ASUSTEK

2Q 2023 Investor Conference

Q & A

1. Regarding the current import control measures India is implementing for PCs, how will ASUS respond? Will ASUS plan for local production in India or collaborate with local manufacturers?

   A: Please refer to webcast 25:24.

2. What is ASUS's outlook and shipping plan for AI Servers? Currently, there is a shortage of AI Server chips. What strategies and shipping goals does ASUS have? Is it possible, given the current demand and server pricing, for ASUS to exceed its long-term goal of fivefold growth in five years?

A: Please refer to webcast 27:17.

3. What are the main differences between AI-powered PCs and regular PCs? What hardware design changes might be made?

A: Please refer to webcast 29:55.

4. Previously, ASUS mentioned that orders for new AI server products are full until 2024. Could you explain which customers or regions these orders are from? When does ASUS anticipate the shortage of NVIDIA GPUs to ease?

A: Please refer to webcast 32:47.

5. ROG Ally seems to have strong sales and demand. Does ASUS need to revise its previous forecasts upward for quarterly shipments and margins? Could you provide an update on this?

   A: Please refer to webcast 34:18.

6. Apart from manufacturing in India, what are ASUS's plans and preparations for the manufacturing outside China? Is there a possibility of ASUS investing in its own production facilities overseas?

A: Please refer to webcast 35:38.

7. ASUS's improvement in gross margin is positive. In the second quarter, there was a higher sales allowance that accounted for 17% of revenue. When does the company expect this sales allowance to return to a normal range?

A: Please refer to webcast 37:24.

8. ASUS's Q3 PC shipment outlook is better than the general market expectations. What are the main reasons for this, including regions and products? Is there further visibility into Q4 shipments?

A: Please refer to webcast 38:54.

9. Research institutions expect a PC replacement cycle from 2024 to 2025, with significant growth in PC shipments in 2024. What is the company's perspective on this?

A: Please refer to webcast 40:48.

10. In the company's organizational integration, the head of the smartphone department will also lead the commercial PC team. How will this affect ASUS's future strategy and business in the smartphone sector?

A: Please refer to webcast 42:54.

11. What is the current revenue proportion of servers in the overall revenue, and what is the future growth potential? What range of profit margin can be expected for AI Servers? How do they contribute to the company's profits?

A: Please refer to webcast 44:27.

12. Looking at the long term, does the company plan to maintain its goal of exceeding market growth by 10% in the PC product segment?

A: Please refer to webcast 46:15.

13. With ASUS's planned new business including commercial PCs and servers, will there be increased investment in research and development? How to estimate the proportion of R&D expenses or operating expenses in the future?

A: Please refer to webcast 48:41.