



2023 Annual Results Presentation

Stock code: 2878

March 2024

Contents



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

FINANCIAL HIGHLIGHTS



**SOLOMON
SYSTECH**

Financial Highlights



- ❖ Revenue decreased by about 19.8% to US\$153.2 million
- ❖ Gross profit was US\$46.3 million; GP margin was 30.3%
- ❖ Operating profit decreased by 38.7%
- ❖ Profit attributable to owners of the parent decreased by 30.1% to US\$19.4 million
- ❖ Earnings per share were 0.8 US cents (equivalent to 6.2 HK cents); NP margin was 12.7%

FINANCIAL REVIEW



**SOLOMON
SYSTECH**

Financial Highlights



	2023	2022	Change %
	(US\$ million)	(US\$ million)	
Revenue	153.2	190.8	-19.8%
Gross profit	46.3	65.5	-29.2%
GP margin	30.3%	34.3%	-4.0p.p.
R&D expenses	17.8	27.1	-34.2%
Profit attributable to owners of the parent	19.4	27.8	-30.1%
Earnings per share (US cents)	0.8	1.1	-27.3%
Current ratio	4.96	3.02	

Balance Sheet



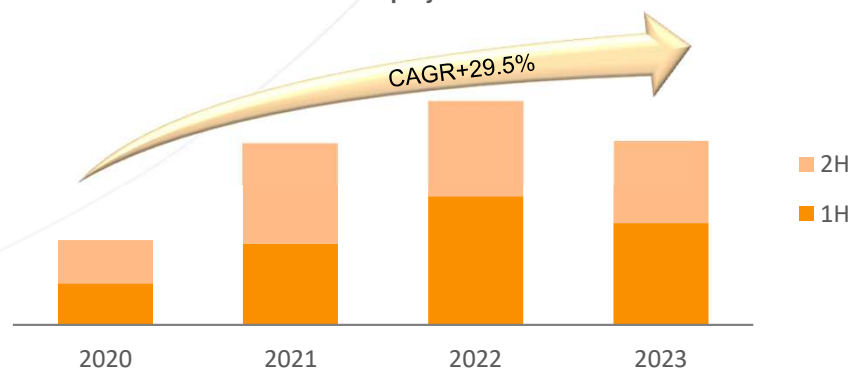
	As at 31 Dec 2023	As at 31 Dec 2022	Change %
	(US\$ million)	(US\$ million)	
Total assets	157.4	158.3	-0.5%
Shareholders' equity	126.9	109.2	+16.3%
Bank deposits and cash	86.3	51.6	+67.3%
Shareholders' funds per share (HK cents)	39	34	+14.7%
Net cash per share (HK cents)	28	16	+75.0%

Revenue Trend By Products

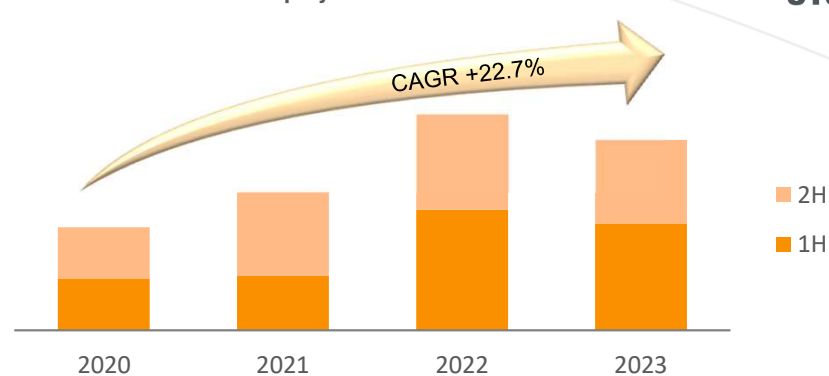


**SOLOMON
SYSTECH**

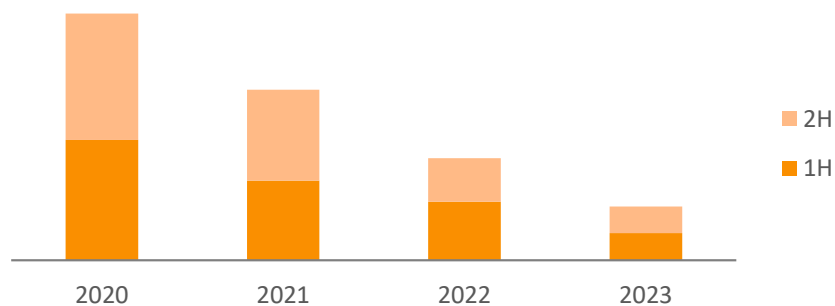
New Display ICs



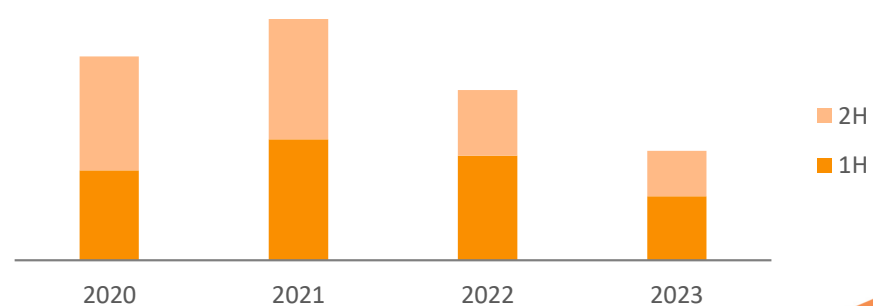
Mobile Display & Mobile Touch ICs



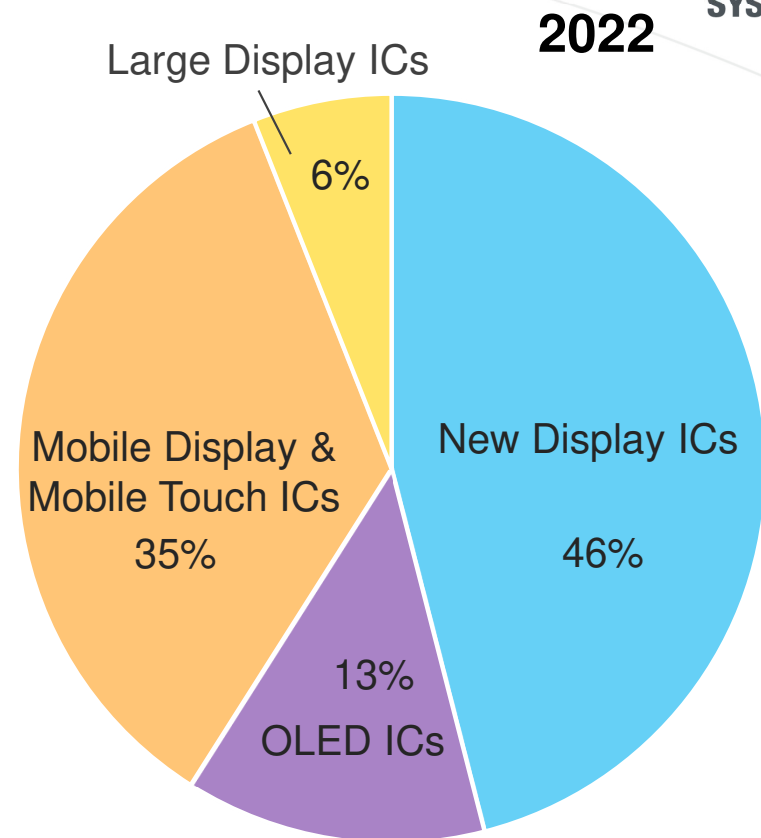
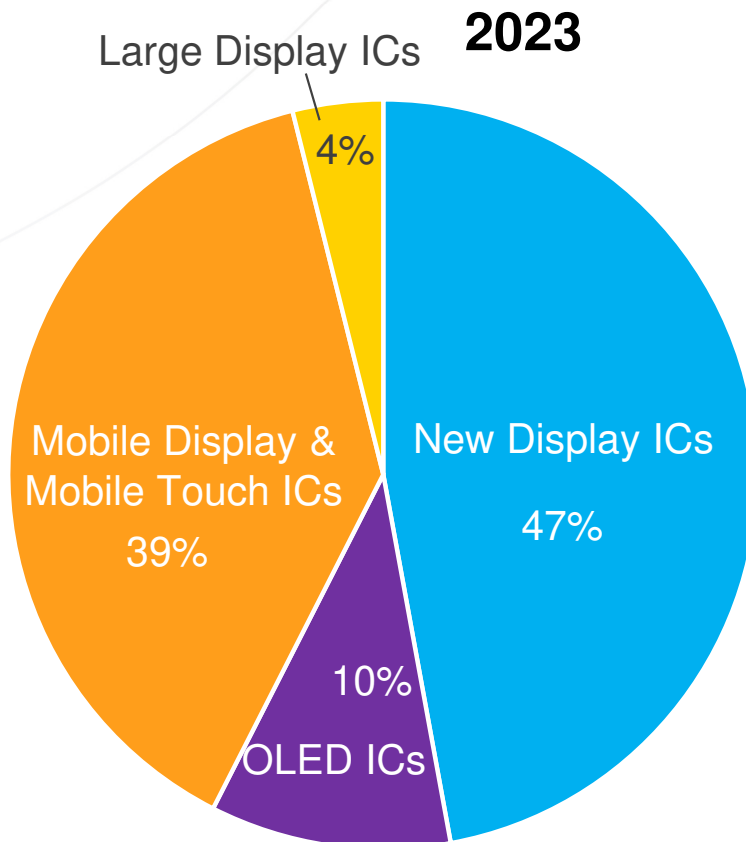
Large Display ICs



OLED Display ICs



Revenue By Products



Receivable Ageing Analysis

(Based on invoice date)



	As at 31 Dec 2023	As at 31 Dec 2022
	(US\$ million)	(US\$ million)
1 - 30 days	12.1	11.6
31 - 60 days	2.4	3.7
61 - 90 days	1.3	2.8
91 - 180 days	1.2	4.4
181 - 360 days	-	1.0
Over 360 days	0.3	-
Total	17.3	23.5

Payable Ageing Analysis

(Based on invoice date)



	As at 31 Dec 2023	As at 31 Dec 2022
	(US\$ million)	(US\$ million)
1 - 30 days	3.9	8.0
31 - 60 days	3.5	3.5
61 - 90 days	0.8	4.2
Over 90 days	0.4	0.1
Total	8.6	15.8

Consolidated Cash Flow



	2023	2022	Change %
	(US\$ million)	(US\$ million)	
Net cash generated from operating activities	37.8	17.6	+115.0%
Net increase in cash and cash equivalents	35.8	23.2	+54.3%
Total bank deposits and cash	86.3	51.6	+67.3%

BUSINESS REVIEW




**SOLOMON
SYSTECH**

New Display IC



 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.

 Shipment volume of New Display IC products grew steadily:

- Driven by the new launch of **large-size four-color display labels** in **Q4 2023** in addition to the sales of existing three-color display labels.
- Other sizes of the four-color display labels are expected to be launched subsequently.

 Revenue decreased due to lower average selling price :

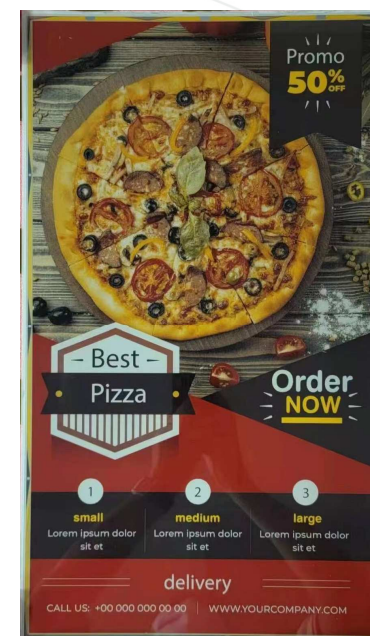
- Sales of three-color display labels slowed down as retailers waited for the launch of the new generation four-color display.
- High level of inflation and strong US dollar have affected the incentives of some retailers in Europe and Asia to install ESL.
- Impact of market competition



New Display IC (continued)

Latest Developments:

- The Group's AMEPD driver IC for Advanced Color e-Paper (ACeP) products are expected to have a **wide application in 2024**, such as for e-books.
- The Group is partnering with two internationally renowned e-book brands to launch **full-color e-book reader tablets**, and has delivered the related display IC products in the first quarter of 2024. The shipment volume is expected to keep growing in the future.
- The Group shall move towards **multi-color** and **large-size displays**, e.g. large retail signage applications.
- Large color electronic retail signage over the size of 20 inches is expected to commence mass production in the first half of 2024.



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.



New Products

- **Launched the world's first small-sized passive matrix micro-LED display driver IC – SSD2363 in March 2023**
- Applicable to next-generation high brightness displays of 3 inches or less for wearable devices, home appliances and industrial appliances.
- **New series of icon ICs**
- Applicable to displays ranging from 1 to 4 inches with competitive prices.
- Suitable for large display market for smart home appliances.



Mobile Display & Mobile Touch ICs



- Demand for game console controller and MIPI Bridge ICs remains steady, providing a sustainable revenue base for the Group.
- The Group co-developed a human interface display platform with a number of leading small-to-medium-sized TFT-LCD panel makers, which has successfully entered mass production in 2023.



Latest Developments:

- The Group is actively researching and developing the application of mobile display and mobile touch ICs to a wider range of areas, such as the newly developed mini-LED backlight solution.



Large Display ICs



- In 2023, the accumulation of inventory after the pandemic, coupled with the high interest rate environment led to a freeze in sales of large-size display driver ICs.
- The Group carried out mass production of a number of mainstream new products for international brands in conjunction with panel makers, including projects for 23.8-inch UHD gaming monitors with a high-refresh-rate of 100Hz, 43-inch smart FHD TVs and 32-inch HD entry-level smart TV.



Latest Developments:

- The Group has been authorized by a major Chinese display manufacturer to develop a **new generation point-to-point (P2P) high-speed interface display driver IC** (trial production in 3Q 2024).
- The Group signed a MoU on strategic cooperation with a major Shenzhen display manufacturer and began cooperation in the design and development of the **first integrated driver IC with automotive specifications** (mass production in Q4 2024).



OUTLOOK



**SOLOMON
SYSTECH**

Outlook

New Display ICs

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

Mobile Display & Mobile Touch ICs

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



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

Large Display ICs

- Tapping into automotive driver IC solutions
- 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



**SOLOMON
SYSTECH**

Our Milestones



Set up of Shenzhen Technology Center



Rebranded with new company logo



Listed on main board of HKEx (stock code: 2878)



Set up of Taiwan & Nanjing Technology Center



1999

Established in Hong Kong



2000

Entered Hong Kong Science Park as the 1st semiconductor company in the Park



2002

2003

2004

2017

2023

Along the years, we have launched:

- World's 1st In-Cell PMOLED TDDI IC
- World's 1st Full Color TDDI in Wearable Display
- World's 1st Passive Matrix display driver dedicated for PM-micro-LED display

...and a lot more!

- World no.1 PMOLED display driver IC player
- World-leading market share for ESL applications
- > 690 IC design patents



Our Presence



Head Office

Hong Kong

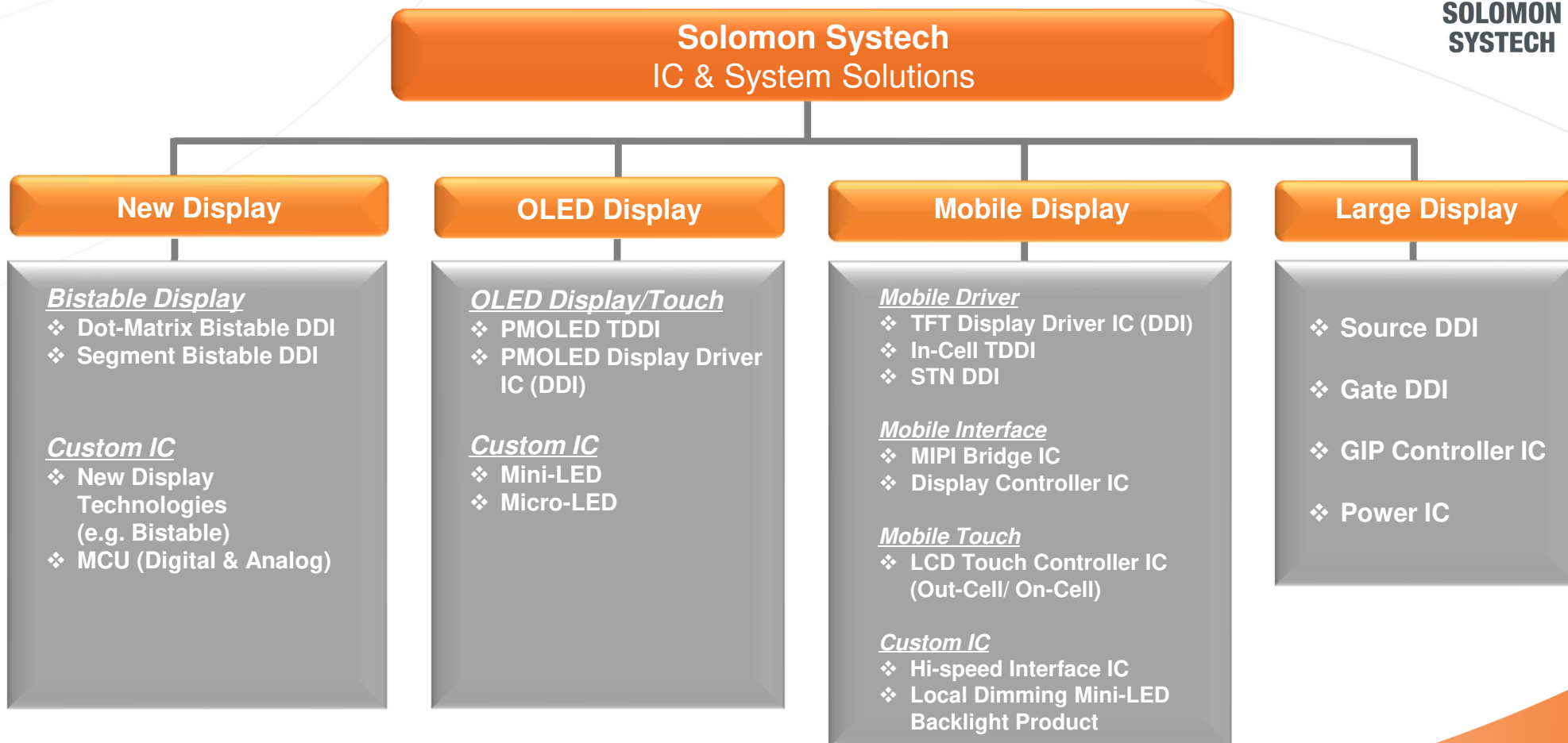
Technology Centers

Hong Kong
Nanjing
Shenzhen
Taiwan

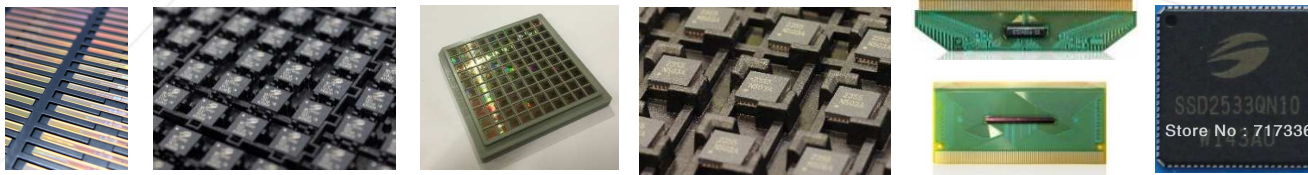
Sales Networks

Hong Kong
Shenzhen
Beijing
Nanjing
Shanghai
Taiwan
Japan
Korea
USA
Europe

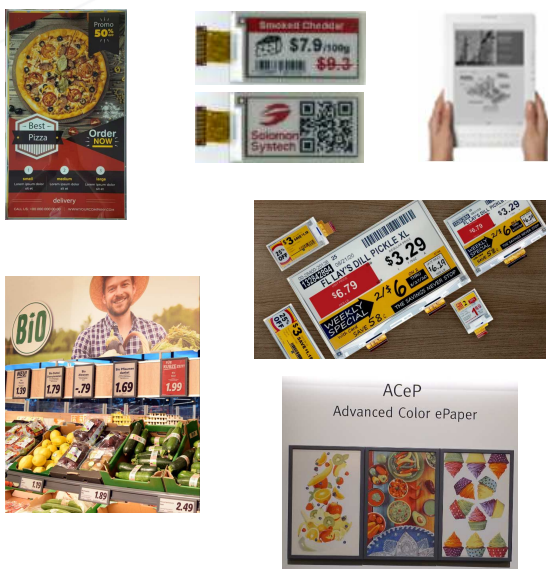
Key Business Units



Product Applications



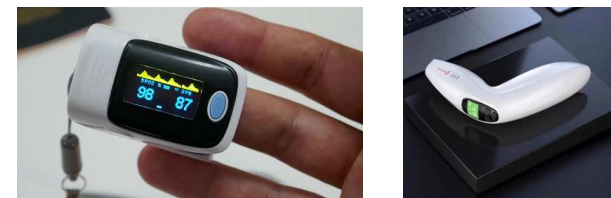
ePaper/ Electronic Shelf Label



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

Mini-LED/ Micro-LED Custom Driver Controller

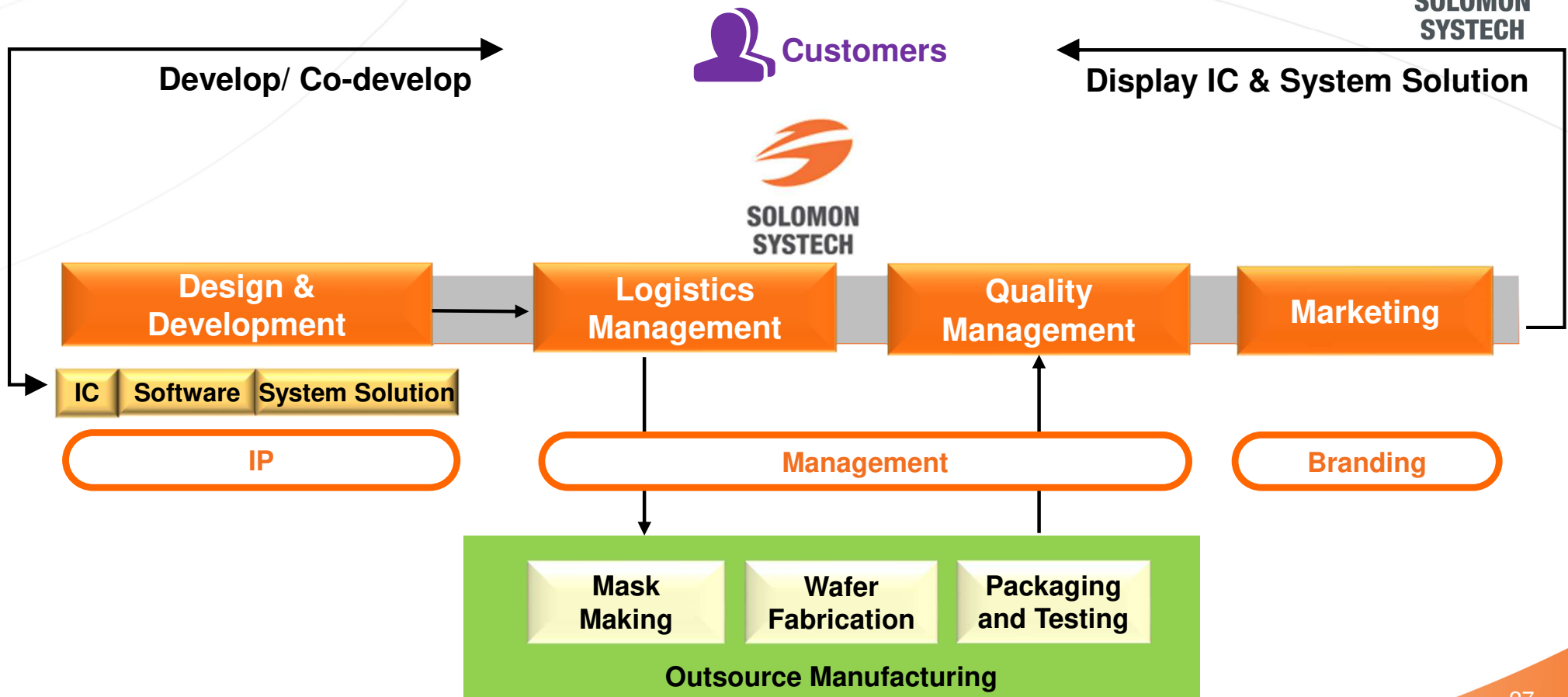
- ❖ The fast-response and vivid color mini-LED/micro-LED display is very popular for high resolution devices nowadays.
- ❖ The Group has rich experience in passive matrix, amorphous/LTPS/Oxide-TFT driver design.
- ❖ The Group owns a library featuring state-of-the-art IPs that are tailor-made for mini-LED/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



IET Innovation Award



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

EE Awards Asia

- Best of the MCU/Driver IC 2023
- Most Topical Product and Technology 2022



China Semiconductor Innovative Products and Technology Award



CEC Technology Advancement Award



2022 Benchmark IC Enterprise Award



QuamIR Awards 2020



EE Awards Asia 2021 – Executive of the Year



HDSO Outstanding Semiconductor Entrepreneurs 2022

International Partnership

Solomon Systech's customers include many international labels:



**SOLOMON
SYSTECH**

Brand Owners



Display Module Makers



Patents

- ❖ Over 690 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.





solomon-systech.com

Thank You

Disclaimer



This presentation does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation or is unlawful without compliance with any registration, filing or other requirements.

The statements contained in this presentation that are not historical facts are forward-looking statements. These forward-looking statements are based on current expectations, estimates and projections about the financial markets in which Solomon Systech (International) Limited and its subsidiaries (collectively, the “Group”) will invest, and the beliefs and assumptions of the Group. Words such as “expects”, “targeted”, “anticipates”, “should”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “forecasts”, “projects”, variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and returns may differ materially from what is expressed or forecasted in such forward-looking statements. We caution readers not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the expectations expressed in such forward-looking statements. These factors include, but are not limited to changes in economic conditions; changes in the level of capital investment; success of business and operating initiatives; changes in the regulatory environment; fluctuations in interest and exchange rates; the outcome of litigation; changes in political and economic stability; government actions; and natural phenomena such as floods, earthquakes and hurricanes. Other unknown or unpredictable factors could cause actual results or performance to differ materially from those in the forward-looking statements contained in this presentation. We caution that the foregoing list of important factors is not exhaustive.