STRONG H MACHINERY TECHNOLOGY (CAYMAN) INCORPORATION

(STOCK CODE：4560)

Investor Conference

2024/10/30

Disclaimer

- The content of this briefing and the accompanying information is derived from internal and external information of the company, including operating results, financial position and business development etc.

- The Company does not present a financial forecast. However, the financial, business and Q&A statements of the company in this briefing may differ from actual future results if they relate to the company's views on future operation and industrial development. Such differences may be caused by changes in market demand, price fluctuation, competitive behavior, international economic condition, exchange rate fluctuation, upstream and downstream supply chain and other risk factors beyond the company's control.

- The future outlook in this briefing reflects the company's current view of the future. The company is not responsible for reminding or updating these views of any changes or adjustments in future.

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1 - Company profile

Basic information

- Time of establishment：2014/10/31
- Date of Listing：2017/05/26
- Market：Listed Company
- Industry：Electric Machinery
- Main business：Industrial sewing machine spare parts
- Chairman：CHI,PING-HSIN
- Capital amount：NTD 680,972 thousand yuan
- Production base and number of employees：
  - Strong H Machinery Technology Co.,Ltd.， 1,174
  - Grand Strong Precision Machines Co., Ltd.， 160

Main product categories

- Industral sewing machine spare parts & assembly
- Device
- Auto equipment

Industral sewing machine spare parts & assembly

Knife：

Cloth cutting knives (before sewing)、Cloth cutting, thread trimming and thread cutting knives for sewing fabrics (sewing)、Thick material knives (skiving knives, leather cutting knives, thread trimming knives for thick leather threads)、Flatseamer machine four needles and six thread knives

Gauge set：

4needle 6thread flat seamer 、overlock 、 interlock；double-needle；multi-needle；

N/P Assembly：

For interlock and special model machines

Device

Automatic device :

auto trimmer series for interlock sewing machine, 4needle 6thread flat seamer machine, bar-tack machine, multi-needle machine

Auto equipment

Auto equipment：

auto hem-sewing, auto rib turning and cutting, auto attach-turn structure, auto attach bottom hemming, auto bottom hem of trouser leg sewing equipment, auto heat transfer loading equipment

Competitive Advantage

Comprehensive products

- The private brand STRONG H is marketed around the world and can produce more than 10,000 items of industrial sewing machine spare parts. Its customers are the world's top 10 industrial sewing machine brands, and it is the world's largest manufacturer and seller of industrial sewing machine spare parts.

Leading technology

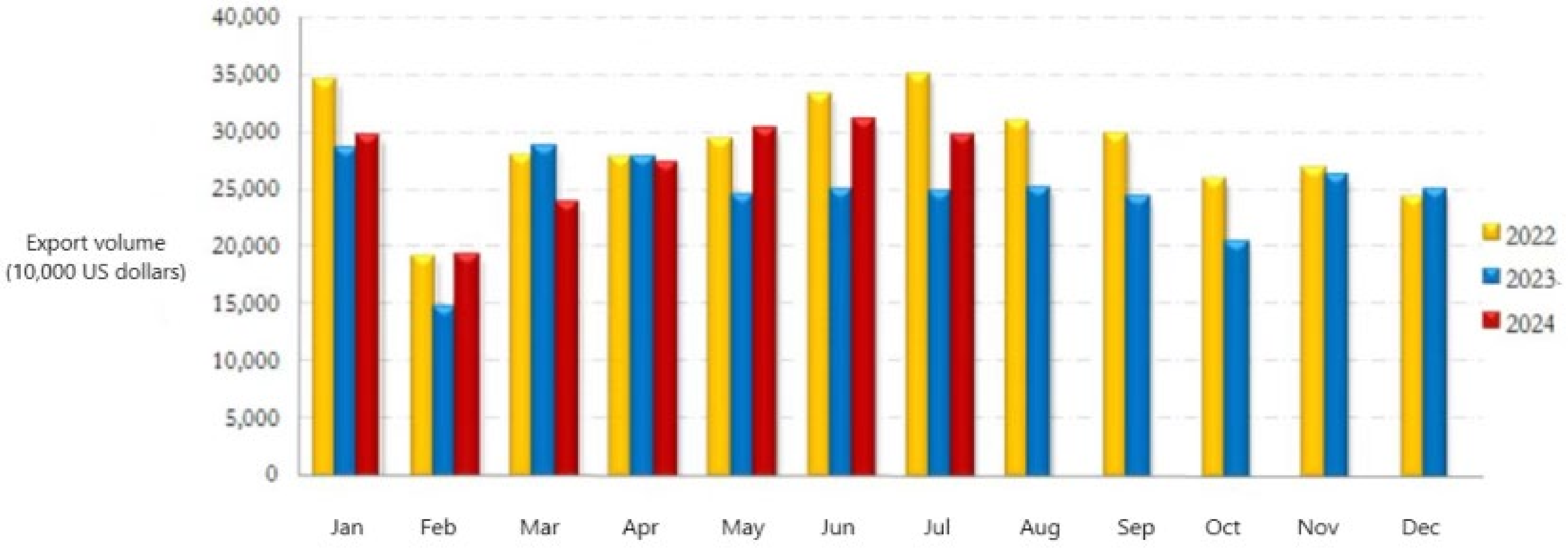
- As industrial sewing machines accelerate structural adjustment and the demand for special parts increases, they continue to develop towards precision, high speed and three-dimensional processing technology, and at the same time have the flexibility of solutions to design and produce customized products.

Complete supply chain

- We have a complete third-party supply chain, with experienced front-line employees, more than 50% of whom have more than ten years of experience, and a high-quality management team, which can cope with the current industry competition that has extended from fighting for prices to grabbing orders to mastering the production and supply chain.

2- Industry overview

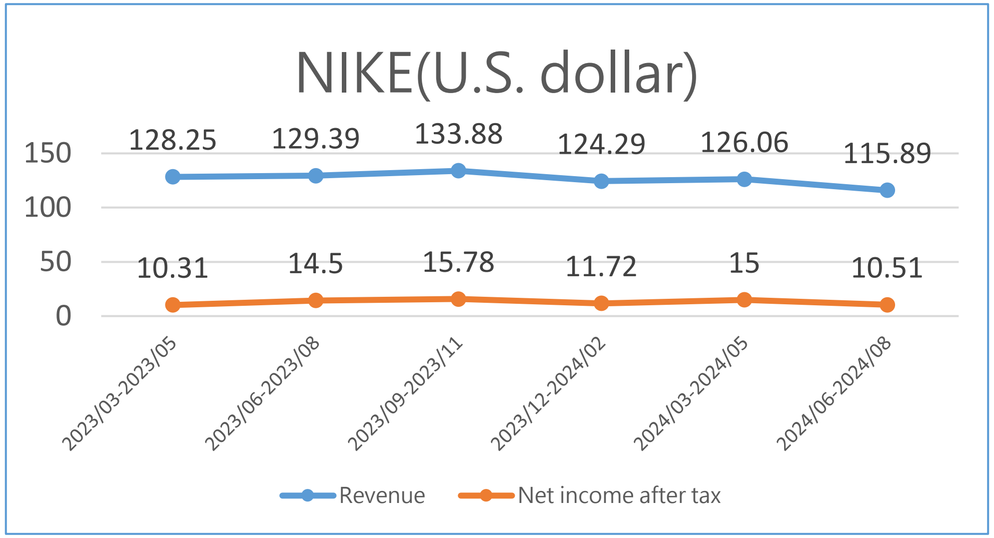
Industry overview-
Changes in export volume of China's sewing machinery industry from Jan. to Jul.

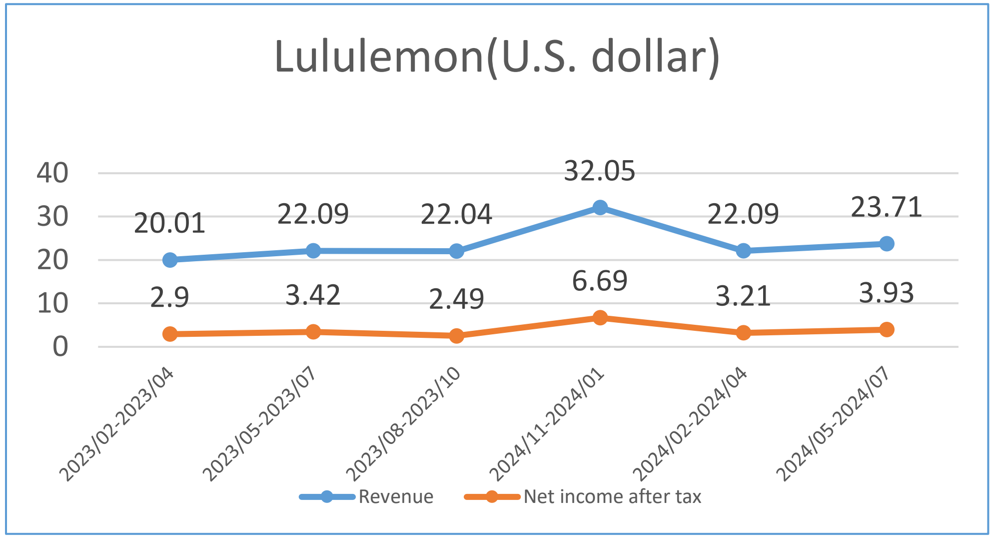


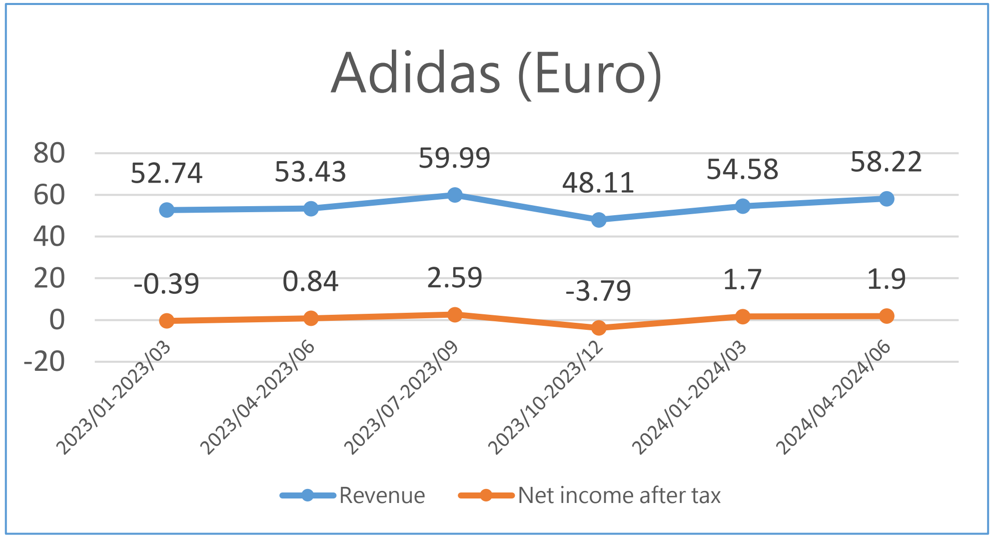
Source: China Sewing Machinery Association

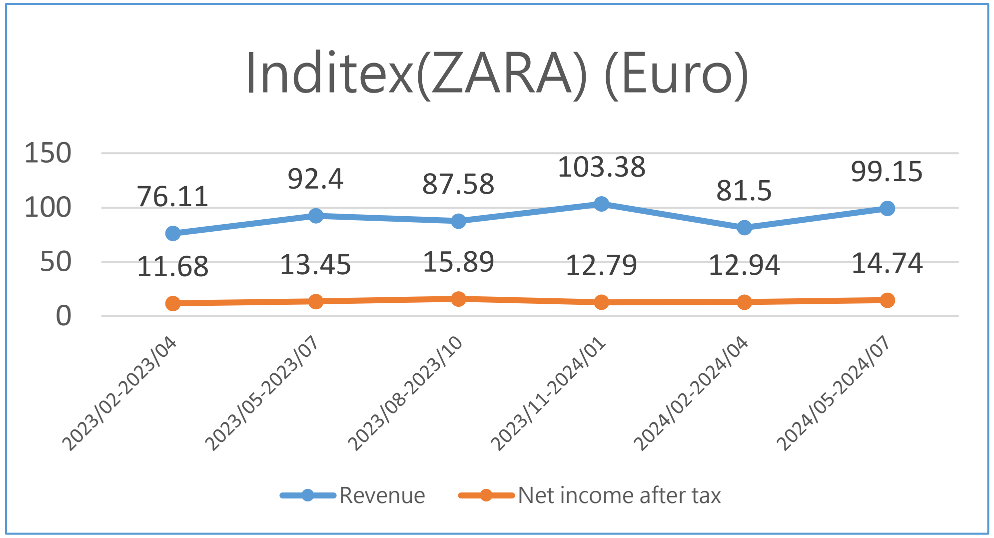
Industry overview

Changes in financial reports of major apparel brands in the past six quarters









3- Operational performance

Operational performance-

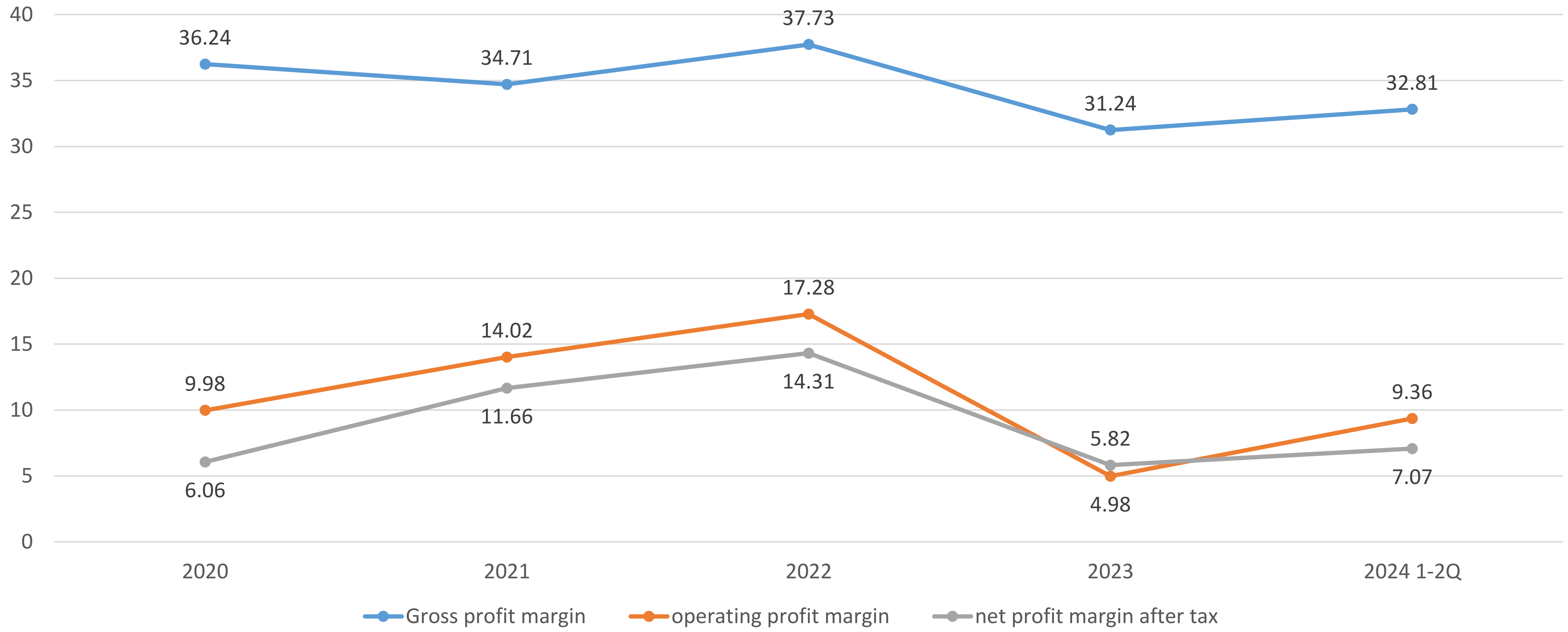
Comprehensive income statement for the past five years

(In Thousands of New Taiwan Dollars)

	2020	2021	2022	2023	2024 1-2Q
OPERATING REVENUE	1,257,464	1,722,922	1,760,939	1,239,857	746,234
OPERATING COSTS	801,718	1,124,938	1,096,543	852,486	501,390
GROSS PROFIT	455,746	597,984	664,396	387,371	244,844
INCOME FROM OPERATIONS	125,506	241,559	304,361	61,780	69,824
NET INCOME	76,196	200,876	252,067	72,104	52,779
EARNINGS PER SHARE (Yuan)	1.12	2.95	3.70	1.06	0.78

Operational performance-

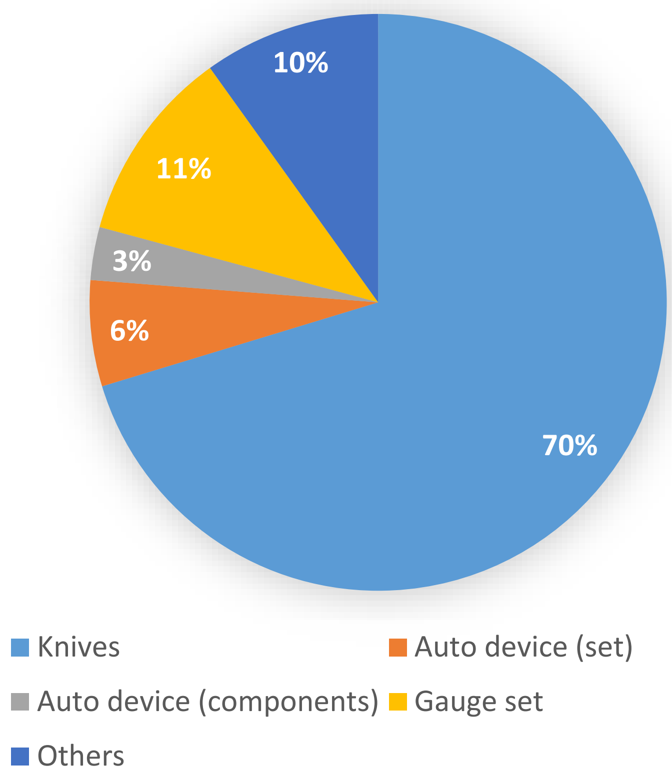
Gross profit margin, operating profit margin, and net profit margin after tax in the past five years



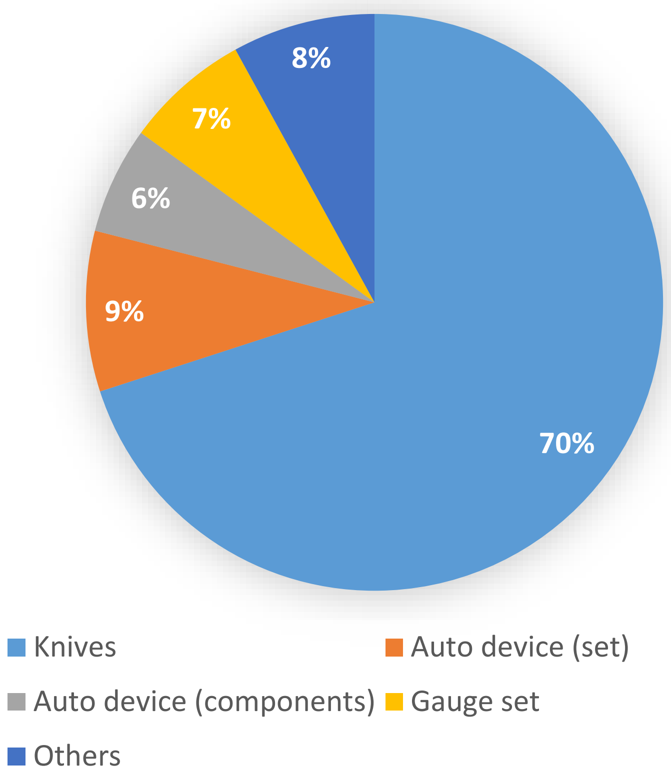
Operational performance-

Product revenue analysis

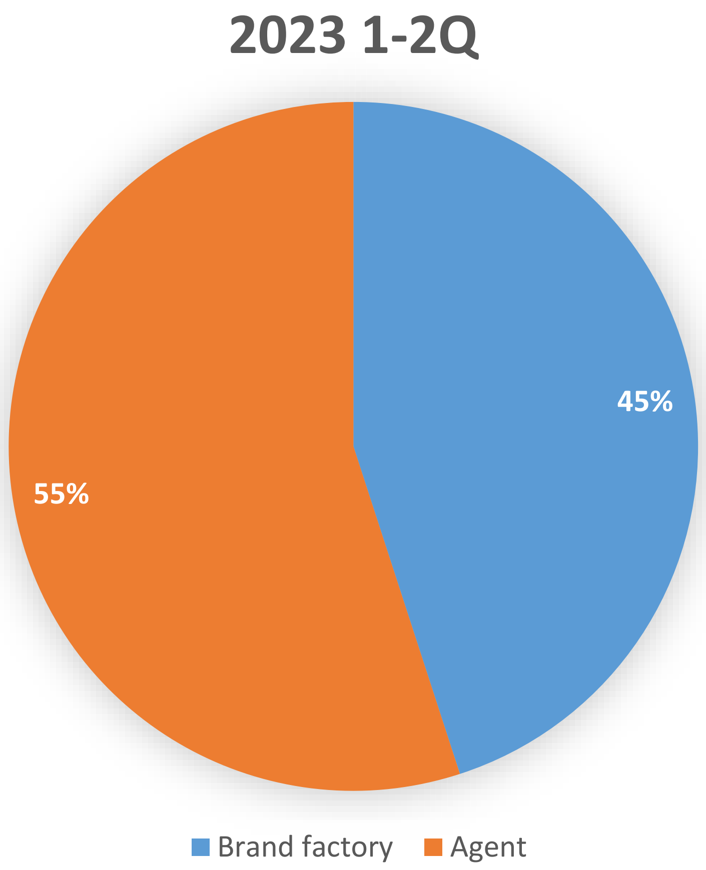
2023 1-2Q

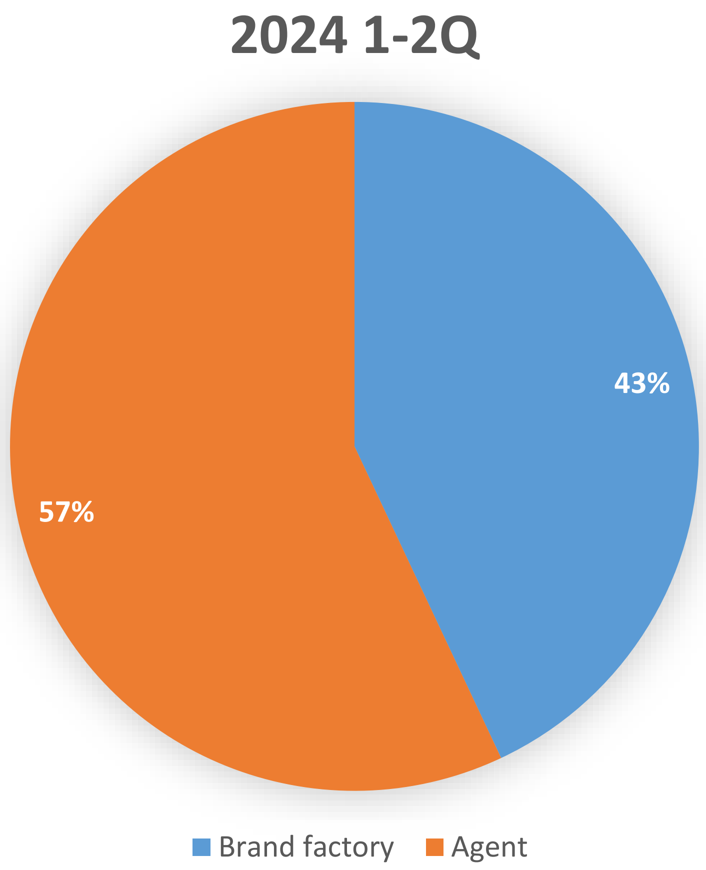


2024 1-2Q

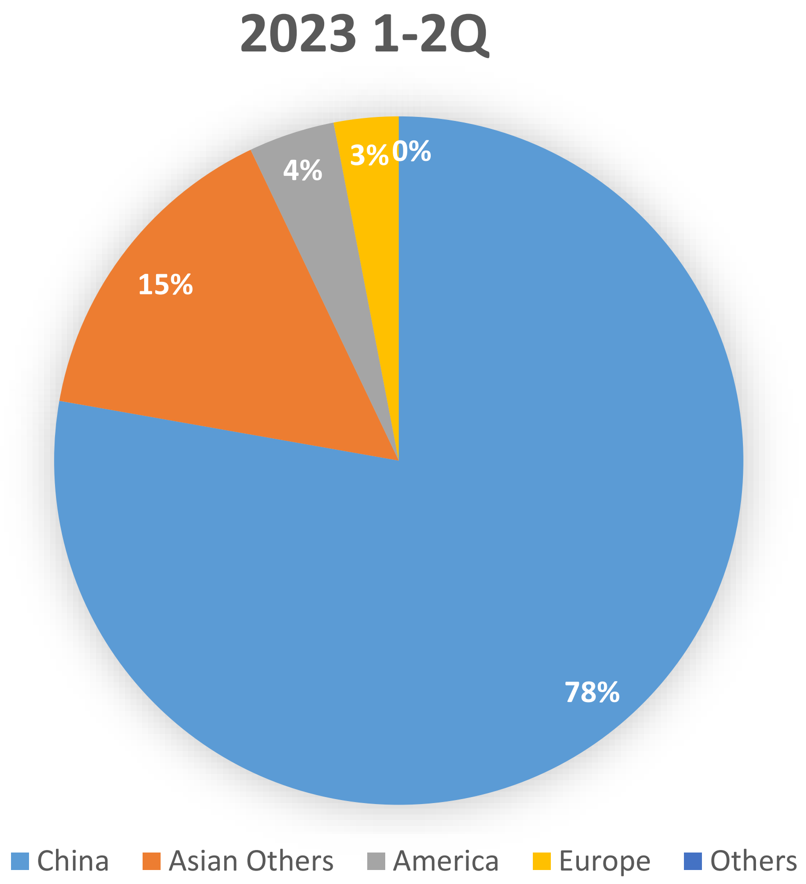


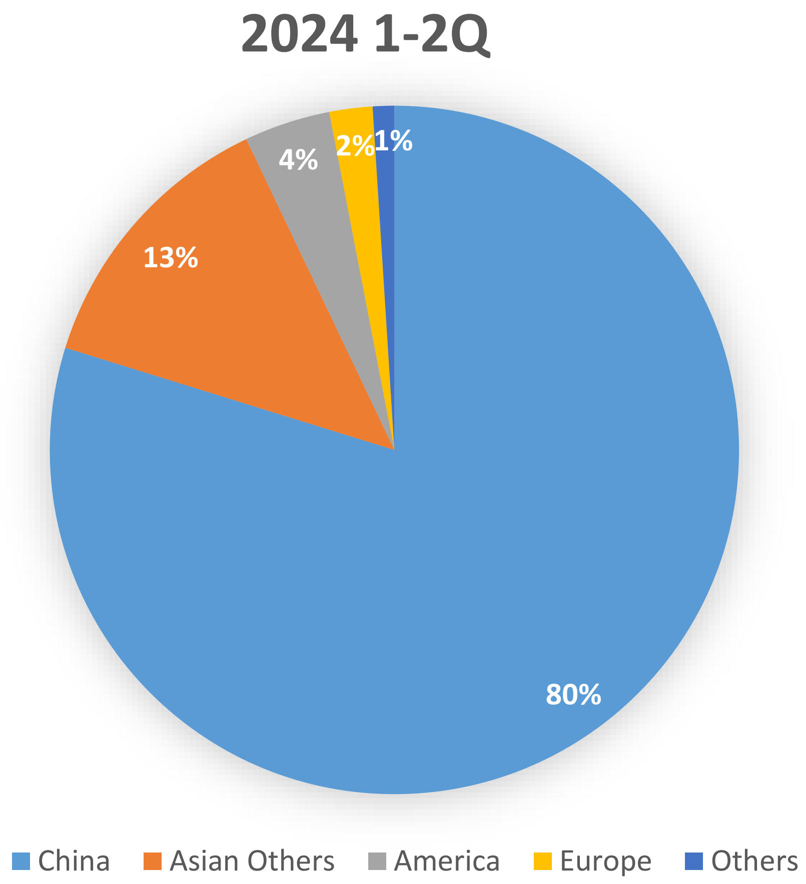
Operational performance-
Revenue analysis of brand factories and agents





Operational performance-
Regional revenue analysis





Operational performance-
Dividend policy over the years

Year	2019	2020	2021	2022	2023
EPS	4.38	1.12	2.95	3.7	1.06
Cash dividend	4	1	1.8	2.2	1
Allotment rate	91%	89%	61%	59%	94%

4- Future expectation and sustainable development

Future expectation

STRONG H

Future expectation

Product leadership

Continue to improve product performance, reduce product costs, improve product quality, improve product cost performance, achieve customer satisfaction, and constantly expand new product markets, while maintaining the leading position in the industry, committed to providing customers with high-quality products and services.

Deeply develop market

Optimize channel management, expand secondary distributors, regularly hold regional product conferences, let the majority of partners know the company' s products in a timely manner, strengthen communication and exchange with partners, expand the product terminal market, and increase product market share.

Productivity improved

Through the automation equipment production line, integration of manpower, equipment and technology, to achieve the compression of production cycle, quality stable production goals, to ensure that orders delivered on time.

Information Construction

Through MES system, combined with automation, intelligent equipment transformation and lean project promotion, build a comprehensive, timely and transparent production mode of system integration and data collection to ensure orderly and stable production.Through APS system and MES, ERP, PLM and other systems, from the plan to the machine, team and team according to the available resources effectively balance production. Meet customer lead times and reduce manufacturing costs and inventory through end-to-end supply planning.Through the QMS system, build the whole process of quality data traceability and analysis and optimization management mode; Build a quality traceability chain, conduct comprehensive analysis, and then achieve total quality control.

Sustainable development

E
Environment

Green production process

Energy saving
&
waste reduction

S
Social

Focus on customer rights

Public benefit
&
Salvation

Safety workplace
&
Indusrial harmony

G
Governance

Green supply chain management

Q & A