

# Castles Technology 【5258】

Investor Conference

2022/11/23



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# Agenda

1. Company Introduction
2. Operation Overview
3. Financial Overview
4. Industry Overview
5. New Products and Applications
6. Operating Strategies & Prospect



1.

# Company Introduction

## About Castles Technology

### ❖ Operation

- ◆ Top domestic manufacturer and solution provider of IC card reader and POS
- ◆ Headquartered in Xindian District, New Taipei City, Castles Technology sells products in more than 50 countries.

### ❖ Expertise and Market

- ◆ World leader in payment system technology
- ◆ Provide user-friendly, seamless, and secured products to global market
- ◆ Products range over financial industry, retail, restaurant, health care, and public transportation, gas station, electric car charging, unattended retail, etc.





## 2.

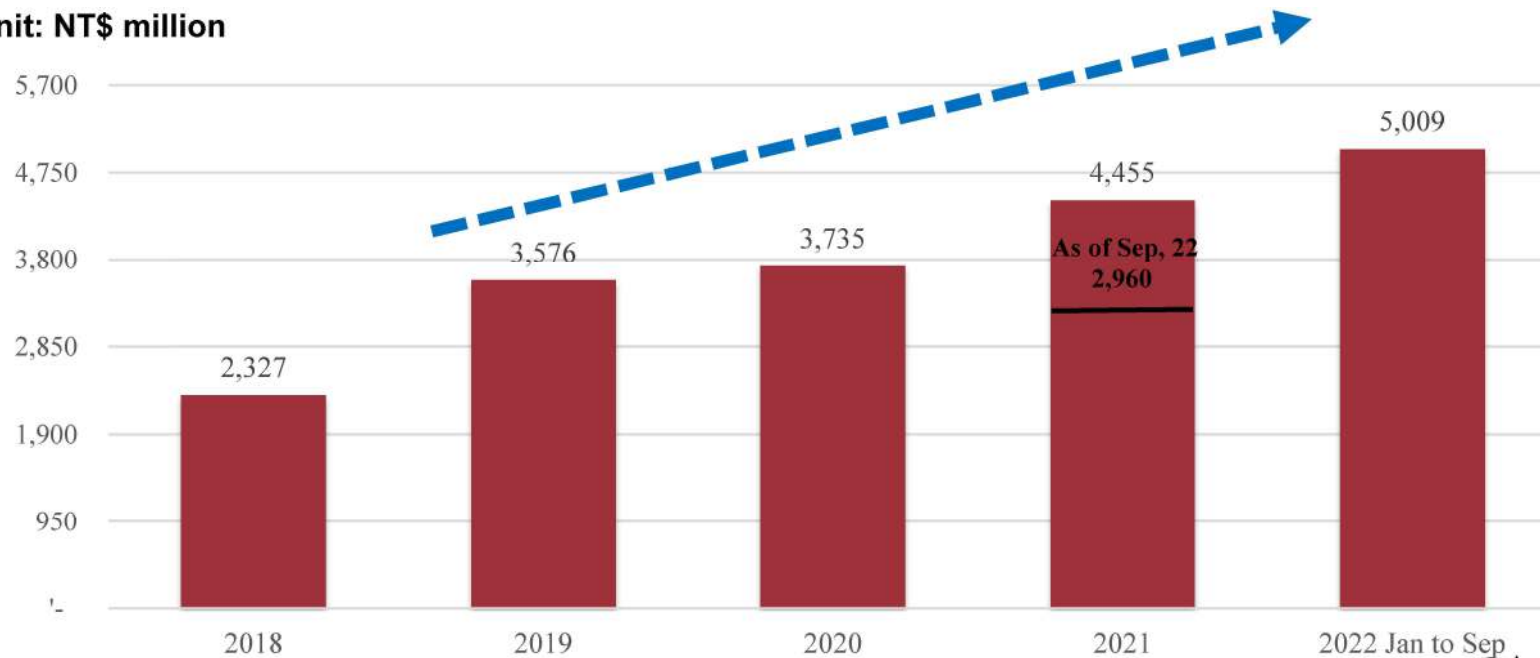
## Operation Overview



## Business Performance – Consolidated Revenue

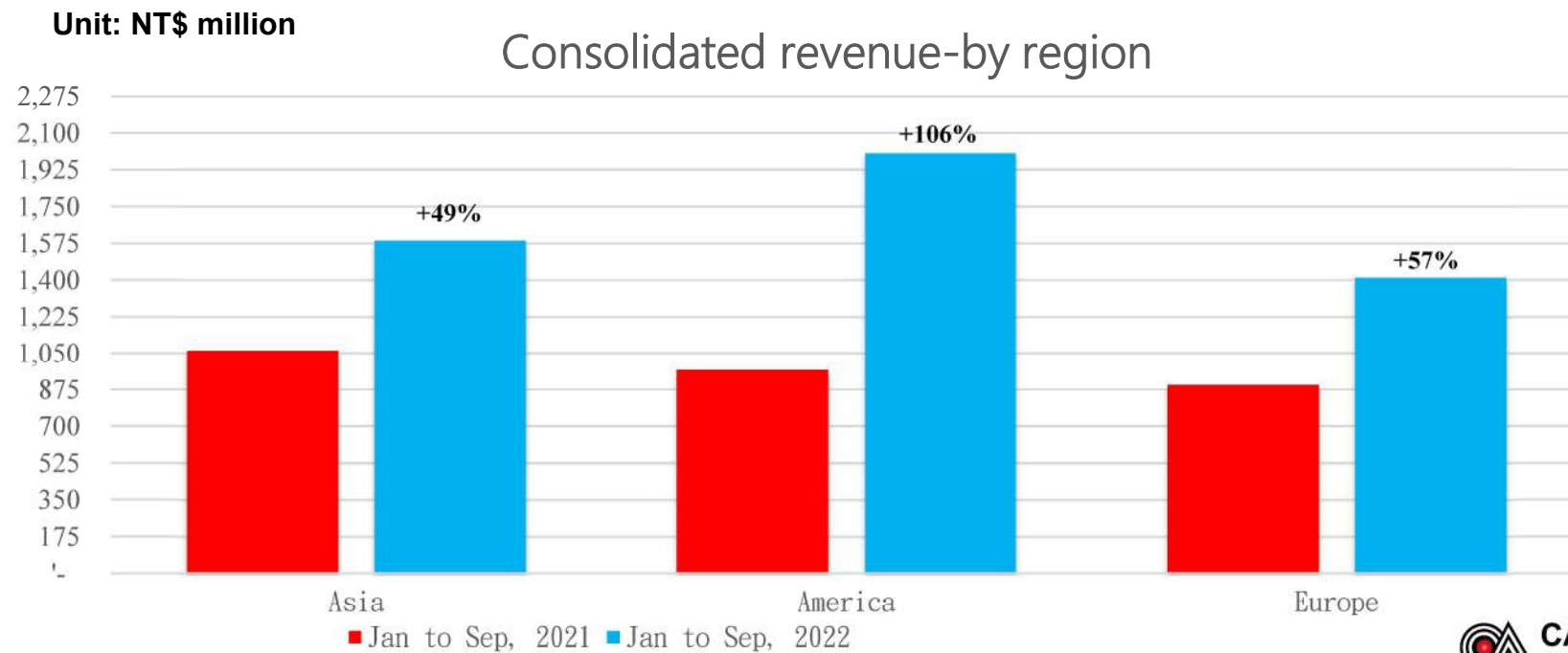
- ❖ The consolidated revenue is NT\$ 5.009 billion for 2022 as of September 30<sup>th</sup>, increasing by 69% compared with NT\$ 2.960 billion the respective period of year 2021.

Unit: NT\$ million



## Operation Overview

- ❖ An increase of consolidated revenue from January to September this year 2022 resulted from the growth in America and Europe.



# 3.

# Financial Overview



## Consolidated Income Statements

Unit : NT\$ Million

Item	Jan – Sep 2022	%	Jan – Sep 2021	%	YoY
Revenue	5,009.55	100%	2,960.64	100%	+69%
Gross profit	1,529.21	31%	811.47	28%	+88%
Operating expenses					
Selling expenses	262.45	5%	220.80	7%	+19%
Administrative expenses	171.88	4%	111.64	4%	+54%
Research and development expenses	401.87	8%	354.21	12%	+13%
Impairment loss (reversal of impairment loss)	9.02	0%	(39.22)	-1%	-123%
Total operating expenses	845.22	17%	647.43	22%	+31%
Net operating income	683.99	14%	164.04	6%	
Profit before income tax	700.91	14%	146.03	5%	
Comprehensive income	549.14	11%	121.72	4%	
EPS (NTD)	5.77		1.23		

4.

## Industry Overview

## Current Status of Payment Industry

### ❖ Change of Overall Industry

- ◆ For Android terminal, customer acceptance is getting higher and higher and there is a trend of large-scale growth; for the Linux terminal, the market size is flat but the demand for replacement is still strong.
- ◆ For Unattended Payment Device, as the application level becomes wider and wider, the overall demand continues to rise.

### ❖ Industry Competition

- ◆ In the face of market price competition, Castles continues to develop new product applications and provide efficient technical integration capabilities so that customers can experience more comprehensive integrated services. In addition, some overseas customers want to expand their business to different countries. Through Castles' understanding and mastery of global safety regulations, and the assistance of local channels, they can shorten the time for their business expansion, and also enable Castles and customers to achieve a win-win situation .



## Market Trend

### ❖ **Application of Unattended Payment Device**

- ◆ The global Unattended Payment Device market continues to expand, and cooperation with local service operators to provide unmanned self-service payment services that meet local needs is the key to success.

### ❖ **Application and Service of New Retail Market**

- ◆ COVID-19 creates incentive for merchants to adopt monthly rental service platforms to reduce costs in hiring personnel and investing in new equipment with more cautious manner. Since the performance of Castles terminals can meet such service applications, it is also optimistic about the subsequent revenue effect.

### ❖ **SoftPOS**

- ◆ More and more customers in the market are discussing how to expand their business through SoftPOS. It is believed that as SoftPOS becomes more and more popular, more new industrial applications will be born and new service opportunities will be created.



## New Opportunity for Payment Industry

### ❖ Mature Android Software Service Platform

- ◆ As devices supporting the Android system become more and more common, commercial software developers are also willing to invest more resources in the development of commercial software on the Android platform. Unlike ordinary APPs, most commercial software developers provide services for specific industries. The vertically integrated front-end and back-end solutions require more hardware specifications and performance. As customers begin to demand customized products, equipment suppliers must provide more diverse products to meet low-end and High-end guests with different performance needs.

### ❖ Solution of Software & Hardware Integration

- ◆ Global acquires and service providers aggressively approach Android software development. The challenge for acquires and service providers is to complete software porting and backend system update for customers in a limited time.
- ◆ Besides well-structured product lines of Android-based payment terminals, cloud and integrated services are indispensable to serve the needs in a new business opportunity.

## New Opportunity for Payment Industry

### ❖ Electric Vehicle Charging Station

- ❖ Electric vehicles are the trend for most car manufacturers today. As consumers' acceptance is getting higher and higher, it will also drive the demand for a large number of charging stations. In the past, charging station service operators used a closed system to charge fees. As European and American governments required charging stations to support an open charging model, they had to install terminals on charging stations to meet regulatory requirements. There are different methods of acquiring bills. Charging stations service operators must also take into account issues that can solve cross-border acquiring when selecting terminal partners, so as to expand overseas business in the future.

5.

## New Products & Applications

# New Product Series – EFT POS

## Android Saturn Series



**S1F3**



**S1E2**



**S1Mini**

## Linux Vega Series



**V3M3**



**V3CT3**



# New Product Series – UPT

## Unattended UPT Series



**Vending  
Machine**



**Vending  
Machine**

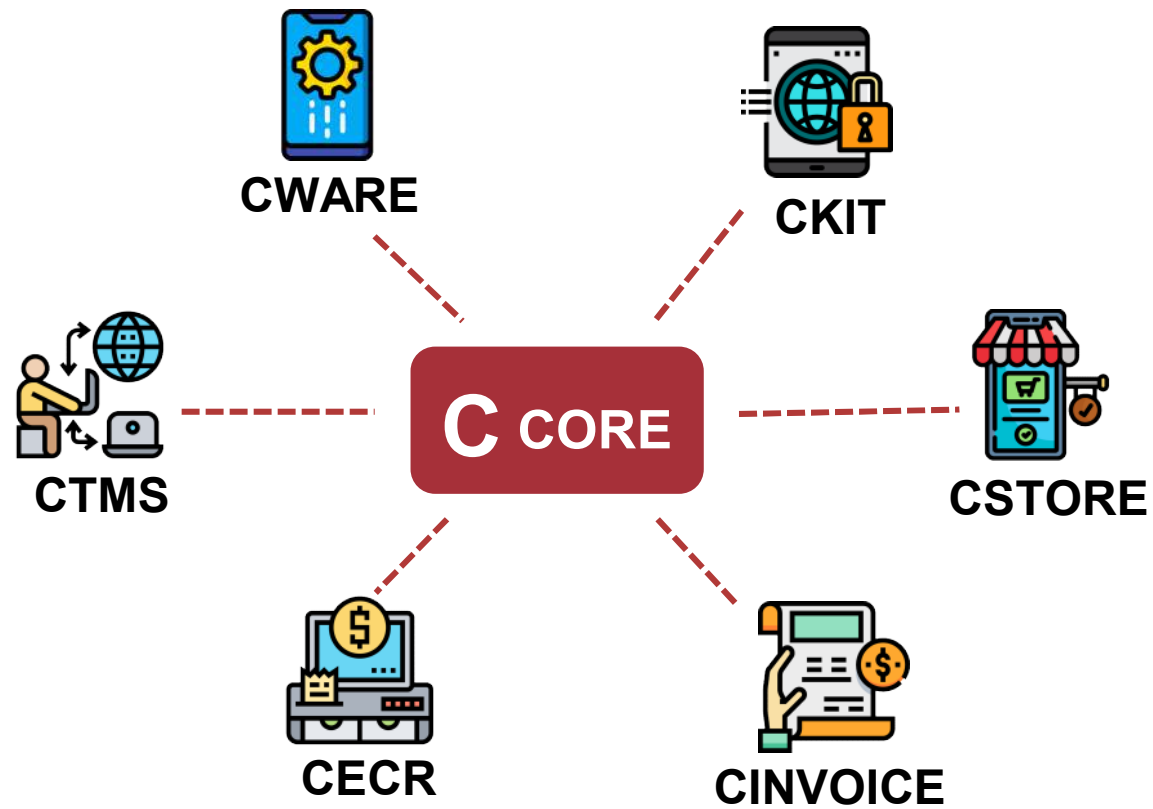


**Self-service  
Washing  
Machine**



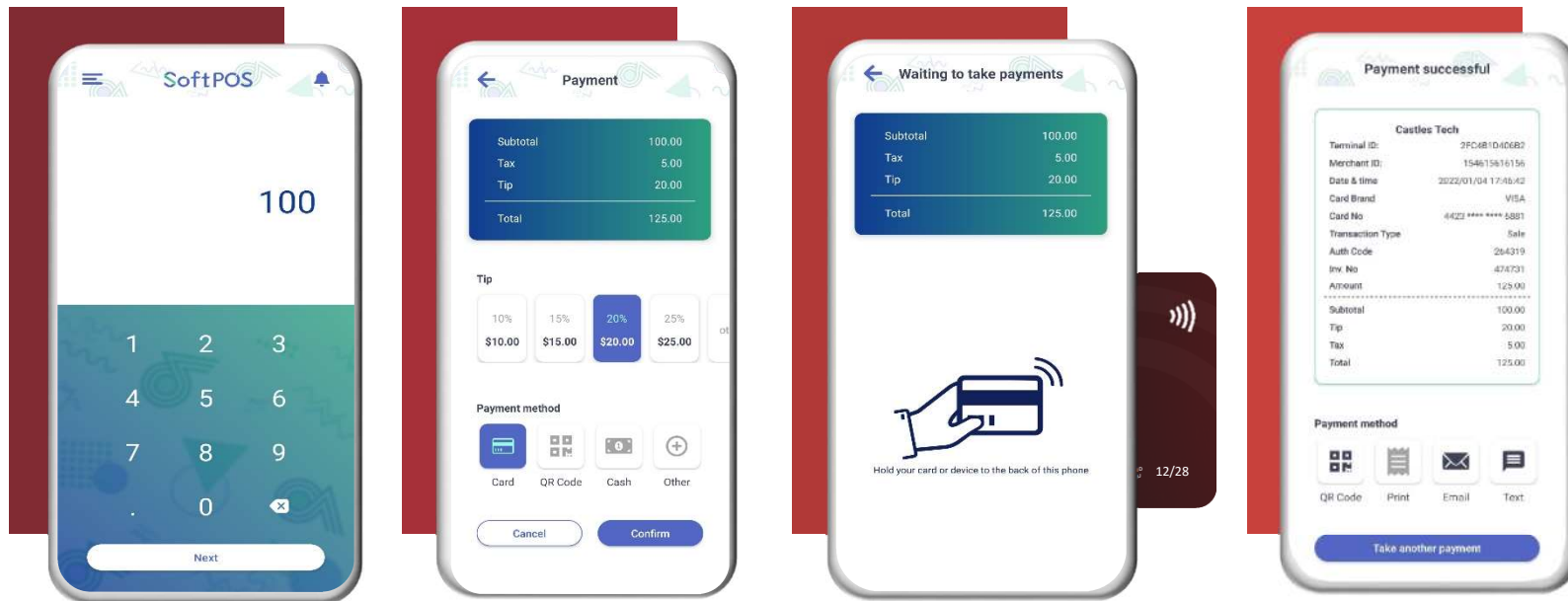
**Electric Vehicle  
Charging Station**

## New Product Series – Cloud Services



## New Product Series – SoftPOS

- ❖ Software and Cloud Services Transactions will be proceeded safely and fast by reading transaction cards through NFC on mobile phones, which will link transaction data to backend system to complete the transaction.



6.

## Operating Strategies & Prospect

## Operating Strategies

### ❖ Global Deployment

- ◆ Global sales forces and offices had been established in Europe, America and Southeast Asia. The certification process had also been completed by local acquirers.
- ◆ Upcoming revenue growth will be brought by opportunities of unattended business and Android terminals product transition.
- ◆ Unattended terminals market is booming and certification process acceleration will be a momentum for UPT sales growth.

### ❖ Vertical Integration of Industry Chain

- ◆ Enhance market share through merger and strategic alliance to build up global channel
- ◆ Keep approaching and expanding sales forces and dedicate in local markets
- ◆ Castles will be a POS solution provider including payment application of hardware, software and cloud services.



## Operating Strategies

### ❖ **Software and Cloud Services**

- ◆ Castles Technology will intensely focus on software and Cloud services, expecting to increase the proportion of sales revenue year by year.
- ◆ Castles looks forward to be a total solution provider for software and hardware integration, assisting our clients to shorten time from product development to orders billing.

# Prospect

## ❖ Core Competence Enhancement

- ◆ Speed up product certification schedule for all customers and regions
- ◆ Continue to invest in R&D resources especially in the software field
- ◆ Plan to increase production capacity to meet customer delivery
- ◆ Continue to focus on market change and to develop new solutions, such as SoftPOS

## ❖ Opportunity and Challenge

- ◆ Business of self-service device is stably expanding and potential growth is predictable.
- ◆ Influenced by inflation and Ukrainian war variant, Castles Technology will keep monitoring uncertainties.

**Thank you**

