



2023 Interim Results Presentation

Stock code: 2878

September 2023

Contents



1. Financial Highlights
2. Financial Review
3. Business Review
4. Outlook
5. Appendix: About the Company

FINANCIAL HIGHLIGHTS



Financial Highlights



- ❖ Revenue was US\$85.3 million (21.4% decrease YoY and 3.7% increase compared to 2H 2022)
- ❖ Gross profit was US\$27.9 million; GP margin was 32.7%
- ❖ Operating profit decreased by 39.0% YoY and increased by 109.3% compared to 2H 2022
- ❖ Profit attributable to owners of the parent was US\$13.2 million (39.5% decrease YoY and 116.8% increase compared to 2H 2022)
- ❖ Earnings per share were 0.53 US cents (equivalent to 4.11 HK cents); NP margin was 15.4%

FINANCIAL REVIEW

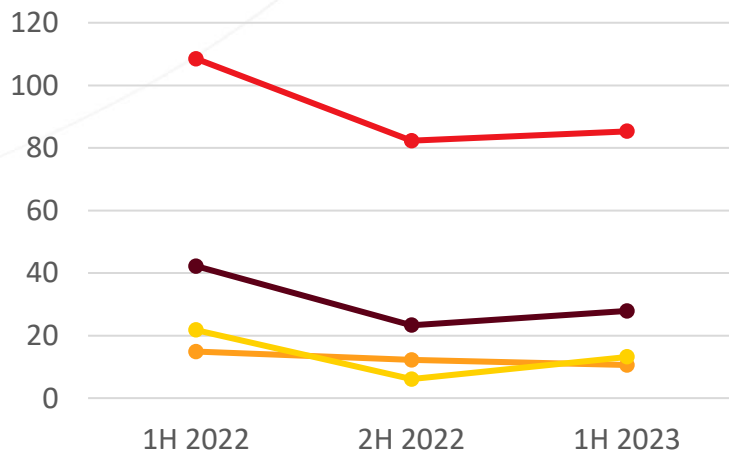


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Financial Highlights



(US\$ million)



- Revenue
- Gross profit
- R&D expenses
- Profit attributable to owners of the parent

	1H2023	2H2022	1H2022
(US\$ million)			
Revenue	85.3	82.3	108.5
Gross profit	27.9	23.3	42.2
R&D expenses	10.6	12.2	14.9
Profit attributable to owners of the parent	13.2	6.1	21.8

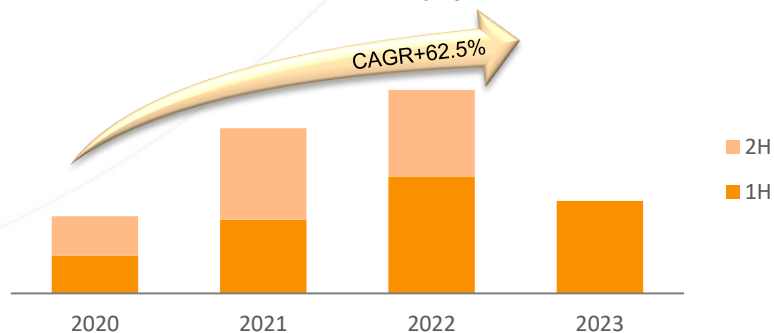
Balance Sheet



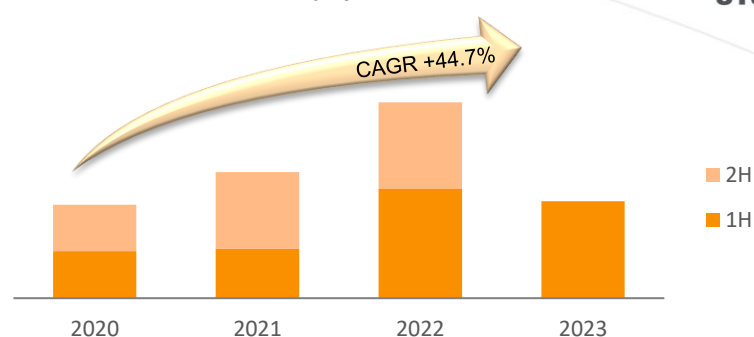
	As at 30 Jun 2023	As at 31 Dec 2022	Change %
	(US\$ million)	(US\$ million)	
Total assets	160.2	158.3	+1.2%
Shareholders' equity	120.2	109.2	+10.1%
Bank deposits and cash	77.5	51.6	+50.2%
Shareholders' equity per share (HK cents)	37.3	33.9	+10.0%
Net cash per share (HK cents)	24.1	16.0	+50.6%

Revenue Trend By Products

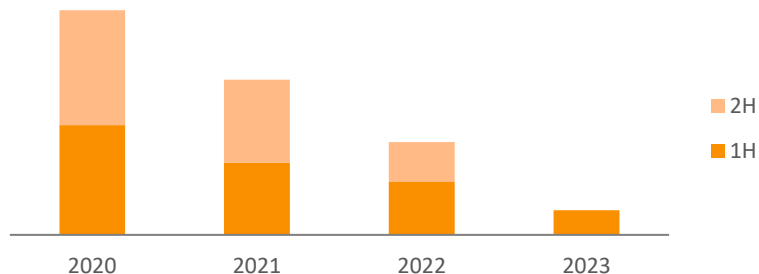
New Display ICs



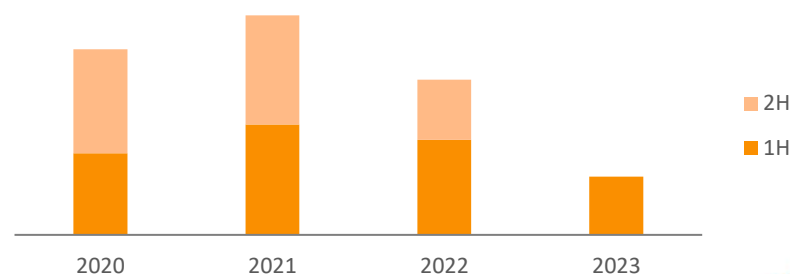
Mobile Display & Mobile Touch ICs



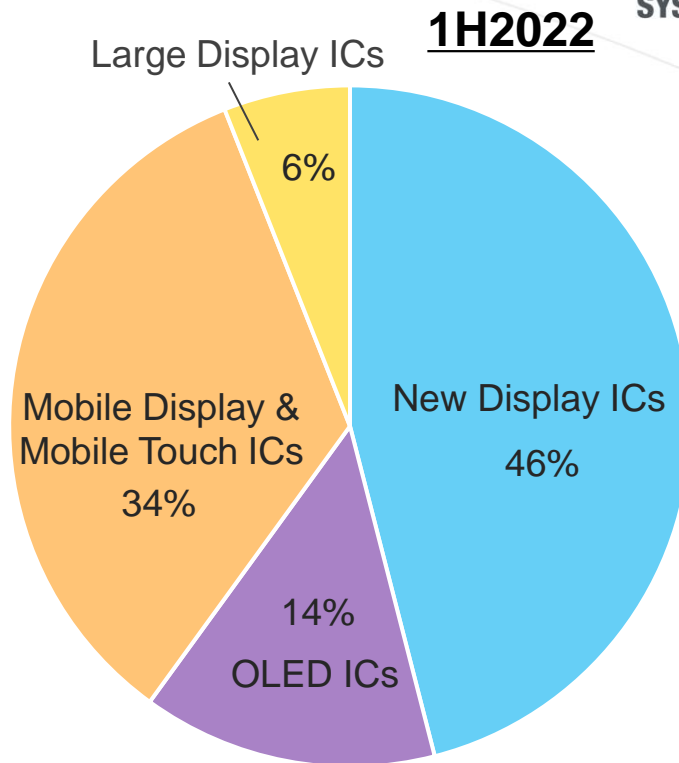
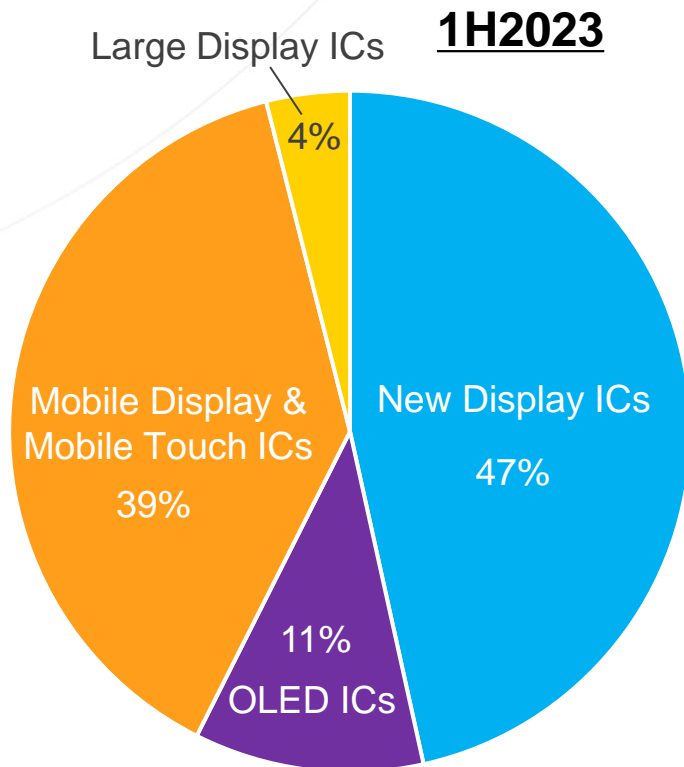
Large Display ICs



OLED Display ICs



Revenue By Products



Receivable Ageing Analysis

(Based on invoice date)



	As at 30 Jun 2023	As at 31 Dec 2022
	(US\$ million)	(US\$ million)
1 - 30 days	15.2	11.6
31 - 60 days	3.1	3.7
61 - 90 days	2.3	2.8
91 - 180 days	1.1	4.4
180 - 365 days	0.8	1.0
Total	22.5	23.5

Payable Ageing Analysis

(Based on invoice date)



	As at 30 Jun 2023	As at 31 Dec 2022
	(US\$ million)	(US\$ million)
1 - 30 days	7.7	8.0
31 - 60 days	4.9	3.5
61 - 90 days	1.3	4.2
Over 90 days	-	0.1
Total	13.9	15.8

Consolidated Cash Flow



	1H2023	1H2022	Change %
	(US\$ million)	(US\$ million)	
Net cash generated from operating activities	28.7	20.1	+43.1%
Net increase in cash and cash equivalents	26.9	21.5	+25.1%
Total bank deposits and cash	77.5	59.4	+30.5%

BUSINESS REVIEW



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New Display ICs

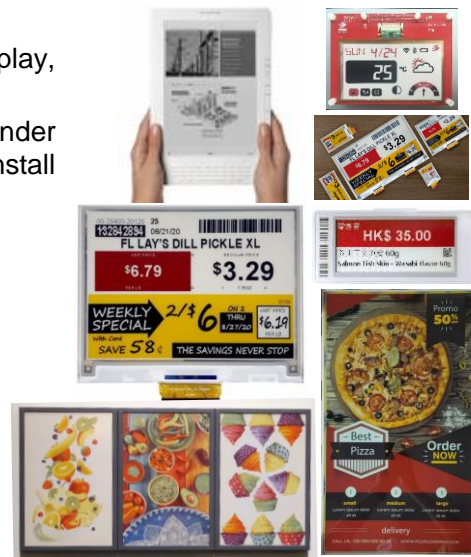
As a globally leading supplier for E-Paper display driver ICs with the largest market share, the Group's customers include many of the world's top-ranked supermarkets.

Revenue from the New Display IC products decreased by 19.9% YoY, mainly due to a slowdown in demand and keen competition in the market.

- Retailers have been waiting for the launch of the new generation four-colour display, thus slowing down the sales of the current three-colour display labels.
- In the post-pandemic era, some retailers have experienced a drop in revenues under the high level of inflation, and with more manpower than before, the incentive to install ESL has slightly declined as compared to that during the pandemic.
- An increased competition in the industry has reduced such revenue of the Group.

Latest Developments:

- Commenced **mass production of the AMEPD driver IC for Advanced Colour e-Paper (ACeP) products** in 2022, which is expected to have a wide application in 2024.
- Supported E Ink in developing the **Display IC Solutions for Spectra™ 3100, a next-generation specialised platform** for ESL and retail signage application. This **significant technological break-through that enables a four colour spectrum display**. Spectra™ 3100 is expected to be launched in 2H 2023.
- The Group shall move towards multi-colour and large-size displays, such as large retail signage applications.



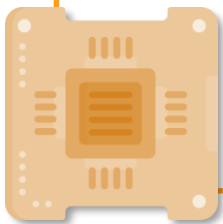
OLED Display IC

OLED Display ICs

- The Group is the world's number one PMOLED display driver IC player with a dominant market share in terms of unit of shipment.
- In 1H 2023, demand for PMOLED smart home appliances and healthcare products related to the COVID-19 pandemic, such as oximeters, shrunk due to the weakened consumer market and the subsiding of the COVID-19 pandemic.
- With the prevailing trend of smart home appliances, the demand for PMOLED smart home solutions and the Internet of Things (IoT) will continue to grow in the future.

mini/micro-LED Display

- The Group has launched the world's first small-sized passive matrix micro-LED display driver IC – SSD2363 in March 2023, which can be applied to next-generation high brightness displays of 3 inches or less for wearable devices, home appliances and industrial appliances.

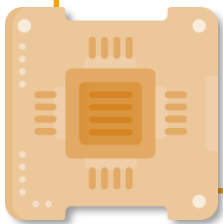


Mobile Display & Mobile Touch ICs

- Mobile Display and Mobile Touch ICs products reported a 10.8% YoY decrease in sales revenue, mainly due a slow recovery in demand for consumer electronics caused by the global economy and a persistent high level of inflation.
- Steady market demand for game console controller ICs requiring more accurate controls, faster response and longer battery runtime.
The Group has successfully secured manufacturing orders for the game console controller and MIPI Bridge ICs into 2024.

Latest Developments:

- The Group is co-developing a human interface display platform with a leading small-to-medium-sized TFT-LCD panel maker to leverage the Group's pioneering technologies in TDDI, targeting to enter mass production in 2H of 2023.



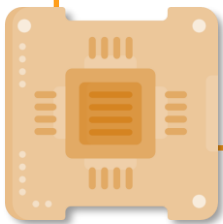
Large Display ICs



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New IC for entertainment

- The large screen market was affected by factors such as the post-pandemic era and sluggish market demand, which resulted in huge losses for panel makers and in turn, an unsatisfactory performance in the sales of Large Display ICs.
- The Group managed to **carry out mass production of driver ICs for 23.8-inch gaming monitors with a high-refresh-rate of 100Hz and 43-inch smart HDTVs in conjunction** with panel makers and international terminal brands.
- After the 2H 2023, it is expected that the inventory level of TV monitors will be substantially depleted.
- In the future, the Group will leverage its R&D capabilities to enhance the product value and visibility in the market and continue to promote cooperation with domestic display screen manufacturers.



OUTLOOK



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Outlook

New Display ICs

- Continue to develop and promote the 7-colour or full colour e-paper, and move towards large-size displays

OLED Display ICs

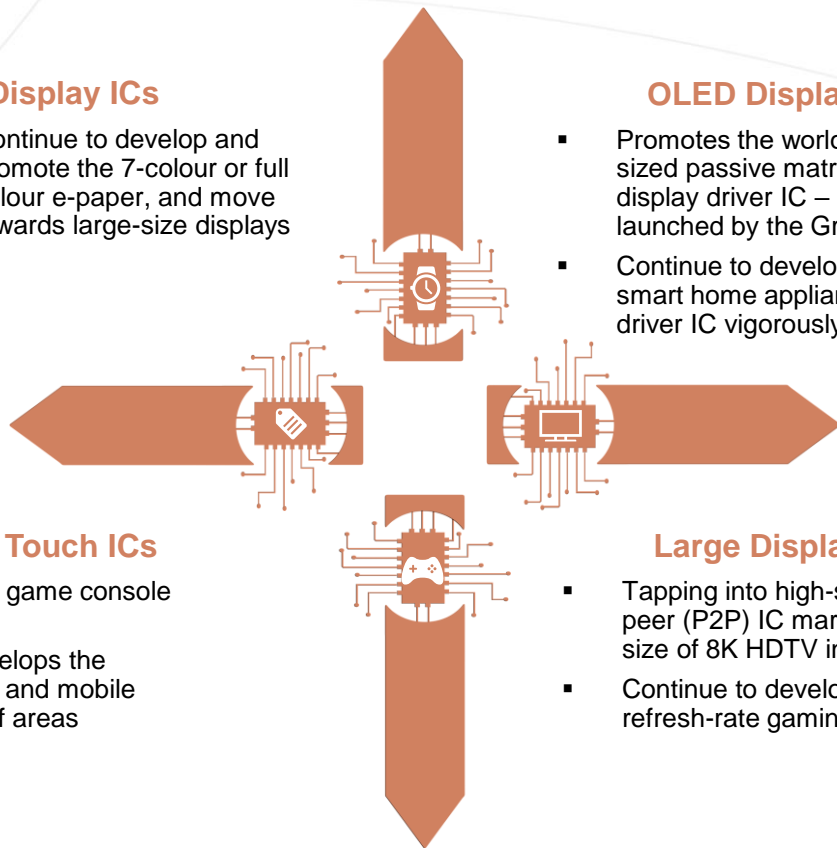
- Promotes the world's first small-sized passive matrix micro-LED display driver IC – SSD2363 launched by the Group
- Continue to develop PMOLED smart home appliances display driver IC vigorously

Mobile Display & Mobile Touch ICs

- Market demand for high-end game console controller ICs grows rapidly
- Actively researches and develops the application of mobile display and mobile touch ICs to a wider range of areas

Large Display ICs

- Tapping into high-speed Peer-to-peer (P2P) IC market for larger-size of 8K HDTV in advance
- Continue to develop high-refresh-rate gaming monitor



ABOUT THE COMPANY



About Solomon Systech



- ❖ A leading semiconductor company providing IC products and system solutions for display applications
- ❖ Established in Hong Kong in 1999, originated from a department of the mobile phone producer Motorola, which specialised in the research and design of display driver IC
- ❖ Listed on the main board of the Stock Exchange of Hong Kong Limited in 2004 (stock code: 2878)

Head Office

Hong Kong

Technology Centers

Hong Kong
Nanjing
Shenzhen
Taiwan

Sales Networks

Hong Kong
Shenzhen
Beijing
Nanjing
Shanghai
Taiwan
Japan
Korea
USA
Europe

Key Business Units



Solomon Systech IC & System Solutions

New Display

Bistable Display

- ❖ Dot-Matrix Bistable DDI
- ❖ Segment Bistable DDI

Custom IC

- ❖ New Display Technologies (Mini-LED, Micro-LED, Bistable, etc.)

OLED Display

OLED Display/Touch

- ❖ PMOLED TDDI
- ❖ PMOLED Display Driver IC (DDI)

OLED Lighting

- ❖ OLED Lighting Driver IC

Mobile Display

Mobile Driver

- ❖ TFT Display Driver IC (DDI)
- ❖ In-Cell TDDI
- ❖ STN DDI

Mobile Interface

- ❖ MIPI Bridge IC
- ❖ Display Controller IC

Mobile Touch

- ❖ LCD Touch Controller IC (Out-Cell/ On-Cell)

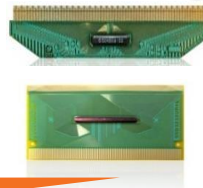
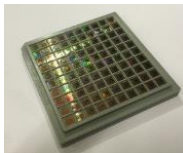
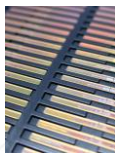
Large Display

- ❖ Source DDI
- ❖ Gate DDI
- ❖ GIP Controller IC

Product Applications



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ePaper/ Electronic Shelf Label



Smartphone / Tablet



Medical



Gaming



Smart Home Appliances



Custom ICs

- ❖ Custom ICs for digital, analog and mixed-signal applications
- ❖ One-stop solution from designing, testing to delivering
- ❖ Our turnkey services provide one of the most convenient and easiest ways from ASIC to SoC production

MiniLED/ μ LED Custom Driver Controller

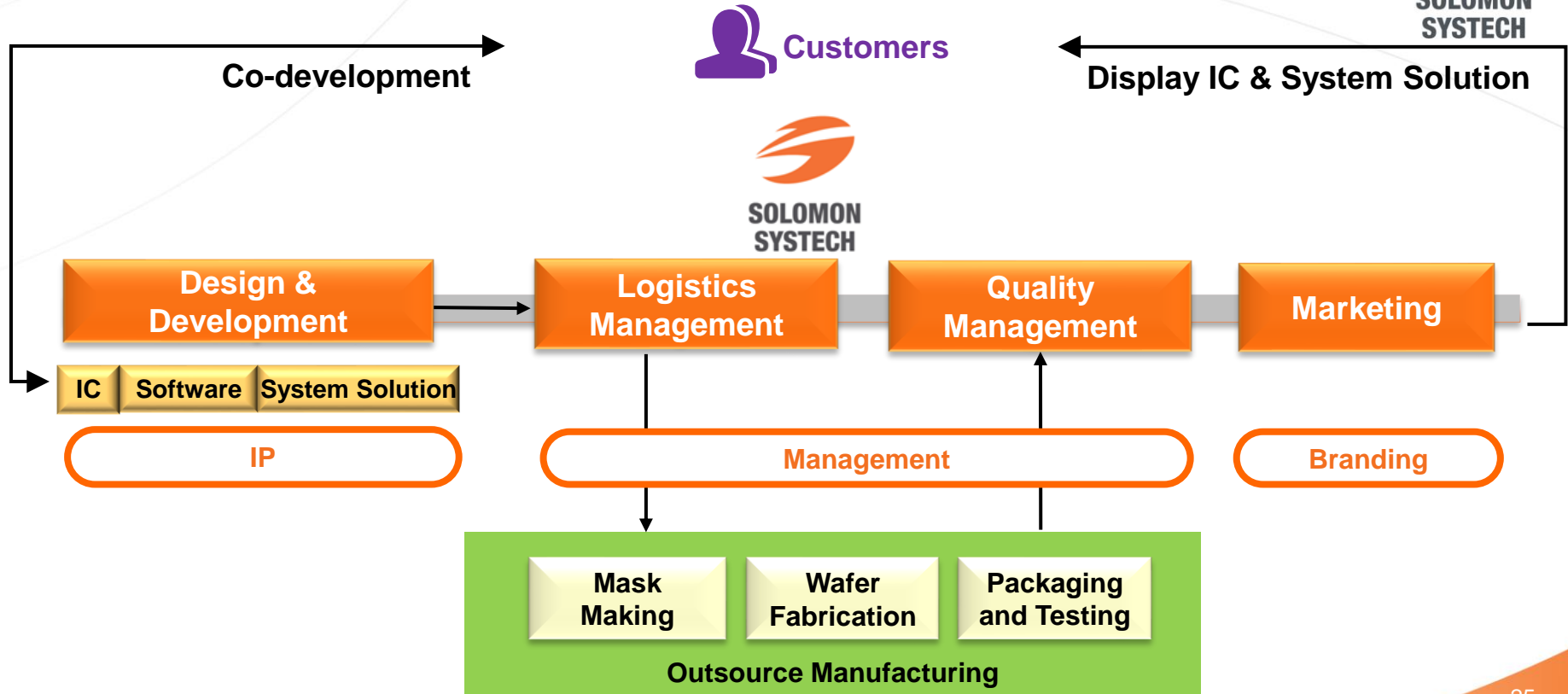
- ❖ The fast-response and vivid color MiniLED/ μ LED display is very popular for high resolution devices nowadays.
- ❖ The Group has rich experience in passive matrix, amorphous/LTPS/Oxide-TFT driver design.
- ❖ The Group owns a library featuring state-of-the-art IPs that are tailor-made for MiniLED/ μ LED display.

Applications

Mobile phone, tablet PC, TV, VR/AR glasses, consumer appliance, portable game console etc.



“Fabless” Business Model



Awards & Achievements



- ❖ **World-leading** market share for **electronic shelf labels (ESL)** applications in 2023
- ❖ **Ranked 1st** in global market share for **PMOLED** applications for consecutive years

Hong Kong Awards for Industries - Technological Achievement Award



EE Awards Asia 2022 - Most Topical Product and Technology



China Semiconductor Innovative Products and Technology Award



QuamIR Awards 2020



EE Awards Asia 2021 - Executive of the Year



IET Innovation Award



1st runner up, Industry Category of Hong Kong Electronics Project Competition 2019, Hong Kong Institution of Engineers



CEC Technology Advancement Award



2022 Benchmark IC Enterprise Award



HDSC Outstanding Semiconductor Entrepreneurs 2022

International Partnership

Solomon Systech's customers include many international labels:



Brand Owners



Display Module Makers



Patents

- ❖ Over 680 IC design patents from China, US, Europe and other Asia regions
- ❖ PMOLED
 - ❖ Developed world's first PMOLED TDDI
 - ❖ Patented driving architecture in US and China
- ❖ ePaper
 - ❖ Patent on fully automated panel defeat detection method which benefits IoT application
- ❖ Mini-LED/ Micro-LED
 - ❖ Various patents to increase color depth/ allow high refresh rate plus high dynamic range/ minimize white balance shift...etc.





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Thank You

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