

PROMISE Technology Inc.(3057) 2020 Business Operation and Initiative

Speaker : James Lee, Chairman of PROMISE
Technology Inc.

Date: Dec. 22, 2020

A solid blue horizontal bar spanning the width of the slide, located at the bottom.

Disclaimer Clause :

This document is for information and illustrative purposes only. It is not, and should not be regarded as “investment advice” or as a “recommendation” regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. No part of this document may be reproduced in any manner, in whole or in part, without the written permission of PROMISE Technology except for your internal use.

AGENDA

(40 Minutes)

- 1 State of Operation**
5 min
- 2 CY2020 With Crisis and Opportunity**
10 min
- 3 CY2021 Execution Plan**
15min
- 4 Conclusion / Q&A**
10 min

STATE OF OPERATION

Company Profile



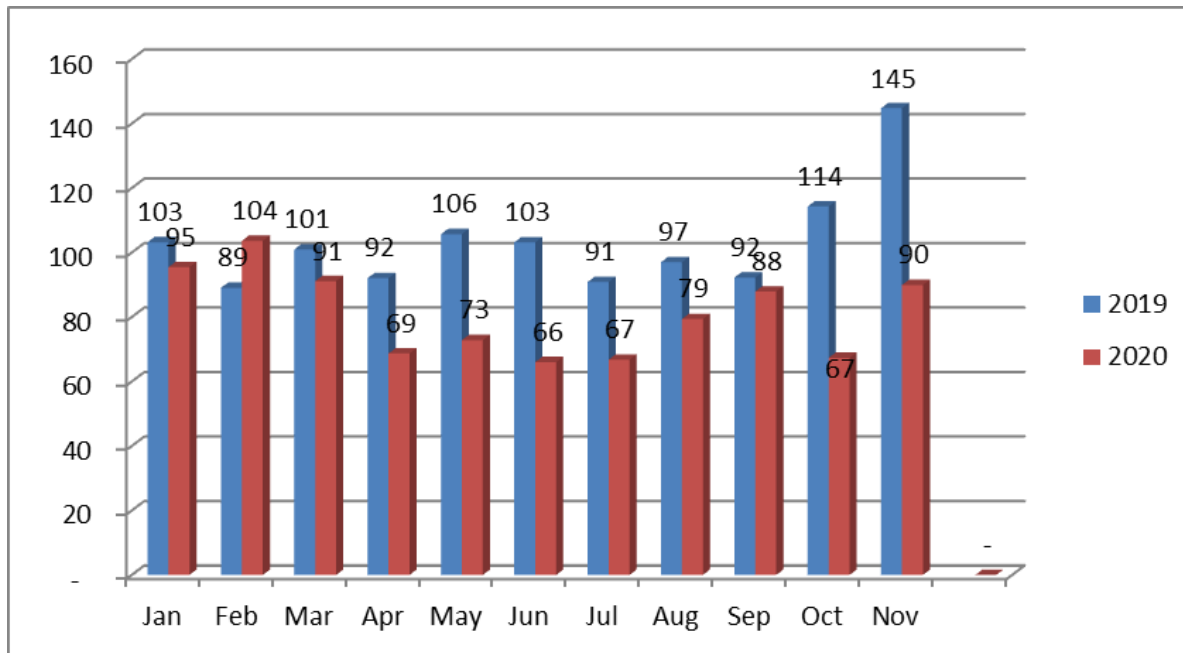
- PROMISE Technology, Inc., stock symbol : 3057 was founded in San Jose, USA, Dec., 1988
- More than 200 employees and 35% of them are R&D staffs. Our business territories across US, Europe, Taiwan, Japan, China, APAC and MENA. We are capable to provide real-time customer services globally.
- PROMISE Technology Inc. is a recognized global leader in the storage industry and the leading developer of high-performance storage solutions, designed for the rich media, surveillance, IT and cloud markets.



Financial Result

Sales Revenue, 2020 vs. 2019 Jan. ~ Nov.

(Unit:NT\$M)



Financial Result

Income Statement, 2020 vs. 2019 Jan. ~ Sep.

Income Statement (Unit:NT\$M)	2020				2019				variance
	Q1	Q2	Q3	Jan~Sep	Q1	Q2	Q3	Jan~Sep	
Net Sales	290	208	234	732	293	301	280	874	(142)
Gross Margin	94	64	71	229	81	112	89	283	(54)
%	32%	31%	30%	31%	28%	37%	32%	32%	-1.06ppt
Total Operating Expenses	134	117	105	356	164	168	159	492	(136)
%	46%	56%	45%	49%	56%	56%	33%	56%	-7.61ppt
Income from Operations	(41)	(52)	(34)	(127)	(83)	(56)	(72)	(210)	83
Net Income	(48)	50	(31)	(29)	(85)	(60)	(81)	(227)	198
%	-16%	24%	-13%	-4%	-29%	-20%	-29%	-26%	22.04ppt

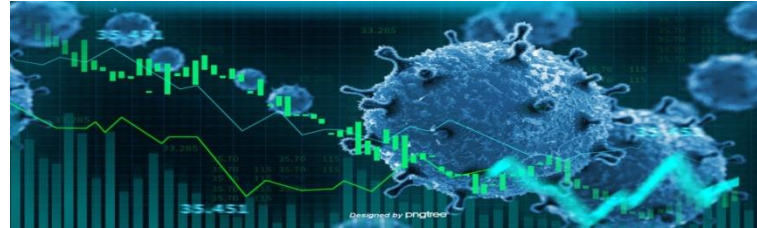
CY2020 WITH CRISIS COMES OPPORTUNITY

Key Extrinsic Factors of the Crisis

**I. Influence of U.S.-
China Trade War**



**II. Impact of COVID-19
Pandemics**



**III. Key Account
Performance Decline**



Key Internal Issues of the Crisis:

Poor Operational Performance Resulting in a Vicious Cycle

I. Insufficient Competitive Advantage of Products

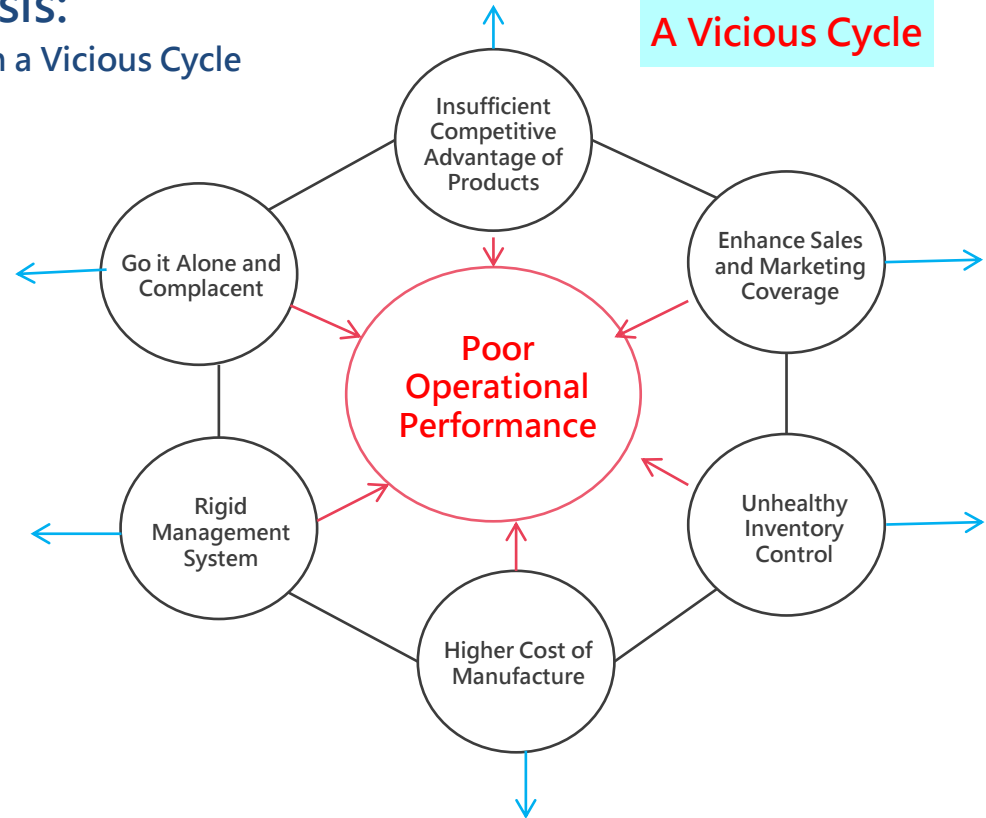
II. Enhance Sales and Marketing Coverage

III. Unhealthy Inventory Control

IV. Higher Cost of Manufacture

V. Rigid Management System

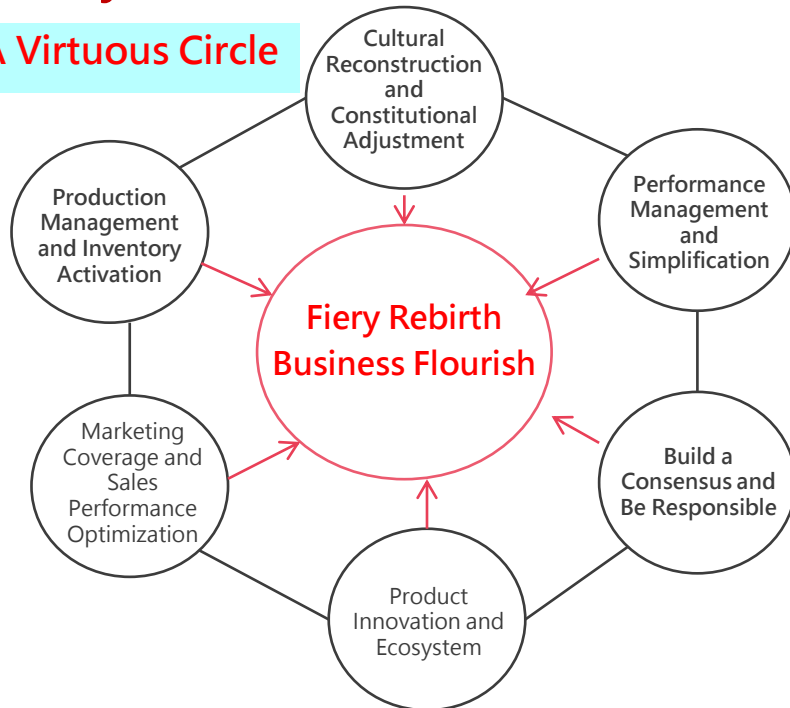
VI. Go it Alone and Complacent



Persist, with crisis comes opportunity

- Fiery Rebirth

A Virtuous Circle



Opportunity 1 – Cultural Reconstruction and Constitutional Adjustment

Opportunity 2 – Performance Management and Simplification

Opportunity 3 – Build a Consensus and Be Responsible

Opportunity 4 – Product Innovation and Ecosystem

Opportunity 5 – Marketing Coverage and Sales Performance Optimization

Opportunity 6 – Production Management and Inventory Activation

CY2021 EXECUTION PLAN



O1 Training

- Cultural Reconstruction * Performance Management * Teamwork * Be Responsible

O2 Product Focus

- Product Innovation * Unique Technology * Market Demand * Customer Satisfaction

O3 Sales and Marketing

- Ecosystem * Digital Marketing * Application Oriented * Leverage

O4 Inventory Management

- Production/Sales Coordination * Prompt Delivery * Inventory Activation * Increase Margin

O5 Logistics Support

- Production Optimization * Digital Support * Engineering/Accounting * Teamwork

CONCLUSION

Conclusion :

STEP 1
Cash Balance
Q2 2020 (Operation)

STEP 2
Out of Red
Q2 2021

STEP 3
Return to Glory
Q4 2021

**Persist, with crisis
comes opportunity
- Fiery Rebirth**



THANK YOU FOR COMING
AND LISTENING!

Any Question?