



2024 Interim Results Presentation

Stock code: 2878

September 2024

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FINANCIAL HIGHLIGHTS



Financial Highlights



- ❖ Revenue decreased by 27.4% YoY to US\$61.9 million
- ❖ Gross profit was US\$19.8 million; GP margin was 32.0%
- ❖ Profit attributable to owners of the parent was US\$7.5 million (43.3% decrease YoY and 21% increase compared to 2H 2023)
- ❖ Earnings per share were 0.30 US cents (equivalent to 2.32 HK cents); NP margin was 12.1%

FINANCIAL REVIEW



Financial Highlights



	1H2024	1H2023	Change %
	(US\$ million)	(US\$ million)	
Revenue	61.9	85.3	-27.4%
Gross profit	19.8	27.9	-29.0%
GP margin	32.0%	32.7%	-0.7p.p.
R&D expenses	8.0	10.6	-24.5%
Profit attributable to owners of the parent	7.5	13.2	-43.3%
Earnings per share (US cents)	0.30	0.53	-43.4%
Current ratio	4.59	4.96	

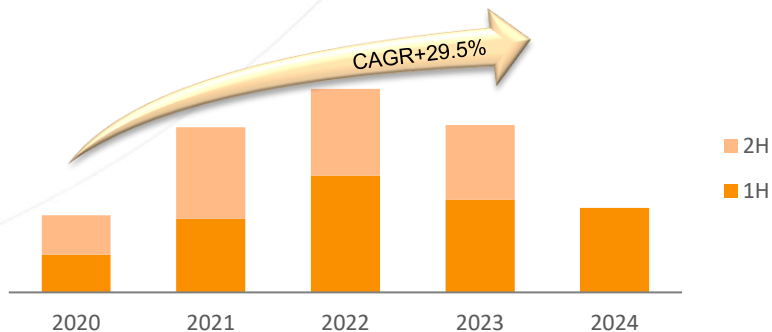
Balance Sheet



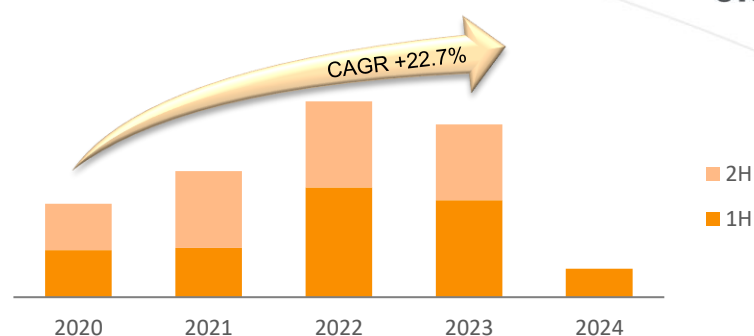
	As at 30 Jun 2024	As at 31 Dec 2023	Change %
	(US\$ million)	(US\$ million)	
Total assets	171.4	157.4	+8.9%
Shareholders' equity	134.4	126.9	+5.9%
Bank deposits and cash	102.1	86.3	+18.2%
Shareholders' equity per share (HK cents)	41.7	39.4	+5.9%
Net cash per share (HK cents)	29.8	24.9	+19.6%

Revenue Trend By Products

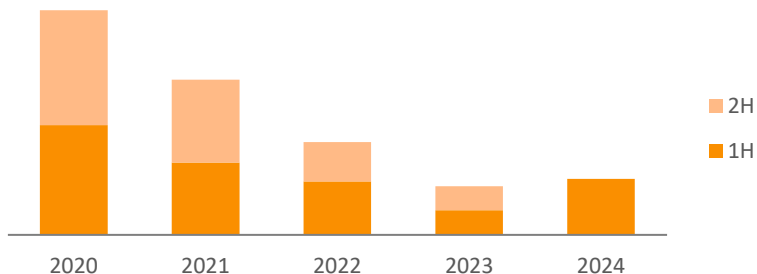
New Display ICs



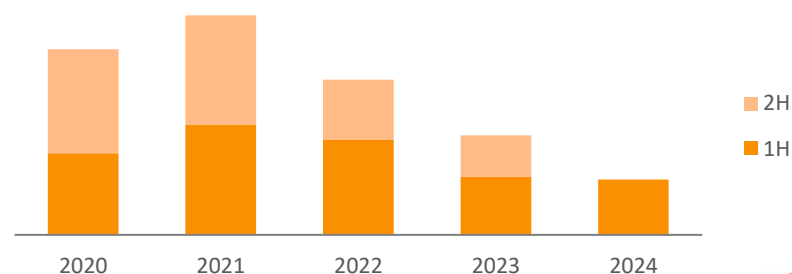
Mobile Display & Mobile Touch ICs



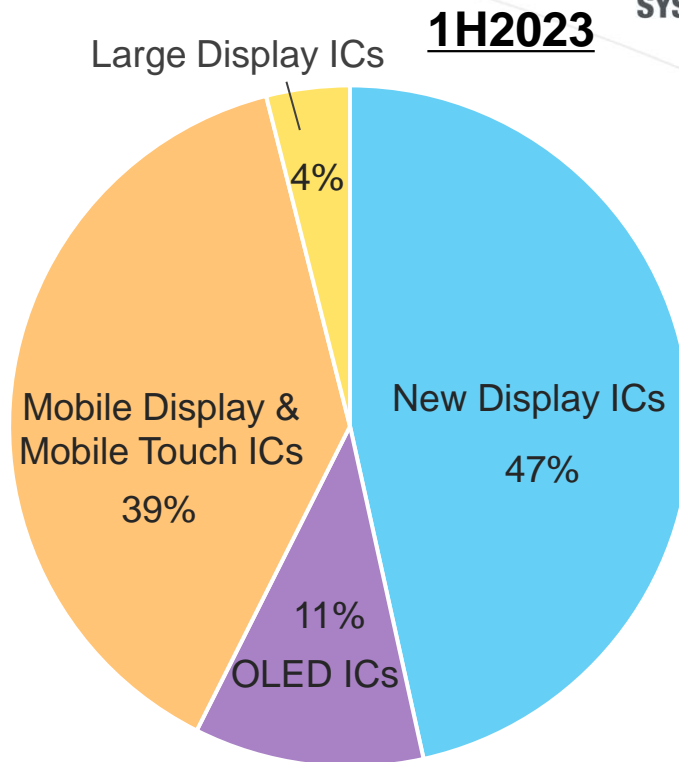
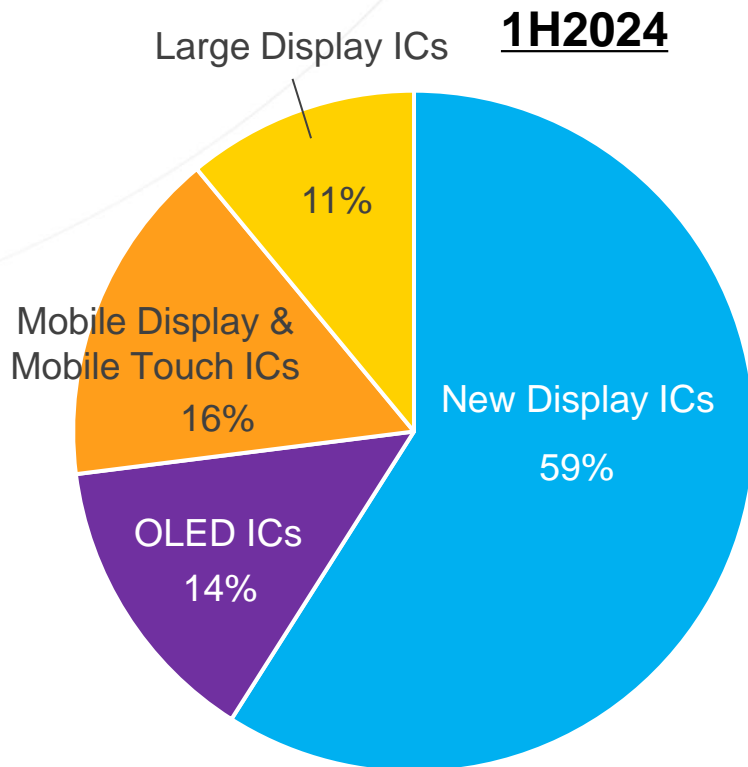
Large Display ICs



OLED Display ICs



Revenue By Products



Receivable Ageing Analysis

(Based on invoice date)



	As at 30 Jun 2024	As at 31 Dec 2023
	(US\$ million)	(US\$ million)
1 - 30 days	12.3	12.1
31 - 60 days	3.4	2.4
61 - 90 days	1.8	1.3
91 - 180 days	1.4	1.2
180 - 365 days	-	0.3
Total	18.9	17.3

BUSINESS REVIEW



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 launch of **large-sized four-color display labels** in **Q4 2023** and the sales of existing three-color display labels



Revenue decreased due to lower average selling price:

- Sales of three-color display labels (E4) slowed down as retailers waited for the launch of the new generation four-color display labels (E5)
- Impacted by market competition



Latest developments:

- Expect to **commence trial production of small-sized four-color display labels soon** and drive the volume and price of the new display IC segment to rise



OLED Display IC



OLED display ICs

- The Group is **the world's No.1 PMOLED display driver IC player** with a dominant market share in terms of shipment volume
- During the Period, the shipment volume remained constant YoY



New products

- **Micro-LED display IC**
 - Launched the world's first small-sized passive matrix micro-LED display driver IC - SSD2363 in March 2023
 - Applicable to the next-generation high brightness displays of 3 inches or less
 - Suitable for wearable devices, home appliances, and industrial applications
- **New series icon IC**
 - Applicable to displays ranging from 1 to 4 inches
 - Suitable for the large display market of smart home appliances
- **IC products capable of supporting transparent PMOLED displays**
 - Transparent PMOLED displays is a new technology that can be applied to various end-use applications such as diving goggles that require transparent displays
 - The Group newly developed IC products capable of supporting transparent PMOLED displays. These end products were launched in the first half of 2024



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Mobile Display & Mobile Touch ICs



- Shipment volume and revenue of the mobile display and mobile touch IC products declined significantly due to the **persistent sluggish personal consumption market**. Sales of game console controller ICs were particularly impacted
- Collaborated with leading small-to-medium-sized TFT-LCD panel makers to jointly develop a human interface display platform, this product is scheduled for mass production in the second half of 2024



Latest developments:

- Actively research and develop the application of mobile display and mobile touch ICs to a wider range of areas
- Currently developing a **mini-LED backlight solution**, with the FPGA development platform already completed and the development of standard ICs underway. Expect to launch for automotive applications in **2025**



Large Display ICs



Shipment and revenue of large display ICs surged

- Benefiting from a series of home appliance subsidy policies implemented in mainland China in late 2023, the sales of large-sized display such as monitors and smart TVs surged, resulting in a **more than double YoY growth** in **shipment volume** and **revenue** of large display ICs
- The global market trend together with the subsidies that encouraged consumers to choose high-end and large-sized display products, and the accelerated product mix upgrade led to the introduction of more high-end products such as mini-LED and OLED TVs
- Collaborated with major panel makers to mass-produce various mainstream new products for international brands, 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**
- Successfully shipped large quantities of **full-color electronic paper notebook and e-book reader** driver IC packages during the Period



Large Display ICs



Latest developments:

- **Display driver ICs**
 - Authorized by a major Chinese display manufacturer to develop a new generation **P2P high-speed interface display driver IC** (officially to commence the project in Q3 2024)
- **Automotive driver IC**
 - Signed a strategic cooperation memorandum with a leading Shenzhen display manufacturer and commenced the cooperation in the design and development of the first **automotive-specific integrated driver IC** (target to mass-produce in 2025)
- **Medium and large-sized electronic paper driver IC**
 - Produced prototypes for **large-sized e-paper learning whiteboards and large-sized color electronic retail signage driver ICs** in July 2024
 - Three internationally renowned **electronic paper notebook** and **e-book reader** brands, partnered with the Group, are expected to launch their end-products in the second half of 2024
 - The Group's Active Matrix Electrochromic Display (AMEPD) driver IC, designed for advanced color e-paper displays (**ACeP**), will be utilized in the abovementioned full-color e-paper notebooks. This technology is expected to see wider adoption in the future.



OUTLOOK



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Outlook

New Display ICs

- Trial production of **small-sized four-color display labels** is expected to commence soon. Mass production, anticipated to boost sales alongside the larger-sized four-color ESLs launched in 2023, will mark a complete transition from three-color to four-color displays

OLED Display ICs

- Promote the world's first small-sized passive micro-LED display driver IC - SSD2363 launched by the Group
- Continue to vigorously develop PMOLED smart home appliance display driver ICs

Mobile Display & Mobile Touch ICs

- Self-developed **mini-LED backlight solution** to be launched in **2025** for automotive applications
- Actively research and develop the application of mobile display and mobile touch ICs in various fields

Large Display ICs

- Continue to focus on the display market and expand into new applications
- Identify future trends and initiate the development of **automotive driver IC solutions**, target to mass-produce by **2025** for usage in key automotive systems in China
- **International brand electronic paper notebooks** and **e-book readers** utilizing our display ICs are expected to launch in the **second half of 2024**. The Group will continue to actively expand its presence in the medium and large-sized e-paper market



ABOUT THE COMPANY



Our Milestones



Set up of Shenzhen Technology Center

1999

Established in Hong Kong



2000



Rebranded with new company logo

2002 2003

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



2004



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



Set up of Taiwan & Nanjing Technology Center

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!

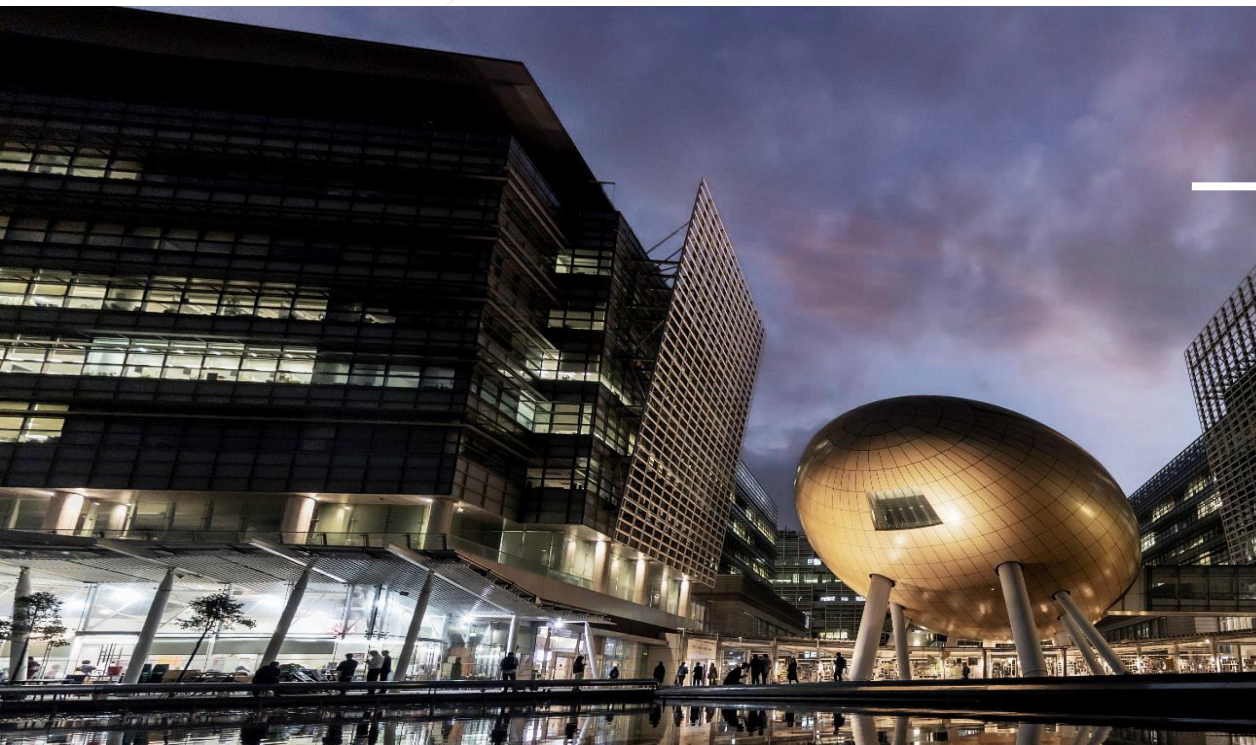
- World no.1 PMOLED display driver IC player
- World-leading market share for ESL applications
- Close to 680 IC design patents



Our Presence



**SOLOMON
SYSTECH**



Head Office

Hong Kong

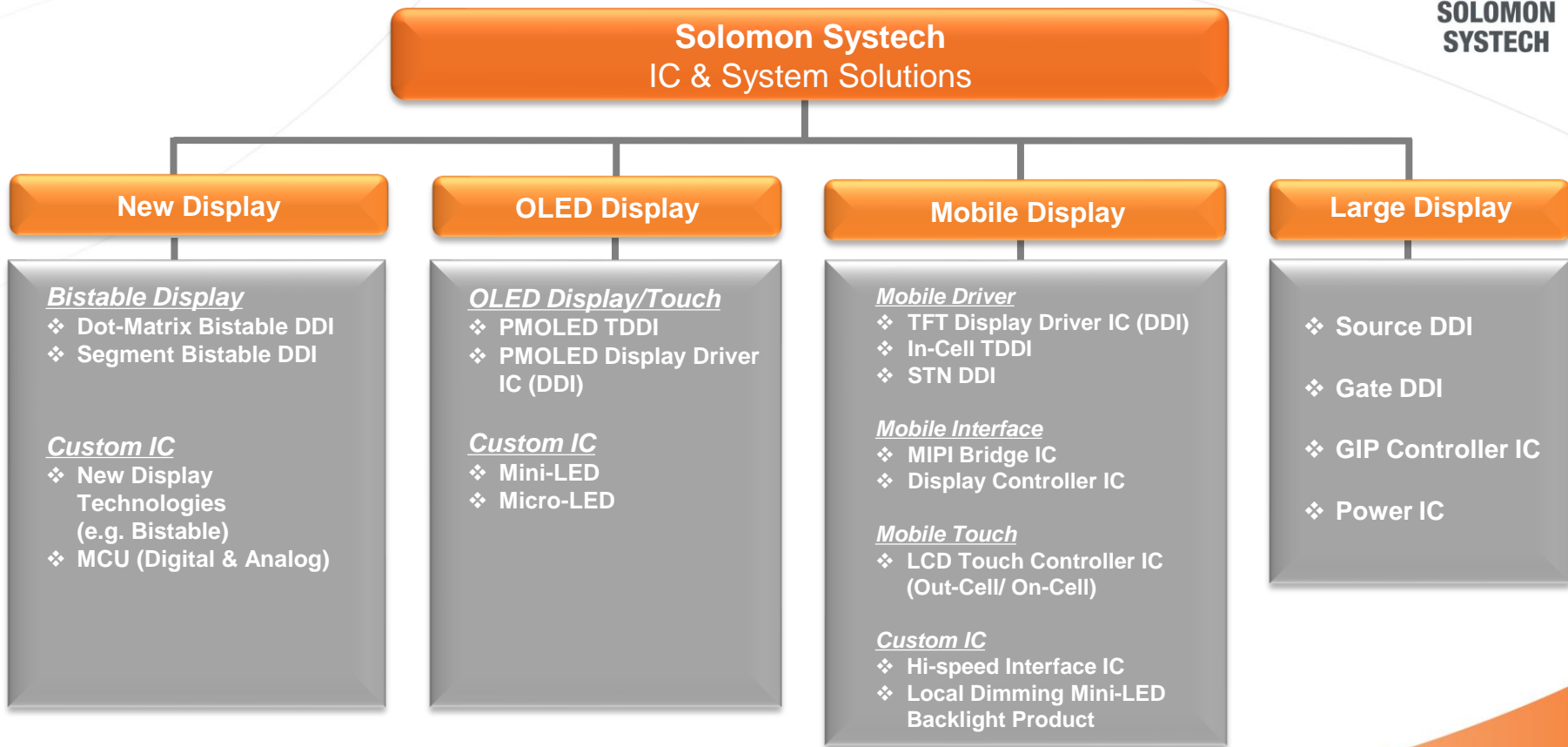
Technology Centers

Hong Kong
Nanjing
Shenzhen
Taiwan

Sales Networks

Hong Kong
Shenzhen
Beijing
Nanjing
Shanghai
Taiwan
Japan
Korea
USA
Europe

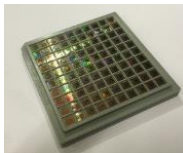
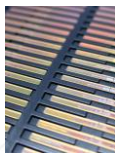
Key Business Units



Product Applications



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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

Mini-LED/ Micro-LED Custom Driver Controller

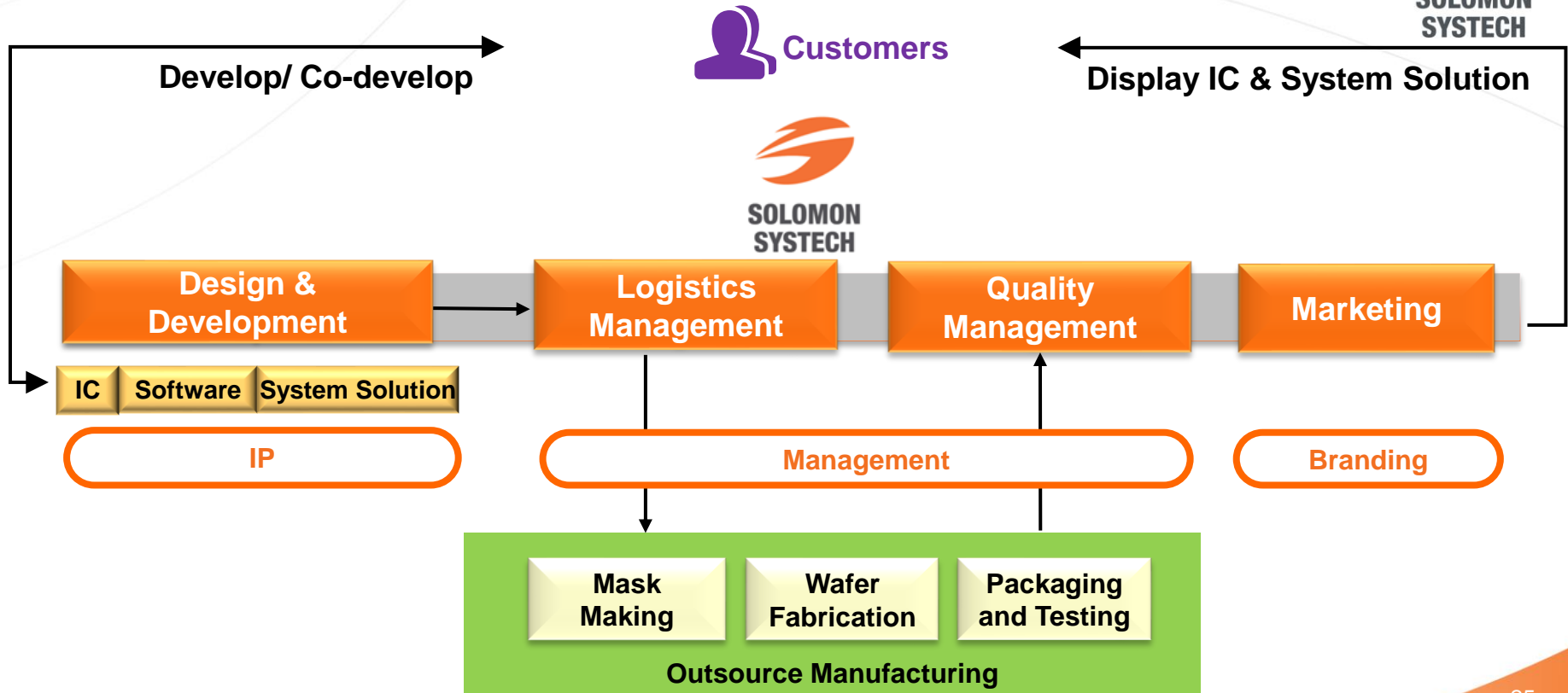
- ❖ The fast-response and vivid color mini-LED/micro-LED display is very popular for high resolution devices nowadays.
- ❖ The Group has rich experience in passive matrix, amorphous/LTPS/Oxide-TFT driver design.
- ❖ The Group owns a library featuring state-of-the-art IPs that are tailor-made for mini-LED/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

Applications

Mobile phone, tablet PC, TV, consumer appliance, ePaper/ electronic shelf label, portable game console etc.



“Fabless” Business Model



Awards & Achievements



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

Hong Kong Awards for Industries - Technological Achievement Award



EE Awards Asia

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



China Semiconductor Innovative Products and Technology Award



QuamIR Awards 2020



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



EE Awards Asia 2021 - Executive of the Year



HDSC Outstanding Semiconductor Entrepreneurs 2022

International Partnership

Solomon Systech's customers include many international labels:



**SOLOMON
SYSTECH**

Brand Owners



Display Module Makers



Patents



- ❖ Close to 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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