Stock code：5410

LEO Systems Inc.

Company Briefing

Briefer：Chairman Tony Wang

September 20, 2023

Disclaimer

This file and the financial information and forecast information are according to information obtained by the company from internal and external sources. The actual operating results and financial conditions of the company may differ from these predictive sets of information due to various uncontrollable factors.

The viewpoints in this file reflects the company's opinion on the future by the current date. If there are any changes or adjustments in the future, the company is not responsible to notify the reader or update the content.

This brief is the English translation of the Chinese version prepared and used in Taiwan. If there is any conflict between, or any difference in the interpretation of the English and Chinese language, the Chinese version shall prevail.

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Company Overview

Company Profile

(1)Establish：September 13, 1985

(2) Registration：Neihu District, Taipei City

(3) Capital：NTD Thousand 890,851

(4) Staff (end till 2023.08.31)：401

(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.

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.

Important company events

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".

Main business content

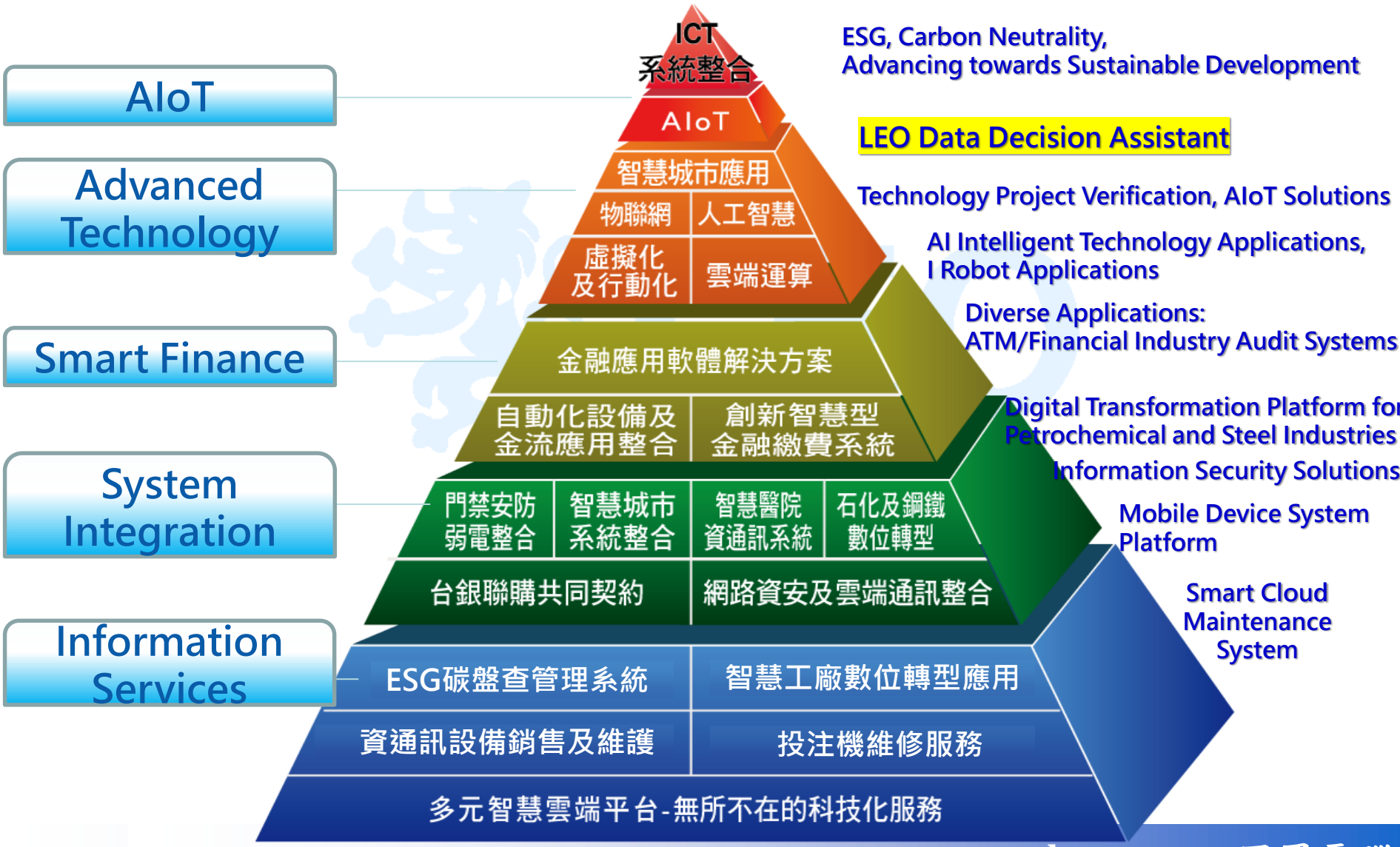
LEO Systems Inc. is committed to customer information planning and construction services in various fields. Its customer base covers major industries and military, government, and educational institutions, providing high-quality products and technical support, and its service scope has expanded to all 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

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 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.

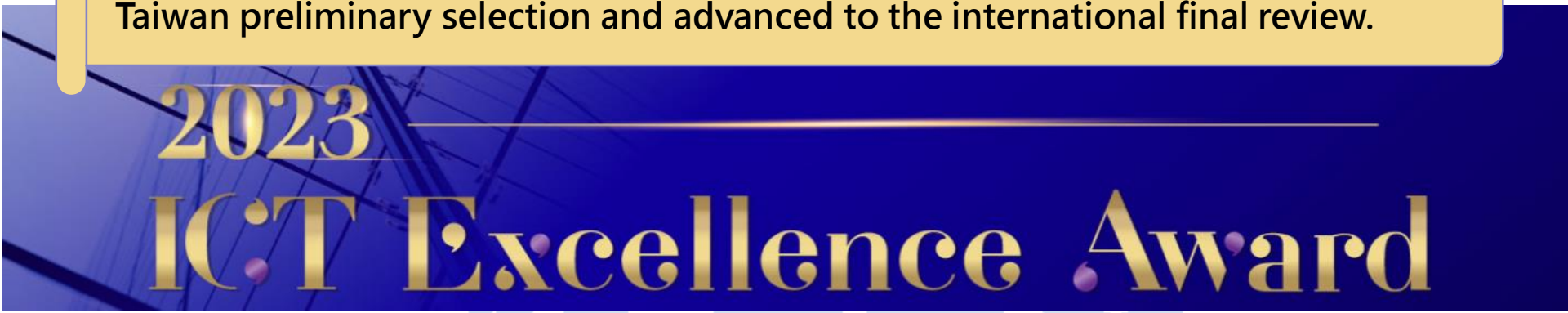
At the same time, it develops AI smart manufacturing and preventive medicine ICT technology platforms with innovative integrated services of "information technology" and "integrated marketing", B2B international digital marketing services, and innovative technology projects to meet the different digital 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.。

Award Nomination Description and Certification Certificate

2023 International Information and Communication Technology (ICT) Award: WITSA ICT Excellence Award LEO SYSTEMS,INC. has successfully passed the Taiwan preliminary selection and advanced to the international final review.



Starting from today ~ 7/21
17:00止 (GMT+8)

8/4 ~ 8/31

10/4 ~ 10/6

7/24 ~ 8/4

Expected in September

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

"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

Industry Overview

Industry upstream, middle and downstream

Upstream ⇨ **Middle** ⇨ **downstream**

- 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

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

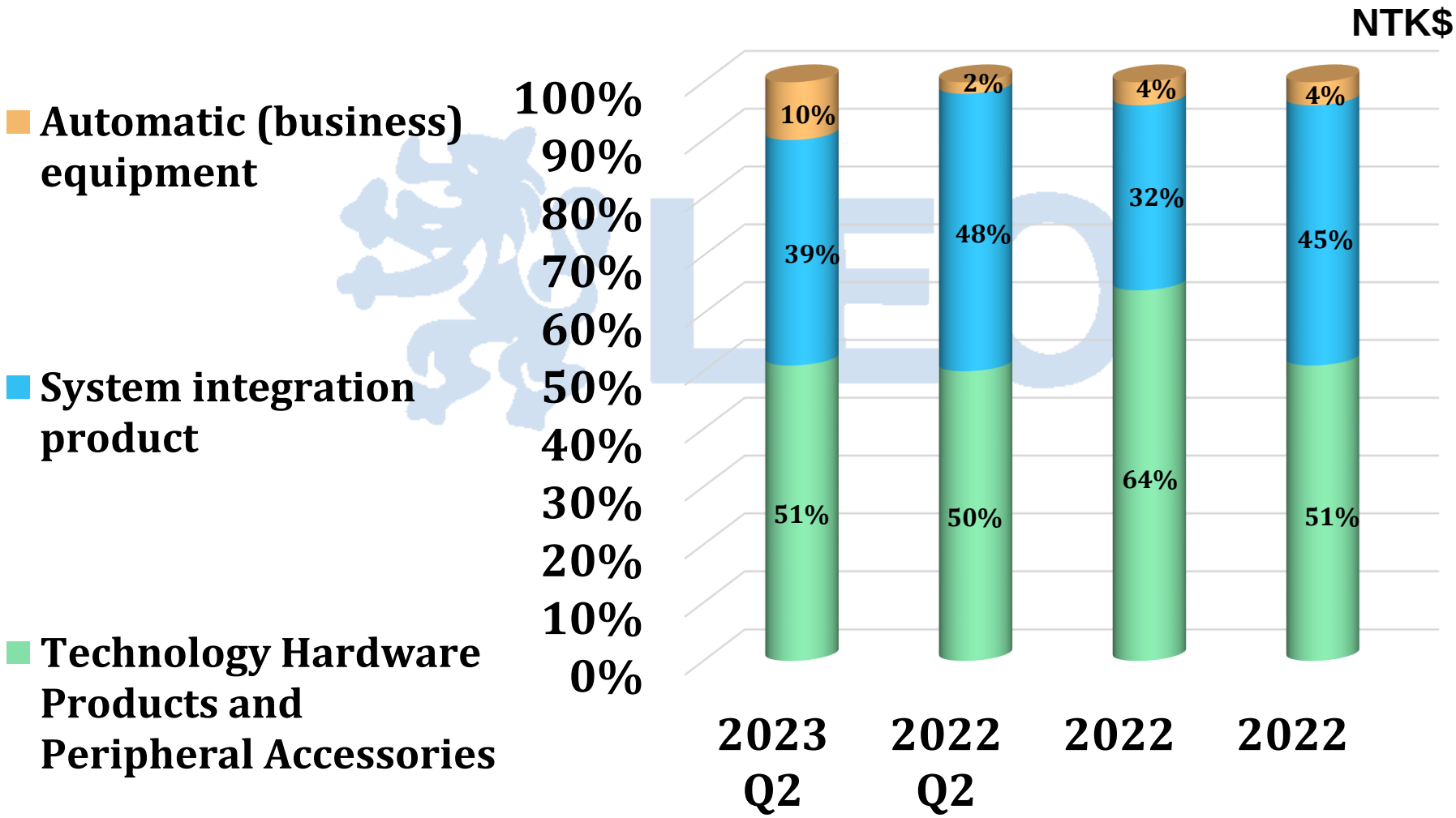
Dealers

End Users

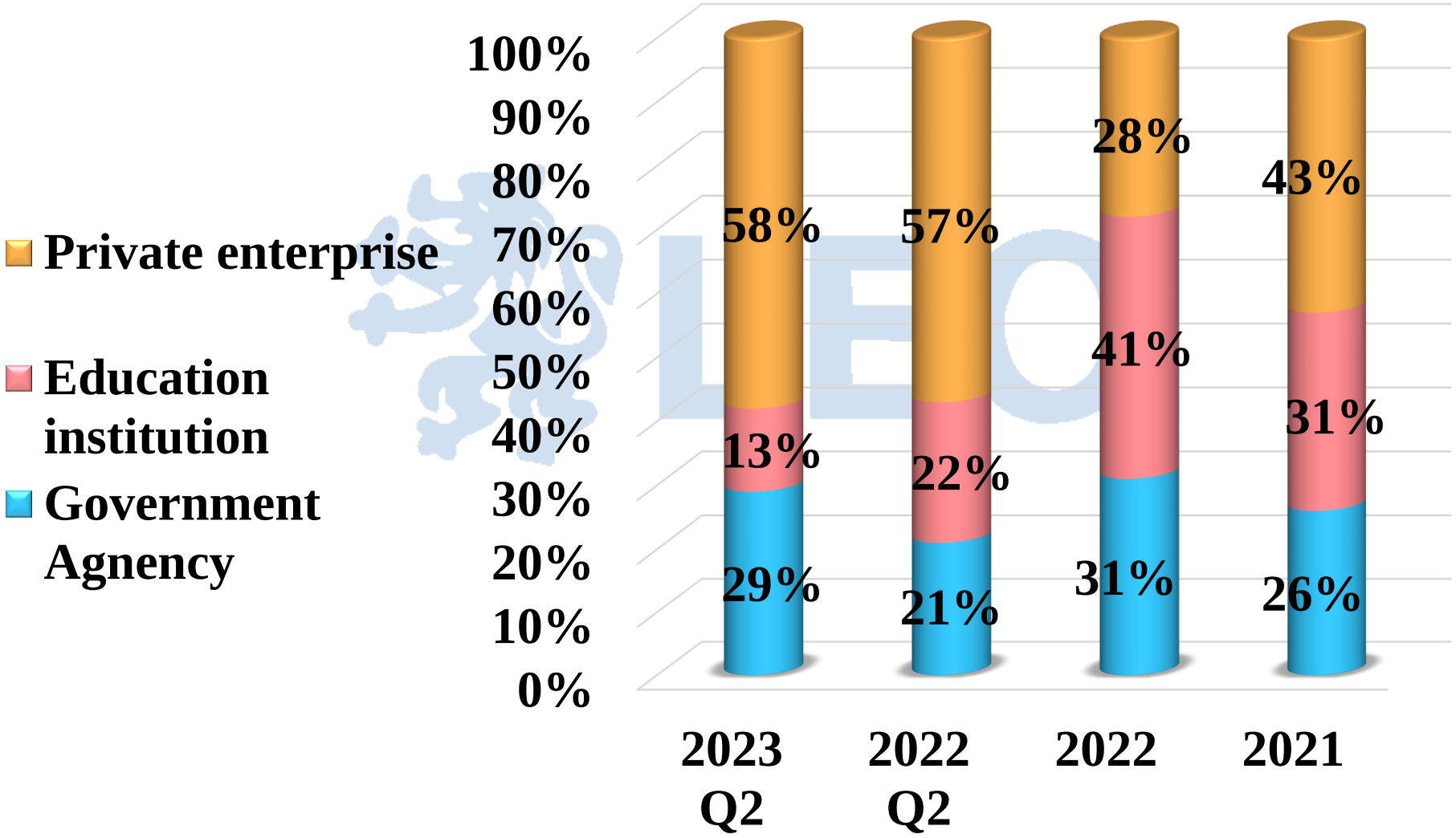
- Government Agency
- Schools
- Private Enterprise
- Banks
- Insurances
- Medical Industry
- Manufacturing

Operation Overview

Revenue mix comparison-By products



Revenue mix comparison-By customers

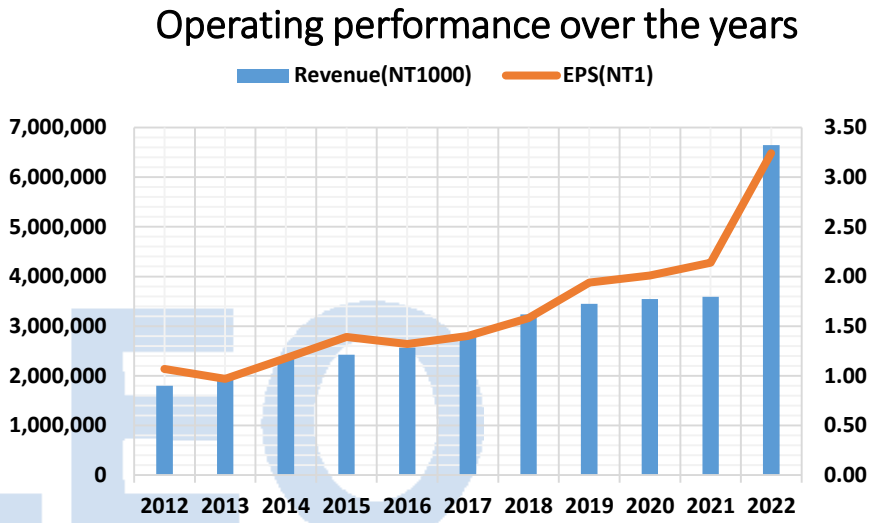


Financial Overview

Briefer： Benson Peng

Financial reports for the past years

- Revenue grew from 1.9 billion to 6.6 billion
- EPS increased from 0.97 to 3.24
- EPS average annual growth of about 15%

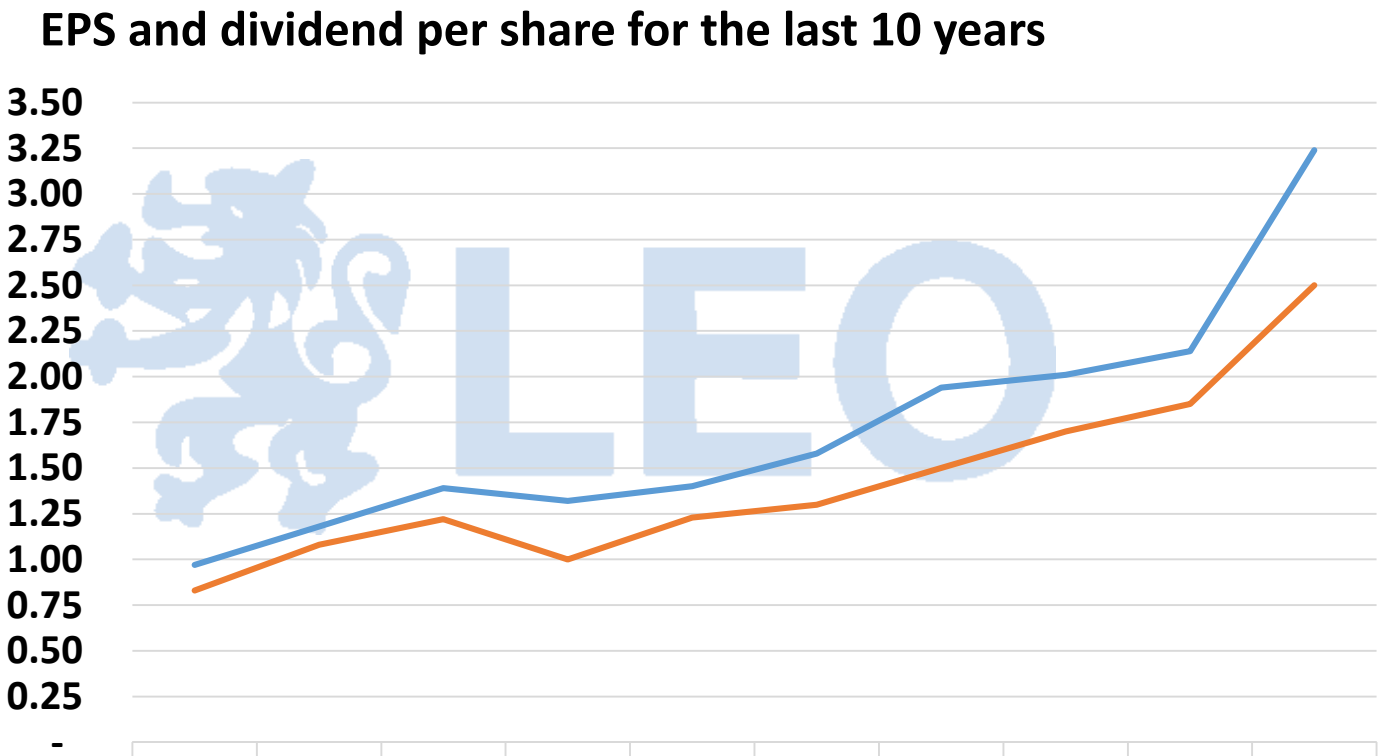


Profit and loss items	Income Statements for the past years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue (NT 1000)	1,937,411	2,355,799	2,425,563	2,564,635	2,824,978	3,233,770	3,449,191	3,548,851	3,590,677	6,645,116
Net Income attributable to Owners of the Company (NT 1000)	87,207	105,716	123,444	113,756	120,284	136,037	166,692	172,916	186,493	285,370
EPS (NT 1)	0.97	1.18	1.39	1.32	1.40	1.58	1.94	2.01	2.14	3.24

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
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%
2022	3.24	2.50	—	77%	7.9%

EPS and dividend per share for the last 10 years



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EPS	0.97	1.18	1.39	1.32	1.40	1.58	1.94	2.01	2.14	3.24
Dividend per share	0.83	1.08	1.22	1.00	1.23	1.30	1.50	1.70	1.85	2.50

Income Statements for the past 3 yeras

Unit：NT 1000

Year / Items	2020	2021	2022	2023Q1~Q2
Operating revenue	3,548,851	3,590,677	6,645,116	1,627,536
Gross Profit	570,727	611,565	854,261	326,074
Operating Gross Profit Margin	16.1%	17.0%	12.9%	20.0%
Operating expenses	427,535	431,666	552,869	233,388
Net Operating Income	143,192	179,899	301,392	92,686
Operating net profit margin	4.0%	5.0%	4.5%	5.7%
Non-operation income	66,960	45,208	49,498	15,197
Income before tax	210,152	225,107	350,890	107,883
Income tax expenses	37,236	38,614	65,537	21,328
Net Income	172,916	186,493	285,353	86,555
Net Income attributable to Owners of the company	172,916	186,493	285,370	86,679
Net Income(loss) attributable to non-controlling interests	-	-	(17)	(124)
EPS(NTD $1)	2.01	2.14	3.24	0.97

Profit and loss comparison between the first two quarters of 2023 and the same period in 2021

Unit：NT 1000

Year / Items	2023Q1~Q2	2022Q1~Q2	Diff	%
Operating revenue	1,627,536	1,445,809	181,727	12.6%
Gross Profit	326,074	299,141	26,933	9.0%
Operating Gross Profit Margin	20.0%	20.7%	-0.7%	-3.4%
Operating expenses	233,388	219,542	13,846	6.3%
Net Operating Income	92,686	79,599	13,087	16.4%
Operating net profit margin	5.7%	5.5%	0.2%	3.6%
Non-operation income	15,197	19,651	-4,454	-22.7%
Income before tax	107,883	99,250	8,633	8.7%
Income tax expenses	21,328	19,588	1,740	8.9%
Net Income	86,555	79,662	6,893	8.7%
Net Income attributable to Owners of the company	86,679	79,662	7,017	8.8%
Net Income(loss) attributable to non-controlling interests	(124)	-	(124)	-100.0%
EPS(NTD $1)	0.97	0.91	0.06	6.6%

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.

LEOSYS 5G AIoT Development Strategy Direction

5G AIoT Intelligence Manufacturing Solutions

AI Optimization | Predictive Maintenance | Intelligence CFV | Energy Management | Scheduling Management

LEO Data-Decision-Assistant (LEO DDA)

Extension of development

Intelligent petrochemical industry

Boiler Equipment State Management, Optimal Process Parameter Calculation, Clean Furnace for Energy Saving and Carbon Emission Reduction

Crux AI Decision Aid

Equipment Energy Consumption Optimization Analysis

AI Bot

Nurse Assistant Robot
Traffic Service and Navigation Robot

Abnormality monitoring

Detecting abnormal information such as equipment vibration and temperature.

Predictive Maintenanc

Equipment Health Check

Equipment Damage Early Warning Notification

ISO 10816
ISO 20816
International Predictive Maintenance Standards

CFV managerial

Electrical Safety

Carbon Emissions Diagnostics. Mastering Carbon Footprints.

Factory Power Monitoring

Equipment storage room temperature. Distribution board current. Dynamic temperature monitoring.

AI Security

5G Intelligence Inspection. Personnel Safety Attire. Factory Safety. Factory Electronic Perimeter.

Extension of development

micro-grid

Virtual power plant

Innovative Intelligent Grid Energy Management and Dispatch

LEO Data Decision Assistant

Establishing proprietary data dashboards for businesses and factories, integrating AIoT for visualizing critical data insights.

LEO Data-Decision-Assistant
國眾數據決策系統

01 Supporting multiple data types

Supporting various common data formats such as Excel, TXT, XML, and seamlessly integrating multiple databases into reports.

02 Visualized dashboard

Supporting a variety of data to make information clear and comprehensible. Automatically monitoring and comparing data to ensure the immediacy and accuracy.

03 Data hierarchy management

Administrators can define permissions and provide different levels of management authority, ensuring clear delineation of data management responsibilities.

04 Stringent data security

Advanced security protection to prevent issues such as virus files, hacker attacks, and other cybersecurity threats.

LEO DDA Various applications of LEO Data Decision Assistant

LEO國眾電腦

LEO Data Decision Assistant
國眾數據決策系統
可延伸更多工廠用視覺化儀錶板

aws
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ESG Greenhouse Gas Emissions Management Platform

ESG Carbon Emissions Management Template for Medium to Large Enterprises

By merging 5G and the Industrial Internet of Things, the Carbon Inventory System records carbon emissions within the company, comprehends the carbon footprint, audits energy-intensive units, lowers emissions, and aids traditional manufacturing in enhancing ESG management. It also integrates with certifications and aligns with international supply chain standards.

Collaboration with Chung Yuan Christian University in the Chung Yuan Intelligent Manufacturing Center will be introduced to medium and large-sized enterprises, such as EVERLAST WIN ELECTRONICS CO., LTD., MUTUAL-PAK TECHNOLOGY CO., LTD., UNICE E-O SERVICES INC., and MTI in the third quarter of 2023, and will be expanded to various industrial areas in Taoyuan City.

In accordance with the requirements of EPD/ISO14064-1/ISO14067

CFV calculation from IDB's system

CFV management office

energy consumption management

Recent Progress in 5G AIoT Innovation by LEO Systems

- AI Inspection:Awarded the Ministry of Economic Affairs, R.O.C. A+ Enterprise Innovation and R&D Enhancement Program, Developing 5GAI Inspection Technology.
- >>LEOSYS's intelligent inspection system has been extended to large customers in the petrochemical, steel, and CPC Corporation industries. It has also passed the preliminary selection for the 2023 WITSA ICT Excellence Award, an international telecommunications and information technology award.
- AI Security: Kaohsiung Asia New Bay Area 5G AIoT Innovation Application Project - AI Manufacturing and Occupational Safety Technology.
- >>LEOSYS has developed AI Security Monitoring and occupational safety VR simulation training. The company has successfully implemented 5G smart security systems in precision manufacturing businesses in Kaohsiung and at the Formosa Plastics Renwu plant. The smart security technology will be further extended to various industrial fields to enhance factory safety.
- AI Carbon Reduction: Anticipatory Technology Development for Digital Service Innovation Subsidy Program - ESG Net Furnace Emission Reduction AI Process Optimization System.
- >>Leo Systems is developing AI-based processes for net furnace emission reduction. The company anticipates establishing its first successful case at Formosa Plastics Group's Mailiao plant in Yunlin in the first quarter of 2024.
- 5G Smart Video streamingss District: Digital Development Department: Association-led 5G Vertical Application Pilot Project: Syntrend Smart Lifestyle 5G Video streaming District.
- >>Leo Systems, Inc. is leveraging group resources to develop technologies such as 5G live streaming and 5G cross-origin multimedia synchronization. It is expected to officially launch in the second quarter of 2024 at Syntrend.

LEO

感謝聆聽 懇請指導

Thank you! Q&A