INNOLUX
群創光電

2024 First Half Institutional Investor Conference

March 4, 2024

Disclaimer

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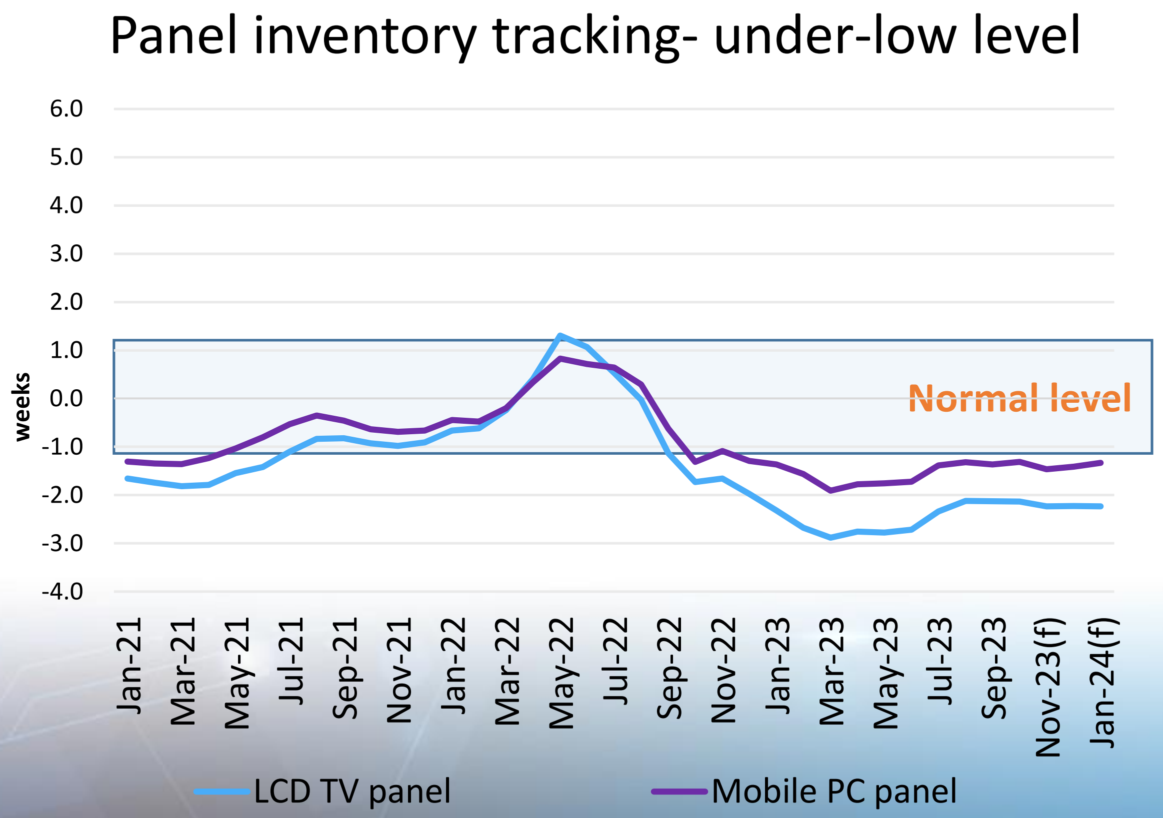
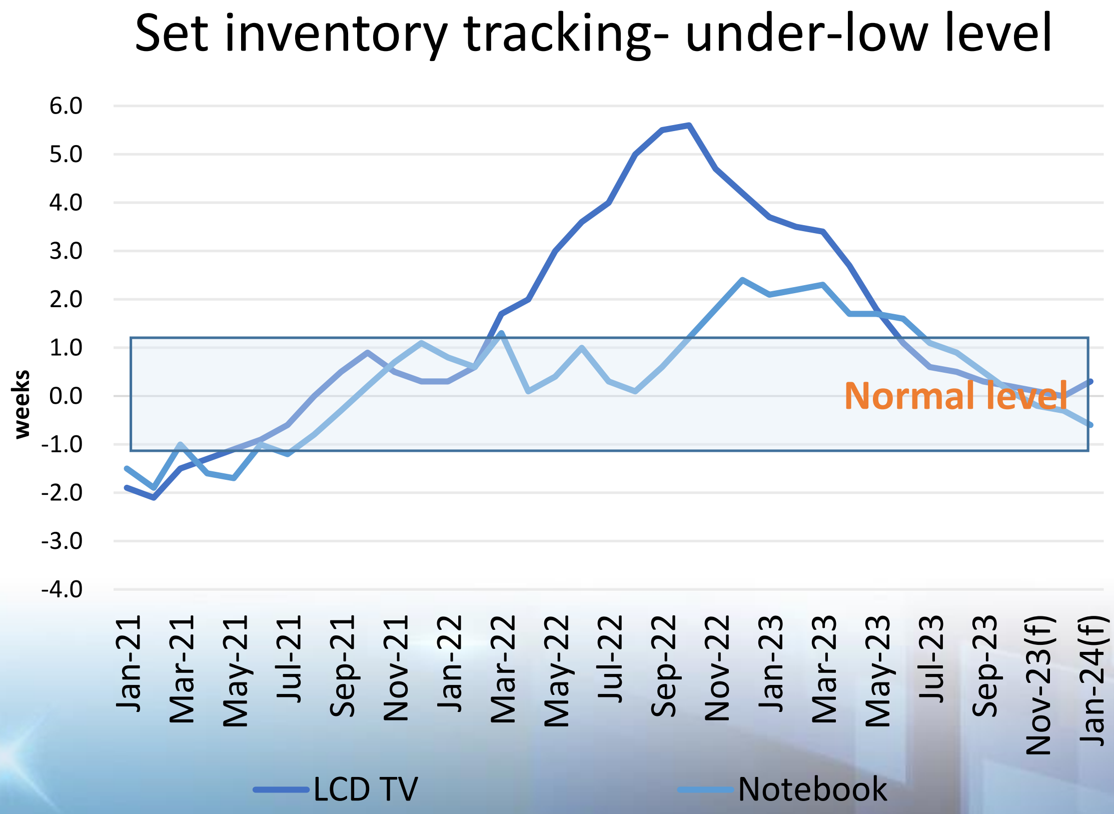
Agenda

1. Market Update
2. Corporate Strategies
3. Financial Results
4. Q&A

Short term market – low inventory level and high sales intensity

- Panel supply: made-to-order discipline, under-low inventory level
- Set supply: healthy pipeline inventory ready for new models launch
- Market sentiment: 3 upcoming major sports events (Paris Olympic, Euro 2024, Copa America 2024) trigger promotions

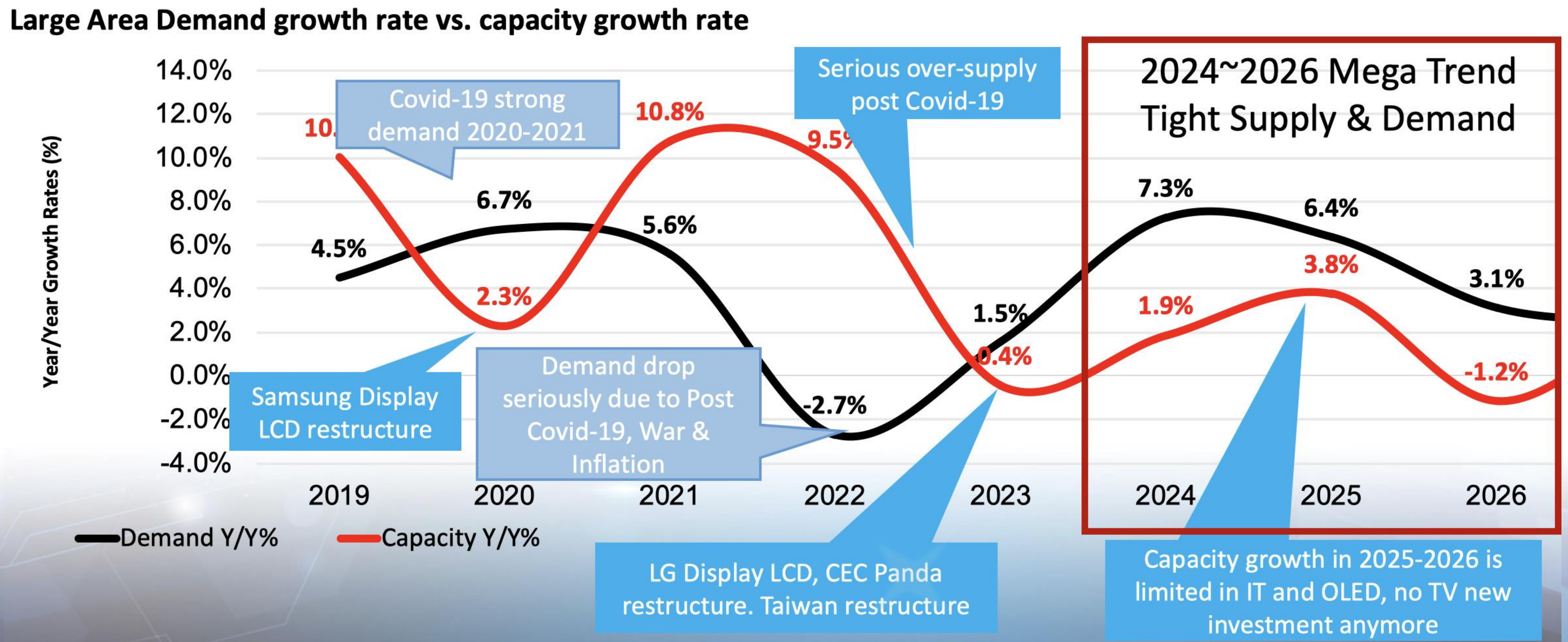




Source: INX, Omdia

Mid. term market – long tight supply and demand cycle

- Supply growth: capacity concentrates to Top 5 major suppliers
- Demand growth: towards larger size, higher resolution/mobility/... visual experiences
- Industry approach: shift from capacity (quantity) game to quality game



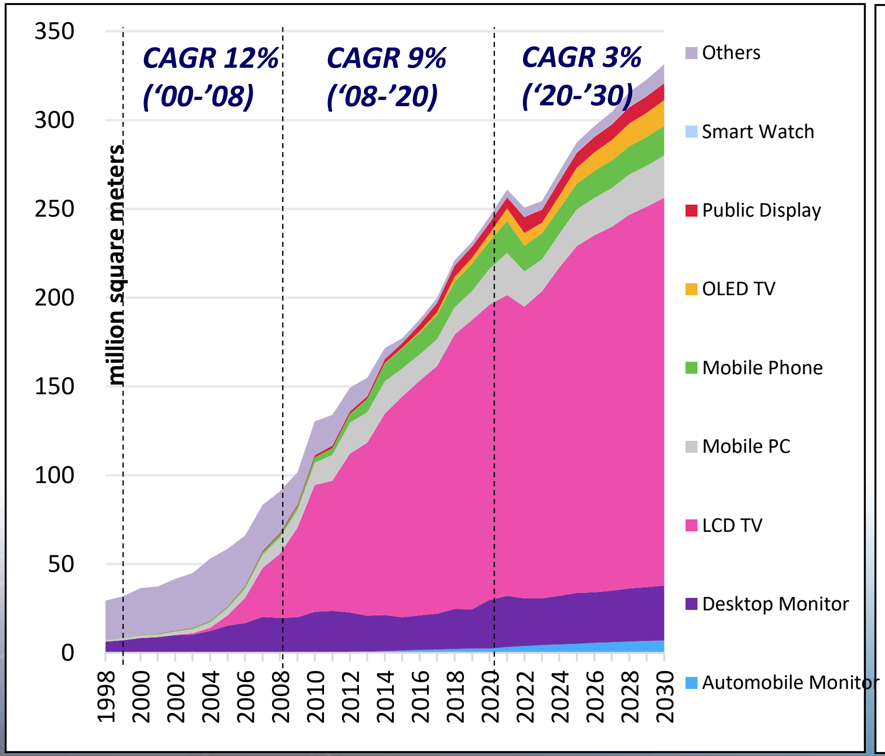
Source: INX, Omdia

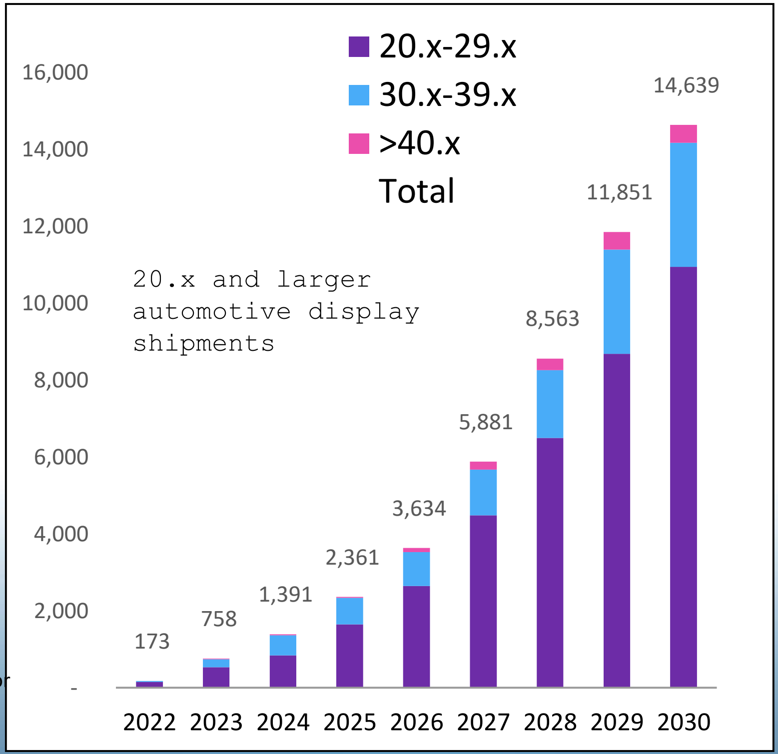
Notes: Demand includes AMEPD, AMLCD, AMOLED, a-Si, LTPS and oxide panels for both large-area applications.
Capacity includes all ramped capacity for fabs with ≥30% probability for large area display, glass sizes, and technologies.

Long term market – troika of Display, Automobile and Semiconductor business

- Display business: stable business with healthy growth
- Automobile business: early cut-in LID (large-size integrated display) and semi-set integration
- Semiconductor business: advanced packaging (FOPLP) for high-power / high-frequency IC

Display business growing → Automotive LID business (Large-Size Integrated Display) → Semiconductor Advanced packaging (FOPLP)





	2022	2023	2024	2025	2026	2027	2028	CAGR (2022-2028)
ED	0.10	0.15	0.22	0.28	0.36	0.48	0.51	30.40%
SiP	8.63	8.77	9.38	9.62	9.98	10.38	10.66	3.59%
Flip-Chip	22.53	23.28	25.49	27.70	31.35	34.90	36.72	8.48%
2.5D/3D	9.20	10.87	12.90	15.14	18.25	22.38	25.77	18.72%
WLCSP	2.21	2.11	2.16	2.24	2.29	2.38	2.42	1.58%
FO	1.59	1.63	1.77	1.95	2.16	2.33	2.47	7.65%
TOTAL	44.26	46.83	51.92	56.92	64.40	72.84	78.55	10.03%
YoY Growth	10%	6%	11%	10%	13%	13%	8%	

Source: INX, Omdia, YOLE

More than Panel

2003

- ➢ Panel as component
- ➢ Commodity application

2018 - 2023

More than panel (Strategy)

- ➢ Display vs. Non-display domain
- ➢ Spin-off, InnoCare IPO, FOPLP, BU re-org

2024~

More than panel (Position)

- ➢ Display domain
  - ILS/IMS
  - MicroLED

- ➢ Non-display domain
  - Solution provider(X-ray/Automotive)
  - Semiconductor

Y2023 MicroLED Achievement

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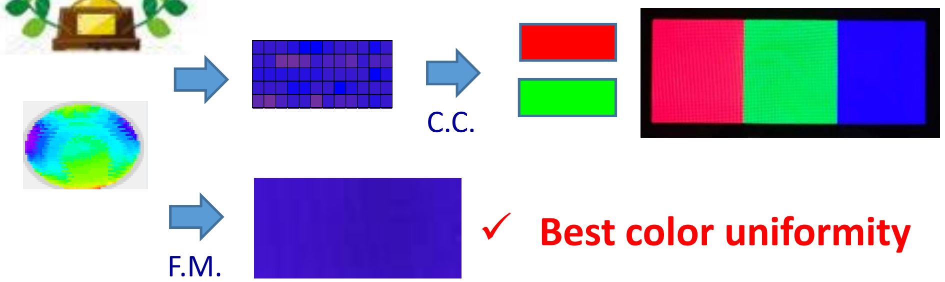
- Worldwide No.1 Color Uniformity by Color Conversion + Fluidic Mixing
- Worldwide No.1 Ambient Contrast Ratio by Color Conversion
- Worldwide No.1 High Resolution on Automotive Application
- Worldwide No.3/ Taiwan No. 1 MicroLED related patents granted

Uniform & Accurate RGB Color



High Resolution

9.6” 229ppi

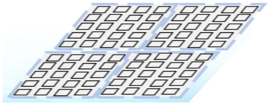
Ultimate Ambient Contrast Ratio

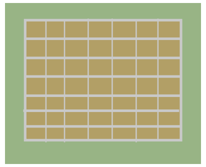
World’s largest Ambient Contrast Ratio MicroLED display to be premiered at 2024 Touch Taiwan

Patents Granted

500+ MicroLED related patents granted, worldwide no.3, Taiwan no. 1

Fan-out Panel Level Packaging (FOPLP) Update





FOPLP vs. **TFT LCD Front-end**

60% process similarity

FOPLP Revenue per panel 2x TFT

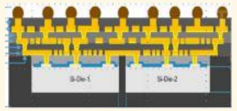
Market positioning:

1. High **Frequency**: from 5G to 6G for **communication** & **data transportation**
2. High **Power**: from 100V **phone charger** to > 650V **electric vehicle**
3. High **Speed**: from **mobile** to **HPC/AI** data processing

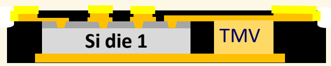
Chip-First

- ✓ Chip first followed by RDL (Redistribution Layer)
- ✓ Target high frequency & high power IC package in Automotive for short/mid term goal

Ex. **77GHz** Radar transceiver
Chip-First for High Frequency:



Ex. **650V** DC/DC convertor
Chip-First for High Power:

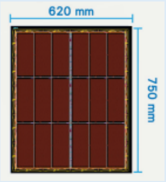


- ✓ Mass Production Plan: 3Q2024

RDL-First

- ✓ RDL (Redistribution Layer) comes first
- ✓ Target high speed IC package for HPC/AI for mid/long term goal
- ✓ May deliver as glass substrate without chips

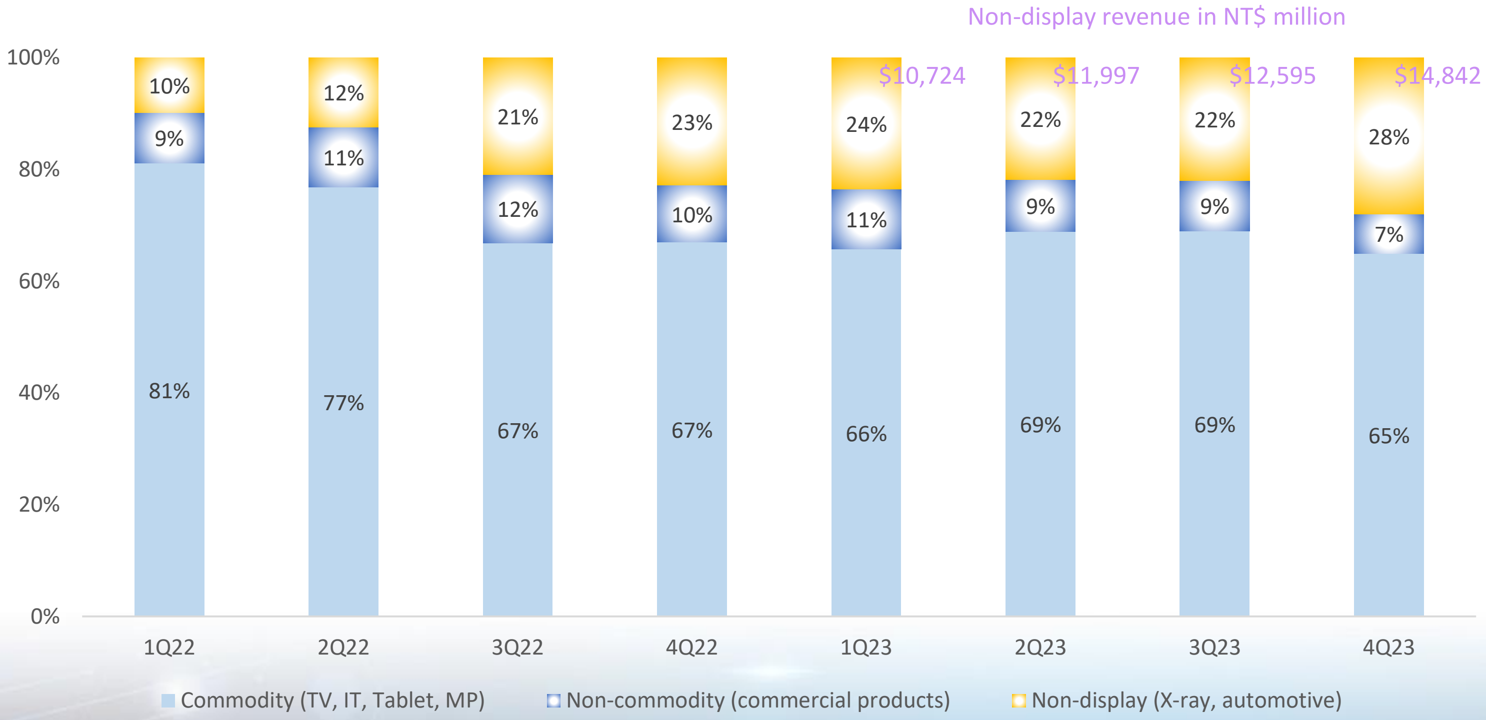
Ex. **RDL glass substrate**
RDL First for High Speed:

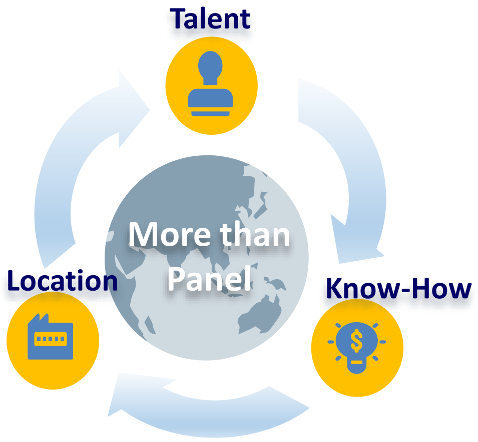


Revenue by domain- continuous growth marked for non-display

- Since 1Q22, the revenue share of non-display domain has grown steadily, which was primarily contributed by automotive product
- Non-display domain will continue to be the focus of transformation which include automotive, X-ray, semiconductor and other

Revenue share by domain





Statements of comprehensive income highlights

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(NT$ million)	2023		2022		YoY %
Net Sales	211,741	*100.0%*	223,716	*100.0%*	***-5.4%***
Cost of Goods Sold	208,632	*98.5%*	230,622	*103.1%*	***-9.5%***
Gross Profit	3,109	*1.5%*	(6,906)	*-3.1%*	-
Operating Expenses	21,818	*10.3%*	24,759	*11.1%*	***-11.9%***
Operating Profit (Loss)	(18,709)	*-8.8%*	(31,665)	*-14.2%*	***40.9%***
Net Non-operating Income (Exp.)	2,346	*1.1%*	5,443	*2.4%*	***-56.9%***
Profit (Loss) before Tax	(16,363)	*-7.7%*	(26,222)	*-11.7%*	***37.6%***
Net Profit (Loss)	(18,599)	*-8.8%*	(27,915)	*-12.5%*	***33.4%***
Net Profit (Loss) Attributable to Owners of Company	(18,643)	*-8.8%*	(27,990)	*-12.5%*	***33.4%***
Basic EPS (NT$)(1)(2)	(2.01)		(2.76)		
EBITDA(3)	12,064	*5.7%*	793	*0.4%*	***1421.8%***
Depreciation & Amortization	30,773		32,458		
Capital Expenditure	21,352		21,048		

Notes:
1. Basic EPS = Net Income-Parent / Weighted Average of Outstanding Common Shares
2. Capital Stock (common): NT$90.8billion as of December 31, 2023
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.

Consolidated balance sheet highlights

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(NT$ million)	2023.12.31	2023.9.30	2022.12.31
Cash & Short Term Investment	50,513	46,397	68,491
Inventory	37,151	35,910	35,917
Total Assets	357,530	395,945	383,741
Short Term Debt (1)	7,746	38,507	9,200
Long Term Debt	31,978	31,585	26,838
Total Equity (2)	228,885	234,561	252,994
Current Ratio	*153%*	*141%*	*178%*
Debt to Equity	*17%*	*30%*	*14%*
Net Debt to Equity	*-5%*	*10%*	*-13%*

Notes:

1. Short term debt = short-term bank loan + current portion of long term loan
2. Capital Stock (common): NT$90.8 billion; Book value per common stock: NT$ 25.14 as of December 31, 2023
3. Net debt to equity = (short term debt + long term debt – cash & short term investment) / total equity
4. All figures are prepared by Innolux Corporation in accordance with the International Financial Reporting Standards as endorsed in T-IFRS

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