



**SOLOMON
SYSTECH**

2021 Annual Results Presentation

**23 Mar 2022
Stock code: 2878**

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HIGHLIGHTS



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HIGHLIGHTS

- Revenue increased by about 38.6% to US\$168.1 million.
- Gross profit was US\$67.3 million, jumped by 87.6%
- Gross margin was 40.0%, increased 10.4 percentage points
- Profit attributable to owners of the parent was US\$23.8 million, increased by 103.0%
- Earnings per share was 1.0 US cent (7.8 HK cents)
- Book-to-bill ratio for the period was 1.5



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FINANCIAL REVIEW



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PROFIT & LOSS



	2021	2020	Variance
	(US\$ million)	(US\$ million)	
Revenue	168.1	121.3	+38.6%
Gross Profit	67.3	35.8	+87.6%
Gross Margin	40.0%	29.6%	+10.4% Pts
Profit Attributable to Owners of the Parent	23.8	11.7	+103.0%
Earnings per Share (US cents)	1.0	0.5	+100.0%
Book-to-Bill Ratio	1.5	1.4	

REVENUE BY PRODUCTS

	2021		2020		+/(-) by	
	US\$'000	%	US\$'000	%	US\$'000	%
New Display	71,286	42%	33,184	27%	38,102	114.8
OLED Display	34,737	21%	28,717	24%	6,020	21.0
Mobile Display and Mobile Touch	43,078	26%	31,893	26%	11,185	35.1
Large Display	19,019	11%	27,467	23%	(8,448)	(30.7)
TOTAL	168,120	100%	121,261	100%	46,859	38.6

FINANCIAL REMARKS



		Key Factors
Revenue	US\$168.1m (2020: US\$121.3m)	<ul style="list-style-type: none"> Revenue: up 38.6% Unit Shipments: up 4.3%
Gross Profit	US\$67.3m (2020: US\$35.8m)	<ul style="list-style-type: none"> Gross Margin: 40.0% (2020: 29.6%)
Total Operating Expenses	US\$45.1m (2020: US\$30.5m)	<ul style="list-style-type: none"> Product R&D Costs: <ul style="list-style-type: none"> US\$30.4m (2020: US\$16.9m) 18.1% of Sales (2020: 13.9% of Sales) Selling & Distribution Expenses: <ul style="list-style-type: none"> US\$3.0m (2020: US\$2.5m) 2% of Sales (2020: 2% of Sales) General Admin Expenses: <ul style="list-style-type: none"> US\$11.2m (2020: US\$11.1m) Other Expenses (Non-recurring): <ul style="list-style-type: none"> US\$ 0.5m (2020: NIL)
Profit Attributable to Owners of the Parent	US\$23.8m (2020: US\$11.7m)	

BALANCE SHEET



	As at 31 Dec 2021	As at 31 Dec 2020	Variance
	(US\$ million)	(US\$ million)	
Total Assets	139.9	94.2	+48.5%
Total Borrowings	0.2	0.2	-
Shareholders' Funds	86.7	63.4	+36.7%
Cash and Cash Equivalents	41.8	51.0	-18.1%
Shareholders' Funds per Share (HK cents)	27.0	19.8	+36.9%
Dividend per share (HK cents)	1.0	0.8	+25.0%

TRADE RECEIVABLE AGEING

(Based on invoice date)



	As at 31 Dec 2021	As at 31 Dec 2020
	(US\$ million)	(US\$ million)
1-30 days	9.8	6.4
31-60 days	6.5	4.0
61-90 days	5.5	2.7
91-180 days	2.3	2.2
Total	24.1	15.3

TRADE PAYABLE AGEING

(Based on invoice date)



	As at 31 Dec 2021	As at 31 Dec 2020
	(US\$ million)	(US\$ million)
1-30 days	14.7	7.3
31-60 days	6.5	6.8
61-90 days	2.4	1.5
Over 90 days	0.3	0.2
Total	23.9	15.8

CASH & CASH EQUIVALENTS ANALYSIS 2021 V 2020



Cash and Cash Equivalents

Change

- US\$41.8m (31 Dec 2021) vs US\$ 51.0m (31 Dec 2020)

(US\$9.2m)
-18.1%

BUSINESS REVIEW

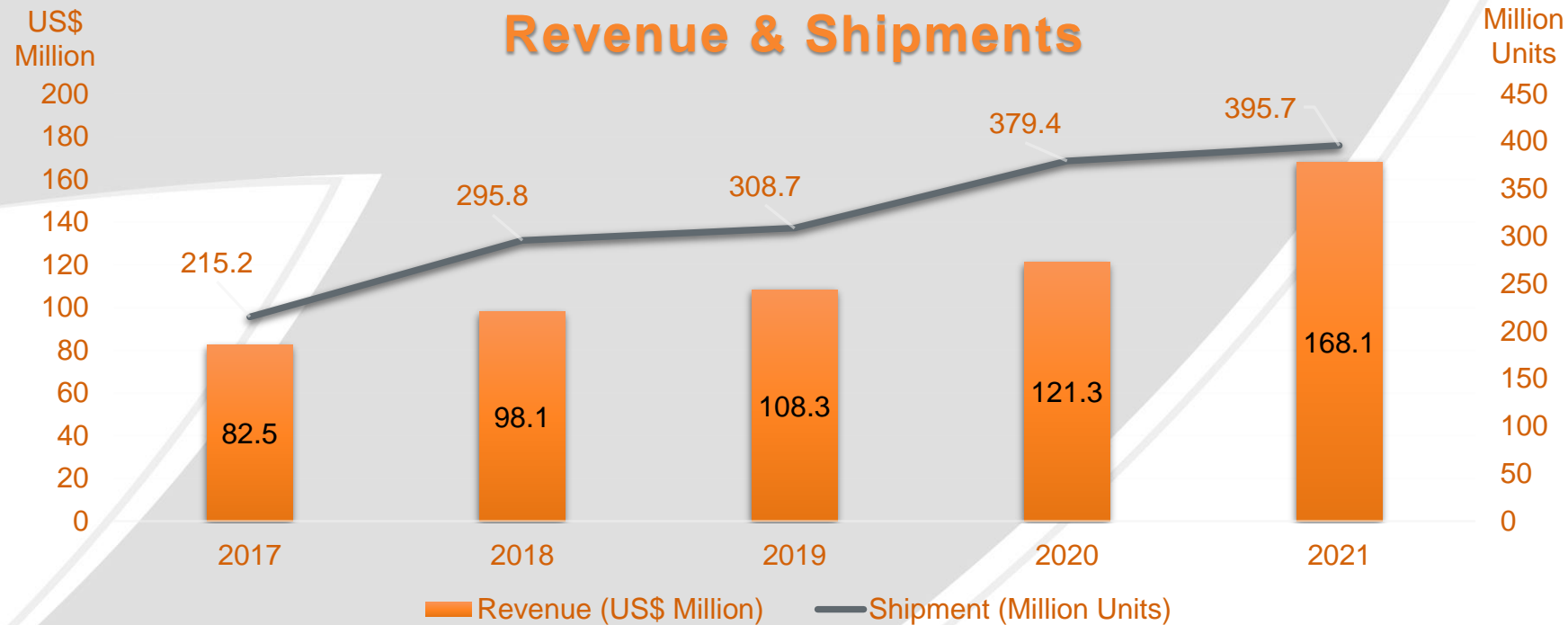


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REVENUE & SHIPMENTS



- 2021 total revenue: US\$168.1 million (+38.6% YoY)
- 2021 total shipments: 395.7 million units (+4.3% YoY)



NEW DISPLAY



➤ Increased Shipment Quantity Mainly Arising from Growth of Electronic Shelf Labels (ESL)

- New Display IC products showed a significant growth in shipment quantity of 66.6%
- Mainly brought about by our sales arising from ESL in the European and the North American markets

➤ Expanding the North American Market

- The Group achieved a significant ESL project from two leading ESL System Integration Solution Providers in early 2021
- Capacity of ESL increase targeting to North American Market

OLED DISPLAY

OLED Display



- **World's no. 1 PMOLED display driver IC player with a dominant market share**
- **OLED Display ICs**
 - Increase in revenue of over 21.0% from 2020
 - SSD7317, the world's first TDDI IC developed by the Group for targeted use in smart home products, has been launched in 2021
 - Demand for handheld health-care devices sustained in 2021
- **Mini-LED**
 - Our mini-LED DDI solutions for 50" to 100" indoor signage display are in mass production and used in the curved signage display in the underground and subways in the UK and the US

MOBILE DISPLAY



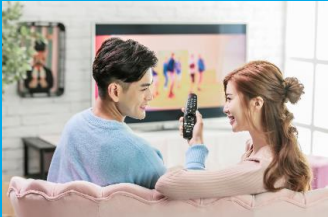
➤ Mobile Display and Mobile Touch ICs

- Increase in shipment quantity of 23.5% and sales revenue of 35.1% YoY

➤ Development of new products

- The Group has developed a number of new driver products and custom ICs and launched IoT TDDI for the application in wearable products:
 - ✓ the world's first TDDI chip for IoT
 - ✓ wearable application with excellent touch and ultra-low power consumption performance
 - ✓ Over 5 million units were produced and delivered in 2021

LARGE DISPLAY



➤ New IC for entertainment

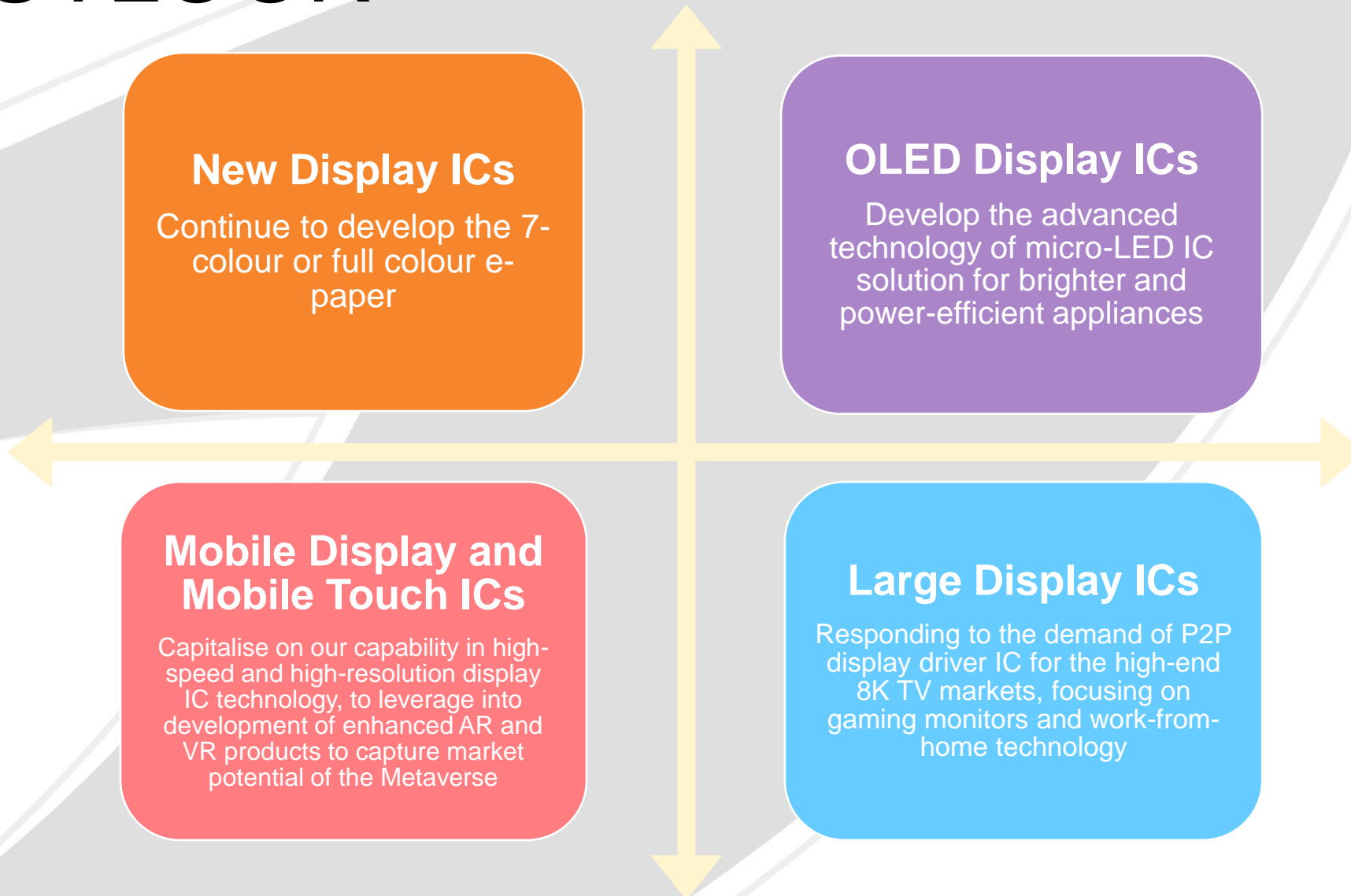
- In 2021, Solomon Systech has launched its high-speed Peer-to-peer (P2P) display driver IC for the 165Hz high refresh rate gaming monitor and 8K TV
- The Group continued with its marketing plans to promote the higher functionality display IC for this segment

OUTLOOK



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OUTLOOK





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THANK YOU