Stock code：5410

LEO Systems Inc.

Company Briefing

Briefer：Chairman Tony Wang

June 27, 2024

Disclaimer

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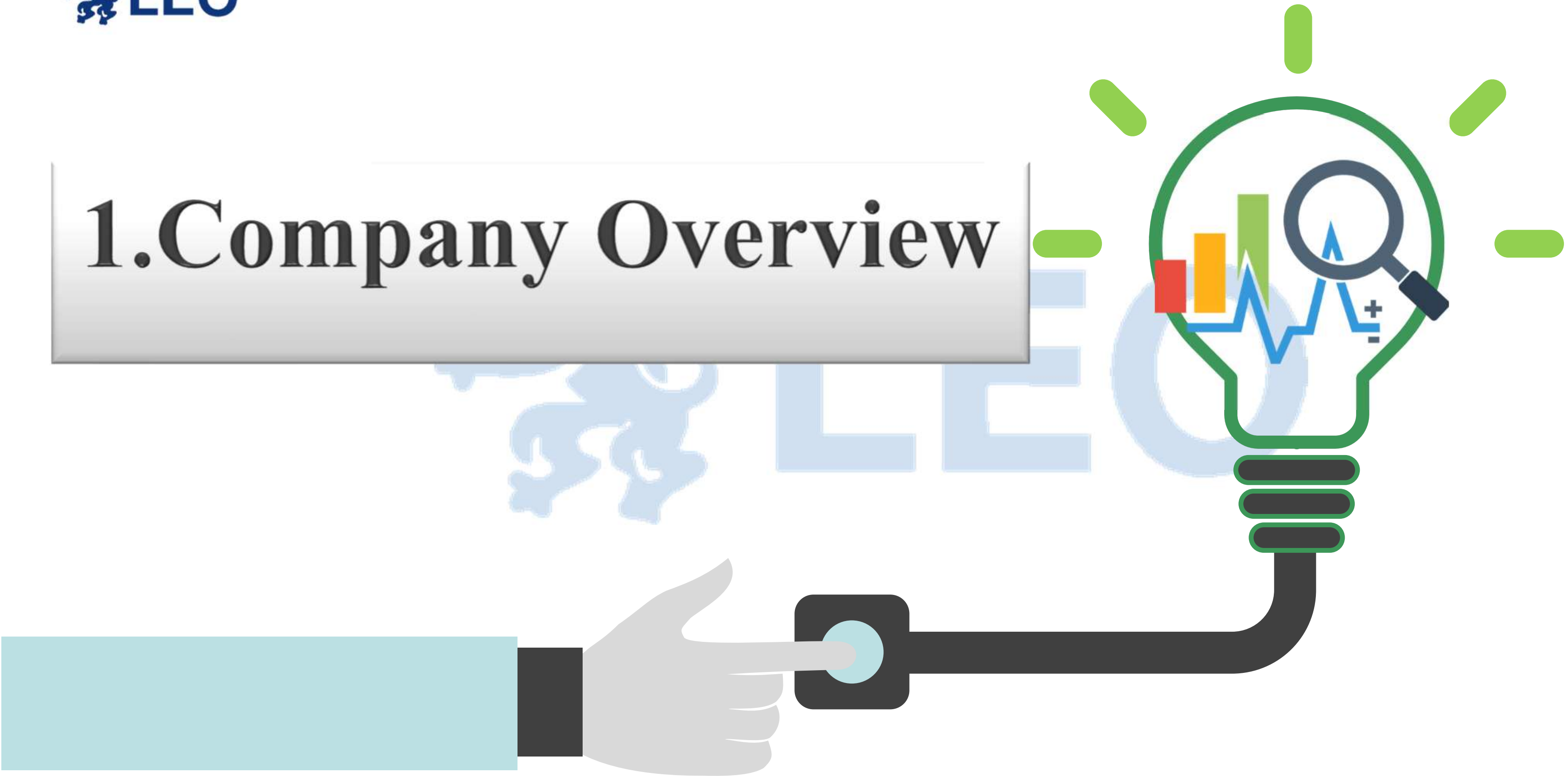
Content

1.Company Overview



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Company Profile

(1)Establish：September 13, 1985

(2) Registration：Neihu District, Taipei City

(3) Capital：NTD Thousand 893,891

(4) Staff (end till 2024.05.31)：394

(5) Chairman：Tony Wang

(6) GM： Tony Wang

Important company events

1985 The company was established in Taipei City, and initially focused on sales and services in the key online operating computer market.

1999 The stock is officially listed on the OTC.

2005 Officially appointed Mr. Wang,Chau-Chyun as Chairman of the Company.

2008 Merged the three companies of Daysun Technology, Zhongdian System and Super Network Technology.

2011 Passed the CMMI software maturity level 3 certification.

2012 (1) Chairman Tony Wang won the 2012 Information Month Outstanding Information Talent Award.
(2) Won the 9th National Brand Yushan Award "Outstanding Enterprise" commendation.

2015 Shortlisted for the 3rd Potential Enterprise List of Backbone Enterprises by the Industrial Bureau of the Ministry of Economic Affairs.

2021 (1) Passed the certification of "Information Service Agency Service Energy Registration" by the Industrial Bureau of the Ministry of Economic Affairs.
(2) Passed the "Energy Registration of Artificial Intelligence Technology Service Agency" certification by the Industrial Bureau of the Ministry of Economic Affairs.
(3) Obtained invention patent Smart inspection system and smart inspection method.
(4) Obtained invention patent Smart operation assistance system and intelligent operation assistance method.

Important company events

2022 Obtained an order from the Ministry of Education for "Promoting Digital Learning Improvement Programs for Primary and Secondary Schools".

2023 Participated in the 2023 Cloud IoT Innovation Award and was selected for the Innovation Award final event: "Won the Excellent Application Award“.

2023 Obtained the invention patent for multi-point synchronization guidance and operating system.

2023 Obtained the Digital Development Department: Information Security Energy Registration and Information Communication Independent Product Service Energy Certificate, AI Artificial Intelligence Technical Service Organization Service Energy Certificate.

2023The patented "Instrument Numerical Calculation Method" participated in the 2023 Innovation Technology Expo Invention Competition and won the gold medal.

Main business content

LEO Systems Inc. is committed to customer information planning and construction services in various fields. Its customer base covers major industries and military, government, and educational institutions, providing high-quality products and technical support, and its service scope has expanded to all corners of the country. The company has system integration solutions for information, communication, finance, medical care, education, manufacturing, Internet and e-commerce services, through business development, marketing activities, product integration development, product agency distribution, strategic alliances, consulting, project management , information systems, education and training, overall system construction and other professional services, can better meet the information needs of customers, and can create or increase their industrial value for customers.

Head Office and Branches

- Head office: 3rd Floor, No. 298, Sunshine Street, Neihu District, Taipei City
- Taichung Branch: 8th Floor-7, No. 20, Dalong Road, Taichung City
- Kaohsiung Branch : 15F-2, No. 8, Minquan 2nd Road, Kaohsiung
- There are service offices in Xindian, Linkou, Zhongli, Hsinchu, and Tainan.
- In addition, Shenzhen Yangzhong Technology Co., Ltd., which is reinvested, serves Taiwanese-related enterprises in mainland China.

LEO SYSTEMS ,INC.Computer Products and Services Strategy

Market
Continue to expand the Chinese market

Innovation
Find problems to change habits

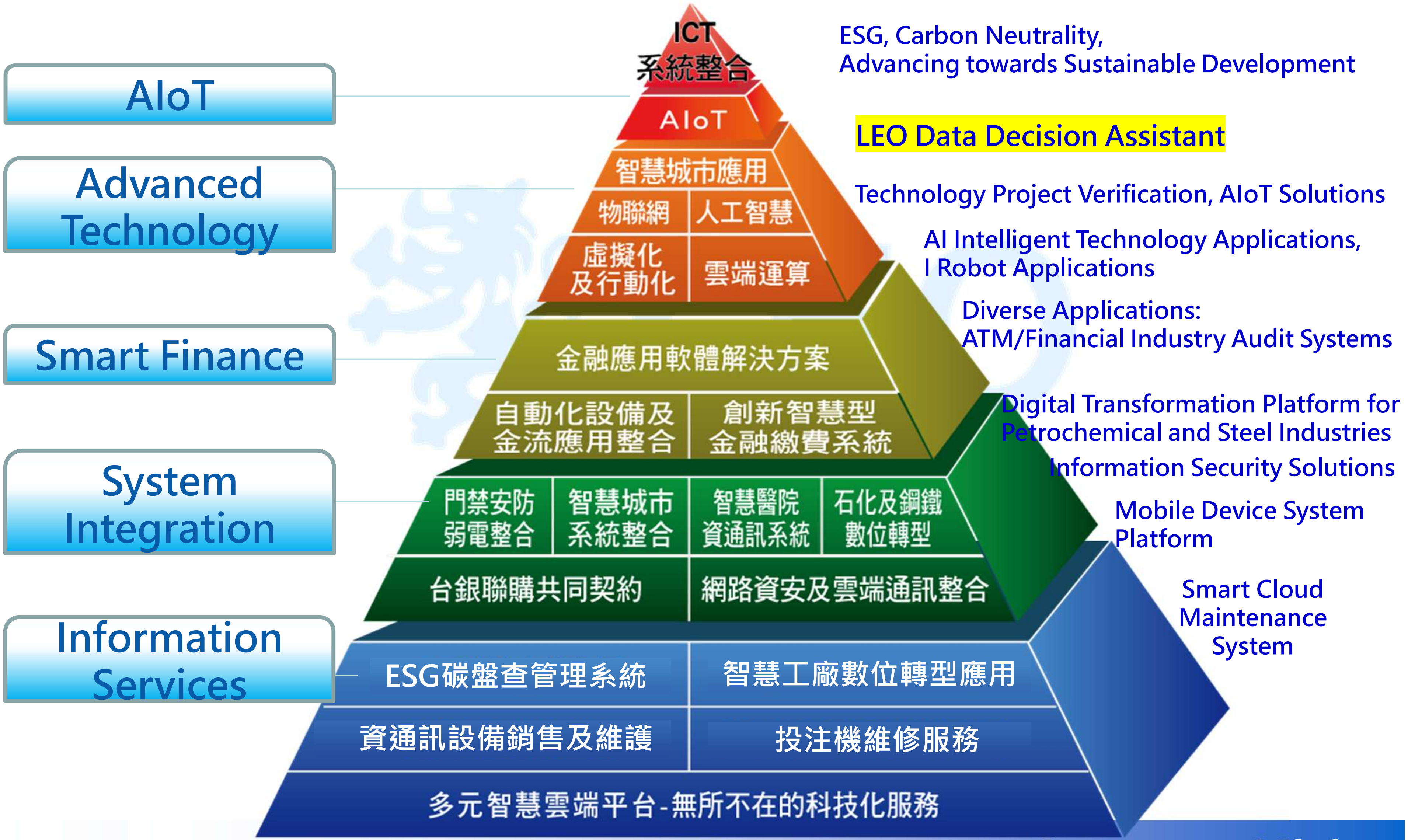
Client
Develop suitable customers with potential

Quality
Provide honest, stable and fast service

Technology
5G AI digital transformation, environmental protection, integrated marketing

ICT digital transformation system integration services

LEOSYS Product and Service Strategy



Core expertise and competitiveness

LEO SYSTEMS,INC. Focus on collaborative technology, integration and management services, actively invest in information technology innovation, from three aspects to provide customers with a full range of information services.

Intelligent system integration service team

- Provide a full range of system integration and value-added services for information and communication infrastructure products, and devote to assisting corporate customers in planning, construction, technical support, IT maintenance management, optimizing information processes and improving customers' industrial added value and innovation in information and communication (ICT).
- Technology infrastructure construction, using 5G, AI, AIoT, system network, information security integration and smart medical care, to provide excellent information and communication integration services, assist customers in digital transformation, and win customer trust.

Digital financial marketing service team

Provide value-added integration services fo various financial automation equipment (ATM, deposit machines), cash flow busines integration and applications software solutions to optimize customer cash flow service needs, shorten customer service processes, and improve service efficiency ar competitiveness.

At the same time, it develops AI smart manufacturing and preventive medicine ICT technology platforms with innovative integrated services of "information technology" and "integrated marketing", B2 international digital marketing services, and innovative technology projects to meet the different digital transformation needs of customers.

Professional information maintenance service team

- Lottery betting machine, ATM and various IT equipment maintenance, with professional and flexible management capabilities, perfect SOP process control management, to provide customers with high-quality maintenance service support. 。

Award Nomination Description and Certification Certificate

LEO SYSTEMS,INC has been reviewed and approved by the Ministry of Digital Affaris and has obtained:

- AI人工智慧技術服務機構服務能量證書
- 資安能量登錄暨資通自主產品服務能量證書

112年

Information Security Service Item

Network Transmission Security and Protedtion Services

Data Security and protection Services.

112

AI Consultant Service Capability

Training and Incubation of AI Talents/Startups Talent

"Community Engagement and Development for Public Welfare"

"LEOSYS has been sponsoring the Lujhou District Sports Association for People with Disabilities in New Taipei City for years and holds an annual charity day event."

ESG Development and Performance- Beach Cleanup

'Xinjinshan Beach Cleanup'on August 26, 2023

"In just a short 2-hour span and using our bare hands, we managed to clear 70 kilograms of marine debris, including not only plastic bottles but also discarded fishing floats."

ESG Development and Performance- Beach Cleanup

'Keelung Waimu Beach Cleanup' on October 15, 2022

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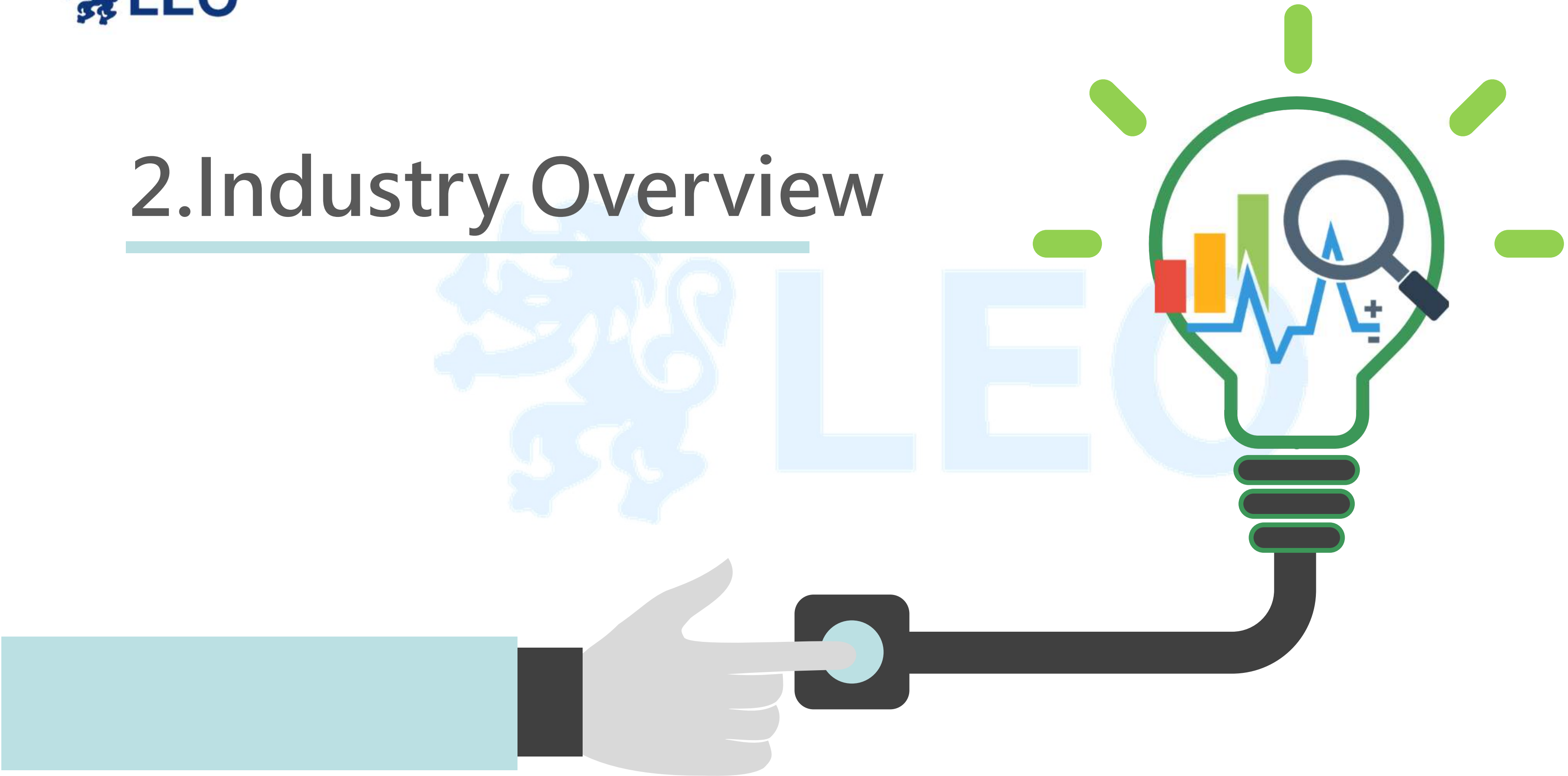
2.Industry Overview



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Industry upstream, middle and downstream

Upstream → **Middle** → **downstream**

Upstream

- Domestic and foreign hardware manufacturers
- Domestic and foreign software providers
- Domestic and foreign IT technology provider
- New generation communication operators, 5G, 6G…
- Self-developed technology

Manufacturers, system developers

Information Technology Service Providers

- Package software
- System Integration
- Turnkey system
- Internet service
- Maintenance service
- Equipment supply
- e-commerce
- Product sales
- Marketing Services
- e-business
- Consultancy

Information technology service provider

Dealers

End Users

- Government Agency (Military, public, police, government)
- Schools
- Private Enterprise
- Banks
- Insurances
- Medical Industry
- Manufacturing

Distributor end user

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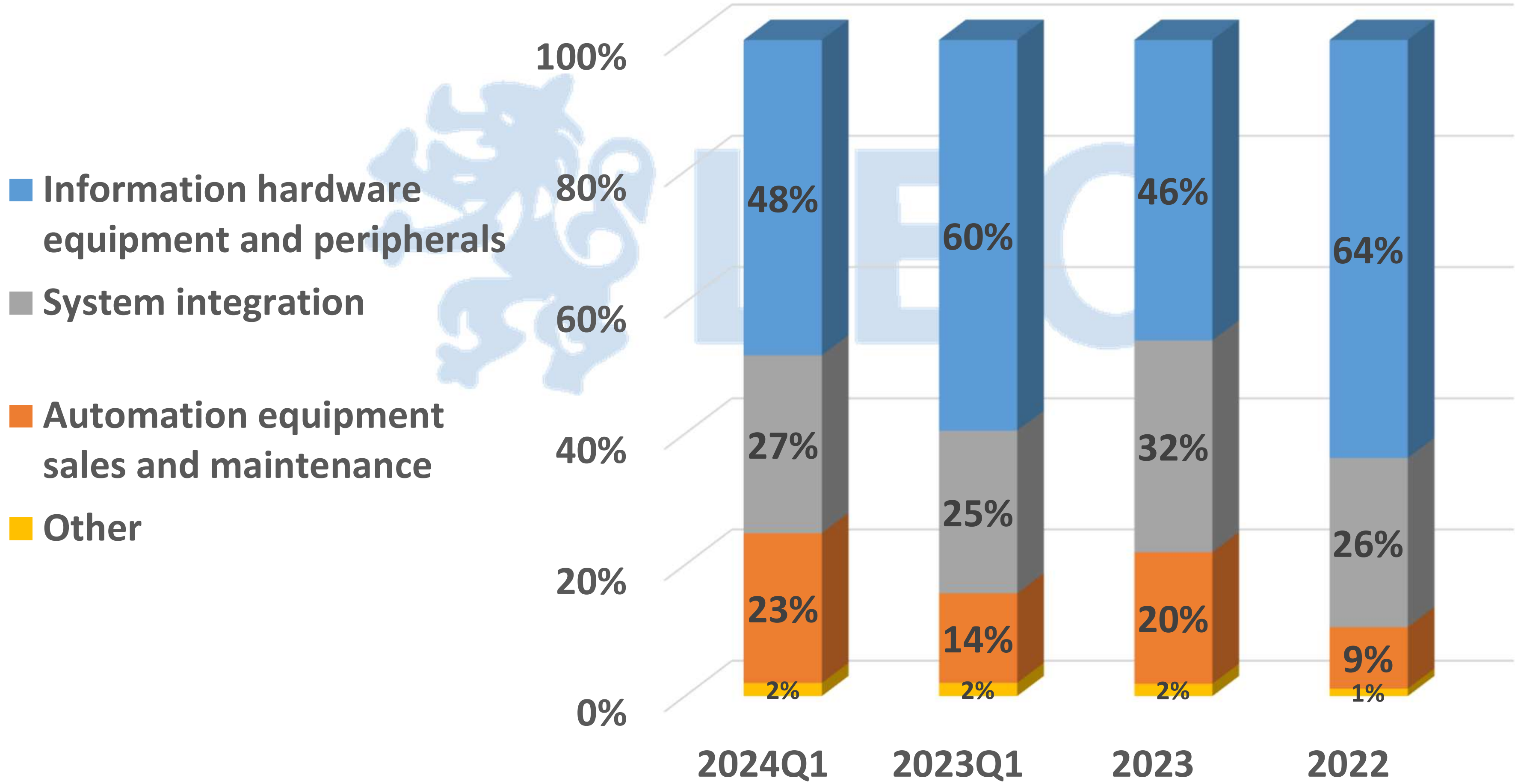
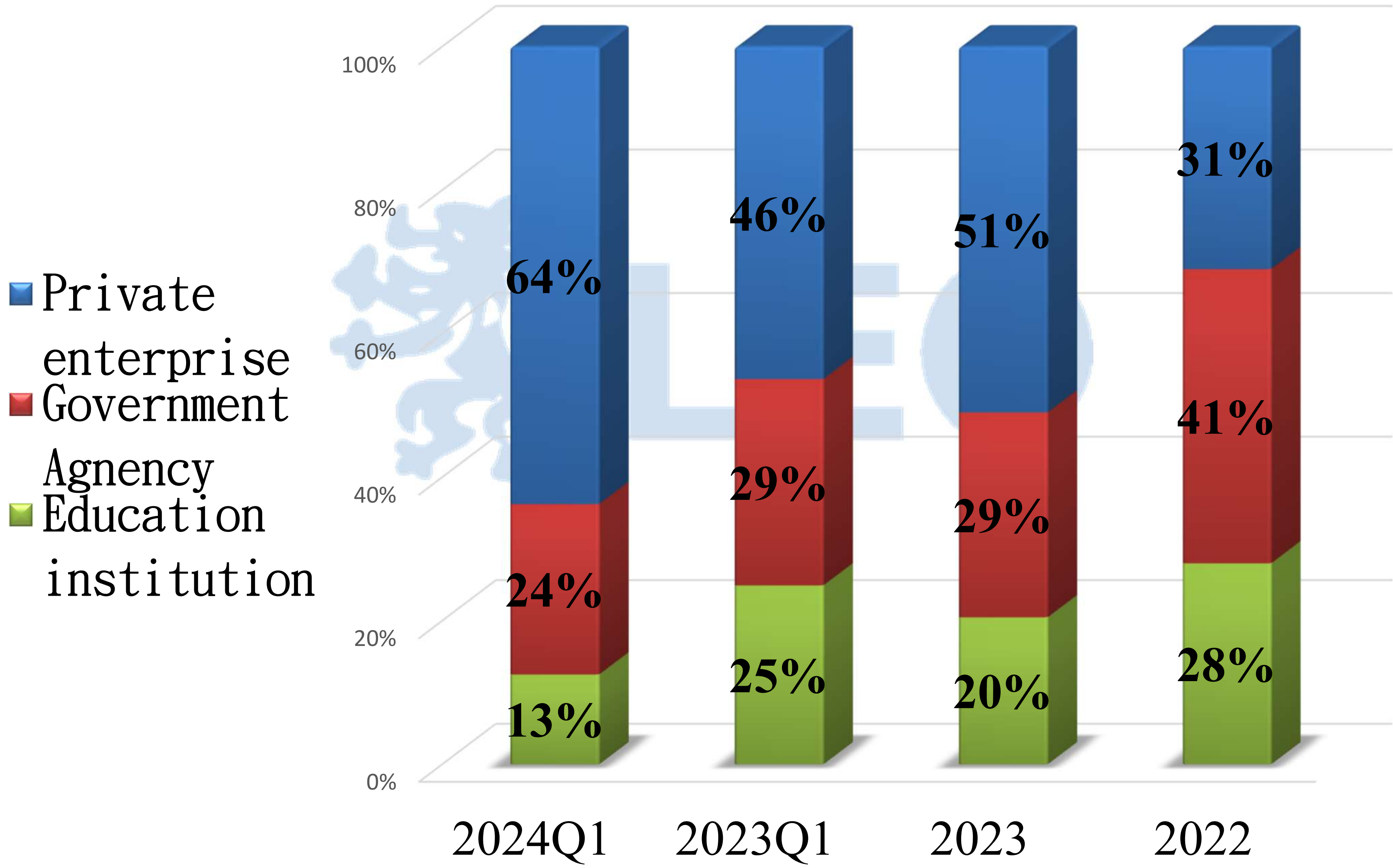
3.Operation Overview

Revenue mix comparison-By products



Revenue mix comparison-By customers

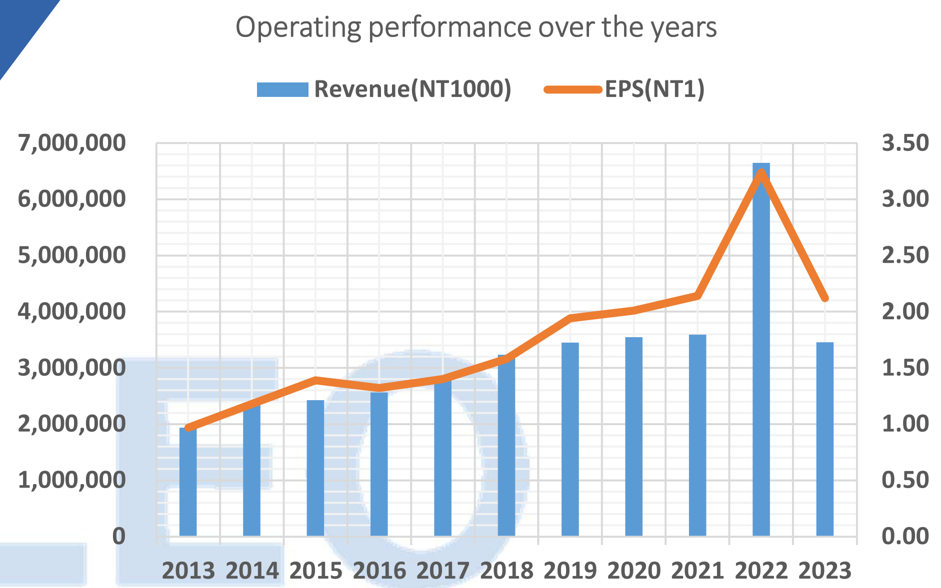


4.Financial Overview

Briefer： Benson Peng

Financial reports for the past years

- Revenue grew from 2.4 billion to 3.5 billion
- EPS increased from 1.18 to 2.12
- EPS average annual growth of about 10% (Excluding 2023, the average annual growth is about 15%)



Profit and loss items	Income Statements for the past years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue (NT 1000)	2,355,799	2,425,563	2,564,635	2,824,978	3,233,770	3,449,191	3,548,851	3,590,677	6,645,116	3,457,717
Net Income attributable to Owners of the Company (NT 1000)	105,716	123,444	113,756	120,284	136,037	166,692	172,916	186,493	285,370	188,447
EPS (NT 1)	1.18	1.39	1.32	1.40	1.58	1.94	2.01	2.14	3.24	2.12

EPS and dividend per share for the last 10 years

Year	EPS(NT 1)	Cash dividend per share	Cash dividend rate	Cash dividend base date stock price	Cash dividend yield
2014	1.18	1.08	92%	10.90	9.9%
2015	1.39	1.22	88%	12.70	9.6%
2016	1.32	1.00	76%	13.35	7.5%
2017	1.40	1.23	88%	16.95	7.3%
2018	1.58	1.30	82%	17.60	7.4%
2019	1.94	1.50	77%	21.55	7.0%
2020	2.01	1.70	85%	21.80	7.8%
2021	2.14	1.85	86%	25.05	7.4%
2022	3.24	2.50	77%	31.65	7.9%
2023	2.12	2.10	99%	39.20	5.4%(Note)

Note：It is tentatively estimated based on the closing price on June 21, 2024.

LEO EPS and dividend per share for the last 10 years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EPS	1.18	1.39	1.32	1.40	1.58	1.94	2.01	2.14	3.24	2.12
Dividend per share	1.08	1.22	1.00	1.23	1.30	1.50	1.70	1.85	2.50	2.10

Profit and loss comparison between the first two quarters of 2024 and the same period in 2023

Unit：NT 1000

Year / Items	2024Q1	2023Q1	Diff	%
Operating revenue	793,540	783,006	10,534	1.35%
Gross Profit	156,346	147,120	9,226	6.27%
Operating Gross Profit Margin	19.7%	18.8%	0.9%	4.79%
Operating expenses	118,038	113,530	4,508	3.97%
Net Operating Income	38,308	33,590	4,718	14.05%
Operating net profit margin	4.8%	4.3%	0.5%	11.63%
Non-operation income	7,852	3,159	4,693	148.56%
Income before tax	46,160	36,749	9,411	25.61%
Income tax expenses	9,722	8,064	1,658	20.56%
Net Income	36,438	28,685	7,753	27.03%
Net Income attributable to Owners of the company	36,502	28,752	7,750	26.95%
Net Income(loss) attributable to non-controlling interests	(64)	(67)	3	4.48%
EPS(NTD $1)	0.41	0.32	0.09	28.13%

Income Statements for the past 3 yeras

Unit：NT 1000

Items \ Year	2021	2022	2023	2024Q1
Operating revenue	3,590,677	6,645,116	3,457,717	793,540
Gross Profit	611,565	854,261	649,480	156,346
Operating Gross Profit Margin	17.0%	12.9%	18.8%	19.7%
Operating expenses	431,666	552,869	464,554	118,038
Net Operating Income	179,899	301,392	184,926	38,308
Operating net profit margin	5.0%	4.5%	5.3%	4.8%
Non-operation income	45,208	49,498	43,882	7,852
Income before tax	225,107	350,890	228,808	46,160
Income tax expenses	38,614	65,537	40,226	9,722
Net Income	186,493	285,353	188,582	36,438
Net Income attributable to Owners of the company	186,493	285,370	188,447	36,502
Net Income(loss) attributable to non-controlling interests	-	(17)	135	(64)
EPS(NTD $1)	2.14	3.24	2.12	0.41

5.Future outlook

Briefer：Chairman Tony Wang

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Future outlook

- Deeply develop all-round information and communication infrastructure integration services.
- Continue to strengthen regional and mobile maintenance capabilities and management systems.
- 5G, AIoT: Develop LEO DDA data decision-making support AIoT platform.
- Generative AI: Establish an AI R&D team and develop industrial generative AI systems.
- ESG: Manufacturing carbon inventory data visualization dashboard.
- Smart manufacturing: innovative solutions for digital transformation of large-scale manufacturing industries.
- Smart medical care: smart medical AI-assisted robots, 4K conference room surgery broadcast.
- Actively cultivate AI and application software manpower, and expand innovative application solutions for large enterprises such as manufacturing, finance, and smart medical care.

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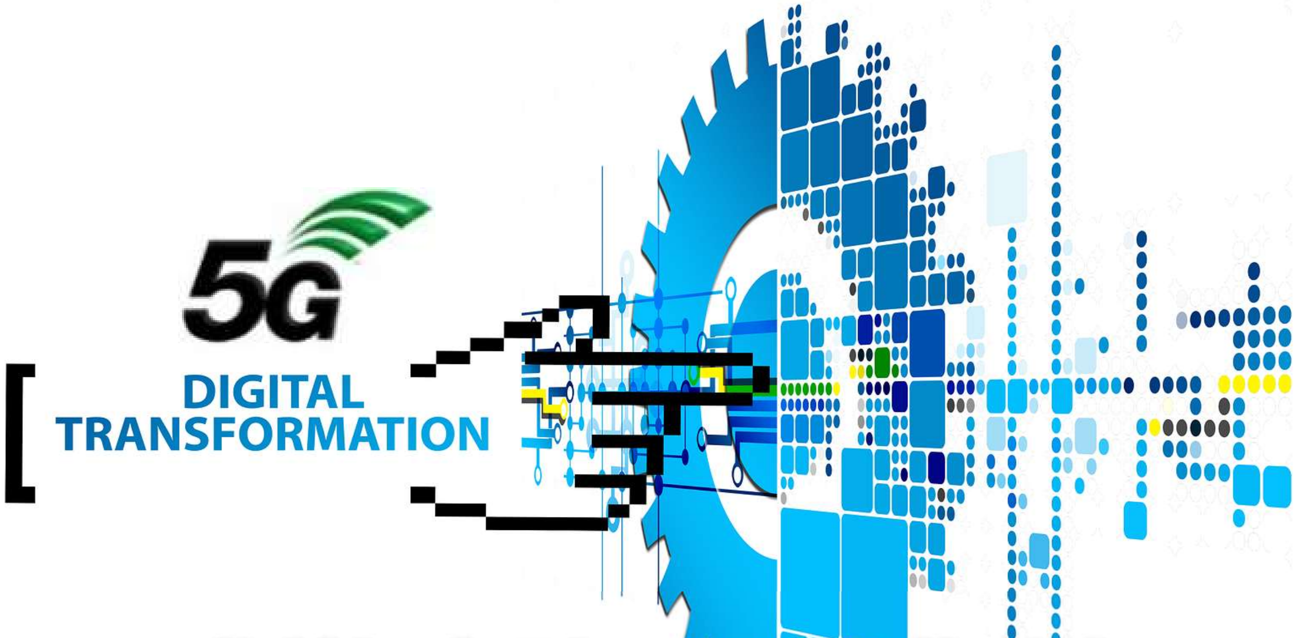

感謝聆聽 懇請指導
Thank you! Q&A