Stock Code：5490

XAC AUTOMATION CORP

Investor Conference

December 16, 2025

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Safe Harbor Statement

- This presentation contains certain forward looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.
- Except as required by law, we undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Agenda

- Group Profile
- Finance Results
- Enhancing Corporate Value
- 2025 Q1-Q3 & FY 25 Business Outlook
- New Business Development

Group Profile

– **Company Profile**
– **Organization**

Company Profile

- Established year：1997
- Year of listing：2001
- Chairman：Edmund Chang
- Capital：961,522 in NTD thousands
- Main products：Electronic fund transaction terminals, transaction security products and commerce enabling solution.
- Core value：

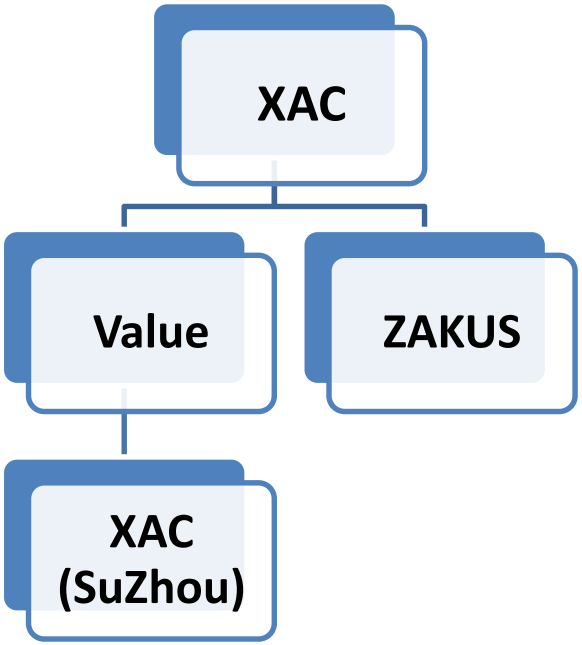
  Attention to detail and “Root cause” spirit.

  Teamwork spirit.

  Profit sharing to our team members and shareholders.

  Sustainable and ever-growing.

Organization



Name of company	Main business
Value	Investment holding company.
XAC (SuZhou)	Processing and manufacturing of transaction security product and electronic fund transaction terminal.
ZAKUS	Providing of technical development and sales services on the products.

Finance Results

– Consolidated Balance Sheets
– Consolidated Statements of Comprehensive Income
– Top 5 Sales Revenue by Geography

Consolidated Balance Sheets

In NTD thousands

	September 30, 2025		December 31, 2024		September 30, 2024	
	Amount	%	Amount	%	Amount	%
Current assets	1,432,365	85	1,721,697	88	1,677,435	87
Non-current assets	248,683	15	244,437	12	246,576	13
Total Assets	**1,681,048**	**100**	**1,966,134**	**100**	**1,924,011**	**100**
Current liabilities	314,619	19	660,531	33	644,943	33
Non-current liabilities	72,175	4	71,364	4	78,843	4
Total Liabilities	**386,794**	**23**	**731,895**	**37**	**719,786**	**37**
Ordinary share capital	961,522	57	961,522	49	961,522	50
Capital surplus	82,291	5	82,291	4	82,291	4
Retained earnings and other equity	333,259	20	273,244	14	243,230	13
Treasury share	(82,818)	(5)	(82,818)	(4)	(82,818)	(4)
Total Equity	**1,294,254**	**77**	**1,234,239**	**63**	**1,204,225**	**63**

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Consolidated Statements of Comprehensive Income

In NTD thousands

	2025 Q3		2024 Q3		YoY
	Amount	%	Amount	%	%
Operating revenue	1,126,342	100	996,494	100	13
Gross profit	508,695	45	335,729	34	52
Operating expenses	353,812	31	325,600	33	9
Net operating income (loss)	154,883	14	10,129	1	1429
Non-operating income and expenses	(8,807)	(1)	4,540	-	(294)
Income (loss) before income tax	146,076	13	14,669	1	896
Net income (loss)	117,189	10	11,761	1	896
Earnings per share (NTD)	1.26		0.13		

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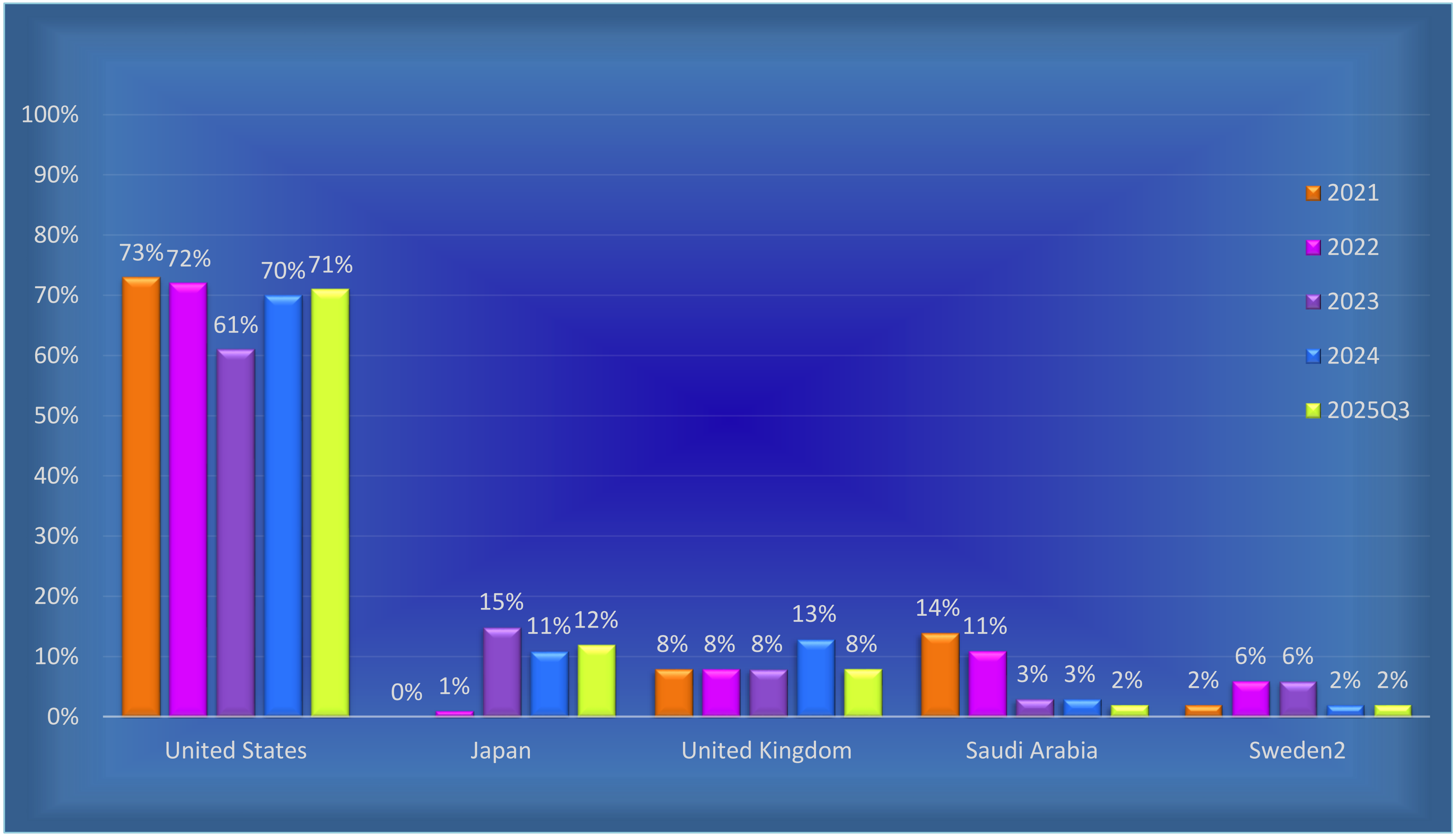
Top 5 Sales Revenue by Geography



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Enhancing Corporate Value

- Company Status Analysis
- SWOT & Competitive Landscape
- Corporate Governance Status & Enhancement Measures
- Risk Management & External Environment
- Short-, Mid- and Long-term Strengthening Plans

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Current Status: Cost Structure

- No bank loans; equity-driven capital structure, financially sound.
- Major cost items: product cost & manufacturing cost.
- High proportion of high-margin products (Taiwan-made, high quality).
- Strategies: improve capacity utilization, reduce procurement costs.
- FX risk management: forward exchange contracts.

Current Status: Profitability

- 2024 ROIC: 1.66%
- 2024 ROE: 2.73%
- Losses in 2022–2023 due to arbitration losses and delayed shipments.
- Returned to profit in 2024; profitability recovering.
- ROE from 2025 reflects management’s operating capability.

Market Valuation

- PBR ~1.84x at end of 2024, similar to industry peers.
- Market recognition driven by technological innovation & product competitiveness.
- Stable end-market demand; global payment market growth supports valuation.

SWOT

Strengths

- 30+ years of payment certification experience.
- Non-competing position with customers; strong long-term partnerships.
- Dual-factory strategy incl. overseas EMS.
- High-quality products trusted by clients.

Weaknesses

- Higher manufacturing cost; limited pricing competitiveness.
- New product development delays risk missing market opportunities.

SWOT

Opportunities

- Global de-risking drives supply chain relocation.
- Increasing penetration in Japan.
- New products (e.g., EMV-enabled modules) have global leading advantage.

Threats

- Penetration in emerging markets remains challenging.
- Software ecosystem for new products must keep pace.
- Talent gap: product planning and solutions capability underdeveloped.
- ESG, ISO compliance increases operational cost.

Corporate Governance

Board Structure:

- 7 directors, 3 independent directors.
- Members have industry, accounting, and legal expertise.

Effectiveness:

- Annual evaluation of the Board and committees.

Transparency:

- Board resolutions disclosed promptly.
- Major proposals disclosed with rationale and risks in advance.

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Risk Analysis: Macroeconomics

- Inflation, interest rate and FX volatility remain uncertain.

- Mitigation:
  - FX: forward contracts.
  - Market: diversified geographic coverage.
  - Supply chain: multi-supplier strategy.
  - Governance: strengthen business continuity & disaster recovery plans.

Industry Competition

- Global payment terminal CAGR: 8–10%.
- Growth drivers: NFC, mobile payment, SoftPOS, MPoC, cloud.
- Continuous investment required for PCI/EMV compliance.
- Industry consolidation accelerating.
- Demand trends: integration of hardware + software + cloud solution.

Core Competencies – Manufacturing

- Vertical integration from design to mass production.
- Global sites (TW/CN/MX) improving supply chain resilience.
- Nearshoring trends (esp. North America).
- Compliance with PCI PTS v6/v7, EMV L1/L2, MPoC.
- 30 years certification experience reduces customer TTM.

Core Competencies – Software & Customers

- Integrated hardware + internal payment applications.
- TMS customization capability.
- Transition from hardware supplier to payment enablement provider.
- Global customer base; strong long-term relationships.
- Lower dependency on single market.

Short-term Plan (Within 1 Year)

- Maintain high quality; improve customer satisfaction.
- Optimize product & service mix.
- Increase capacity utilization and manufacturing flexibility.
- Enhance Board diversity & governance.
- Update & drill BC/DR plans.

Mid- to Long-term Plan (2–5 Years)

- Increase high-margin product/service ratio.
- Promote smart manufacturing & automation.
- Increase R&D investment.
- Strengthen ESG & sustainable supply chain.
- Deepen global diversification (NA/EU/JP/EM).

Conclusion

- Through governance, technology, manufacturing, and global positioning, the company will strengthen competitiveness and enhance shareholder value.

2025 Q1-Q3 & FY 25 Business Outlook

- Q1-Q3 & Full Year Highlights
- Impact of International Political and Economic Trends

2025 Q1-Q3 & Full Year Highlights

- 2025/Q1-Q3 YoY Growth： 13% increase
  - North America market(Fuel dispenser business)

    ----Significant demand growth.
  - Japanese market: Continuous demand growth.
  - Mass Production of New Platform Products with Qualcomm:Smooth ramp-up and integration.
  - The continuous cost Reduction in Material. ---increasing in gross margin
  - High Flexible Manufacturing System---MIC+MIT+MIM
  - Sustained Revenue Growth from Solutions

Impact of International Political and Economic Trends

- Trump Tariff War--- Cut in MIM for North America Market
- Russia-Ukraine War & Middle East Conflicts: Gradually reduced impact on the company.
- Memory issue---Cost up, No impact for delivery

Strategic Responses:

1. BCP ready for Tariff war---MIT+MIM

2. Optimistic Outlook for the Future: Multiple new products and customer solutions are set to begin mass production and hit the market in 2025-2026.

New Business Development

- Strengthen existing key accounts and expand into new customer segments
- Provide payment hardware/software and complete solution offerings

Strengthen existing key accounts and expand into new customer segments

- Strengthen existing key accounts:
  - Ensure stable supply for shipped products and continue meeting the latest certification requirements.
  - Provide the latest-generation products for customer validation to secure ongoing adoption of XAC's product line.
- Expand into new customer segments:
  - Actively build deep collaborations with key strategic partners to jointly penetrate high-potential markets in Europe, Japan, and Asia.
  - Systematically reduce the company's reliance on any single market or customer, creating a diversified and resilient global customer footprint.

Provide payment hardware, software, and complete solution offerings

- Hardware:
  - Provide next-generation Android 12/14 smart POS terminals and PIN entry devices, covering a full product line to support global market needs.
  - Offer NFC modules and card readers to enhance compatibility and scalability across the overall payment ecosystem.
- Software:
  - Continuously invest in EMV kernel and payment application development while advancing relevant certifications across countries and brands.
- System:
  - Provide enterprise-grade cloud-based Terminal Management System (TMS).
  - Offer PCI-compliant key injection systems (LKI/RKI).

Provide payment hardware, software, and complete solution offerings

- Cloud Payment Solution:
  - Payment devices × Payment applications × Cloud-based Terminal Management System.
  - After several years of deployment across multiple customers and continuous optimization, this complete solution has officially gained recognition from a major U.S. client in the second half of this year and has completed the relevant certifications. The client plans to roll out full adoption next year, and the resulting revenue contribution is expected to show a significant and measurable increase.

Q&A

Thank You