# 2024 Second Half Institutional Investor Conference

August 5, 2024

# 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. Corporate Strategies
3. Financial Results
4. Q&A

# Near term- Market stays healthy in a structural way

- Price fluctuates with market demand and cost of material/component
- Healthy-to-low inventory level  secures sensible price trend
- Cost management becomes the key

Uncertainties:
1. Supply chain turbulence (ex. shortage, logistic disruption)
2. Geo-political issues
3. Production disruption (ex. Earthquake)


- Healthy-to-low inventory level in favor to customer new project launch
- Average size growth for various products
- More diverse application adopting LCD display

- No new TV capacity in the next two years
- Growth of size help digest capacity
- Tight supply-demand strengthened by fade-out of original factory

# Near term- Market highlights

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## TV

**Growth driver:**

- ✓ Size growth--Global LCD TV panel shipment average size growth 1.4” YoY (51.8” in Y2024(F))

**Update:**

1. Tight supply-demand trend maintained.

## IT

**Growth driver:**

- ✓ Average size growth for NB and monitor
- ✓ Replacement and system EOL
- ✓ AI PC

**Update:**

1. Expected PC replacement brought by EOL of Win 10 and new opportunities of AI PC.
2. MiniLED / MicroLED as alternatives for enhanced visual experience, LCD as entry level option.

## Automotive

**Growth driver:**

- ✓ Growth in average shipment size
- ✓ EV promotion policy

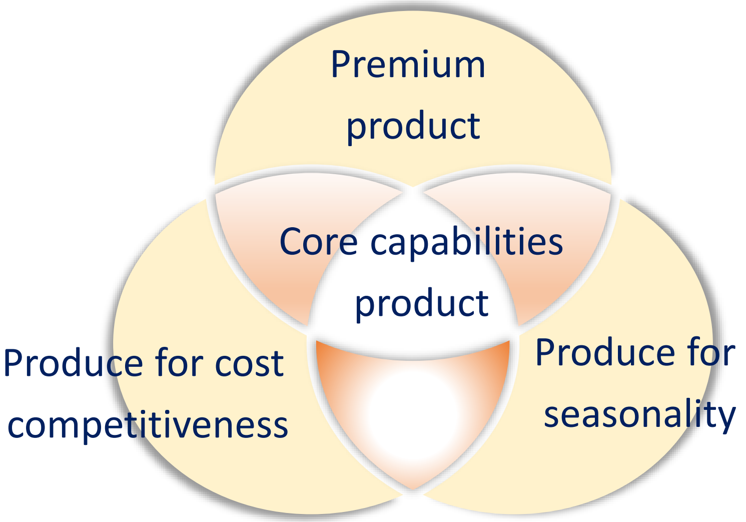
**Update:**

1. The growth of average size and EV promotion policy support the market amid the slow down in vehicle shipment.
2. MiniLED / MicroLED as alternatives for enhanced visual experience, LCD as entry level option.

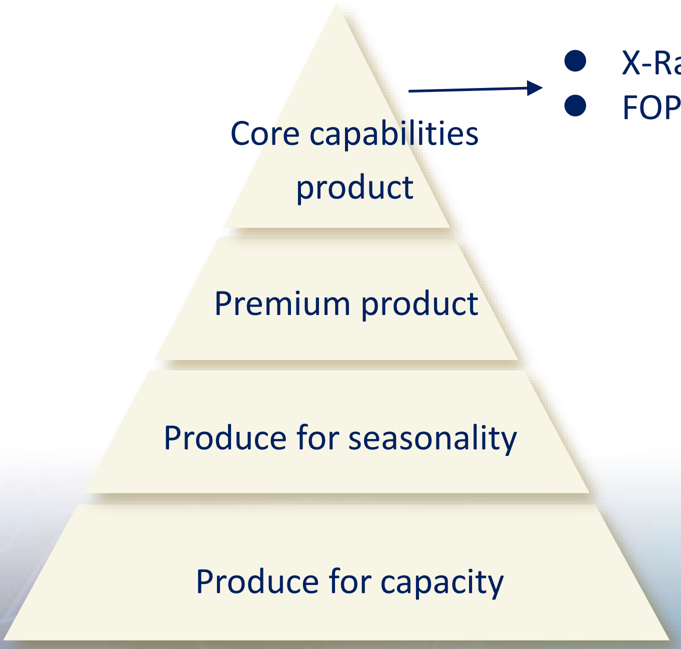
Source: INX Mkt. Omdia

# Long term- Product mix, technology and SCM become the match point

## Production for value creation




## Production for full capacity




- X-Ray Detector
- FOPLP

### Innolux position

- **Display** provider of various technology and specification for end products
- **IC** glass substrate handling

Source: INX Mkt. Omdia

# Innolux diversification map

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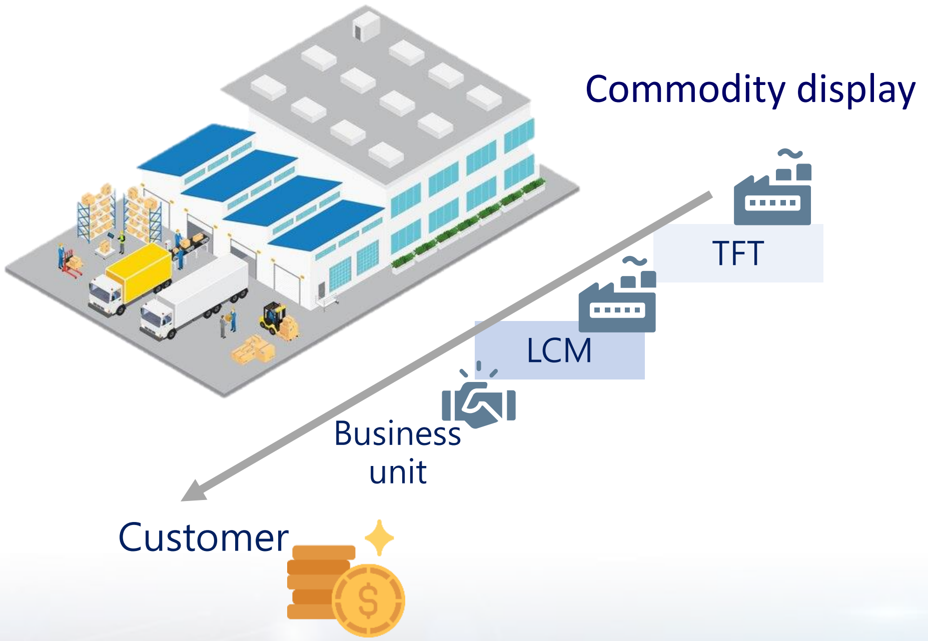
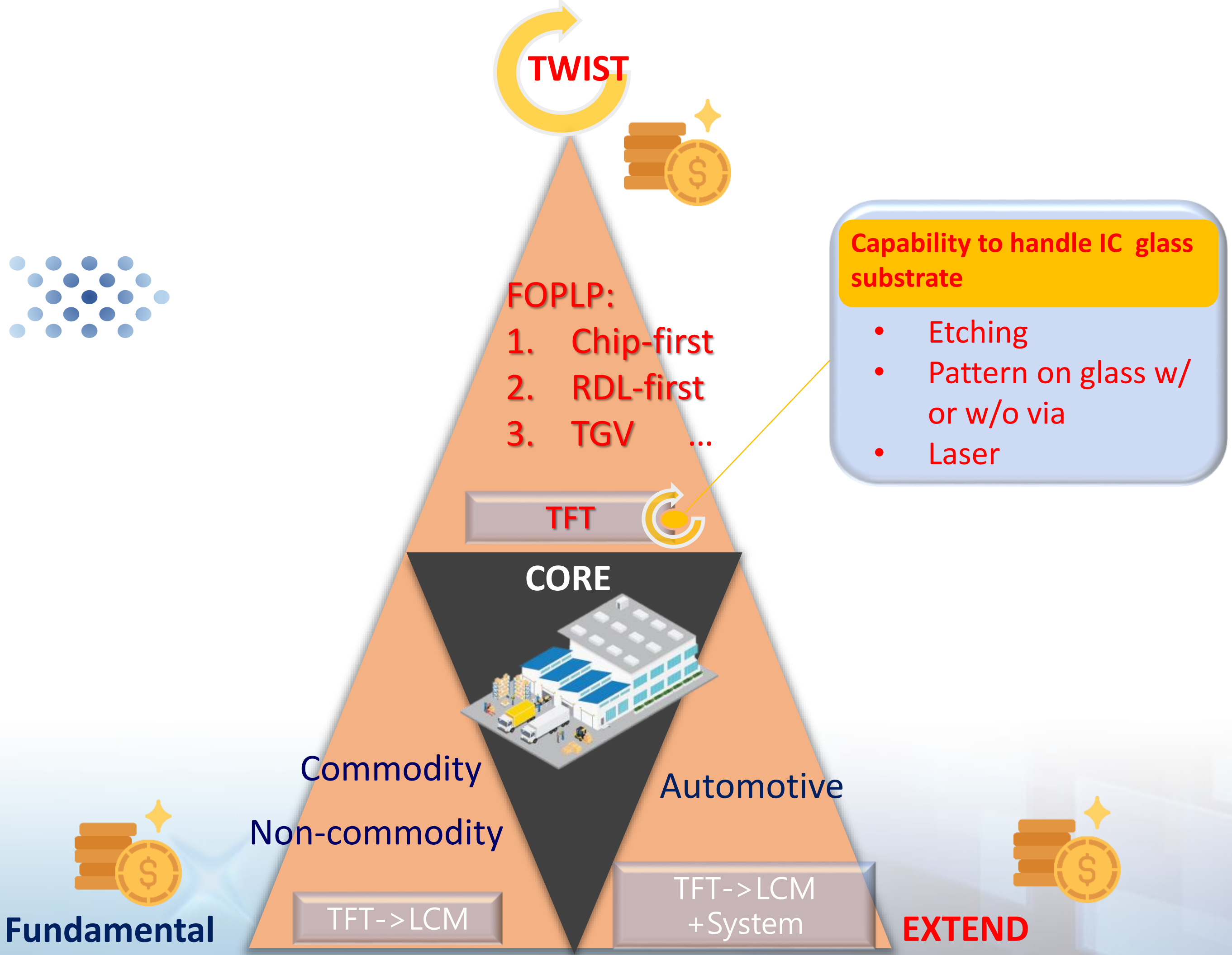
## Linear

- Traditional way of business



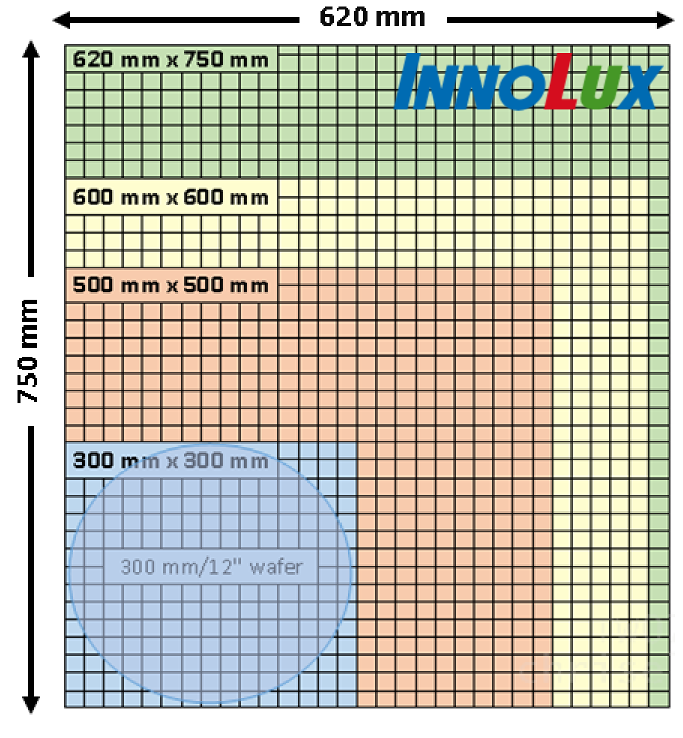

## Diversification



# Innolux position in semiconductor (IC) value chain


**Innolux FOPLP**

**6.X times area output**




## Chip-First

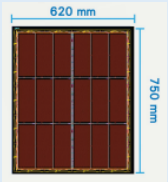
- ✓ Low contact resistance, high breakdown voltage, high reliability performance
- ✓ IC package in Automotive for short/mid term goal

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

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

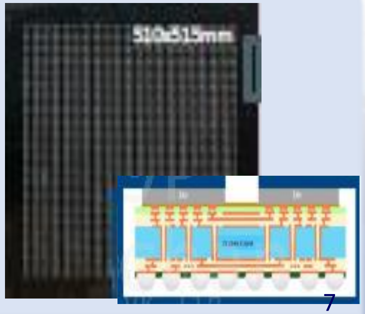
## RDL-First

- ✓ InnoLux RDL fan-out substrate provide cost competitive solution for AI and HPC chip-let application with fine pitch pattern.
- ✓ Strip (95x240mm) or sub-panel (297x240) format delivery.



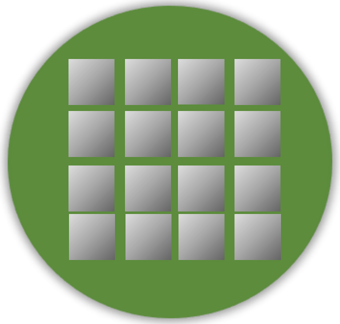

## TGV

- ✓ TGV (Through-glass-via) process on glass substrate
- ✓ Target high speed for generative AI/ HPC application
- ✓ Substrate format delivery

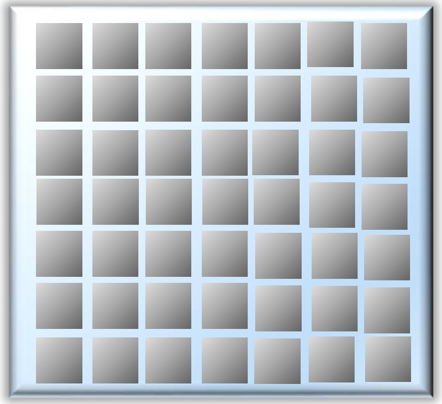


# IC packaging performance

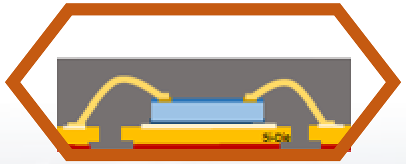
Silicon wafer based substrate



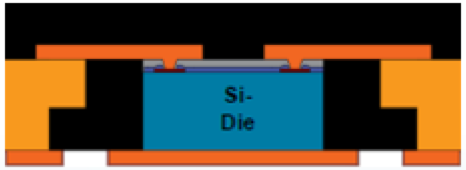
Panel based glass substrate



Wire bond at lead frame or substrate



Copper direct interconnect with EMC 6 sides encapsulation




**Panel vs. wafer**

- ✓ Better area utilization
- ✓ Better productivity and material usage efficiency

**Panel glass vs. silicon**

- ✓ Better cost competitiveness in glass with stronger bargaining power (INX as panel maker)
- ✓ Larger size possibility
- ✓ Heterogeneous package

**Wire bond vs. copper direct interconnect**

- ✓ Shorter trace means lower resistance and lower signal interference
- ✓ Interconnection provide package miniaturization

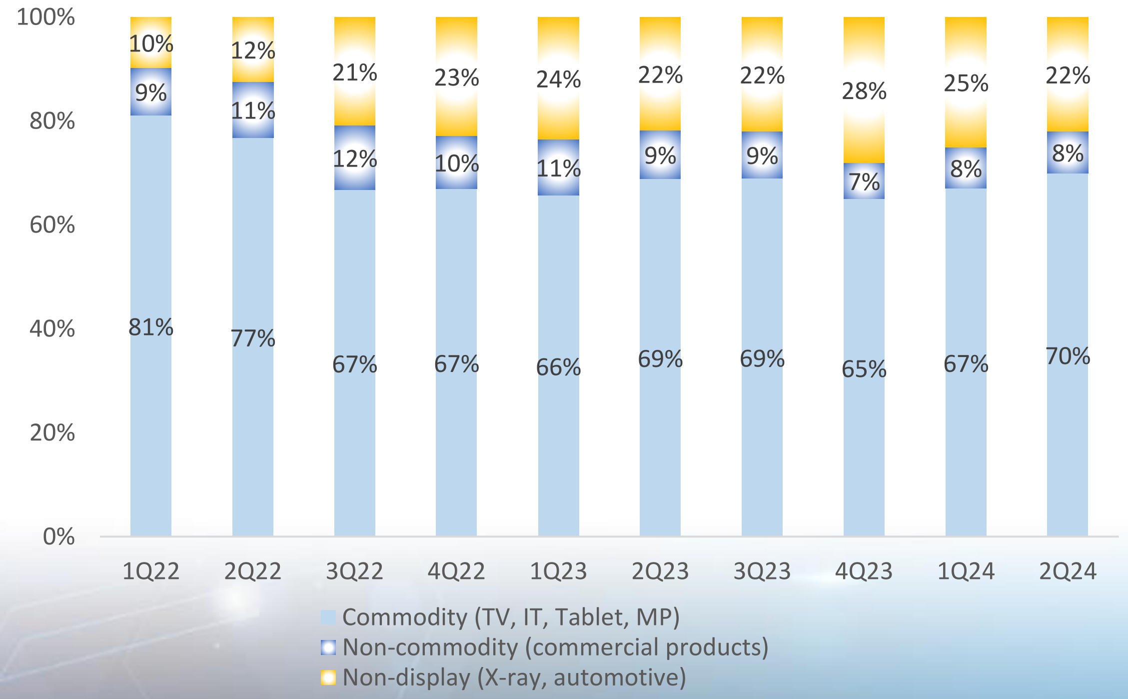
**EMC 6 sides encapsulation**

- ✓ MSL-1 (highest level of moisture proof)
- ✓ Better heat dissipation
- ✓ High electrical current 100A and high voltage of 650V.

# Operation performance by domain

- Revenue across business domains marked an increase in value QoQ
- Gross margin could vary greatly across different product types

## Revenue share by domain




## Gross margin by domain

| Product Type | Revenue (NT$ million) | | | Average GM |
|---|---|---|---|---|
| | 2Q24 | QoQ (%) | % share | 1H24 |
| Non-display | 12,734 | 1% | 22% | 11-15% |
| Non-commodity | 4,601 | 12% | 8% | 21-25% |
| Commodity | 39,526 | 17% | 70% | 6-10% |

# Statements of comprehensive income highlights

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| (NT$ million) | 2Q 2024 | | 1Q 2024 | | QoQ % | 2Q 2023 | |
|---|---|---|---|---|---|---|---|
| Net Sales | 56,861 | *100.0%* | 50,492 | *100.0%* | ***12.6%*** | 55,087 | *100.0%* |
| Cost of Goods Sold | 51,150 | *90.0%* | 48,351 | *95.8%* | ***5.8%*** | 54,735 | *99.4%* |
| Gross Profit | 5,711 | *10.0%* | 2,141 | *4.2%* | ***166.7%*** | 353 | *0.6%* |
| Operating Expenses | 5,347 | *9.4%* | 5,312 | *10.5%* | ***0.6%*** | 5,692 | *10.3%* |
| Operating Profit (Loss) | 364 | *0.6%* | (3,171) | *-6.3%* | - | (5,339) | *-9.7%* |
| Net Non-operating Income (Exp.) | 1,118 | *2.0%* | (543) | *-1.1%* | - | 206 | *0.4%* |
| Profit (Loss) before Tax | 1,482 | *2.6%* | (3,714) | *-7.4%* | - | (5,133) | *-9.3%* |
| Net Profit (Loss) | 1,184 | *2.1%* | (4,095) | *-8.1%* | - | (5,720) | *-10.4%* |
| Net Profit (Loss) Attributable to Owners of Company | 1,131 | *2.0%* | (4,104) | *-8.1%* | - | (5,738) | *-10.4%* |
| Basic EPS (NT$)(1)(2) | 0.12 | | (0.45) | | | (0.60) | |
| EBITDA(3) | 8,213 | *14.4%* | 4,647 | *9.2%* | ***76.7%*** | 2,355 | *4.3%* |
| Depreciation & Amortization | 7,849 | | 7,818 | | | 7,694 | |
| Capital Expenditure | 3,782 | | 4,542 | | | 5,656 | |

Notes:
1. Basic EPS = Net Income-Parent / Weighted Average of Outstanding Common Shares
2. Capital Stock (common): NT$90.8billion as of June 30, 2024
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.

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