INNOLUX 群創光電

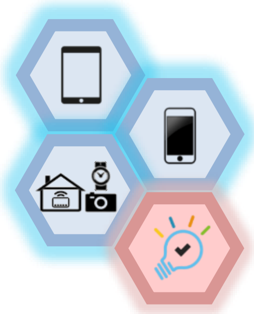
2023 First Half Institutional Investor Conference

March 2, 2023

Disclaimer

Innolux Corporation’s statements of its current expectations and estimates are forward-looking statements subject to significant known and unknown risks and uncertainties and actual results may differ materially from those contained or implied in the forward-looking statements. These forward-looking statements are not guarantees of future performance and therefore one should not place undue reliance on them. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

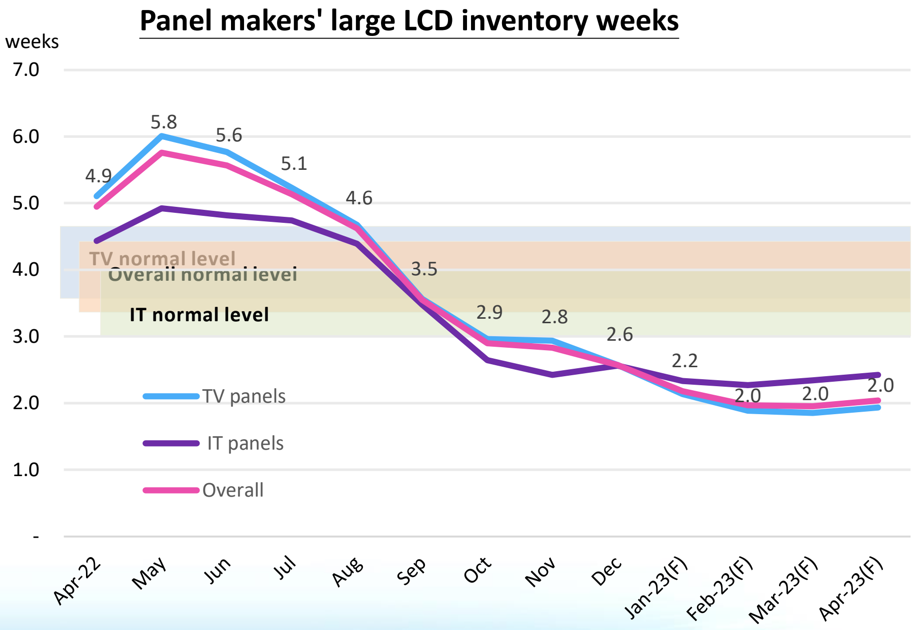
Agenda

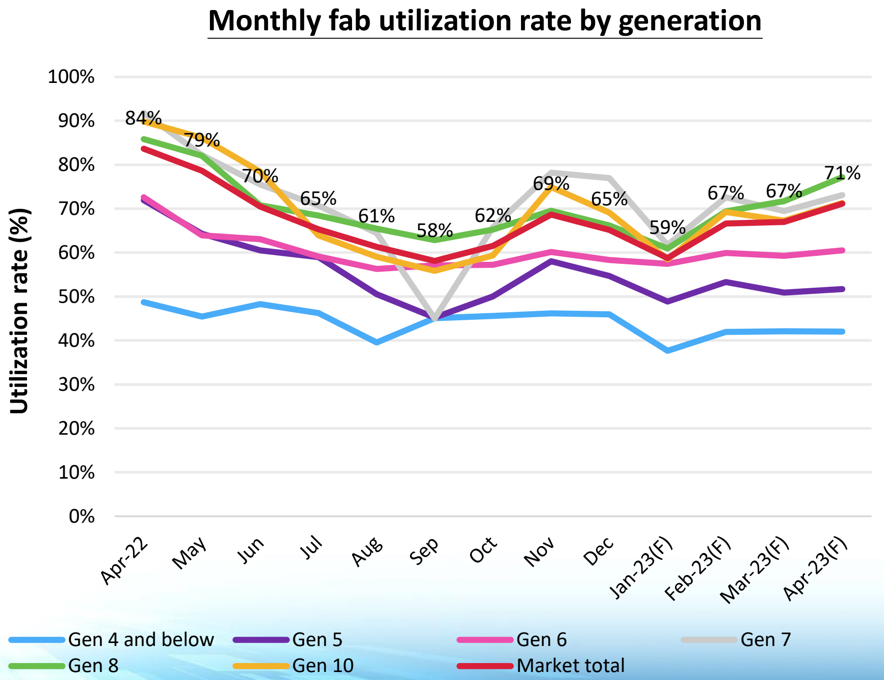


1. Market Overview
2. Entering India Market with Local Partner
3. Corporate Operation and Strategies
4. Financial Results
5. Conclusions/Q&A

New industry discipline built on low inventory and utilization rate

- The cut-throat competition ended due to the lowest inventory level and most rigid utilization control in 2022.
- Market revival is expected with the supply-demand balance and the ease of war and inflation.





overall inventory's healthy level is 3.5 - 4.5 weeks.
TV inventory's healthy level is 3.7 - 4.7 weeks.
IT inventory's healthy level is 3.1 - 4.1 weeks.

Source: Innolux, Omdia

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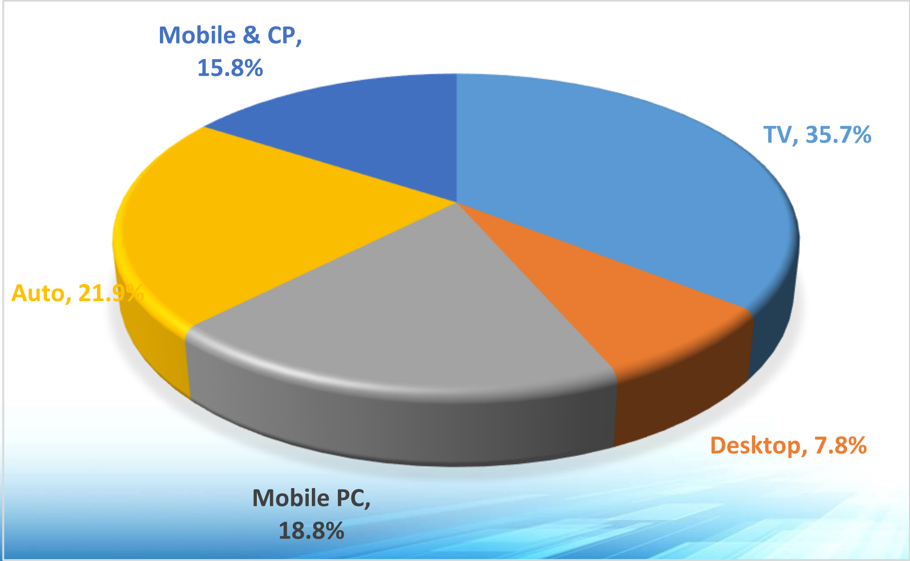
CarUX continues growing in high-end automotive panel market

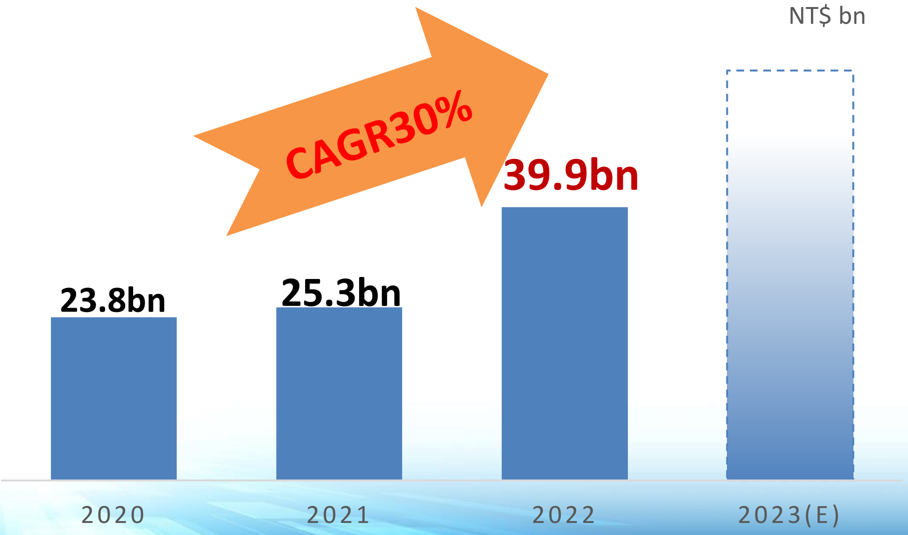
- The boom of EV facilitates CarUX's growth in high-end automotive panel market which marked a 58% YoY revenue increase in FY 2022, accounting for more than 20% of Innolux revenue in 4Q22 (vs. 7.9% in 4Q21). The CAGR over 2020-2022 reached 30%.
- CarUX will continue to seek strategic partners to provide complete solutions including cockpit entertainment, automated driving systems and charging pile display to customers.

2022Q4 Revenue by product



Source: Innolux

2020-2022 Auto revenue CAGR reached 30%



Source: Innolux

Entering India market with local partner

INNOLUX

As Strategic Partner

IP rights and licenses

Technical assistance incl. professional manpower training

Advice on Fab building, equipment , and SCM

Building of a-Si TFT-LCD Fab (G8.X) in India

vedanta
transforming for good

As Fab Owner

Funding

Regulatory approval and local utility

Domestic marketing

More than Panel: Reshape panel supply chain in India

Innolux another potential outsource capacity at competitive cost

Accelerate the growth of emerging markets in Asia

Phase I : From Game Player to Game Changer

INNOLUX

Y 2003 → Y 2023

Talent

>55% employees bachelor graduates or above

Know-How

>20 years' experience in TFT LCD production

Location

14 Fabs in Taiwan Science Park

Game Player

component provider

- Big commodity market
- Regular product replacement cycle

- Passive market influence
- Fluctuate with economic cycles
- Difficult breakthrough among mature market and rival competitors

Changes

- **Tier 1 supplier to brand customer**
- **Stay pivotal in emerging applications**
- **Strengthen immunity to recession**

Game Changer

medical and automotive application

- **Secured market share with high product development threshold**

Phase I Key Remarks

Medical (INC 睿生光電)		Automotive (CarUX)
✓2022 Smart Display Industrial Alliance (SDIA) Bronze Award ✓2022 National Innovation Award- Innovator Award	Honors	✓BMW Supplier Innovation Award 2022
✓ Net margin 11% (FY2022) ✓ EPS NTD 5.6 (FY 2022) ✓ Expect to become publicly listed in 2023	Key Facts	✓ Account for +20% Innolux revenue (4Q22) ✓ Revenue NTD c40 billion (FY 2022) ✓ Capital raising for future expansion
✓ Worldwide No. 1 supplier of X-ray TFT	Market & Strategy	✓ Tier 1 supplier for global auto brands ✓ Full Large Information Display Module brings user experience to next level

Phase II : More than panel

RECIPES

Ingredients

Talent

•TFT LCD Experts
•Pioneer in automation

Know-How

• Elaboration of TFT LCD know-how to non-panel business

Equipment

Location

•Excellent location
•Integrated ecosystem
•Competitive supply chain

STRATEGY

DIVERSITY

2022Q4 Statements of Comprehensive Income

INNOLUX

Selected Items from Statements of Comprehensive Income

(NT$ million)	4Q 2022		3Q 2022		QoQ %	4Q 2021	
Net Sales	47,913	*100.0%*	48,015	*100.0%*	*-0.2%*	79,917	*100.0%*
Cost of Goods Sold	55,078	*115.0%*	57,015	*118.7%*	*-3.4%*	67,776	*84.8%*
Gross Profit	(7,165)	*-15.0%*	(9,000)	*-18.7%*	*-20.4%*	12,140	*15.2%*
Operating Expenses	5,622	*11.7%*	6,383	*13.3%*	*-11.9%*	7,097	*8.9%*
Operating Profit (Loss)	(12,788)	*-26.7%*	(15,383)	*-32.0%*	*-16.9%*	5,043	*6.3%*
Net Non-operating Income (Exp.)	838	*1.7%*	3,162	*6.6%*	*-73.5%*	1,466	*1.8%*
Profit (Loss) before Tax	(11,950)	*-24.9%*	(12,221)	*-25.5%*	*-2.2%*	6,510	*8.1%*
Net Profit (Loss)	(12,386)	*-25.9%*	(12,720)	*-26.5%*	*-2.6%*	5,955	*7.5%*
Net Profit (Loss) Attributable to Owners of Company	(12,393)	*-25.9%*	(12,746)	*-26.5%*	*-2.8%*	5,942	*7.4%*
Basic EPS (NT$)[(1)(2)]	(1.30)		(1.27)			0.56	
EBITDA[(3)]	(5,075)	*-10.6%*	(7,468)	*-15.6%*	*-32.0%*	13,969	*17.5%*
Depreciation & Amortization	7,713		7,915			8,925	
Capital Expenditure	5,297		4,600			10,601	

Notes:
1. Basic EPS = Net Income-Parent / Weighted Average of Outstanding Common Shares
2. Capital Stock (common): NT$95.6billion as of December 31, 2022
3. EBITDA = Operating Income + Depreciation & Amortization
4. All figures are prepared by Innolux Corporation in accordance with the International Financial Reporting Standards as endorsed in TIFRS.