

LEO Systems Inc.

Company Briefing

Briefer : Chairman Tony Wang

November 16, 2022

Disclaimer

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Company Overview

Company Profile

- (1) Establish : September 13, 1985**
- (2) Registration : Neihu District, Taipei City**
- (3) Capital : NTD Thousand 881,401**
- (4) Staff (end till 2022.09.30) : 377**
- (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.
- 1998 Passed ISO-9001 quality management and quality assurance international standard certification and ISO-14001 environmental protection certification.
- 1999 The stock is officially listed on the OTC.
- 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.
- 2014 For four consecutive years, the company has won the A-listed company information disclosure assessment.

Important company events

- 2015 Shortlisted for the 3rd Potential Enterprise List of Backbone Enterprises by the Industrial Bureau of the Ministry of Economic Affairs.
- 2016 Won the silver medal of the "Taiwan Training Quality Standard" (TTQS) by the Vocational Training Bureau of the Labour Council for the third time.
- 2017 Won the 71st Excellent Businessman Award of the Republic of China by the National Chamber of Commerce.
- 2019 (1) Get an Apple Authorized Education Reseller.
(2) Won the 2019 Distributor of the Year by Cathay Financial Group.
- 2020 Obtained ISO27001 Information Security Management Systems: 2013 certification.
- 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.
- 2022 Obtained an order from the Ministry of Education for "Promoting Digital Learning Improvement Programs for Primary and Secondary Schools".

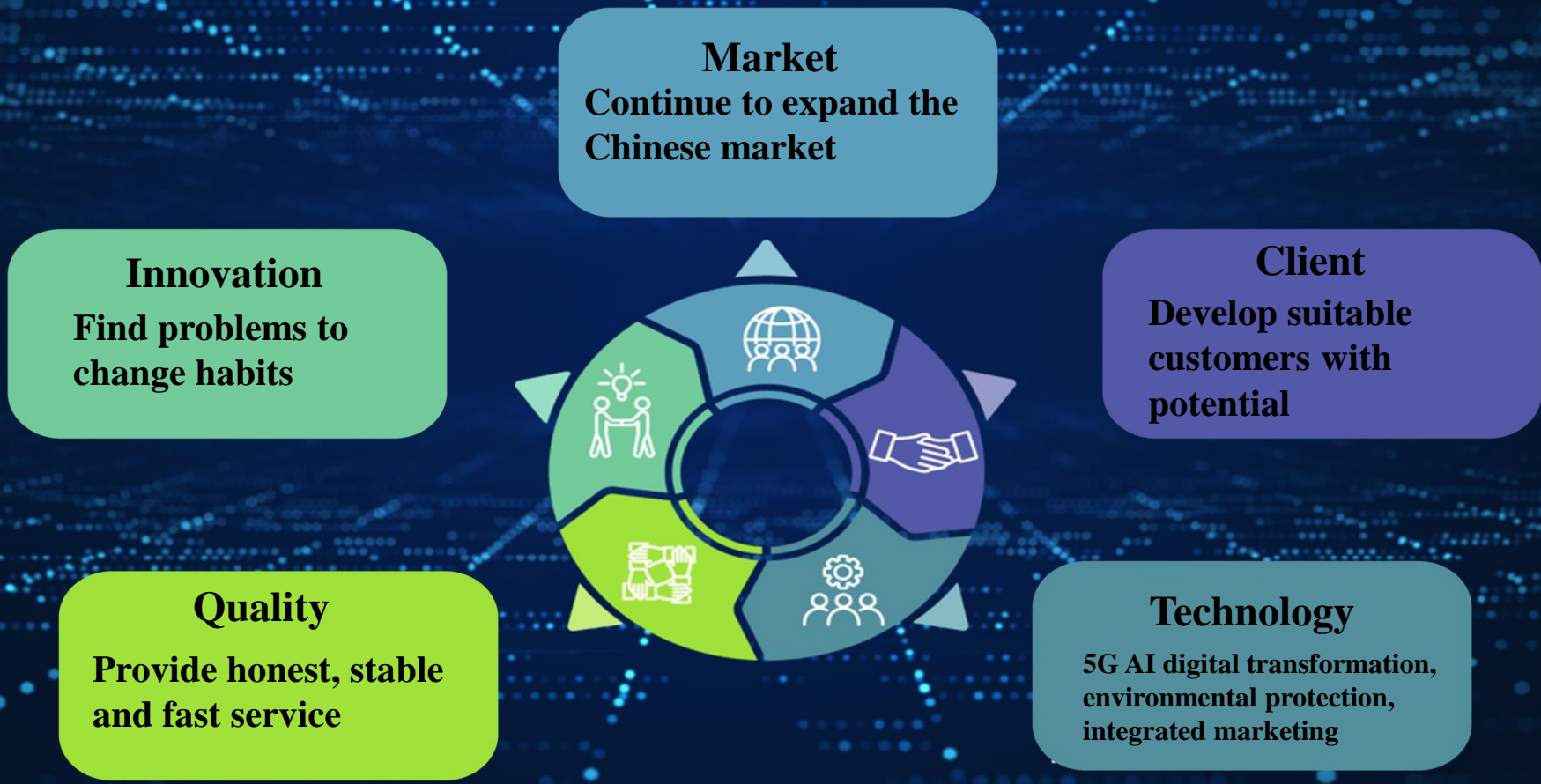
Head Office and Branches

- 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, Mincuan 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.

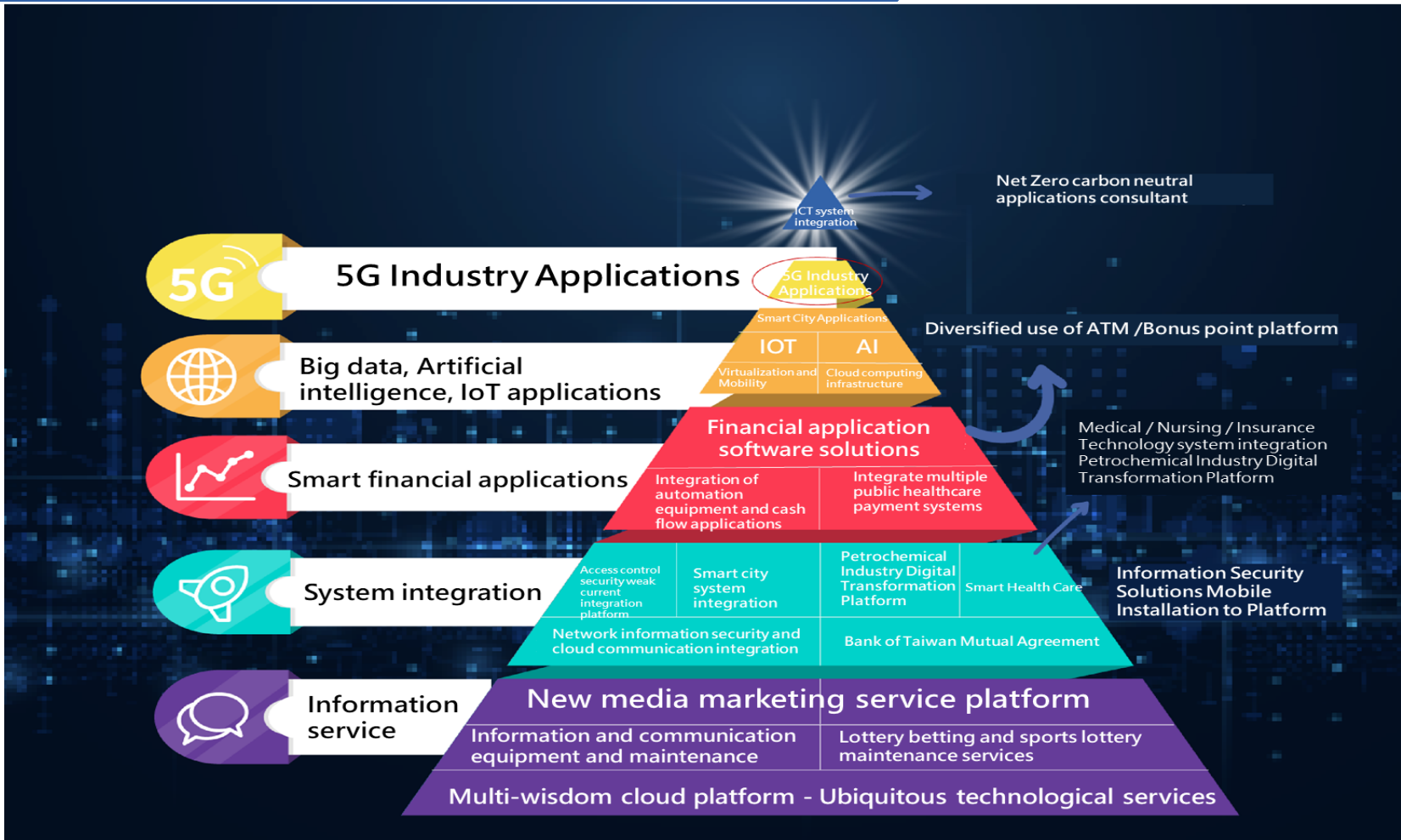
Main business content

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.

LEO SYSTEMS ,INC. Computer Products and Services Strategy



LEO SYSTEMS ,INC. Computer Products and Services Strategy



Enterprise core value

Customer
success

Innovation
Strain

Commitment
to Integrity

To become the most professional and trustworthy information and communication integration service provider in Taiwan and China, with forward-looking technology as the core, seeking the best solutions for customers and creating the greatest overall value. A goal that has been striving for years. From the customer's point of view, we provide comprehensive and in-demand system integration applications and various information equipment and communication technology solutions to help customers focus on the accelerated development of their industries.

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

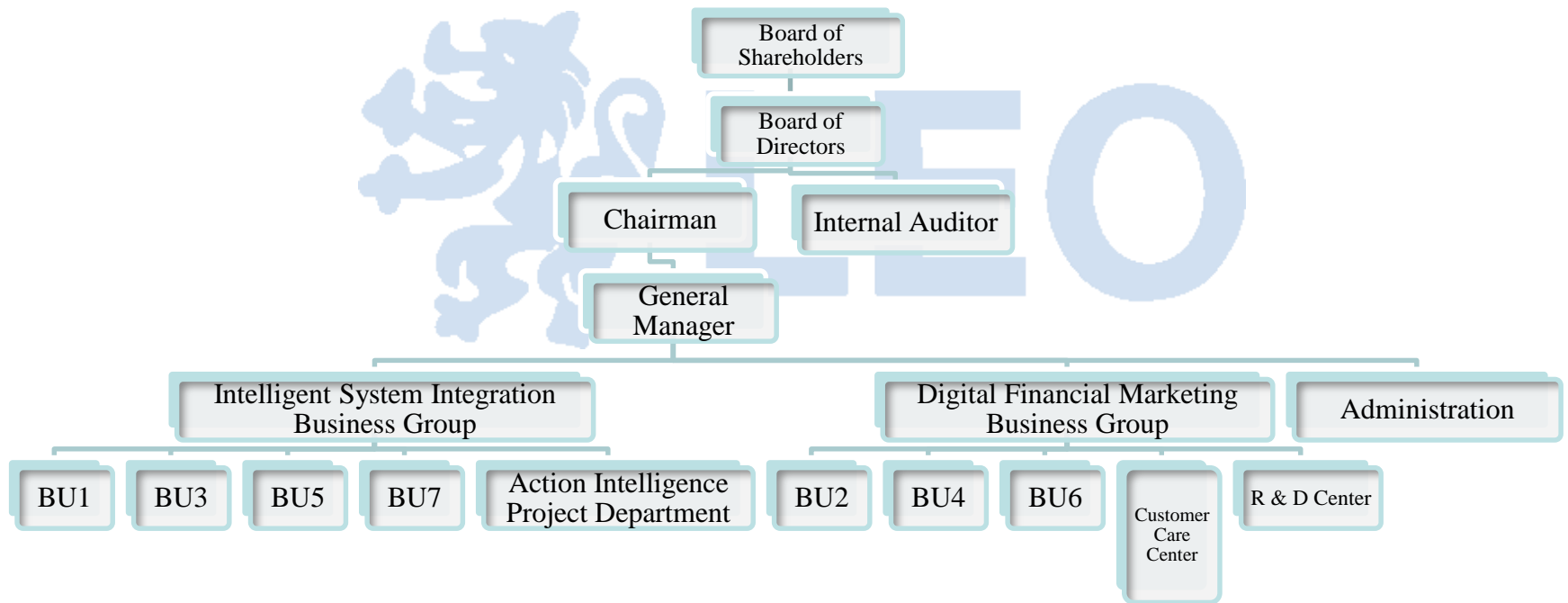
Provide value-added integration services for various financial automation equipment (ATM, deposit machines), cash flow business integration and applications software solutions to optimize customer cash flow service needs, shorten customer service processes, and improve service efficiency and competitiveness.

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", B2B 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. °

Organizational Chart



Organization and Responsibilities

Department	Main business
BU1	The digital system integration value-added service team provides system integration value-added services for all-round information and communication infrastructure products, assists customers in information integration planning, construction, technical support and required IT maintenance and operation management, and optimizes information processes. Focus on the information and communication needs of central government units, financial units, and large groups.
BU2	Financial industry automation equipment cash flow integration and application system solutions services.
BU3	<ul style="list-style-type: none">● Intelligent factory process optimization, energy saving and emission reduction, fault warning, maintenance strategy solutions.● Provide 5G planning, AI, Industry 4.0, IOT, Big Data, cloud virtualization and other solutions, information equipment sales and maintenance services.● ICT smart computer room integration service.● A full range of information security planning and construction services.● IT Infrastructure network, system storage equipment, smart ward hardware equipment, cloud traffic solution, cloud computing storage platform, smart terminal vehicle related equipment and maintenance services.

Organization and Responsibilities

Department	Main business
BU4	Integrate 5G and multiple communication technologies, aiming at AIoT artificial intelligence networking, industrial IIOT smart manufacturing technology research and development and ICT information communication integration, research and development of Leo computer AIoT, IIoT Dashboard industry vertical application technology platform.
BU5	The digital intelligent system integration engineering team provides AIoT, 5G, cloud platform construction and weak current engineering integration services, and assists customers in consulting on various technical needs, focusing on the application of chemical manufacturing.
BU6	The professional information maintenance service team, with the purpose of "the only lottery ticket maintenance in the industry", has 17 years of lottery ticket maintenance experience, strengthens the maintenance response and management capabilities due to environmental changes, and strengthens the requirements for engineers to implement various SOP operations and improve execution efficiency. Improve the maintenance quality of lottery betting equipment and meet customer needs.

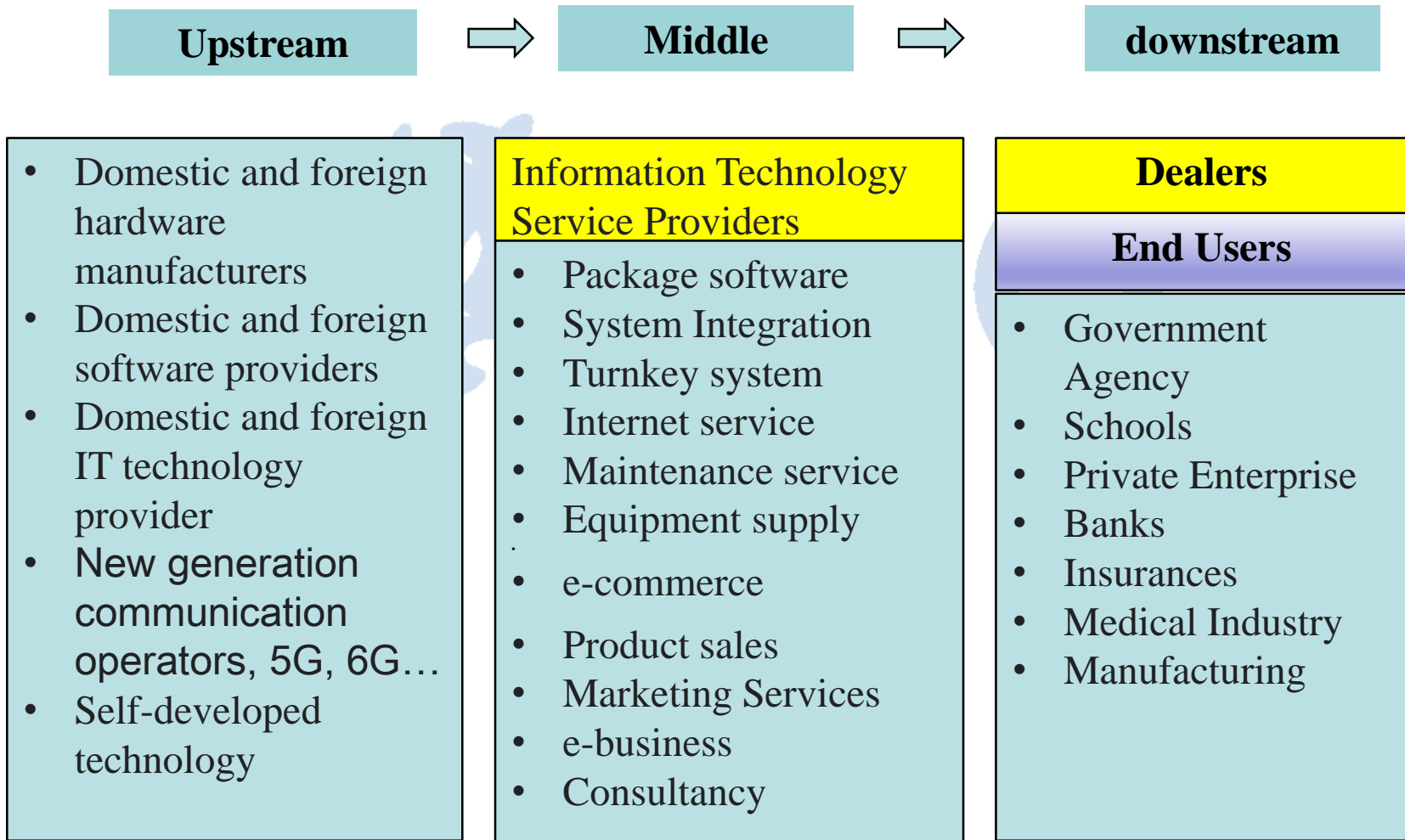
Organization and Responsibilities

Department	Main business
BU7	Focusing on the digital system integration value-added service team of central and southern government units, medical care, military, educational units and small and medium-sized enterprises, it is deeply involved in the field of system integration, and is customer-oriented, providing information integration planning, construction, technical support and needs IT maintenance and operation management and optimization services.
Action Intelligence Project Department	According to the budget and needs of Taiwan's education bureaus and educational institutions (public and private), we provide mobile vehicles, computer classrooms, smart campus complete product planning, system integration solutions, technical services and other services.
Customer Care Center	Adhering to the "Call Center" mechanism, optimize and proactively care for customers, thereby improving service quality.
R & D Center	Research and develop various new information and communication technologies, new products and innovative technology applications and various system integration services required for digital transformation of enterprises.



Industry Overview

Industry upstream, middle and downstream





Operation Overview

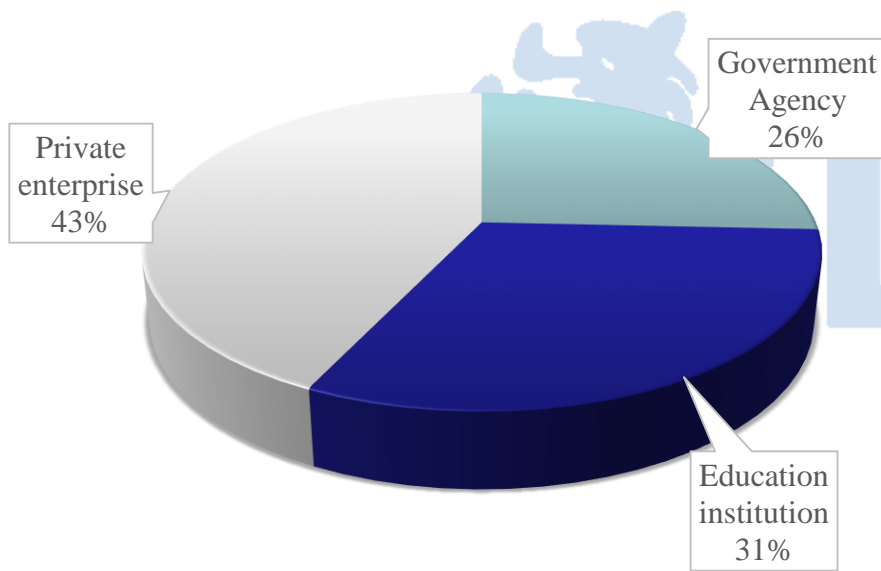
Revenue mix comparison-By products

Unit : NTD 1,000

Products	2021		2022 Q1~Q3	
	Amount	ratio(%)	Amount	ratio(%)
Terminal Equipment	1,294,159	36	1,950,430	52
Peripherals and Consumables	1,034,995	29	763,239	20
Maintenance income	345,465	10	270,663	7
Servers and Storage	319,195	9	284,020	8
Network communication equipment	161,534	4	135,745	4
ATM equipment	144,910	4	62,009	2
Advertisement Income	107,013	3	55,447	1
Others	183,406	5	231,438	6
Total	3,590,677	100	3,752,991	100

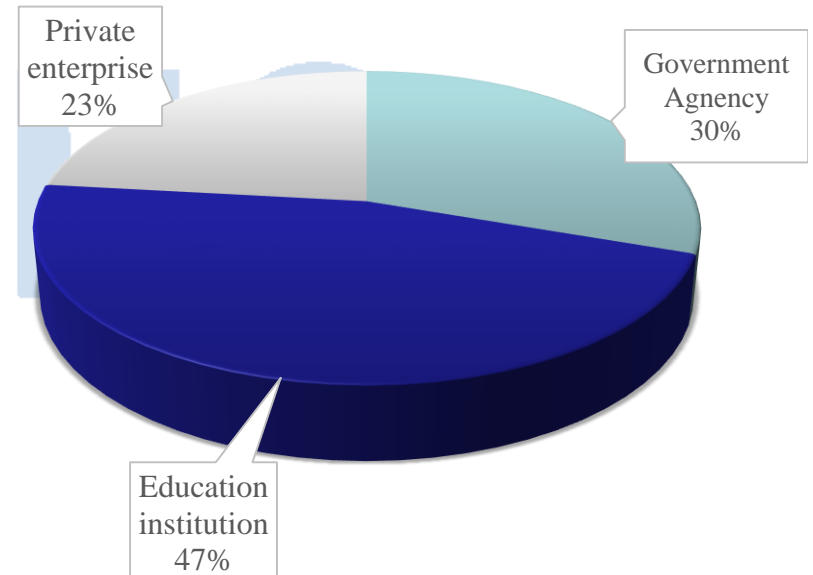
Revenue mix comparison-By customers

2021



■ Government Agency ■ Education institution
■ Private enterprise

2022 Q1~Q3



■ Government Agency ■ Education institution
■ Private enterprise



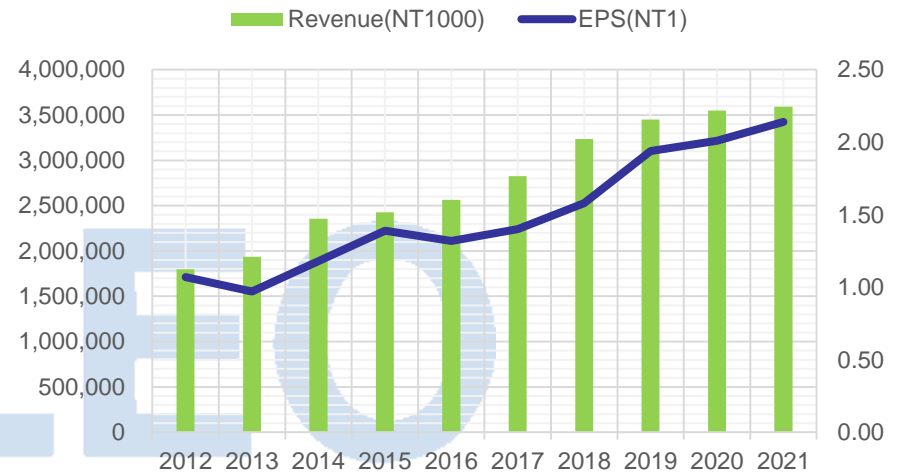
Financial Overview

Briefer : Allan Wu

Financial reports for the past years

- Revenue grew from 1.8 billion to 3.6 billion
- EPS increased from 1.07 to 2.14
- Average annual growth of about 8%

Operating performance over the years



Income Statements for the past years

Profit and loss items	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue (NT 1000)	1,798,542	1,937,411	2,355,799	2,425,563	2,564,635	2,824,978	3,233,770	3,449,191	3,548,851	3,590,677
Net Income attributable to Owners of the Company (NT 1000)	98,995	87,207	105,716	123,444	113,756	120,284	136,037	166,692	172,916	186,493
EPS (NT \$1)	1.07	0.97	1.18	1.39	1.32	1.40	1.58	1.94	2.01	2.14

EPS and dividend per share for the last 10 years

Year	EPS(NT \$1)	Cash dividend per share	Stock dividend per share	Cash dividend rate	Cash dividend yield
2012	1.07	0.65	0.35	61%	4.9%
2013	0.97	0.83	—	86%	6.8%
2014	1.18	1.08	—	92%	9.9%
2015	1.39	1.22	—	88%	9.6%
2016	1.32	1.00	—	76%	7.5%
2017	1.40	1.23	—	88%	7.3%
2018	1.58	1.30	—	82%	7.4%
2019	1.94	1.50	—	77%	7.0%
2020	2.01	1.70	—	85%	7.8%
2021	2.14	1.85	—	86%	7.4%

EPS and dividend per share for the last 10 years

EPS and dividend per share for the last 10 years



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
EPS	1.07	0.97	1.18	1.39	1.32	1.4	1.58	1.94	2.01	2.14
dividend per share	1	0.83	1.08	1.22	1	1.23	1.3	1.5	1.7	1.85

Income Statements for the past 3 years

Unit : NT 1000

Items	Year	2019	2020	2021	2022 Q1~Q3
Operating revenue		3,449,191	3,548,851	3,590,677	3,752,991
Gross Profit		573,736	570,727	611,565	580,046
Operating Gross Profit Margin		16.6%	16.1%	17.0%	15.5%
Operating expenses		425,446	427,535	431,666	359,047
Net Operating Income		148,290	143,192	179,899	220,999
Operating net profit margin		4.3%	4.0%	5.0%	5.9%
Non-operation income		49,273	66,960	45,208	29,314
Income before tax		197,563	210,152	225,107	250,313
Income tax expenses		30,871	37,236	38,614	48,366
Net Income		166,692	172,916	186,493	201,947
Net Income attributable to owners' equity of the company		166,692	172,916	186,493	201,962
Net profit (loss) attributable to non-controlling interests		-	-	-	(15)
EPS(NTD \$1)		1.94	2.01	2.14	2.29

Profit and loss comparison between the first three quarters of 2022 and the same period in 2021
Unit : NT 1000

Items	Year	2022 Q1~Q3	2021 Q1~Q3	difference	growth rate
Operating revenue		3,752,991	2,610,903	1,142,088	43.7%
Gross Profit		580,046	466,049	113,997	24.5%
Operating Gross Profit Margin		15.5%	17.9%	-2.4%	-13.4%
Operating expenses		359,047	309,365	49,682	16.1%
Net Operating Income		220,999	156,684	64,315	41.0%
Operating net profit margin		5.9%	6.0%	-0.1%	-1.7%
Non-operation income		29,314	22,209	7,105	32.0%
Income before tax		250,313	178,893	71,420	39.9%
Income tax expenses		48,366	34,578	13,788	39.9%
Net Income		201,947	144,315	57,632	39.9%
Net Income attributable to owners' equity of the company		201,962	144,315	57,647	39.9%
Net profit (loss) attributable to non-controlling interests		(15)	-	(15)	NA
EPS(NTD \$1)		2.29	1.66	0.63	38.0%



Future outlook

Briefer : Chairman Tony Wang

Future outlook

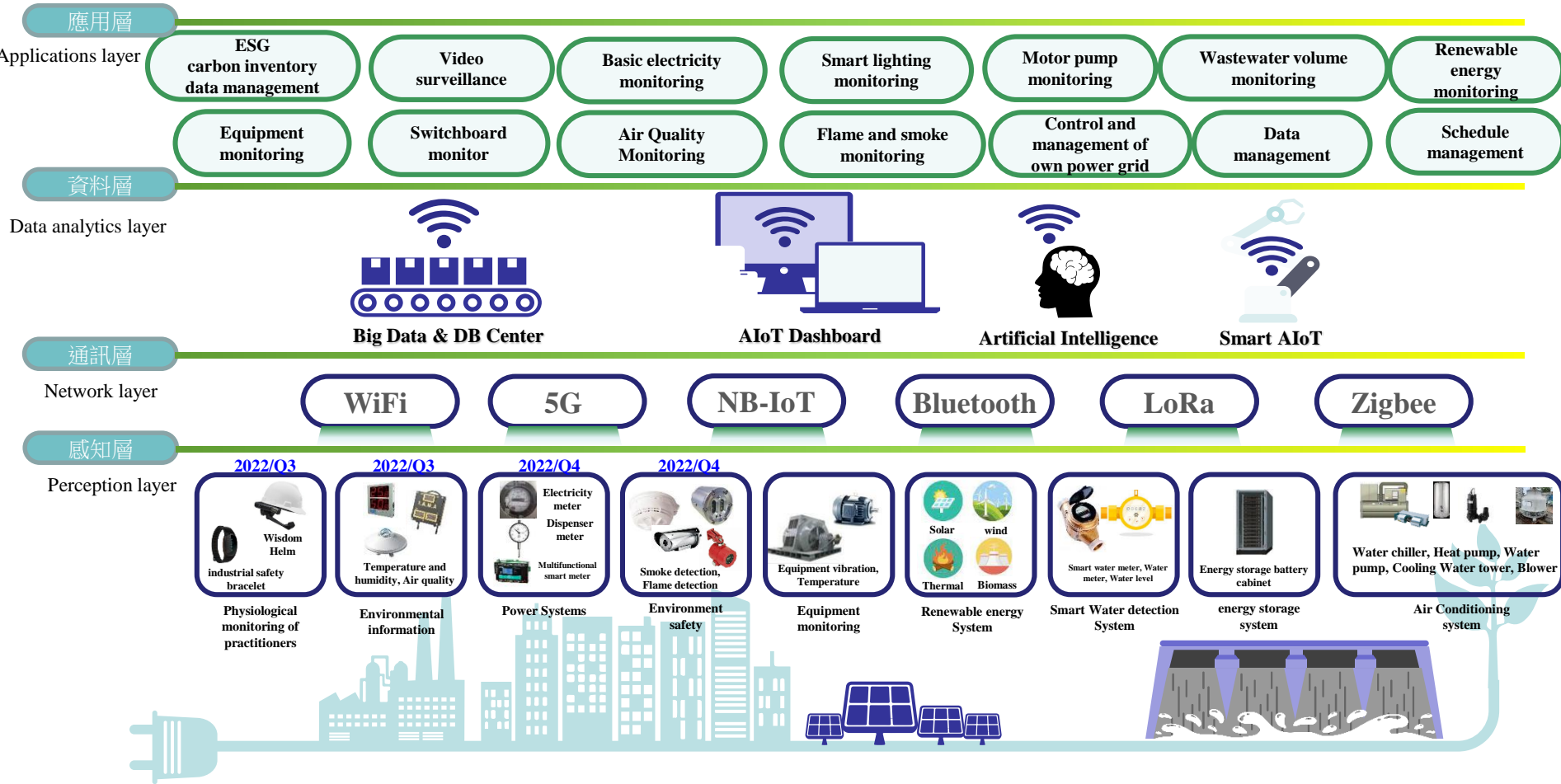
- Deeply cultivate all-round information and communication infrastructure integration services.
- Continue to strengthen regional and mobile maintenance capabilities and management.
- Actively develop ESG sustainable smart AIoT system technology platform.
- Continue to develop 5G, AIoT factory automation solutions.
- Actively develop smart medical and nursing system integration solutions.
- Actively cultivate application software manpower and expand financial business application.

- **LEO SYSTEMS,INC.-ESG sustainable development direction and goal**

LEO SYSTEMS,INC. also uphold the spirit of ESG sustainable development and continue to innovate in products and services. We hope to provide customers with high-quality services while taking into account sustainable development, as well as contributing to the sustainability of the country, society and the global environment.

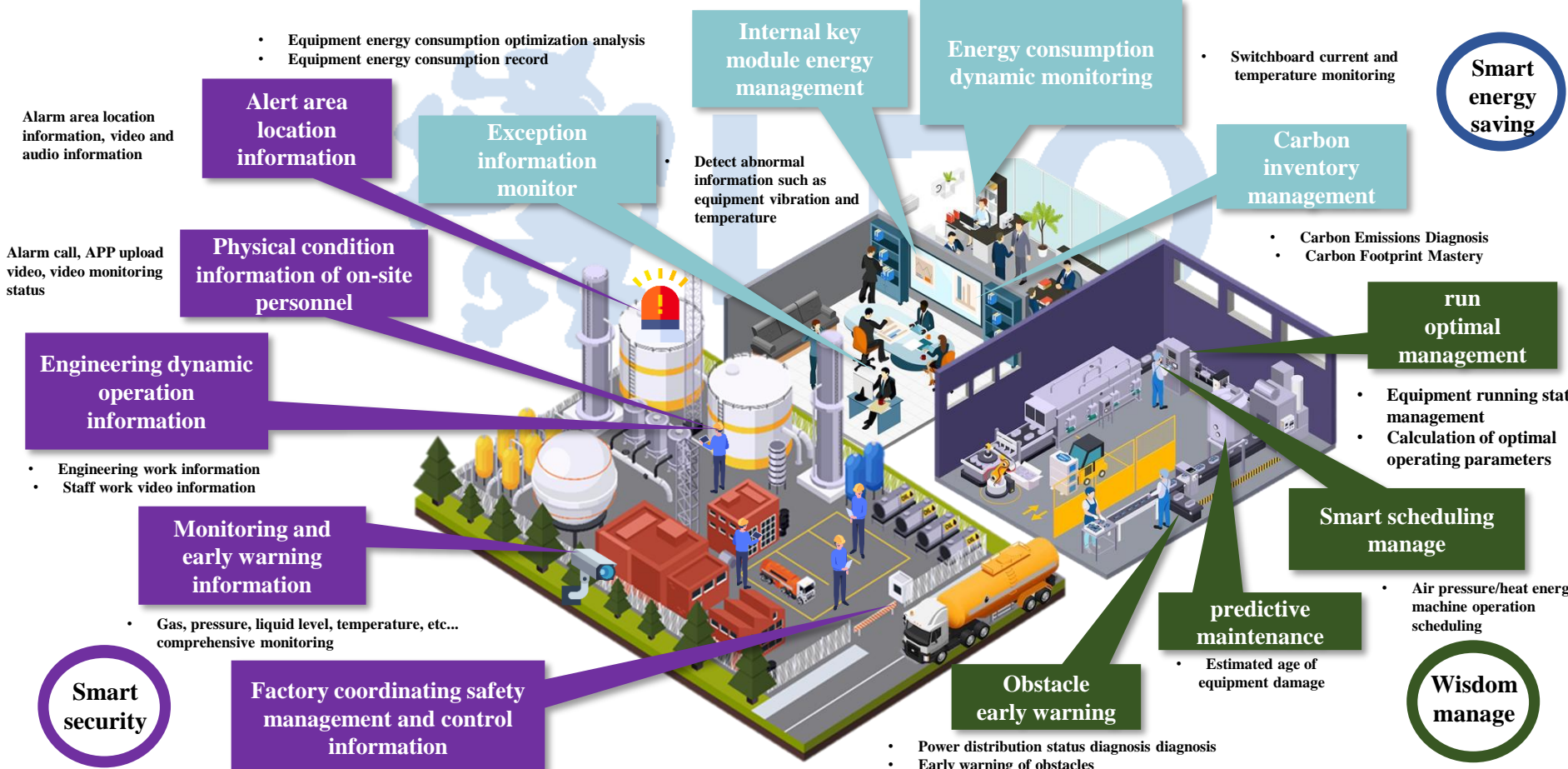
Therefore LEO SYSTEMS,INC actively develop LEO-ESG sustainable smart AIoT system platform, industrial IIoT smart manufacturing AIoT value-added technology platform, aiming to become a professional team of AIoT system integration technology in the SI field, combining cloud computing, ESG, network communication, Internet of things, artificial intelligence , service areas: smart factories, smart medical care, smart government and other fields, while integrating FIC GLOBAL, INC. 、 HTC Corporation the Group's technology, combined with the industry-university cooperation of MING CHI UNIVERSITY OF TECHNOLOGY of Science and Technology, takes the petrochemical industry as the initial development and applications promotion target, and then gradually expands to the overall manufacturing industry.

LEO-ESG Sustainable Smart AIoT System Technology Platform





Develop LEO AIoT Enterprise Situation Room Dashboard Platform System



Thank you for your listening and
advice