

PROMISE Technology Inc.(3057) 2024 Business Operation and Initiative

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Date: Dec. 30, 2024

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AGENDA

1

2024 Business Operations

2

The Shifts and Opportunities of 2025

3

Transformation and Key Focus for 2025

4

Conclusion / Q&A

2024 BUSINESS OPERATIONS

Company Profile



- PROMISE Technology, Inc. (Stock Code: 3057) was founded in 1988 in California, USA. With 36 years of expertise in the storage industry, the company has earned recognition in markets worldwide.
- With 149 employees worldwide, approximately 36% of whom are in R&D, PROMISE Technology has established sales and service networks across strategic regions, including Taiwan, the Americas, Europe, Japan, China, Asia-Pacific, and the Middle East. This enables the company to provide timely support and after-sales services to customers globally.
- Developing and manufacturing of innovative AI storage devices, PROMISE Technology collaborates with leading global vendors and channel partners to provide storage solutions for multimedia, surveillance, IT, high-performance computing, and AI data centers.



Founded

San Jose, USA , Dec. 1988
IPO in Taiwan, Dec., 2002



Employees

149 Total, 36% R&D



Alliance

Global First Tier Companies
Global Leading Ecosystem
Partners by Vertical

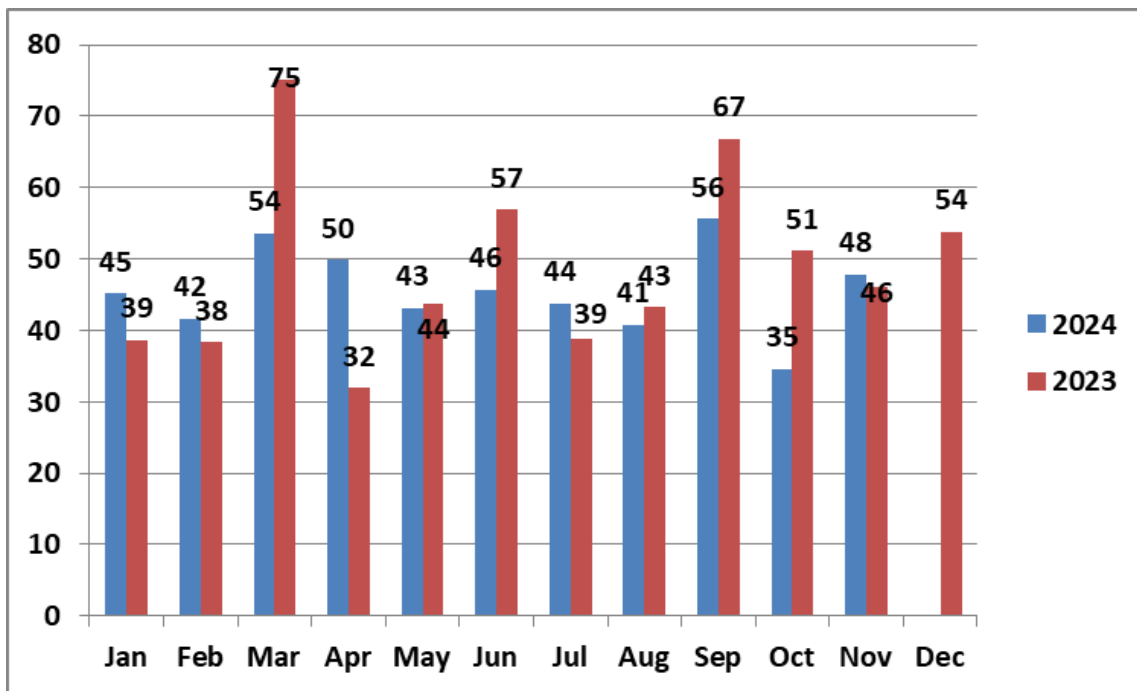


Achievement

World's First H/W
- iSCSI RAID Storage System
- RAID with Thunderbolt™ Technology
Leading Technology of Storage HBA RAID Card

Sales Revenue, 2024 vs. 2023

In millions (NT\$)



Income Statement, 2024 vs. 2023 by Quarter

In millions (NT\$)

Income Statement (Unit:NT\$M)	2023				2024			Q1~Q3 variance
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Net Sales	152	133	149	151	140	139	140	(14)
Gross Margin	61	49	54	39	56	44	45	(18)
%	40%	37%	36%	26%	40%	31%	32%	(3.08 ppt)
Total Operating Expenses	78	85	74	88	72	80	78	(7)
%	51%	64%	50%	58%	51%	58%	55%	0.09 ppt
Income from Operations	(17)	(37)	(20)	(48)	(15)	(37)	(33)	(11)
Net Income	(18)	(33)	(9)	(84)	(7)	(32)	(37)	(17)
%	-12%	-25%	-6%	-56%	-5%	-23%	-27%	(4.41 ppt)

Key Challenges:

1. Global Inflation Caused by the Ongoing Russia-Ukraine War

- Decline in general demand in Europe and the U.S.
- Reduction in Government Expenditure

2. Severe Economic Recession in China

- Real estate collapse, Fiscal Tightening at the Local Level
- U.S. tech sanctions restrict IT market

Results:

- Product architecture design is Inadequate, and procrastinated time to market
- Business operations below expectations, sustained losses

CHANGES AND OPPORTUNITIES IN 2025

A. Changes

1. Geopolitics – War
2. U.S. / Trump Policies - Tariffs, Energy, Tax Cuts, Immigration, Nationalism
3. Pandemic, Supply Chain, and Inventory
4. Recession : PRC - Real Estate, Property Tax, Technology Sanctions, Domestic Demand · Europe - The Russia-Ukraine war, energy, and low-cost competition from China
5. Remain Constant : Japan · Growth in Industry and Services, Stable Consumer Spending
6. Growth : United States, India, Southeast Asia, Middle East, and Eastern Europe (Ukraine Reconstruction)
7. Technology : Artificial intelligence

B. Opportunities

1. For growth countries or regions · product optimization ∩ Reduce Costs ∩ Increase Revenue
2. Evolving trends in the field of AI ∩ launch innovative AI storage as well as extending product coverage from current technologies

2025 STRATEGY AND FOCUS

A. Marketing and product strategy adjustment

- Accelerate expansion of new and Innovative AI storage products among global channels and major enterprises
- Expand sales of vertical enterprises within Japan
- Strategy of promoting a localized brand products with high-quality and cost-effective in the Indian, Southeast Asian, Middle Eastern, and Eastern European market

B. Operational Transformation

- Evaluate operational efficiency and strengths, refocus and transform
- Modular design, shorten engineering period, optimize products and accelerate new product launches, reduce inventory and manufacturing costs

C. Priorities of Execution

- Implement modular design for both products and technology
- Operational transformation, organization adjustment, enhance efficiency of business operation

CONCLUSION

1. War, inflation, and U.S.-China trade sanctions have resulted in operational performance falling short of expectations in 2024. However, plans have already been laid out to enhance operational efficiency in 2025.
2. Global economic uncertainty will persist in 2025, but some countries and regions are expected to benefit and experience growth. It is believed that the goal of turning losses into profits by 2025 is achievable while implementing key execution factors.

THANK YOU FOR COMING
AND LISTENING!

Any Question?