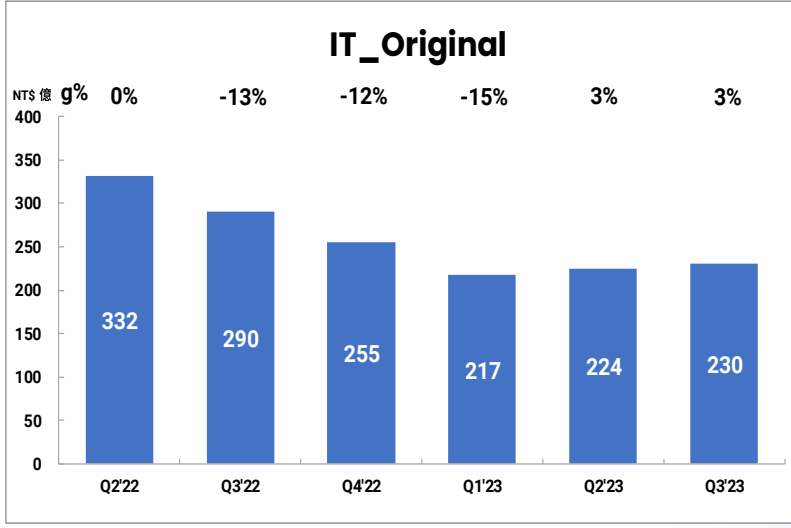
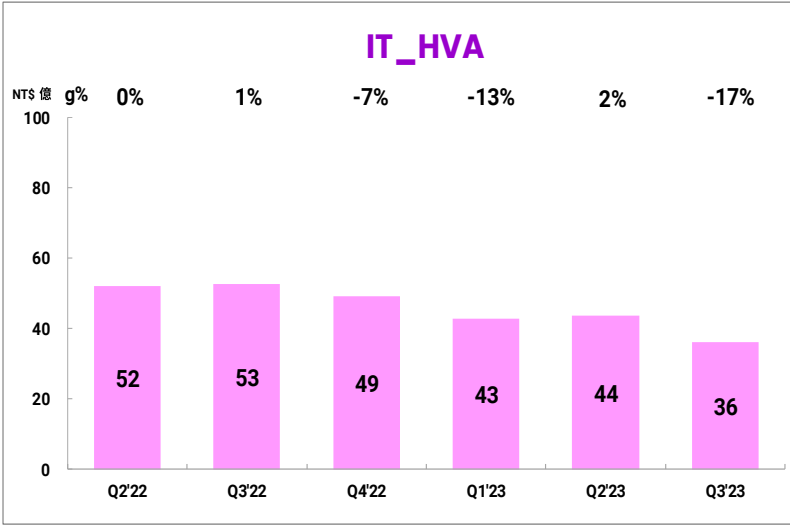
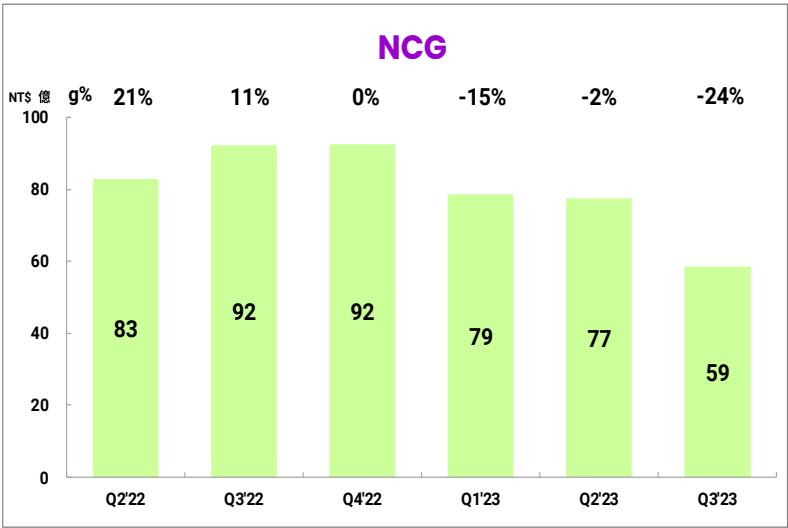
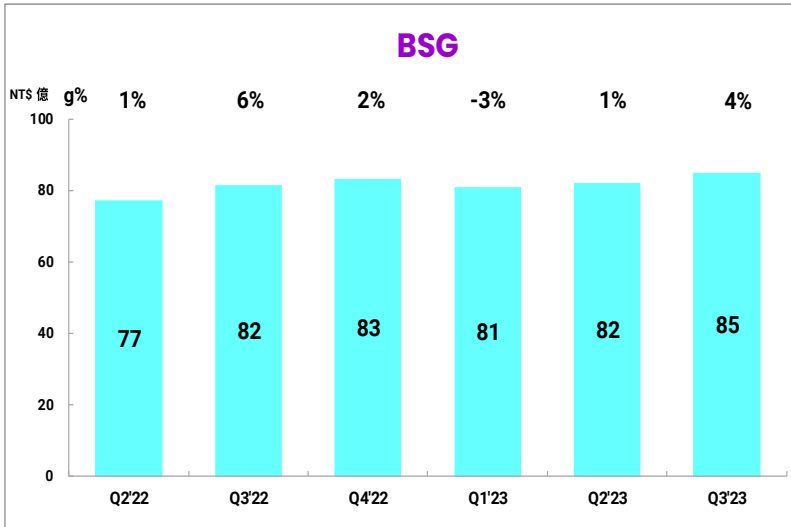
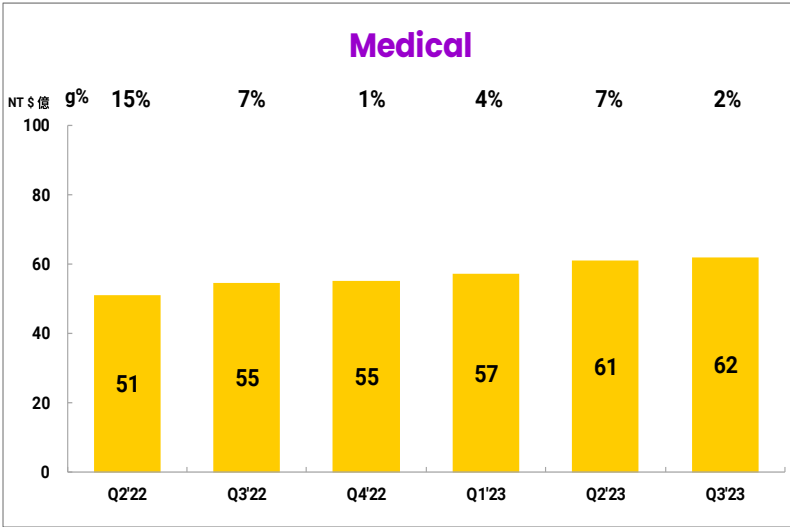
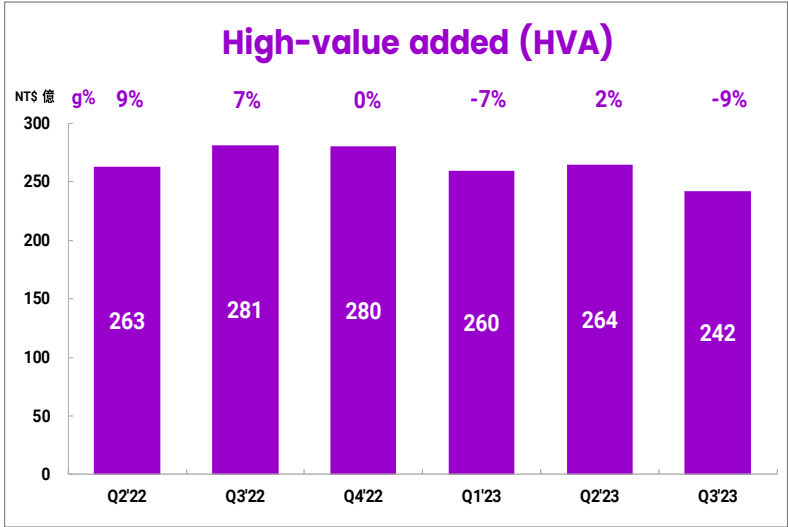


Financial Trend – Q3 YOY

- First three quarters: GM% grew by 2.3ppt YoY, achieved 16.3%, highest in 20 years. OI% increased by 0.3ppt.



Business Group Trend – Quarterly Trend



* High-Value added (HVA)= Medical + BSG+ NCG + IT_HVA
* IT_Original = Displays + Projectors + IT_Other
* IT_HVA: TopView was changed to equity method from consolidated subsidiary



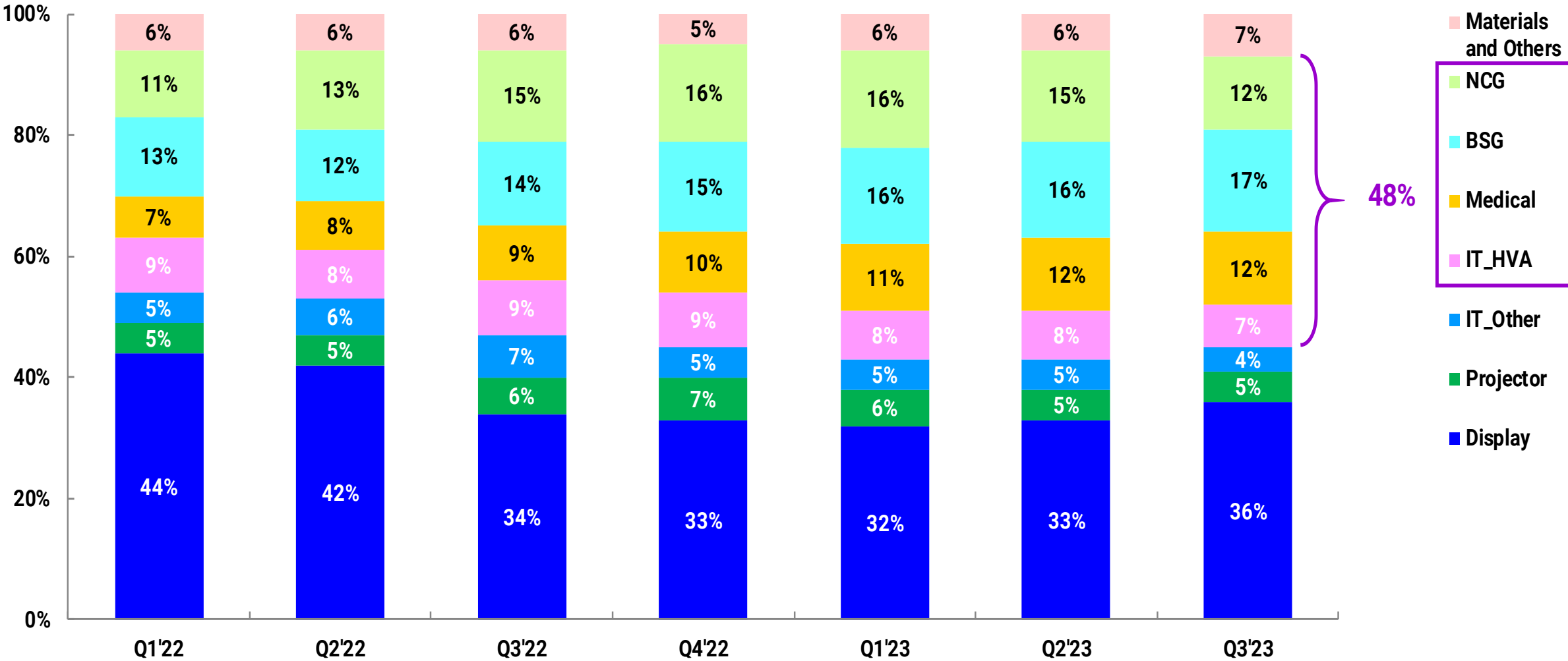
Financial highlights by Business Group – Q3

NT\$ 100M

Business Group	2023 Q3			YoY			QoQ		
	Revenue Portion	Revenue	GM% Range	Revenue Amount	Revenue Growth Rate	GM% Range	Revenue Amount	Revenue Growth Rate	GM% Range
Medical	12%	62	20-25	+7	+14%	unchanged	+1	+2%	unchanged
BSG	17%	85	15-20	+4	+4%	unchanged	+3	4%	unchanged
NCG	12%	59	20-25	-34	-37 %	upward	-19	-24%	upward
IT_HVA	7%	36	25-30	-16	-31 %	upward	-8	-17%	unchanged
IT_Original	46%	230	10-15	-60	-21 %	upward	+6	+3%	unchanged
Others	6%	32	15-20	+2	+8%	downward	-1	-2 %	upward

- IT_HVA: TopView was changed to equity method from consolidated subsidiary

Revenue Breakdown by Business (Quarterly)



*BSG: Business Solutions Group

*IT: IT products

*IT_Other: other IT products

*NCG: Networking and Communication Group

*IT_Display: Displays

*IT_Projector: Projectors

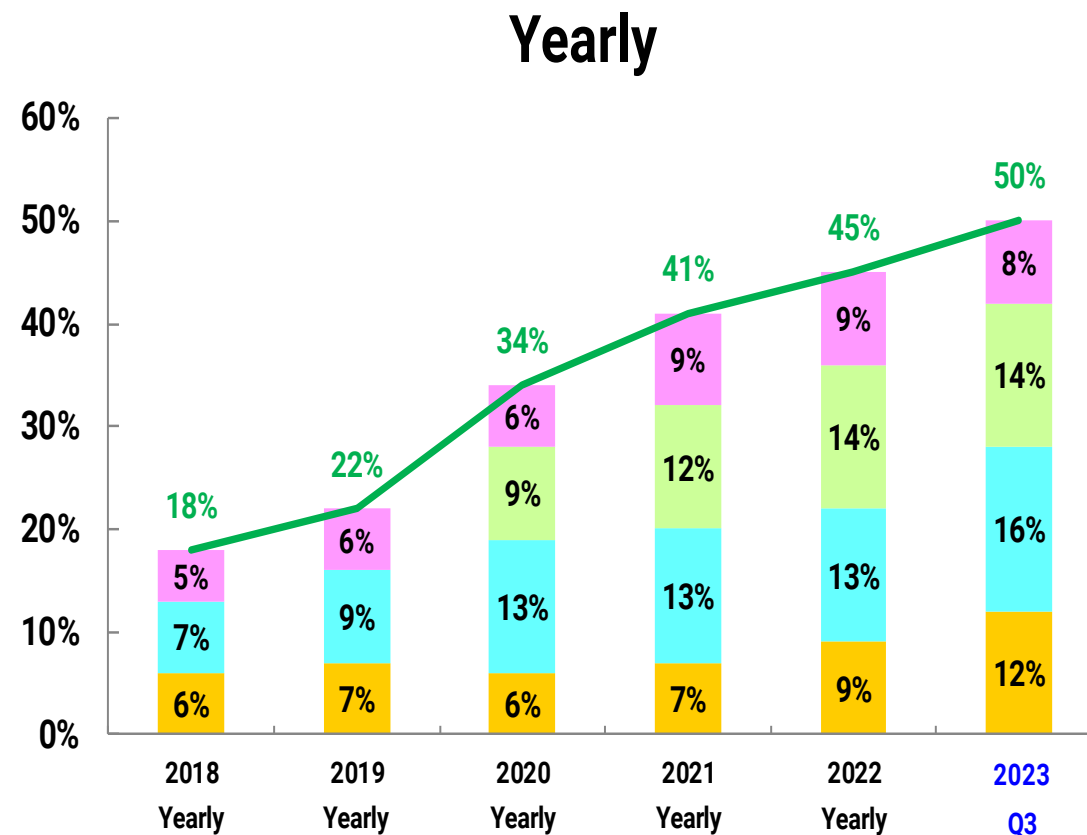
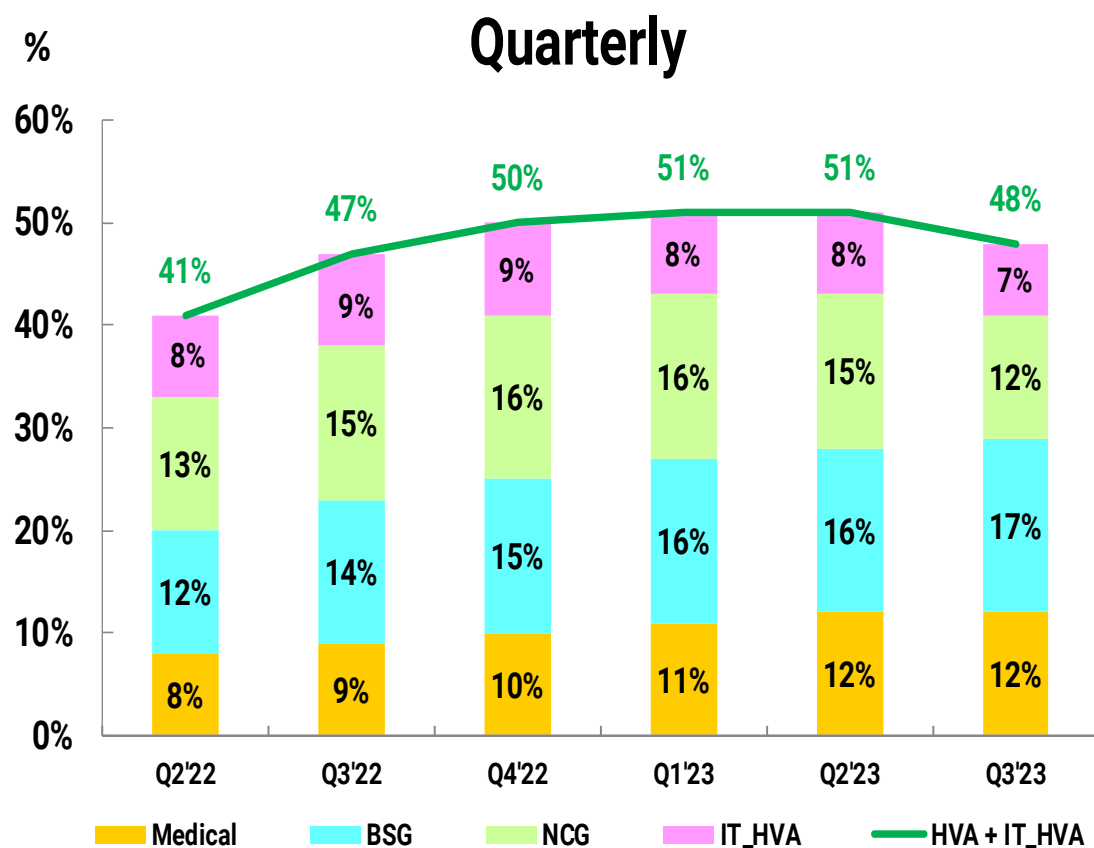
*Medical: medical services, equipment & consumables, dialyzer, medical management consulting

*IT_HVA: prof. display module, integrated solutions, high-end video surveillance (TopView was changed to equity method from consolidated subsidiary)

*Materials and Others: BenQ Materials and other products

High Value-added Revenue Portion Trend

- High value-added businesses YTD revenue accounts for 50%.



• IT_HVA: : TopView was changed to equity method from consolidated subsidiary

Qisda Group's Listed Companies Results (YoY)

			2022 First Three Quarters			2021 First Three Quarters			YoY Differences		
Business Group	Company	Qisda's stake	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	DatImage (ROTC)	38.4%	3,135	238	3.42	3,783	315	4.54	-648 -17%	-77 -25%	-1.12
	SIMULA (OTC)	51.1%	1,684	-60	-0.75	3,164	209	2.62	-1,480 -47%	-269 -129%	-3.37
Medical	BenQ Medical Tech (OTC)	55.0%	3,334	78	1.74	3,205	157	3.53	129 4%	-80 -51%	-1.79
	ConcordMed (ROTC)	22.0%	612	30	0.90	659	38	1.13	-47 -7%	-8 -21%	-0.23
	DIVA (OTC)	13.6%	689	53	0.90	654	19	0.33	35 5%	34 177%	+0.57
BSG	DFI (TSE)	55.1%	11,503	277	2.42	11,843	393	3.43	-340 -3%	-116 -30%	-1.01
	AEWIN (OTC)	28.3%	1,394	8	0.14	1,776	113	1.90	-382 -21%	-105 -94%	-1.76
	Ace Pillar (TSE)	26.5%	2,376	-15	-0.13	2,899	86	0.77	-523 -18%	-101 -117%	-0.90
	Partner Tech (ROTC)	68.2%	1,951	71	0.94	2,037	103	1.38	-86 -4%	-32 -31%	-0.44
	MetaAge (TSE)	51.4%	10,590	517	2.75	9,064	321	1.70	1,526 17%	197 61%	+1.05
NCG	Alpha (TSE)	60.0%	21,476	496	0.92	24,393	692	1.28	-2,917 -12%	-196 -28%	-0.36
	Hitron (TSE)	37.3%	7,195	38	0.12	8,643	350	1.09	-1,447 -17%	-313 -89%	-0.97
	IDT (OTC)	18.7%	1,175	127	3.08	1,164	105	2.67	12 1%	22 20%	+0.41
Materials	BenQ Materials (TSE)	43.6%	13,304	380	1.19	11,922	1,089	3.39	1,382 12%	-708 -65%	-2.21

* Net income attributable to Qisda

IT : TopView was changed to equity method from consolidated subsidiary

3. Business Update and Outlook

Chairman Peter Chen

President Joe Huang

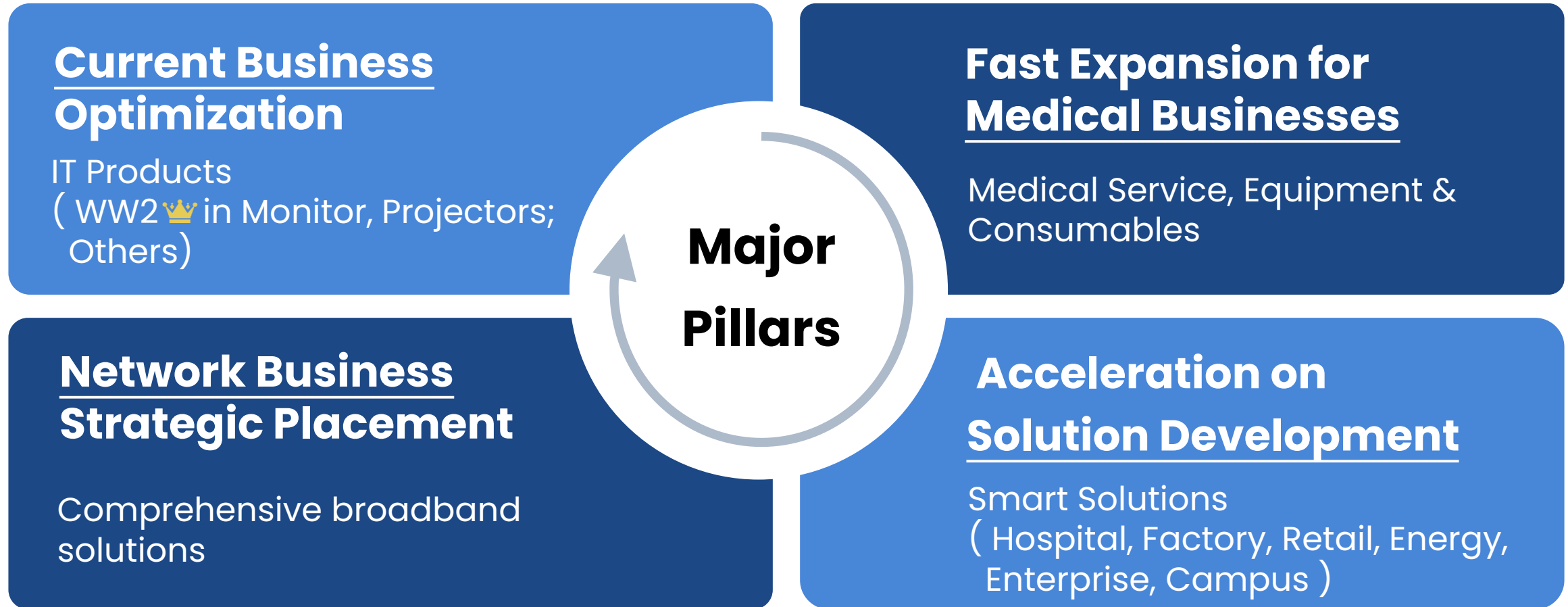
GM of each Business Group

A light gray world map is centered in the background of the slide, showing the outlines of continents and countries.

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 Q4 Outlook

➤ **Respond Prudently to Global Economic Uncertainties**

- ◆ Recent factors such as regional wars, the China real estate crisis, combined with inflation and rising interest rates, have all impacted the pace of global market recovery. This situation brings challenges to operations, which require cautious response.
- ◆ While the balance of market supply and demand has gradually been restored, the recovery of market demand appears to be relatively weak in Q3 & Q4 2023.

➤ **Business Drivers**

◆ **High Value-added business:**

- The operation of hospital business and medical products is on the rise.
- BSG is optimistic about the demand of digital transformation and IT infrastructure.
- NCG is entering the peak season while also preparing for long-term growth opportunities.

- ◆ **IT business:** Demand is slowly picking up and the optimization of IT high value-added product lines is in progress.

Qisda ESG Result



<https://youtu.be/KQUJgB55dh0?si=LYIRIjXEnNLjOmXX>

Qisda ESG Commitment and Recognition

Qisda Group commits in expand influence in sustainability,

- 6 companies totally won 13 Sustainability Awards in 1H,2023
- 7 companies totally won 12 Sustainability Awards in 2H,2023



Qisda

TCSA Overall performance

Top 100 Sustainability Model Award

Sustainability Report

Platinum Award

Global Corporate Sustainability Award (GCSA)

ESG Sustainability Report – Bronze Award

BenQ Materials

Sustainability Report

Platinum Award

GCSA ESG Report

Silver Award

Alpha Networks

Overall performance

Top 100 Sustainability
Model Award

ESG Report

Gold Award

Hitron

ESG Report

Silver Award

DFI

ESG Report

Gold Award

MetaAge

ESG Report

Silver Award

One-way performance

Talent Development Leader

ACE PILLAR

ESG Report

Bronze Award

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 (AI 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