

Investor Conference

【 5258 】

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Agenda

- Company Introduction
- Industry Overview
- Core Business
- Operation Overview
- Financial Overview
- Future Prospect

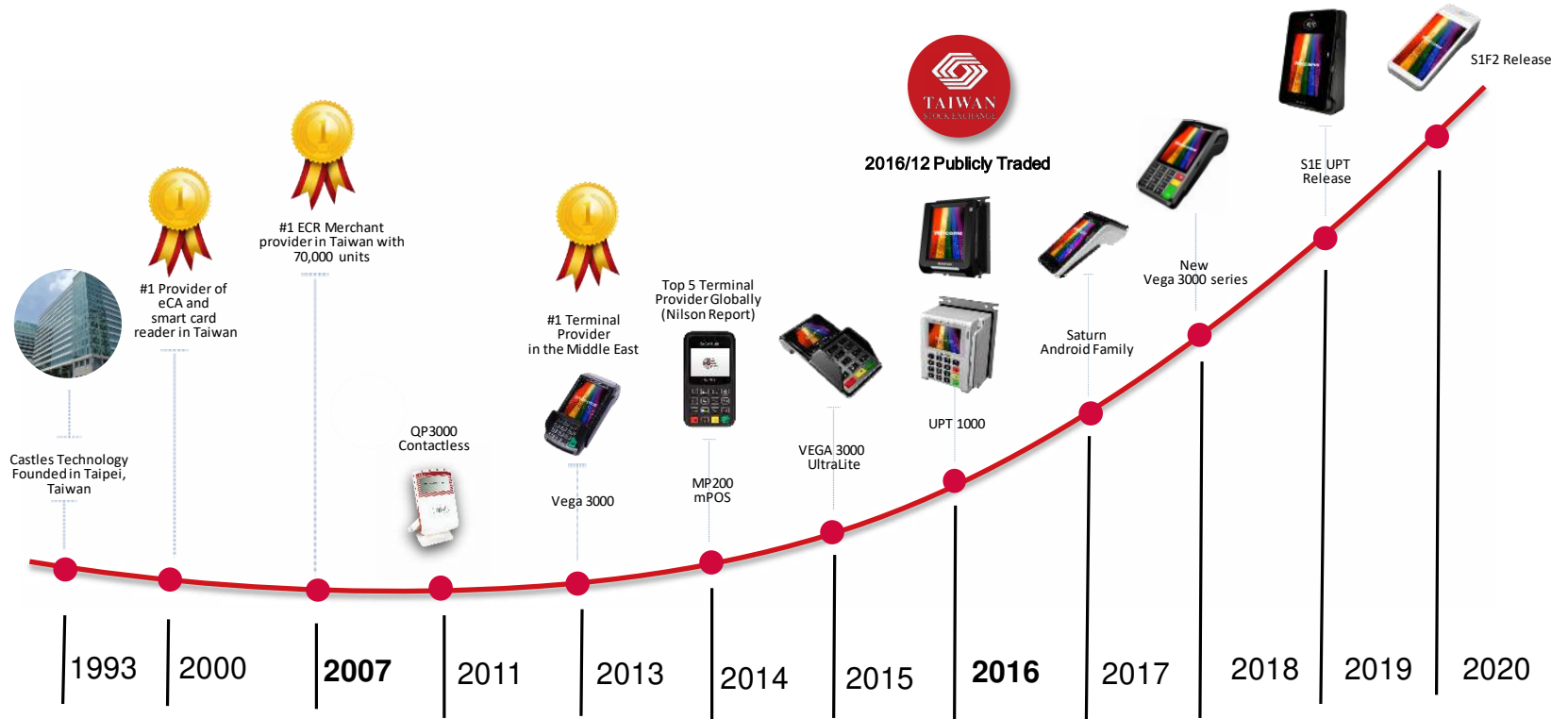




Company Introduction



Company History



Castles Today



2.5 M+

Units sold in
2018



400+

Global Employees



100+

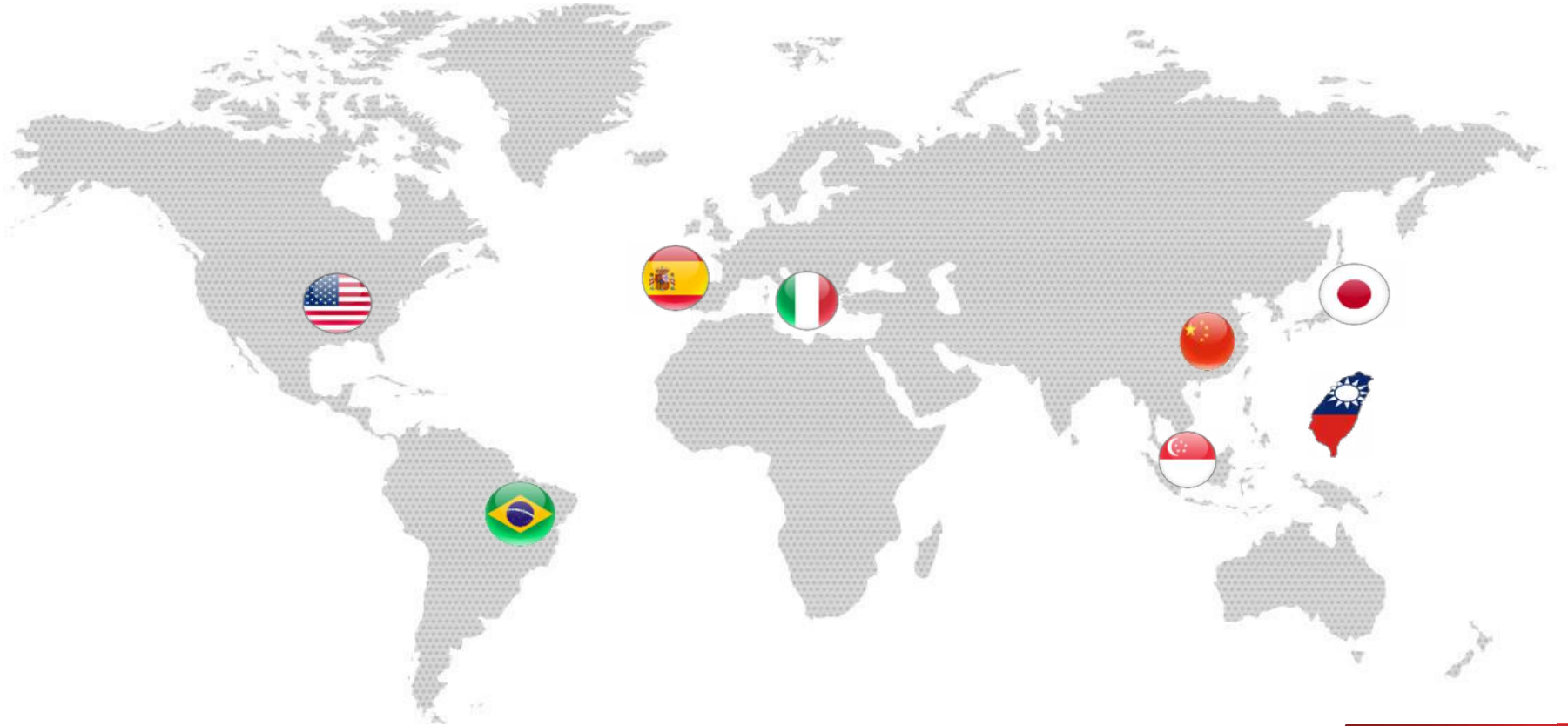
Countries Served



2016

Publicly Traded

Global Operation Base



Global Development Centers





Industry Overview



Introduction of Industry

- With the success of business strategy, more processor and acquirer want to build their own marketplace solution and get more recurring revenue from merchants.
- With the prevailing of e-payment, more and more stores are renewing their facilities to support diverse payment method. For example, payments terminals supporting barcode scanner and Biometric identification.
- Self-service application has been increasingly popular. Products supporting e-payment have become an industrial trend.
- An increased amount of POS providers are developing Android based products. To fulfill “All-in-One” solution, they are seeking for solutions integrating both hardware and software.
- The rising of eWallet has positive impact on the demand of contactless terminal.
- The rising of mPOS has positive impact on the industry.



Core Business



Product Lines



Android Payment Terminal



Linux Payment Terminal



Unattended Payment Terminal

mPOS



Product – Saturn Series (Android-Based)

NEW



S1F2



S1L



S1E



S1F



S7

- MSR, Contact, and Contactless Reader
- PCI 5.x certified PIN on Touch Technology
- Secure Android Platform
- Barcode reader
- Camera



Application – Saturn Series (Android-Based)

Provides end customers diverse payment+ECR POS solutions.
Our global customers, has been introducing Castles Android solutions.



Product – Vega3000 Series (Linux-Based)

NEW



V3P3



V3M2



V3CT2



V3CT



V3M



V3P



V3UL

- MSR, Contact and Contactless Reader
- 3.5" Color Touch Screen or 2.4" Color TFT- LCD
- Countertop, Portable and PINPad models
- Secure Linux Platform
- 2G/3G/4G, Wi-Fi, Bluetooth, Ethernet, Modem



Application – Vega3000 Series (Linux-Based)

Widely used in coffee shop and convenience stores,
delivering the ultimate purchase experiences to customers



Product – Unattended Payment Terminal Series

NEW



U1M

NEW



U1B

NEW



U1F

NEW



S1E UPT



U1L



U1K

- MSR, Contact and Contactless Reader
- 3.5" Color Touchscreen or 2.8"/2.4"/5" Color TFT- LCD
- Secure Linux Platform / Android Platform
- 2G/3G/4G, Bluetooth, Ethernet, RS-232 and USB



Application – Unattended Payment Terminal Series

Widely used in vending machines and self-check system, delivering the ultimate purchase experiences to customers



Product – mPOS



MP200

NEW



MP100R

- MSR, Contact and Contactless Reader
- Bluetooth, Wi-Fi, USB, 2G/3G/4G
- Integrates to any iOS, Android or Windows devices
- Long Lasting Battery



Application – mPOS

Widely used in hospitality and retail industry delivering the ultimate purchase experiences to customers





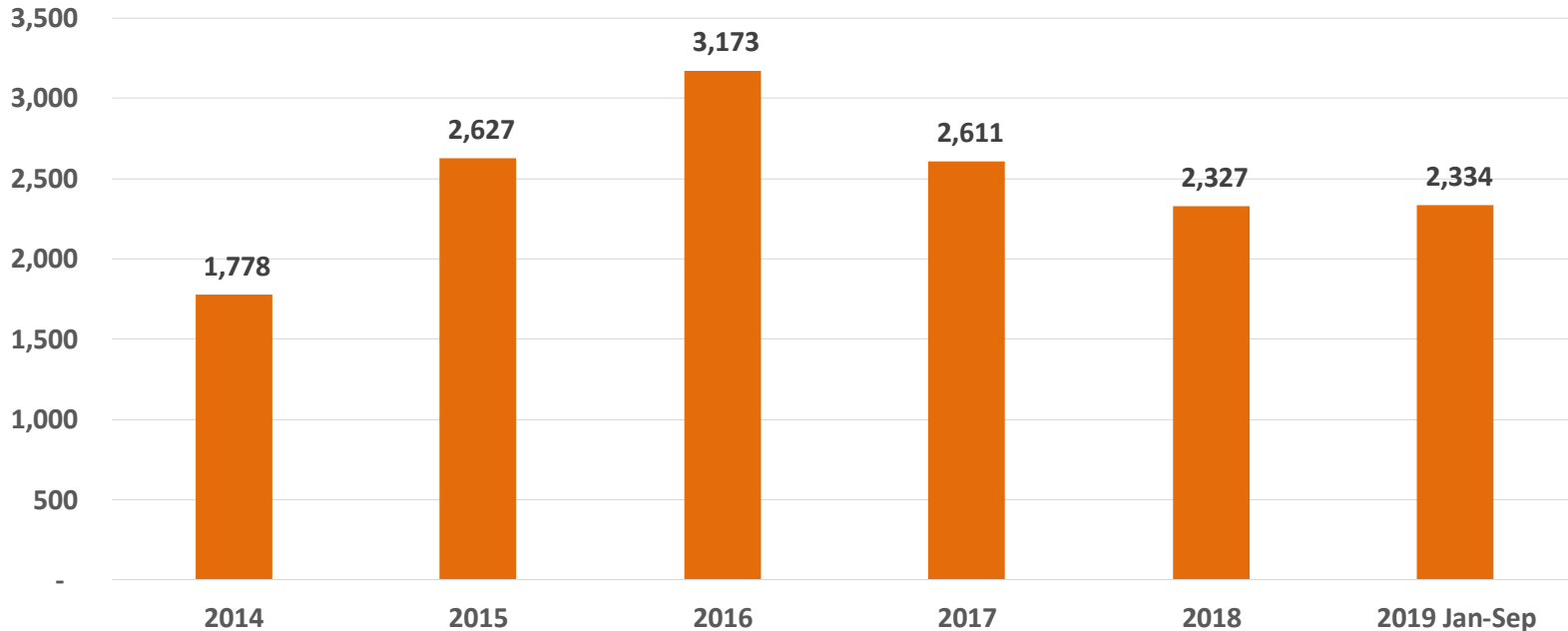
Operation Overview



Business Performance – Consolidated Revenue

Units : NTD Million

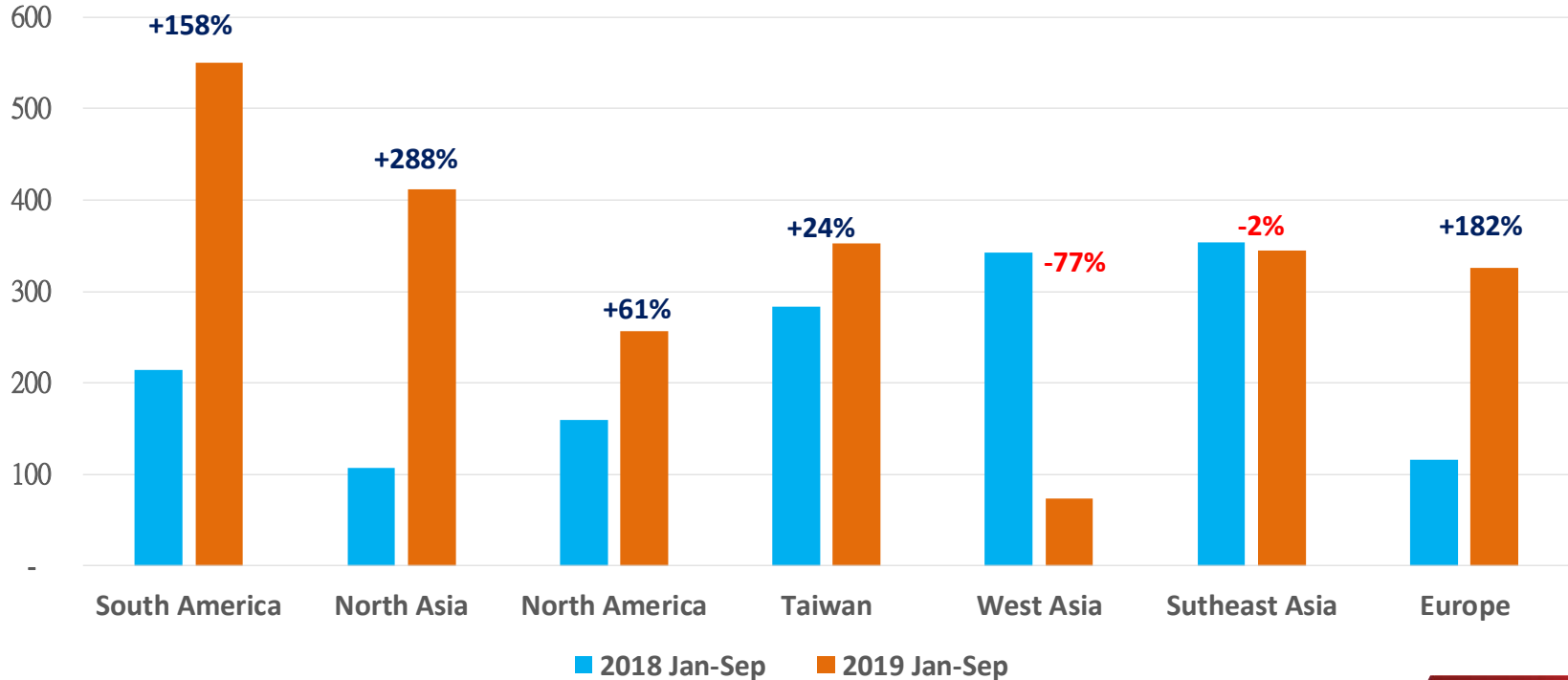
2014~2019 Jan~Sep Consolidated Revenue



Operation Overview

Units : NTD Million

Sales by Regions





Financial Overview



Consolidated Income Statement of 2018/2019

Units : NTD Million

Items	2019 Jan-Sep	%	2018 Jan-Sep	%	YoY
Revenue	2,334.7	100%	1,575.0	100%	48%
Gross profit	601.0	26%	474.4	30%	27%
Operating expenses					
Selling expenses	167.5	7%	159.7	10%	5%
Administrative expenses	63.1	3%	52.7	3%	20%
Research and development expenses	248.2	11%	217.7	14%	14%
Impairment loss	303.3	13%	72.9	5%	316%
Total operating expenses	782.2	34%	503.1	32%	55%
Net operating loss	(181.2)	-8%	(28.6)	-2%	
Profit before income tax	(173.0)	-7%	(9.0)	-1%	
Comprehensive income	(146.9)	-6%	(12.2)	-1%	
EPS(NTD)	(1.86)		(0.49)		

Consolidated Income Statement of 2018/2019

Units : NTD Million

Items	2019 Q3		2019 Q2		QoQ	2018 Q3		YoY
	Amount	%	Amount	%		Amount	%	
Revenue	779.6	100%	847.5	100%	-8%	351.5	100%	122%
Gross profit	195.1	25%	215.7	25%	-10%	114.6	33%	70%
Operating expenses	133.4	17%	306.0	36%	-56%	170.2	49%	-22%
Net operating income (loss)	61.7	8%	(90.3)	-11%	168%	(55.5)	-16%	211%
Profit before income tax	56.4	7%	(70.4)	-8%	180%	(69.7)	-20%	181%
Comprehensive income	43.1	6%	(60.3)	-7%	171%	(61.2)	-17%	170%
EPS(NTD)	0.43		(0.74)		158%	(0.85)		151%



Future Prospect



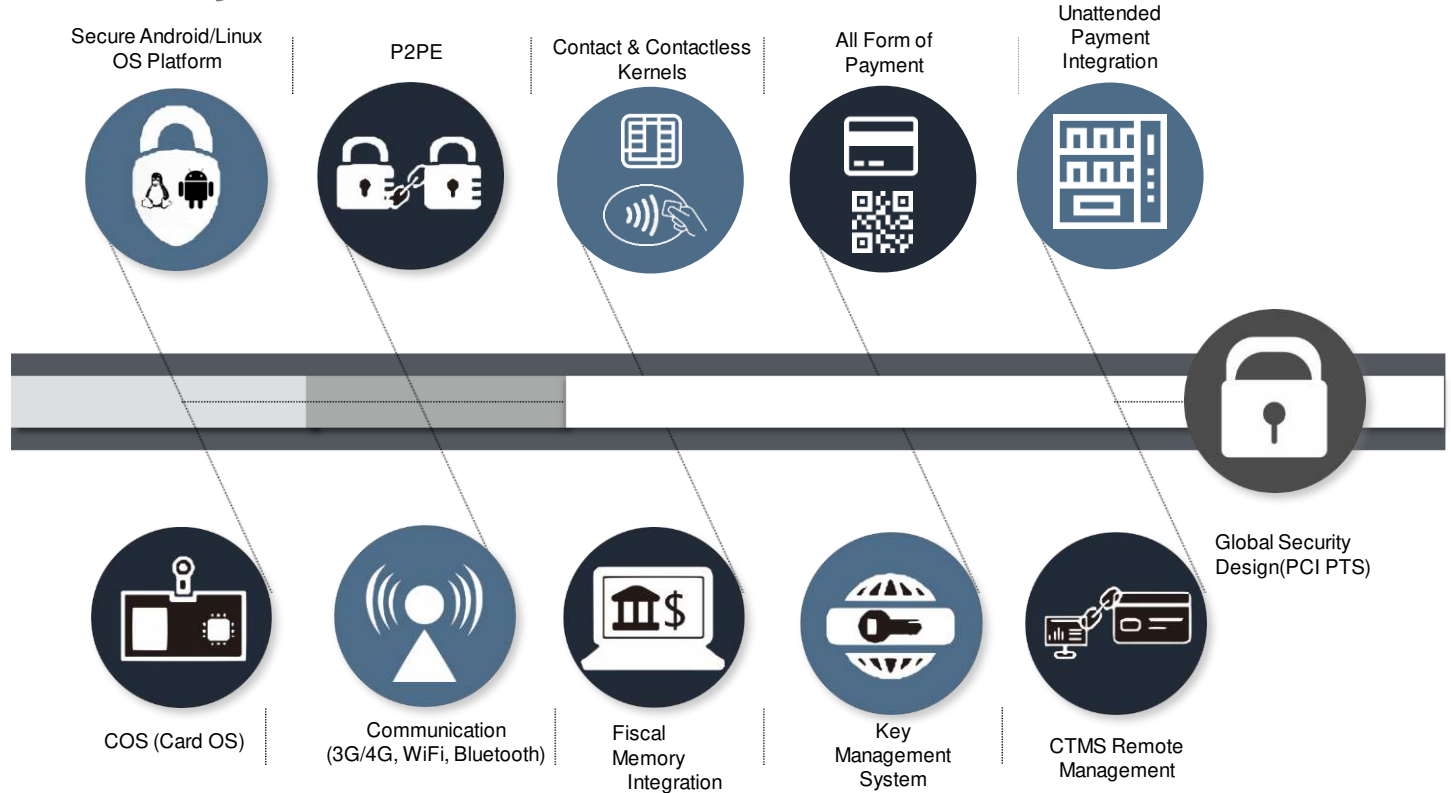
Operational Strategy

1. High development and integration skills in both software and hardware engineering
2. Expanding global branches
3. Provide localized integral payment service
4. Provide software as well as service, improve product competitiveness
5. Provide cloud service for remote control



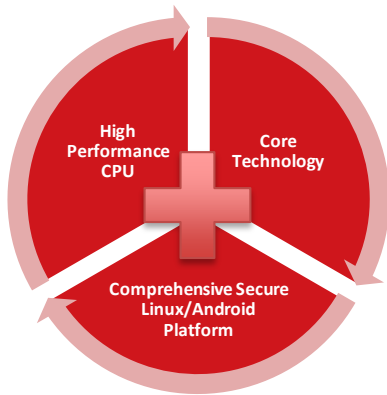
Engineering Capability

Payment Security is our DNA



Product Line

Innovative technology transform to a wide range of product selection



EFT Terminal



Unattended



Peripherals



PIN Pad



Tablet POS

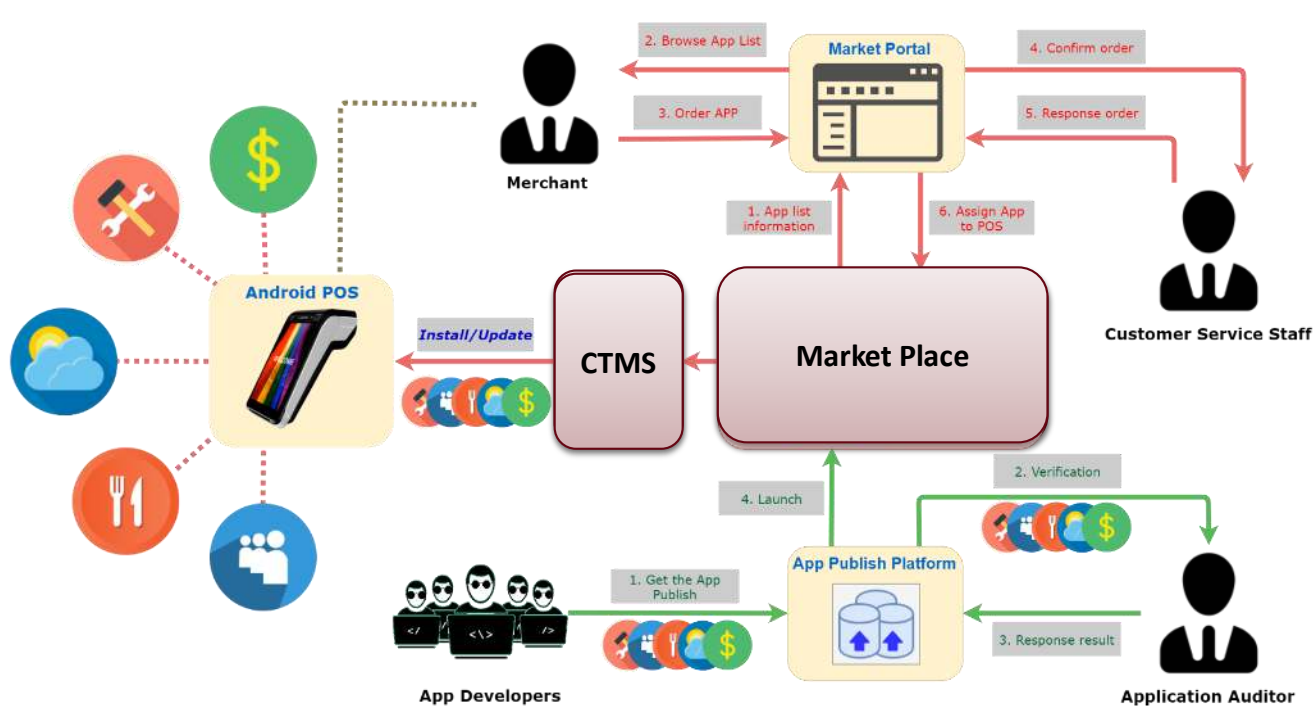


mPOS



31 Multilane

Castles' Cloud Services



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Outlook

Looking into 2020, Castles Technology will focus on:

1. Europe, North America, and North-east Asia will still be the momentum of revenue growth
2. Optimize the cost to boost overall profit
3. The advantage of customization boosts the revenue share of software service.
4. Push the performance growth to a new high peak



Thank you

