

Promise Technology Inc. (3057) 2019 Investor Conference

Speaker : Edward Lin, Chairman of Promise Technology Inc.

Date: Dec. 20, 2019

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Agenda

(40 min.)

1

Status of Operation

10 min

2

Storage Market Dynamics & Opportunities

5 min

3

2020 Priority and Focus

15 min

4

Q&A

10 min

STATUS OF OPERATION

Company Profile

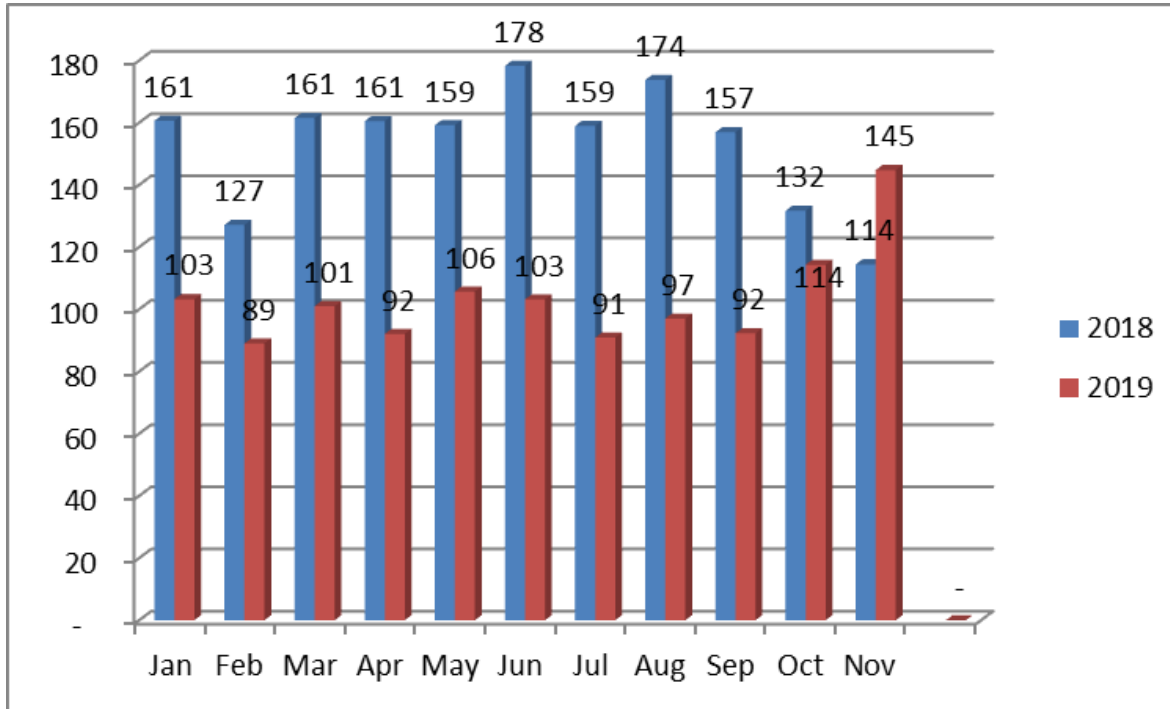


- PROMISE Technology, Inc. · stock symbol : 3057 was founded in San Jose, USA, Dec., 1988.
- More than 300 employees and 40 % of them are R&D staffs globally. Our business territories across US, Europe, Japan, China, APAC and MENA.
- Promise has earned a reputation for developing innovative storage solutions for vertical markets which deliver practical answers to the business.
- This passion for innovation has kept us at the forefront of the storage industry and led us to form strategic alliances with leading storage-related companies worldwide.



Financial Result

Sales Revenue, 2019 vs. 2018 Jan. ~ Nov.



Financial Result

Income Statement, 2019 vs. 2018 Jan. ~ Sep.

Income Statement (Unit:NT\$M)	2019				2018				variance
	Q1	Q2	Q3	Jan~Sep	Q1	Q2	Q3	Jan~Sep	
Net Sales	293	301	280	874	449	498	490	1,437	(562)
Gross Margin	81	112	89	283	151	165	148	464	(181)
%	28%	37%	32%	32%	34%	33%	30%	32%	.04ppt
Total Operating Expenses	164	168	159	492	204	196	164	564	(72)
%	56%	56%	57%	56%	45%	39%	33%	39%	17.00ppt
Income from Operations	(83)	(56)	(72)	(210)	(53)	91	(16)	22	(232)
Net Income	(85)	(60)	(81)	(227)	(57)	69	(21)	(9)	(218)
%	-29%	-20%	-29%	-26%	-13%	14%	-4%	-1%	-25.33ppt



Challeng e

1. Uncertainty of US-China Trade War
2. Compliance with ODM/OEM Customer Launch Schedule

Opportunity

Opportunity 1 : In depth - Technology Advancement

1. Make our product functions deeper to meet the special needs of our existing OEM customer.
2. Expedite the product development process, also integrate the application at early stage to better fit into customer user scenario.

Opportunity 2 : In Width - Business Expansion

1. In addition to the expansion of ecosystem in Surveillance segment for cross-selling, we engaged with key players in other segments step-by-step
2. Reorganization and alignment of global sales coverage for synergy and efficiency

In Depth: Recognition from OEM Customer



Pegasus

Pegasus R4i / J2i [Data Sheet](#)

- ▶ Developed by Promise for Apple
- ▶ Fine-tuned for Mac Pro & macOS Catalina
- ▶ Legendary PROMISE Engineering, Quality & Support

Custom-Designed for the Mac Pro

THE POWER OF PROMISE PEGASUS STORAGE, NOW INSIDE THE MAC PRO

Internal Storage Options for Mac Pro - PROMISE Pegasus R4i RAID Storage MPX Module and Pegasus J2i - to conveniently store and speedily access up to 32TB of data over internal buses.

Pegasus R4i
RAID Storage MPX Module for Mac Pro

- Elegant and rugged chassis designed uniquely to fit into Mac Pro's MPX slots
- Plug & Play with built in driver in macOS
- Four swappable modules with 8TB 7200rpm SATA HDDs pre-formatted and pre-installed
- Best-in-class Pegasus hardware RAID an optimal combination of capacity, redundancy and performance with up to 680 MBA in RAIDs
- Promise Pegasus Utility for simple-to-use but powerful storage management and monitoring

Pegasus J2i
Internal Storage Enclosure for Mac Pro

- Custom 2 Bay enclosure and cable assembly
- One 8TB 7200rpm SATA HDD pre-installed, pre-formatted
- Bay and kit for optional additional 3.5" SATA HDD (to be installed by end-user)

Technical Specifications

	Pegasus R4i	Pegasus J2i
Model		
Capacity	32TB raw	8TB raw (as shipped)
Form Factor	Full height MPX Module for Mac Pro	2-Bay Internal Storage Enclosure for Mac Pro
Interface	MPX connector for Mac Pro	SATA3 with custom power and data cable to Mac Pro
Storage Devices	Four SATA3 7200 rpm 8TB HDDs, preformatted HFS+	One SATA 7200 rpm 8TB HDD, preformatted HFS+ AND your own 3.5" SATA HDD
RAID	Pre-configured RAID5 Supports RAID levels 0, 1, 5, 4, 10, JBOD	N/A
Dimensions	337 x 164 x 86 mm (13.3 x 6.5 x 3.2 inch)	155 x 121 x 99 mm (6 x 4.8 x 3.9 inch)
Weight	4.2 kg / 9.2 lb (with 4 HDDs)	0.96kg / 2.1 lb (with 1 HDD)
Warranty	3-Year hardware warranty, global support	3-Year hardware warranty, global support

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Mac iPad iPhone Watch TV Music Support

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New

Promise Pegasus R4i 32TB RAID MPX Module for Mac Pro

\$2,299.95

Add to Bag

Pickup:
Check availability

Ship:
1 business day
Free Shipping
[Get delivery dates](#)

Need some help? [Contact us.](#)

Mac iPad iPhone Watch TV Music Support

Accessories Browse all -

New

Promise Pegasus J2i 8TB Internal Storage Enclosure for Mac Pro

\$399.95

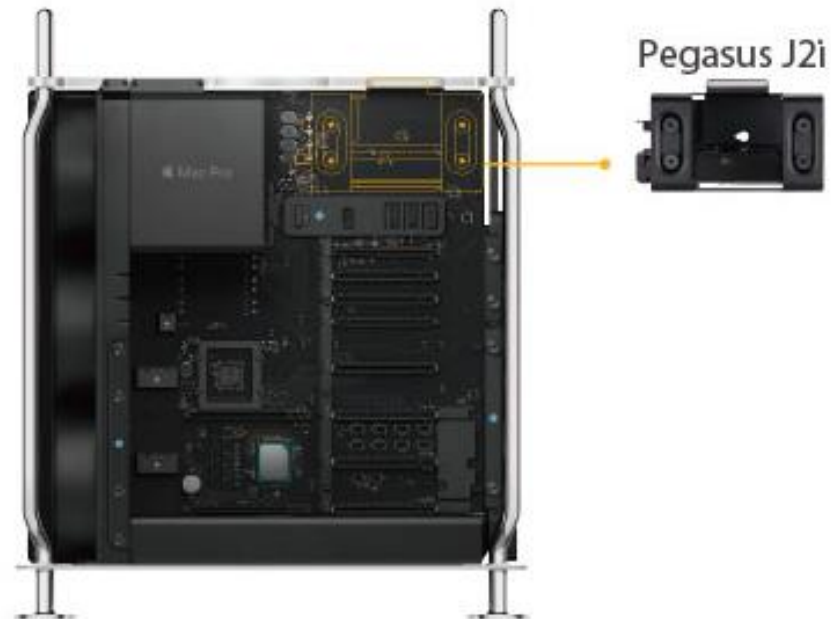
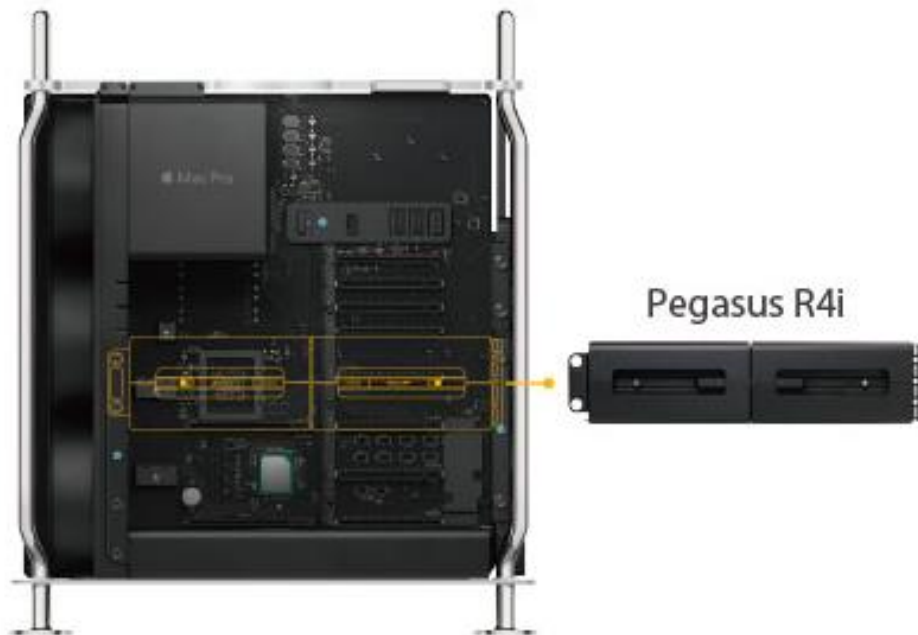
Add to Bag

Pickup:
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In Depth: Recognition from OEM Customer



In Depth: Recognition from World-Class Customer (CERN)



In Width: Expansion of Ecosystem

A screenshot of the Milestone website's product page for the Vess A3340s-SBP and Vess A3340d-SBP. The page features a blue header with the Milestone logo and navigation links. The main content area has a blue background with white text. The product name is prominently displayed, followed by a description and a 'GET IN TOUCH' button. A 'Provided by Promise Technology, Inc.' badge is shown next to a product image. The footer includes social media icons and a 'Milestone Verified' badge.

milestone

Where to Buy | About Us | Find jobs | | **ENGLISH** | **LOG IN**

SOLUTIONS | **COMMUNITY** | **SUPPORT** | **EVENTS** | **NEWS**

Vess A3340s-SBP/Vess A3340d-SBP

A new architecture for hardware and infrastructure platforms specific to the middle market.

Updated on Tuesday, July 23, 2019

[NVR, DVR & Encoders](#) | [Storage, Server & Network](#) | [Video Analytics](#)

[Facial Recognition](#) | [City Surveillance](#) | [Public Transport](#)

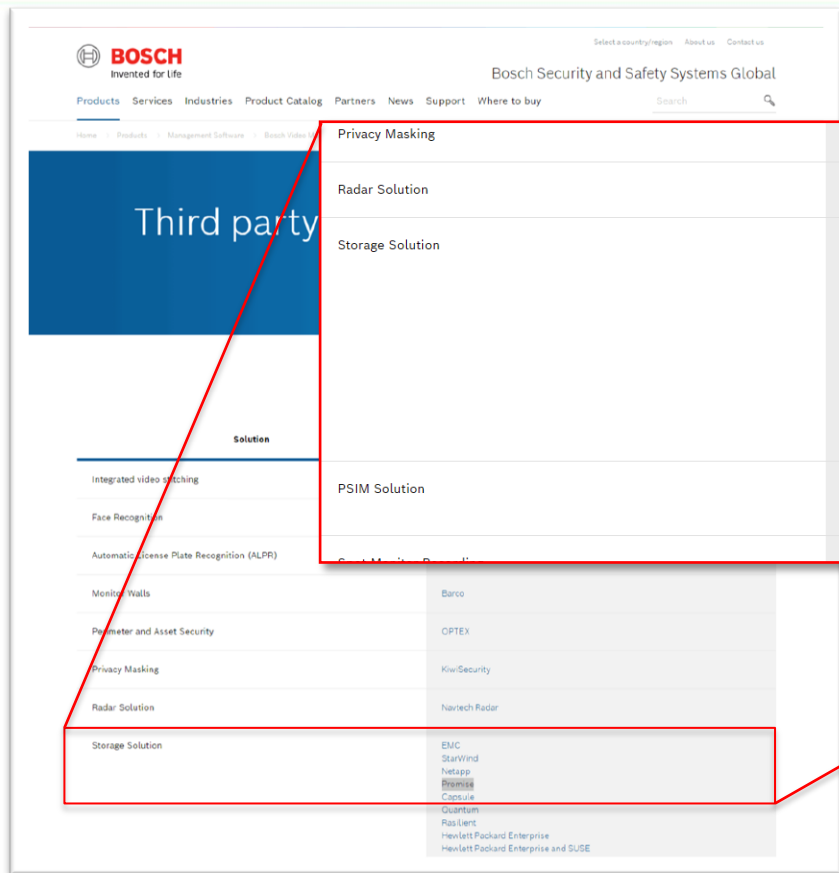
The industry-leading combination of Promise Vess Series for Milestone innovative video technology accelerates faster decision making by giving partners and clients the ability to rapidly deployment and achieve faster time-to-value across solutions, while significantly reducing TCO.

GET IN TOUCH

Milestone Verified Up to 1000



In Width: Expansion of Ecosystem



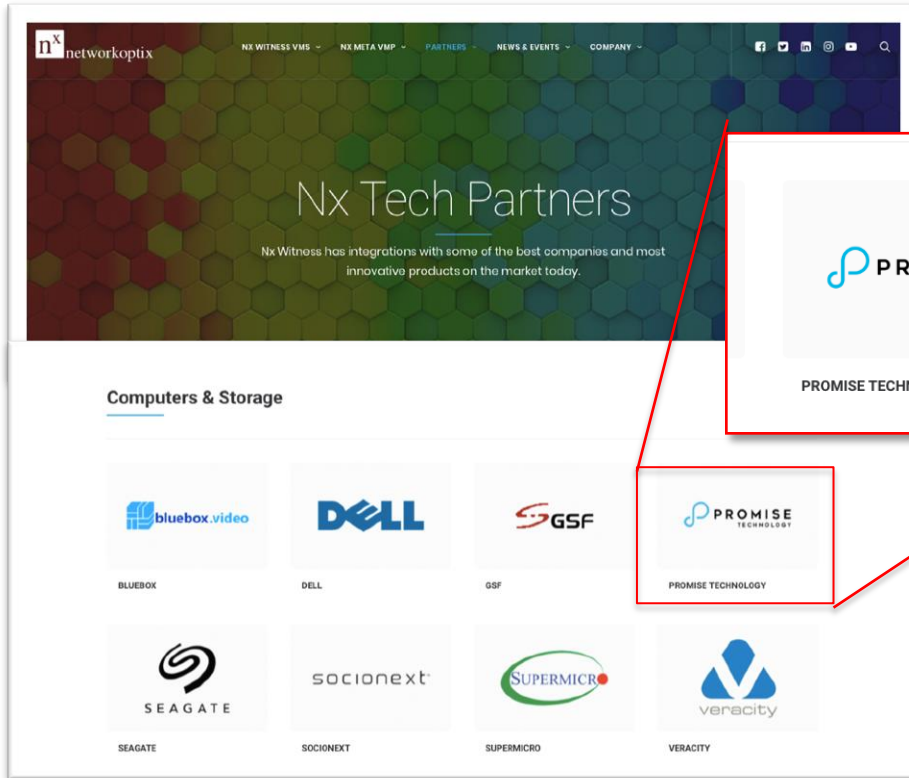
The screenshot shows the Bosch Security and Safety Systems Global website. A table lists various solutions and their associated third-party integrations. A blue box labeled "Third party" is overlaid on the left side of the table. A red box highlights a specific section of the table, and a red line connects this section to a larger, detailed view of the same data on the right side of the slide.

Solution	Third Party
Privacy Masking	KiwiSecurity
Radar Solution	Navtech Radar
Storage Solution	EMC StarWind Netapp Promise Capsule Quantum Rasiliant Hewlett Packard Enterprise Hewlett Packard Enterprise and SUSE
PSIM Solution	Proximex Gallagher
Integrated video stitching	
Face Recognition	
Automatic License Plate Recognition (ALPR)	
Monitor Walls	Barco
Perimeter and Asset Security	OPTEX
Privacy Masking	KiwiSecurity
Radar Solution	Navtech Radar
Storage Solution	EMC StarWind Netapp Promise Capsule Quantum Rasiliant Hewlett Packard Enterprise Hewlett Packard Enterprise and SUSE



BOSCH

In Width: Expansion of Ecosystem



In Width: Expansion of Ecosystem



The screenshot shows the Adobe Video & Audio Partner Finder page for Promise Technology. The header includes the Adobe logo, the page title 'Adobe Video & Audio Partner Finder', and navigation links for 'ABOUT' and 'CONTACT US'. Below the header, there is a 'Back to partner search' link, the Promise Technology logo, the URL 'https://www.promise.com/us/', and the tagline 'Redefining Storage Possibilities'. The main content area is divided into two columns: 'Promise Technology' and 'Company Overview' on the left, and 'Primary Business Categories', 'Regions Served', and 'Target Customers' on the right.

Adobe Adobe Video & Audio Partner Finder ABOUT CONTACT US

← Back to partner search

PROMISE TECHNOLOGY

<https://www.promise.com/us/>

Redefining Storage Possibilities

Promise Technology

Company Overview

Promise Technology is a recognized global leader with 30 years of experience in the storage industry. Promise creates innovative solutions tailored to the unique needs of the IoT, Cloud, IT, Rich Media and Surveillance markets. From personal cloud appliances, to scalable enterprise IT Infrastructure, blazingly fast post-production tools, video security solutions and hyperconverged systems, Promise adapts its products to meet the real-world challenges customers face every day. Promise's highly experienced sales and engineering teams are strategically located throughout the Americas, EMEA, and JAPAC regions to provide unparalleled services and support to its customers around the globe.

Primary Business Categories:

- Storage (NAS, SAN, Desktop, Cloud)

Regions Served:

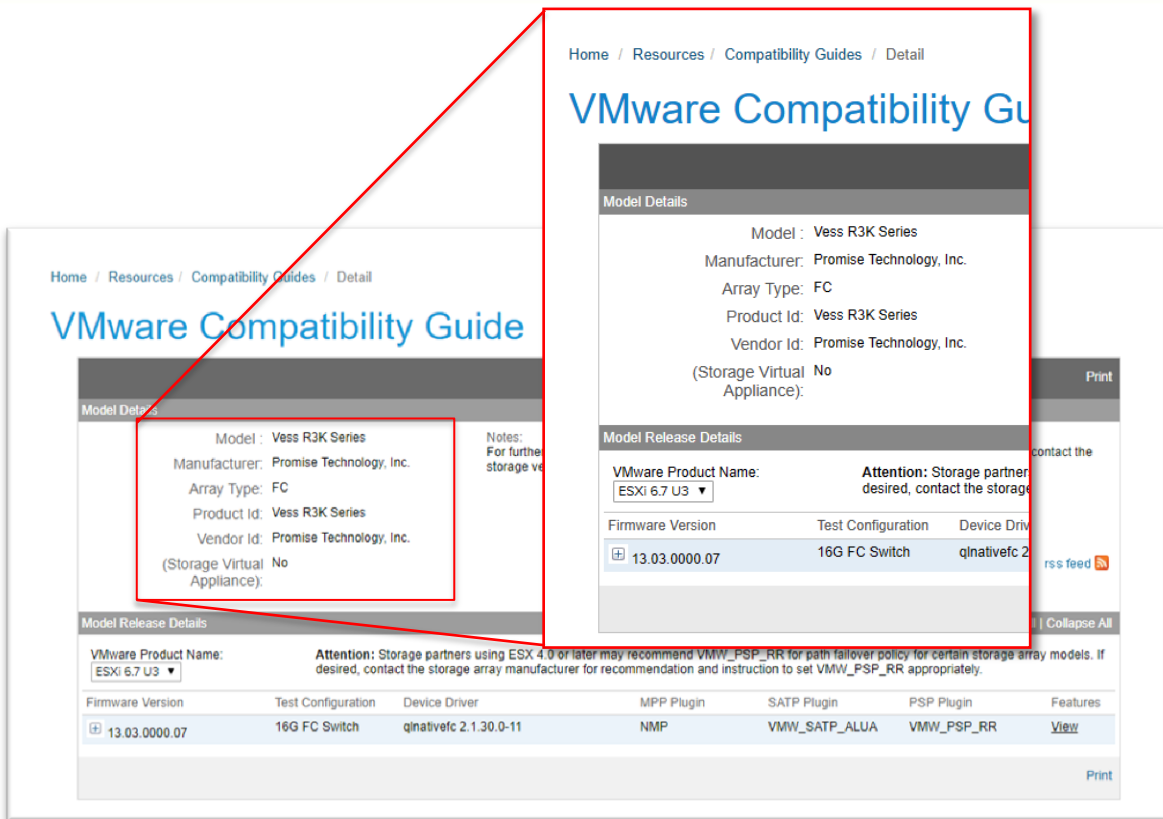
- Americas
- Asia Pacific
- Europe
- Middle East and Africa
- Worldwide

Target Customers:

- Colorists



In Width: Expansion of Ecosystem



The screenshot displays the VMware Compatibility Guide page for the Vess R3K Series. A red box highlights the 'Model Details' section, which includes the following information:

- Model: Vess R3K Series
- Manufacturer: Promise Technology, Inc.
- Array Type: FC
- Product Id: Vess R3K Series
- Vendor Id: Promise Technology, Inc.
- (Storage Virtual Appliance): No

Below the model details, the 'Model Release Details' section is visible, featuring a table with the following data:

Firmware Version	Test Configuration	Device Driver	MPP Plugin	SATP Plugin	PSP Plugin	Features
13.03.0000.07	16G FC Switch	qinativefc 2.1.30.0-11	NMP	VMW_SATP_ALUA	VMW_PSP_RR	View

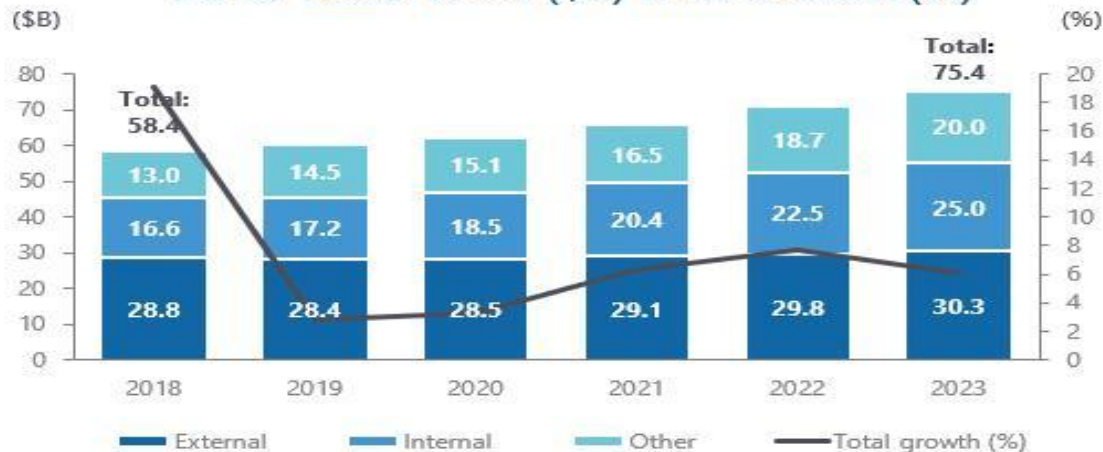
Additional text on the page includes a breadcrumb trail (Home / Resources / Compatibility Guides / Detail), a title 'VMware Compatibility Guide', and a note: 'Attention: Storage partners using ESX 4.0 or later may recommend VMW_PSP_RR for path failover policy for certain storage array models. If desired, contact the storage array manufacturer for recommendation and instruction to set VMW_PSP_RR appropriately.'



STORAGE MARKET DYNAMICS AND OPPORTUNITIES

IDC Storage Market Forecast 2019 - 2023

2018–2023 Value (\$B) with Growth (%)



Selected Segment Growth Rate

- ▲ External CAGR 1.1%
- ▲ Internal CAGR 8.5%
- ▲ Other CAGR 8.9%

Total Market CAGR
5.2%

IDC estimates that growth in nearly every industry will be driven by digitally enhanced offerings, operations, and relationships as well as the ongoing adoption of 3rd Platform technologies. Large amounts of data creation, collection, processing, analysis, and retention remain a key underpinning of the digitally transformed world and, as a result, **storage and compute demand will remain in place**. That said, encroachment from ecosystem and platform-based competition will **pressure storage vendors as attention must be increasingly dedicated to partnerships, not solely clients**.

IDC Storage Market Forecast 2019 - 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018–2023 CAGR (%)
External	26.5	25.9	24.6	24.9	28.8	28.4	28.5	29.1	29.8	30.3	1.1
Internal	15.2	15.3	14.6	14.5	16.6	17.2	18.5	20.4	22.5	25.0	8.5
Other	4.0	5.4	6.4	9.7	13.0	14.5	15.1	16.5	18.7	20.0	8.9
Total	45.7	46.7	45.6	49.1	58.4	60.1	62.1	66.0	71.1	75.4	5.2

Source: IDC, 2019

- External enterprise storage systems will account for \$30.3 billion by 2023, remaining the largest segment of the market. Overall, combined, the ESS market will reach \$75.4 billion in 2023, growing at a 5.2% CAGR for the next five years.
- **Hybrid cloud/multi-cloud IT strategies**, intelligent edge, and **artificial intelligence (AI)**/machine learning have been, and will remain, **key areas of investment** in the coming years, both for end users and vendors serving the market. Given the reliance on data transmission, dissemination, and/or computation for these focus areas, high performing, flexible, and intelligent storage solutions will remain a top investment priority for vendors serving the space.

2020 PRIORITY AND FOCUS

Strategy : Product – Bunt and Run

- Based on the market trend and customer needs to set goal of product development with our competency and resources for 2020
- Keeping focus on AI, Cloud and Big Data in the next 3 to 5 years, and **promote the products with the most ROI in a short time**



Strategy II : Market - Take it up a Notch

- We possess success experiences among different regions. We will utilize the 'best practice' across regions to earn more business opportunities in vertical segments
- Digital Transformation together with associating product development, application platform and channel network will be the foundation of growth foreseeing 2020



Strategy III : Client – Insight into Market Trends

- To achieve cross-selling and enhance visibility among different industries by leveraging the collaboration with strategic partners
- Some of the OEM/ODM projects has been working through this year, and hopefully to deliver the results by 2020



SUMMARY



Keep Faith. Aim High. Move Fast.

**Thanks for Your Time!Any
Question?**