



## **Himax Technologies, Inc. Reports Third Quarter 2023 Financial Results; Provides Fourth Quarter 2023 Guidance**

**Q3 2023 Revenues and EPS Beat Guidance, Gross Margin at Upper End of  
Guidance Range Issued on August 10, 2023**

**Company Q4 2023 Guidance: Revenues to Decline 5.0% to 11.0% QoQ,  
Gross Margin is Expected to be around 30%, Profit per diluted ADS to be  
around 9.0 Cents to 13.0 Cents**

- Q3 2023 revenues were \$238.5M, an increase of 1.5% QoQ, exceeding the guidance range of a 7.0% decline to flat QoQ. Q3 GM reached 31.4%, substantially improving from the Q2 trough, a result of strategic termination of certain high-cost foundry capacity agreements in Q2. Q3 GM surpassed guidance range of 30.5% to 32.0%, due to a favorable product mix, primarily driven by the remarkable performance of automotive product line
- Q3 2023 after-tax profit was \$11.2M, or 6.4 cents per diluted ADS, compared to \$0.9M, or 0.5 cents last quarter
- Company's Q4 2023 revenues to decline 5.0% to 11.0% QoQ. GM around 30%. Profit per diluted ADS to be in the range of 9.0 cents to 13.0 cents
- Company's Q4 inventory is nearing its historical average levels after several quarters of aggressive inventory depletion
- Company offers industry's most-comprehensive automotive display IC portfolio, covering DDIC, TDDI, LTDI, local dimming Tcon to AMOLED. Company's Q4 automotive sales set to represent almost half of total sales
- Himax Q4 automotive TDDI sales are poised to continue to increase and set to account for almost 40% of Q4 total automotive driver sales
- Himax's longer-term outlook for the automotive business, its largest revenue contributor, remains positive, as Company maintains a dominant position in the sector. The majority of Himax's design-wins in TDDI and local dimming Tcon, both relatively new technologies for automotive sector, are slated to commence mass production during the next 2 years, thereby further fortifying Company's market share leadership amidst growing competition
- Himax leads the industry to commence mass production of LTDI in Q3 for NEVs. Company expects LTDI adoption to further proliferate as it gains traction in car models featuring large size displays as car makers look to distinguish their vehicle products
- Himax's partnership alliance with Nexchip in automotive is an illustration of Company's foundry supply diversification strategy that expands Himax's foundry supply while optimizing cost structure for the thriving automotive market, especially in China

**TAINAN, Taiwan – November 9, 2023** – Himax Technologies, Inc. (Nasdaq: HIMX) (“Himax” or “Company”), a leading supplier and fabless manufacturer of display drivers and other semiconductor products, announced its financial results for the third quarter 2023 ended September 30, 2023.

“Ongoing macro headwinds are limiting our visibility as panel customers remain tentative about demand prospects, leading to shortened forecasts and more frequent last-minute orders. Having said that, our longer-term outlook for the automotive business, our largest revenue contributor, remains positive, as we maintain a dominant position in the sector. The majority of our design-wins in TDDI and local dimming Tcon, both relatively new technologies for automotive sector, are slated to commence mass production during the next two years, thereby further fortifying our market share leadership amidst growing competition,” said Mr. Jordan Wu, President and Chief Executive Officer of Himax.

“Amidst the prevailing challenging economic conditions, we continue to implement a range of measures to reduce costs, including improving manufacturing and operational efficiencies, and leveraging diverse partners in foundries and backend sources. The recently announced partnership alliance with Nexchip in automotive is an illustration of Himax’s foundry supply diversification strategy. The collaboration expands Himax’s foundry supply while optimizing cost structure for the thriving automotive market, especially in China. In terms of inventory, the destocking process is progressing nicely with Q3 seeing a meaningful reduction. Currently, we are nearing historical average levels after several quarters of aggressive inventory depletion,” concluded Mr. Jordan Wu.

### **Third Quarter 2023 Financial Results**

Himax net revenues registered \$238.5 million, an increase of 1.5% sequentially and up 11.6% on a year over year basis, exceeding the guidance range of a 7.0% decline to flat sequentially. This can be credited to positive order momentum across all business segments. Gross margin came in at 31.4%, a substantial increase from 21.7% of last quarter, and at the upper end of guidance range of 30.5% to 32.0%. The Q3 gross margin improvement reflected the absence of the one-time expense incurred in Q2 related to the strategic termination of certain high-cost foundry capacity agreements, in addition to a favorable product mix, primarily driven by the remarkable performance of automotive product line which maintains a higher margin profile than corporate average. Q3 profit per diluted ADS was 6.4 cents, exceeding the guidance range of 1.5 cents to 6.0 cents.

Revenue from large display drivers was \$43.7 million, a decrease of 3.7% sequentially but up 5.9% year-over-year. TV IC sales declined as expected as customers already replenished their inventory in previous quarters and suspended further pull-ins. Monitor and notebook IC sales were up single digit and a nice double digit respectively in the third quarter, predominantly driven by rush orders from key customers. Large panel driver IC sales accounted for 18.3% of total revenues for this quarter, compared to 19.3% last quarter and a year ago.

Small and medium-sized display driver revenue was \$161.1 million, an increase of 7.2% sequentially and up 13.9% compared to same period last year, surpassing the guidance range due to better-than-expected sales performance, particularly in automotive sector and TDDI products. Q3 automotive driver sales saw a decent double digit sequential increase thanks to a strong uptick in both TDDI and traditional DDIC as clients worldwide resumed order replenishment. Smartphone and tablet driver sales, on the other hand, decreased

double digit and mid-teens sequentially, reflecting continued soft market demand. In the third quarter, the automotive business remained Himax's largest revenue contributor, accounting for nearly 45% of total sales. One notable highlight during the quarter was Company's commencement of the world's first mass production of LTDI. This further demonstrates Himax's leadership position in the lucrative automotive display battlefield. Small and medium-sized driver IC segment accounted for 67.6% of total sales for the quarter, compared to 63.9% in the previous quarter and 66.2% a year ago.

Third quarter revenues from its non-driver business also exceeded guidance with revenue of \$33.7 million, down 14.4% from a quarter ago but up 9.0% compared to same period last year. The better-than-expected performance was a result of higher shipment of WLO and CMOS image sensor. Tcon business represented over 8% of total sales in Q3 yet experienced a low teens sequential decline, hampered by decreased demand for both large display panels and AMOLED displays for tablet. On a positive note, Himax continues to solidify its leadership in the automotive Tcon market with local dimming technology adoption rising rapidly by leading panel makers, Tier 1s and car makers across the board. With numerous project awards already in hand, Himax expects a strong growth trajectory for automotive Tcon in the next few years. Non-driver products accounted for 14.1% of total revenues, as compared to 16.8% in the previous quarter and 14.5% a year ago.

Operating expenses for the third quarter were \$63.7 million, an increase of 19.8% from the previous quarter but down 12.5% from a year ago. As a reminder, Company grants annual bonuses to employees at the end of September each year, including RSU and cash awards. 2023 annual bonus compensation of \$10.4 million was in line with guidance, out of which \$9.7 million, or 4.4 cents per diluted ADS, was immediately vested and expensed in the third quarter. In comparison, the annual bonuses for 2022 and 2021 were \$39.6 million and \$74.7 million respectively, of which \$18.5 million and \$24.8 million were vested and expensed immediately. The changes in Q3 operating expenses were mainly associated with the way Company expenses the employee annual bonus grants based on IFRS accounting. To clarify, the Q3 bonus expense includes two portions. First, \$9.7 million for the immediately vested and recognized portion of the current year bonus grant that is based on the expected profit for the full year. Second, \$6.2 million for the amortized tranches of the prior year bonuses. As a reference, the amortized expense of the prior year employee bonuses for full year 2023 would be as high as \$21.8 million due to substantially higher profits in 2021 and 2022 leading to a significantly increased bonus carryover amortization expense. This has caused volatility in IFRS figures for 2023 while, for the annual bonus grants, Himax has always followed a consistent compensation policy and rules for employees. Amidst prevailing macroeconomic headwinds, Company is currently exercising strict budget and expense control with full year 2023 OPEX poised to decline compared to last year.

Q3 operating income was \$11.1 million or 4.6% of sales, compared to 1.8% of sales for the same period last year and -0.9% last quarter. The sequential increase was primarily a result of increased sales and gross margin, partially offset by higher operating expenses in the third quarter. The year-over-year increase was primarily a result of lower operating expenses brought by lower annual bonus compensation, partially offset by lower gross margin compared to same period last year. Third quarter after-tax profit was \$11.2 million, or 6.4 cents per diluted ADS, compared to \$0.9 million, or 0.5 cents per diluted ADS last quarter and \$8.3 million, or 4.8 cents in the same period last year.

## **Balance Sheet and Cash Flow**

Himax had \$155.4 million of cash, cash equivalents and other financial assets as of September 30, 2023, compared to \$227.9 million at the same time last year and \$219.5 million a quarter ago. Third quarter cash flows were impacted primarily by two cash payouts, \$83.7 million for annual dividend and \$29.5 million for employee bonus. The employee bonus is comprised of \$9.3 million for the immediately vested portion of this year's award and \$20.2 million for vested awards granted over the last 3 years. Despite the substantial payouts in Q3, Himax delivered strong positive operating cash flow of \$16.0 million, again, due to the ongoing destocking progress across major product lines with inventory experiencing a meaningful reduction compared to the past few quarters. Himax had \$42.0 million of long-term unsecured loans as of the end of the third quarter, of which \$6.0 million was the current portion.

The Company's inventories as of September 30, 2023 were \$259.6 million, markedly lower than \$297.3 million last quarter. Accounts receivable at the end of September 2023 was \$248.5 million, up from \$239.0 million last quarter and down from \$253.3 million a year ago. DSO was 95 days at the quarter end, as compared to 90 days last quarter and 74 days a year ago. Third quarter capital expenditures were \$2.6 million, versus \$2.9 million last quarter and \$3.4 million a year ago. The third quarter capex was mainly for IC design business.

## **Outstanding Share**

As of September 30, 2023, Himax had 174.7 million ADS outstanding, little changed from last quarter. On a fully diluted basis, total number of ADS outstanding for the third quarter was 174.8 million.

## **Q4 2023 Outlook**

Himax expects Q4 sales growth to be relatively subdued compared to typical seasonal trends primarily due to sluggish end market demand as well as cautious inventory management and rigorous procurement scrutiny by customers. Additionally, ongoing macro headwinds are limiting Company's visibility as panel customers remain tentative about demand prospects, leading to shortened forecasts and more frequent last-minute orders. Having said that, Himax's longer-term outlook for the automotive business, its largest revenue contributor, remains positive, as it maintains a dominant position in the sector. The majority of Company's design-wins in TDDI and local dimming Tcon, both relatively new technologies for automotive sector, are slated to commence mass production during the next two years, thereby further fortifying Himax's market share leadership amidst growing competition. When coupled with the megatrend of increasing quantity, size and sophistication of displays inside vehicles, Himax is poised to enjoy sustainable growth in the automotive market for years to come regardless of auto industry headwinds or macroeconomic challenges.

Amidst the prevailing challenging economic conditions, Himax continues to implement a range of measures to reduce costs, including improving manufacturing and operational efficiencies, and leveraging diverse partners in foundries and backend sources. The recently announced partnership alliance with Nexchip in automotive is an illustration of Himax's foundry supply diversification strategy. The collaboration expands Himax's foundry supply while optimizing cost structure for the thriving automotive market, especially in China. In terms of inventory, the destocking process is progressing nicely with Q3 seeing a meaningful reduction. Currently, Himax is nearing historical average levels after several quarters of aggressive inventory depletion.

Thanks to accelerating growth in automotive business, improved cost structure, normalized inventory levels, favorable product mix, and Company's emphasis on higher margin, high value-added areas, like Tcon, OLED and AI, Himax is well positioned to deliver sustainable long term revenue growth and profitability.

## **Display Driver IC Businesses**

### **LDDIC**

Q4 large display driver IC revenue is projected to decline by double digit sequentially, reflecting the absence of festival season shopping this year and intensified China local competition. In the TV IC business, leading end brands continue to implement stringent production control measures amidst soft demand and are maintaining low inventory levels. Consequently, Himax expects a double-digit quarter-over-quarter decline in Q4 TV IC sales. Notebook and monitor IC are also facing a challenging business environment where Company expects sales for both product lines to decrease by double digit sequentially.

### **SMDDIC**

Q4 SMDDIC revenue is expected to decline single digit, on the backdrop of a muted festival season where demand for consumer electronics remains sluggish. Smartphone sales are projected to decline double digit, while tablet sales are expected to increase single digit sequentially in Q4. Automotive revenue is expected to be flat or slightly down sequentially following a surge in orders resuming for both traditional DDIC and TDDI during the previous quarter. Q4 automotive TDDI sales are poised to continue to increase by low teens sequentially, fueled by strong customer orders across the board and supportive governmental policies, especially in China and the U.S., aimed at incentivizing new vehicle purchases. Secured design-win projects for automotive TDDI continue to expand across the board and now total nearly 400, significantly ahead of peers. Remarkably, automotive TDDI sales are expected to account for almost 40% of total automotive driver sales in Q4. Automotive driver sales are now Himax's largest revenue contributor and, if combined with automotive Tcon, is set to represent almost half of Himax total sales in Q4.

On LTDI, Himax is the first in the world to commence mass production of LTDI for certain customers' NEVs starting in Q3 this year. Himax expects LTDI adoption to further proliferate as it gains traction in car models featuring large size displays as car makers look to distinguish their vehicle products. Additionally, Company is seeing an increasing number of customers choosing to adopt its integrated LTDI and local dimming Tcon solution as the standard platform for their ultra large automotive display development. These newly designed automotive displays are typically larger than 30 inches, deliver a sharp detailed visual experience, and incorporate high-density touch functionality, which typically necessitates the utilization of six or more LTDI chips, together with at least one local dimming Tcon, representing much higher content value for Himax on a per panel basis. This not only ramps up a new revenue stream, but also reinforces Himax's leadership position in the automotive display market as it moves into 2024.

Himax stands at the forefront of the automotive display IC market with a diverse product portfolio covering a full range of specifications and technologies, including DDIC, TDDI, local dimming Tcon, LTDI, and AMOLED. These holistic offerings cater to a wide range of customer preferences and needs, fostering strong customer loyalty and collaborations with global panel

makers, Tier 1s, and car makers. Himax expects its automotive segment to continue to be a key growth driver for the Company.

On smartphone and tablet product lines, Himax continues to see lackluster demand in the market. On a positive note, Himax's inventory has substantially rebalanced to a satisfactory level after consecutive quarters of inventory depletion. With the destocking process nearly complete, the Company placed wafer starts for select products starting in Q2 this year and continue to work on improving cost structure with the aim of improving its efficiency for when demand returns.

On AMOLED, by partnering with leading panel manufacturers in Korea and China, Himax is accelerating its AMOLED driver IC advancements, covering various applications from automotive and tablets to smartphones, notebooks and TVs. In the automotive AMOLED sector, Himax's design-wins are steadily increasing from both traditional car manufacturers and NEV vendors worldwide. For smartphone AMOLED display driver, sluggish demand in the smartphone market has resulted in a slight delay from Himax's original targeted timeline. Nevertheless, Company continues collaborations with customers from Korea and China where ongoing verification and partnership projects are in progress.

### **Non-Driver Product Categories**

#### **Timing Controller (Tcon)**

The Company anticipates Q4 Tcon sales to decrease double digit sequentially, hampered by reduced shipment for large-sized displays and OLED displays for tablet as customer inventory offloading continues due to subdued end market demand. Despite the soft market sentiment, Himax is actively developing the next generation Tcon IC for OLED tablet, notebook and automotive, aiming to diversify its offerings and strategically position itself for a resurgence in demand. On automotive Tcon business for LCD panels, Himax's position remains unchallenged in local dimming Tcon, evidenced by growing validation and widespread deployment globally in both premium and mainstream new car models. Himax plans to roll out a series of Tcon for automotive to expand its product offerings catering to different needs of global customers. Local dimming technology has found increasing application in automotive display, initially in high-end car models and gradually into mainstream vehicles. One emerging use case is in heads-up display (HUD) thanks to Himax Tcon's unique ability to deliver a high contrast ratio for selected content, along with low heat dissipation and minimal power consumption. Himax's local dimming Tcon can effectively eliminate the frequently occurring "postcard effect" in HUD application, caused by backlight leakage in TFT LCD panels that shows a square-shaped display images on the windshield. Company's automotive Tcon business is poised to experience explosive growth with strong momentum expected into 2024 and years to come, serving as one of Himax's major growth engines.

#### **WiseEye™ Smart Image Sensing**

Himax's WiseEye Smart Image Sensing total solution incorporates the Company's proprietary ultralow power AI processor, always-on CMOS image sensor, and CNN-based AI algorithm. For notebook, Himax continues to support the mass production of Dell's notebook. Given the growing prevalence of the human presence detection feature in notebooks, its engagement with global notebook names for their next generation products are progressing nicely. Himax's WiseEye solution is also in broad adoption across a range of endpoint AI applications, including

video conference device, automotive, access control, shared bike parking, door lock and smart agriculture, among others.

WiseEye adoption is also going smoothly in door lock application, where Himax joins forces with leading door lock players in China with mass production expected to commence starting the end of this year. Moreover, the latest smart door lock design surpasses the existing human presence detection feature and takes a step forward to support an additional camera set, enabling dual-camera functionality. The secondary camera can be oriented downward for ground-level status monitoring for events such as parcel delivery or placed indoors to enhance security detection. More innovative features are also under development together with key customers in the field targeting their next generation smart door lock. Himax anticipates that WiseEye adoption in surveillance will significantly increase starting in 2024.

On WE2 AI processor. Compared to WE1, its predecessor, the WE2 processor offers further advancements in inference speed and ultralow power. In context aware AI, WE2 enables detailed, real-time computer vision object analysis, such as facial landmark, hand landmark, and human pose and skeleton, among others, at extremely low power consumption. This enables sophisticated human expression detection for smart notebook and broader AIoT applications. Alongside ongoing collaboration with end customers, Himax has also made significant progress in partnerships with major CPU and AP SOC players, in preparation for their target markets in next generation smart notebooks, surveillance and a host of other endpoint AI applications. Himax will provide more details as they come about.

In addition to the WiseEye total solution, Himax is also focused on expanding its Intelli-Sensing Module business by targeting users that may be less familiar with AI or wish to incorporate AI capabilities into their applications without significant development effort. This particularly applies to small volume or early-stage market engagement applications. The module offerings, incorporating WiseEye technology, provide clients with a series of highly integrated, plug-and-play module boards which are extremely compact in size, user-programmable and loaded with Himax's pre-trained AI models for straightforward system integration. This can effectively shorten customers' time-to-market and reduce development costs. To broaden market reach, a series of Intelli-Sensing Modules will be rolled out to cover more diverse markets that cater to various AI needs. The Intelli-Sensing Module solution will also be made available through online resellers like DigiKey and other SI partners.

Throughout recent quarters, Himax's Intelli-Sensing Module has received excellent feedback with adoptions from various applications. One particularly successful adoption is in parking systems which has been deployed by several vendors in different regions of Asia. Himax's module offers precise real-time motion and occupancy detection to streamline the billing procedure for vehicles. Additionally, Company's module operates efficiently with ultralow power, making it a viable choice for battery-powered parking systems, thereby greatly simplifying the installation process and reducing maintenance costs. Moreover, its AI's functionality can include vehicle type recognition, which enhances the effective utilization of parking spaces. Beyond the parking solution, there is a growing interest in applications for Intelli-Sensing Module in areas such as retail shelf management and human flow monitoring, among others. The Company is excited about the upcoming growth prospects for this product.

Himax's leading position in ultralow power AI processing and image sensing for endpoint AI applications demonstrates Company's commitment and conviction to the ongoing development and growth of WiseEye AI business. By leveraging broad ecosystem partners and customers, Himax aims to maximize market reach and explore more potential endpoint AI

applications. While adoption is at an early stage, Company believes its WiseEye AI business will serve as a multi-year structural growth driver for Himax.

### **Optical Related Product Lines / Metaverse**

On Himax's optical related product lines. With over a decade of optical and optoelectronics know-how and capabilities under its belt, Himax has been offering various technologies, including WLO, 3D Sensing, and LCoS, driving continuous advancements in diverse fields related to emerging metaverse applications. Additionally, Himax has other innovative solutions under development to further expand its technological portfolio. The recent introduction of Liqxtal™ Graph display technology, unveiled by Himax's subsidiary Liqxtal Technology, is one illustration of Himax's capability to provide more diverse offerings to the industry. This liquid crystal based optical product provides one-of-a-kind technology that defies imagination through the display of personalized and colored content on the exterior lens of glasses for external viewers to enjoy, while also providing wearers with unobstructed visibility. Himax expects Liqxtal Graph display technology to create a broad array of application possibilities for wearable devices in the future.

On LCoS. Following the unveiling of Company's cutting-edge Color Sequential Front-Lit LCoS microdisplay at the Display Week in May, several tech giants in the industry have shifted their focus away from micro-LED to Himax's Front-Lit LCoS for their AR goggles. This shift is demonstrative of its exceptional achievements in both performance and functionality, marked by breakthroughs not only in the luminance performance in full RGB color, but also in terms of superior optical efficiency, tiny form factor and ultra-lightweight design. These factors are critical and represent technological advancements that can readily meet rigorous requirements to support next generation see-through goggles.

On WLO. Himax initiated volume production of WLO technology to a leading North American customer in Q2. The WLO solution is integrated into the customer's new generation VR goggles to enable 3D gesture control. A decent shipment was made in Q3 in preparation for the upcoming seasonal shopping sales.

For non-driver IC business, the Company expects revenue to decline mid-teens sequentially in the fourth quarter.

### **Fourth Quarter 2023 Guidance**

Net Revenue: To Decline 5.0% to 11.0% sequentially  
Gross Margin: To be around 30%, depending on final product mix  
Profit: To be 9.0 cents to 13.0 cents per diluted ADS

### **HIMAX TECHNOLOGIES THIRD QUARTER 2023 EARNINGS CONFERENCE CALL**

**DATE:** Thursday, November 9, 2023

**TIME:** **U.S.** 8:00 a.m. EST

**Taiwan** 9:00 p.m.

**WEBCAST:** <https://edge.media-server.com/mmc/p/ss9i3udd/>

**PHONE REGISTRATION:**

<https://register.vevent.com/register/BI0b427a1b5ab14db08404bf0f66ee6dd2>

If you choose to attend by phone, you need to register first to obtain dial-in numbers for the call. Once registered you will be emailed the dial-ins along with an option to receive a call back at the start of the earnings call. Each registrant will receive a unique personal PIN. A replay of



the call will be available beginning two hours after the call. The conference webcast link is <https://edge.media-server.com/mmc/p/ss9i3udd/>. This call is being webcast by Nasdaq and can be accessed by clicking on [this link](#) or Himax's website, where the webcast can be accessed through November 9, 2024.

### **About Himax Technologies, Inc.**

Himax Technologies, Inc. (NASDAQ: HIMX) is a leading global fabless semiconductor solution provider dedicated to display imaging processing technologies. The Company's display driver ICs and timing controllers have been adopted at scale across multiple industries worldwide including TVs, PC monitors, laptops, mobile phones, tablets, automotive, ePaper devices, industrial displays, among others. As the global market share leader in automotive display technology, the Company offers innovative and comprehensive automotive IC solutions, including traditional driver ICs, advanced in-cell Touch and Display Driver Integration (TDDI), local dimming timing controllers (Local Dimming Tcon), Large Touch and Display Driver Integration (LTDI) and AMOLED display technologies. Himax is also a pioneer in tinyML visual-AI and optical technology related fields. The Company's industry-leading WiseEye™ Smart Sensing technology which incorporates Himax proprietary ultralow power AI processor, always-on CMOS image sensor, and CNN-based AI algorithm has been widely deployed in consumer electronics and AIoT related applications. While Himax optics technologies, such as diffractive wafer level optics, LCoS micro-displays and 3D sensing solutions, are critical for facilitating emerging AR/VR/metaverse technologies. Additionally, Himax designs and provides touch controllers, AMOLED ICs, LED drivers, EPD drivers, power management ICs, and CMOS image sensors for diverse display application coverage. Founded in 2001 and headquartered in Tainan, Taiwan, Himax currently employs around 2,200 people from three Taiwan-based offices in Tainan, Hsinchu and Taipei and country offices in China, Korea, Japan, Germany, and the US. Himax has 2,838 patents granted and 376 patents pending approval worldwide as of September 30, 2023.

### **Forward Looking Statements**

Factors that could cause actual events or results to differ materially from those described in this conference call include, but are not limited to, the effect of the Covid-19 pandemic on the Company's business; general business and economic conditions and the state of the semiconductor industry; market acceptance and competitiveness of the driver and non-driver products developed by the Company; demand for end-use applications products; reliance on a small group of principal customers; the uncertainty of continued success in technological innovations; our ability to develop and protect our intellectual property; pricing pressures including declines in average selling prices; changes in customer order patterns; changes in estimated full-year effective tax rate; shortage in supply of key components; changes in environmental laws and regulations; changes in export license regulated by Export Administration Regulations (EAR); exchange rate fluctuations; regulatory approvals for further investments in our subsidiaries; our ability to collect accounts receivable and manage inventory and other risks described from time to time in the Company's SEC filings, including those risks identified in the section entitled "Risk Factors" in its Form 20-F for the year ended December 31, 2022 filed with the SEC, as may be amended.

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-Financial Tables-

**Himax Technologies, Inc.**

**Unaudited Condensed Consolidated Statements of Profit or Loss**

(These interim financials do not fully comply with IFRS because they omit all interim disclosure required by IFRS)

(Amounts in Thousands of U.S. Dollars, Except Share and Per Share Data)

|   | <b>Three Months<br/>Ended September 30,</b> |                        | <b>3 Months<br/>Ended<br/>June 30,</b> |
|---|---|------------------------|--|
|   | <b>2023</b>                                 | <b>2022</b>            | <b>2023</b>                            |
| <b>Revenues</b>   |   |                        |  |
| Revenues from third parties, net  | \$ 238,466                                  | \$ 213,586             | \$ 234,988                             |
| Revenues from related parties, net  | 49  | 45                     | 43                                     |
|   | <u>238,515</u>                              | <u>213,631</u>         | <u>235,031</u>                         |
| <b>Costs and expenses:</b>  |   |                        |  |
| Cost of revenues  | 163,692                                     | 136,828                | 183,961                                |
| Research and development  | 49,444                                      | 55,749                 | 41,433                                 |
| General and administrative  | 7,050                                       | 8,554                  | 6,115                                  |
| Sales and marketing   | 7,239                                       | 8,555                  | 5,664                                  |
| <b>Total costs and expenses</b>   | <b><u>227,425</u></b>                       | <b><u>209,686</u></b>  | <b><u>237,173</u></b>                  |
| <b>Operating income (loss)</b>  | <b><u>11,090</u></b>                        | <b><u>3,945</u></b>    | <b><u>(2,142)</u></b>                  |
| <b>Non operating income (loss):</b>   |   |                        |  |
| Interest income   | 1,837                                       | 1,387                  | 2,648                                  |
| Changes in fair value of financial assets at<br>fair value through profit or loss         | (432)                                       | (67)                   | 336                                    |
| Foreign currency exchange gains, net  | 764   | 1,181                  | 528                                    |
| Finance costs   | (1,482)                                     | (843)                  | (1,717)                                |
| Share of losses of associates   | (220)                                       | (164)                  | (175)                                  |
| Other income  | 409   | 120                    | 4                                      |
|   | <u>876</u>                                  | <u>1,614</u>           | <u>1,624</u>                           |
| <b>Profit (loss) before income taxes</b>  | 11,966                                      | 5,559                  | (518)                                  |
| Income tax expense (benefit)  | 1,214                                       | (2,449)                | (1,247)                                |
| <b>Profit for the period</b>  | 10,752                                      | 8,008                  | 729                                    |
| <b>Loss attributable to noncontrolling interests</b>                                      | 484   | 311                    | 159                                    |
| <b>Profit attributable to Himax Technologies,<br/>Inc. stockholders</b>                   | <b><u>\$ 11,236</u></b>                     | <b><u>\$ 8,319</u></b> | <b><u>\$ 888</u></b>                   |
| <b>Basic earnings per ADS attributable to<br/>Himax Technologies, Inc. stockholders</b>   | <b><u>\$ 0.064</u></b>                      | <b><u>\$ 0.048</u></b> | <b><u>\$ 0.005</u></b>                 |
| <b>Diluted earnings per ADS attributable to<br/>Himax Technologies, Inc. stockholders</b> | <b><u>\$ 0.064</u></b>                      | <b><u>\$ 0.048</u></b> | <b><u>\$ 0.005</u></b>                 |
| <b>Basic Weighted Average Outstanding ADS</b>   | 174,420                                     | 174,695                | 174,417                                |
| <b>Diluted Weighted Average Outstanding ADS</b>   | 174,773                                     | 174,735                | 174,672                                |

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Profit or Loss**  
(Amounts in Thousands of U.S. Dollars, Except Share and Per Share Data)

|   | <b>Nine Months<br/>Ended September 30,</b> |                   |
|---|--|-------------------|
|   | <b>2023</b>                                | <b>2022</b>       |
| <b>Revenues</b>   |  |                   |
| Revenues from third parties, net  | \$ 717,645                                 | \$ 938,879        |
| Revenues from related parties, net  | 105  | 170               |
|   | <u>717,750</u>                             | <u>939,049</u>    |
| <b>Costs and expenses:</b>  |  |                   |
| Cost of revenues  | 523,262                                    | 531,994           |
| Research and development  | 130,304                                    | 135,399           |
| General and administrative  | 19,206                                     | 21,852            |
| Sales and marketing   | 18,447                                     | 19,743            |
| <b>Total costs and expenses</b>   | <u>691,219</u>                             | <u>708,988</u>    |
| <b>Operating income</b>   | <u>26,531</u>                              | <u>230,061</u>    |
| <b>Non operating income (loss):</b>   |  |                   |
| Interest income   | 6,812                                      | 2,823             |
| Changes in fair value of financial assets at fair value<br>through profit or loss         | (55)                                       | 361               |
| Foreign currency exchange gains, net  | 757  | 5,949             |
| Finance costs   | (4,940)                                    | (1,451)           |
| Share of losses of associates   | (584)                                      | (573)             |
| Other income  | 520  | 215               |
|   | <u>2,510</u>                               | <u>7,324</u>      |
| <b>Profit before income taxes</b>   | 29,041                                     | 237,385           |
| Income tax expense  | 2,905                                      | 43,916            |
| <b>Profit for the period</b>  | 26,136                                     | 193,469           |
| <b>Loss attributable to noncontrolling interests</b>                                      | 915  | 1,357             |
| <b>Profit attributable to Himax Technologies, Inc.<br/>stockholders</b>                   | <u>\$ 27,051</u>                           | <u>\$ 194,826</u> |
| <b>Basic earnings per ADS attributable to Himax<br/>Technologies, Inc. stockholders</b>   | <u>\$ 0.155</u>                            | <u>\$ 1.115</u>   |
| <b>Diluted earnings per ADS attributable to Himax<br/>Technologies, Inc. stockholders</b> | <u>\$ 0.155</u>                            | <u>\$ 1.115</u>   |
| <b>Basic Weighted Average Outstanding ADS</b>   | 174,418                                    | 174,694           |
| <b>Diluted Weighted Average Outstanding ADS</b>   | 174,701                                    | 174,753           |

**Himax Technologies, Inc.**  
**IFRS Unaudited Condensed Consolidated Statements of Financial Position**  
(Amounts in Thousands of U.S. Dollars)

|   | <u>September 30,<br/>2023</u> | <u>September 30,<br/>2022</u> | <u>June 30,<br/>2023</u> |
|---|-------------------------------|-------------------------------|--------------------------|
| <b>Assets</b>   |                               |                               |                          |
| <b>Current assets:</b>  |                               |                               |                          |
| Cash and cash equivalents   | \$ 147,257                    | \$ 219,745                    | \$ 211,425               |
| Financial assets at amortized cost                                | 8,139                         | 8,147                         | 8,079                    |
| Accounts receivable, net (including related parties)              | 248,507                       | 253,284                       | 239,039                  |
| Inventories   | 259,610                       | 410,071                       | 297,268                  |
| Income taxes receivable   | 22                            | 41                            | 28                       |
| Restricted deposit  | 453,000                       | 369,300                       | 369,300                  |
| Other receivable from related parties                             | 1,190                         | 1,230                         | 1,171                    |
| Other current assets  | 102,652                       | 109,734                       | 109,334                  |
| <b>Total current assets</b>                                       | <b>1,220,377</b>              | <b>1,371,552</b>              | <b>1,235,644</b>         |
| Financial assets at fair value through profit or loss             | 18,655                        | 14,466                        | 19,094                   |
| Financial assets at fair value through other comprehensive income | 289                           | 352                           | 313                      |
| Equity method investments   | 5,801                         | 3,293                         | 6,127                    |
| Property, plant and equipment, net                                | 119,231                       | 127,598                       | 121,674                  |
| Deferred tax assets   | 11,244                        | 6,199                         | 11,651                   |
| Goodwill  | 28,138                        | 28,138                        | 28,138                   |
| Other intangible assets, net                                      | 851                           | 5,571                         | 876                      |
| Restricted deposit  | 31                            | 32                            | 32                       |
| Refundable deposits   | 205,383                       | 162,924                       | 205,237                  |
| Other non-current assets  | 7,734                         | 10,809                        | 9,371                    |
| <b>Total assets</b>   | <b>\$1,617,734</b>            | <b>\$1,730,934</b>            | <b>\$1,638,157</b>       |
| <b>Liabilities and Equity</b>                                     |                               |                               |                          |
| <b>Current liabilities:</b>                                       |                               |                               |                          |
| Short-term unsecured borrowings                                   | \$ 279                        | \$ -                          | \$ 289                   |
| Current portion of long-term unsecured borrowings                 | 6,000                         | 6,000                         | 6,000                    |
| Short-term secured borrowings                                     | 453,000                       | 369,300                       | 369,300                  |
| Accounts payable (including related parties)                      | 109,554                       | 191,971                       | 127,652                  |
| Income taxes payable  | 19,061                        | 66,517                        | 18,894                   |
| Other payable to related parties                                  | 1,937                         | 2,385                         | 2,266                    |
| Contract liabilities-current                                      | 16,774                        | 34,481                        | 19,913                   |
| Other current liabilities   | 89,342                        | 65,943                        | 176,379                  |
| <b>Total current liabilities</b>                                  | <b>695,947</b>                | <b>736,597</b>                | <b>720,693</b>           |
| Long-term unsecured borrowings                                    | 36,000                        | 42,000                        | 37,500                   |
| Deferred tax liabilities  | 658                           | 754                           | 682                      |
| Contract liabilities-non-current                                  | -                             | 12,356                        | 46                       |
| Other non-current liabilities                                     | 47,454                        | 90,672                        | 53,001                   |
| <b>Total liabilities</b>  | <b>780,059</b>                | <b>882,379</b>                | <b>811,922</b>           |
| <b>Equity</b>   |                               |                               |                          |
| Ordinary shares   | 107,010                       | 107,010                       | 107,010                  |
| Additional paid-in capital  | 114,097                       | 111,404                       | 113,761                  |
| Treasury shares   | (5,157)                       | (5,594)                       | (5,594)                  |
| Accumulated other comprehensive income                            | (715)                         | (2,247)                       | (617)                    |
| Retained earnings   | 622,077                       | 637,149                       | 610,841                  |
| <b>Equity attributable to owners of Himax Technologies, Inc.</b>  | <b>837,312</b>                | <b>847,722</b>                | <b>825,401</b>           |
| Noncontrolling interests  | 363                           | 833                           | 834                      |
| <b>Total equity</b>   | <b>837,675</b>                | <b>848,555</b>                | <b>826,235</b>           |
| <b>Total liabilities and equity</b>                               | <b>\$1,617,734</b>            | <b>\$1,730,934</b>            | <b>\$1,638,157</b>       |

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(Amounts in Thousands of U.S. Dollars)

|  | Three Months<br>Ended September 30,<br>2023 | 2022                  | Three Months<br>Ended<br>June 30,<br>2023 |
|--|---|-----------------------|---|
| <b>Cash flows from operating activities:</b>                                       |   |                       |   |
| Profit for the period  | \$ 10,752                                   | \$ 8,008              | \$ 729                                    |
| Adjustments for:   |   |                       |   |
| Depreciation and amortization  | 5,094                                       | 5,359                 | 5,025                                     |
| Share-based compensation expenses  | 789   | 662                   | 723                                       |
| Changes in fair value of financial assets at fair value<br>through profit or loss  | 432   | 67                    | (336)                                     |
| Interest income  | (1,837)                                     | (1,387)               | (2,648)                                   |
| Finance costs  | 1,482                                       | 843                   | 1,717                                     |
| Income tax expense (benefit)   | 1,214                                       | (2,449)               | (1,247)                                   |
| Share of losses of associates  | 220   | 164                   | 175                                       |
| Inventories write downs  | 5,263                                       | 7,282                 | 5,047                                     |
| Unrealized foreign currency exchange losses (gains)                                | (878)                                       | 1,034                 | (1,201)                                   |
|  | <u>22,531</u>                               | <u>19,583</u>         | <u>7,984</u>                              |
| Changes in:  |   |                       |   |
| Accounts receivable (including related parties)                                    | (9,468)                                     | 117,749               | 13,116                                    |
| Inventories  | 32,395                                      | (80,041)              | 32,920                                    |
| Other receivable from related parties  | (19)  | 152                   | 3   |
| Other current assets   | 4,157                                       | 2,804                 | (3,318)                                   |
| Accounts payable (including related parties)                                       | (18,096)                                    | (51,323)              | 10,207                                    |
| Other payable to related parties   | (329)                                       | 219                   | (588)                                     |
| Contract liabilities   | (2,885)                                     | (1,671)               | (13,097)                                  |
| Other current liabilities  | (2,145)                                     | (424)                 | 1,665                                     |
| Other non-current liabilities  | (9,697)                                     | (4,151)               | 2,351                                     |
| <b>Cash generated from operating activities</b>                                    | <u>16,444</u>                               | <u>2,897</u>          | <u>51,243</u>                             |
| Interest received  | 1,185                                       | 443                   | 3,262                                     |
| Interest paid  | (1,482)                                     | (843)                 | (1,717)                                   |
| Income tax paid  | (104)                                       | (6,171)               | (51,093)                                  |
| <b>Net cash provided by (used in) operating activities</b>                         | <u><b>16,043</b></u>                        | <u><b>(3,674)</b></u> | <u><b>1,695</b></u>                       |
| <b>Cash flows from investing activities:</b>                                       |   |                       |   |
| Acquisitions of property, plant and equipment                                      | (2,619)                                     | (3,402)               | (2,874)                                   |
| Acquisitions of intangible assets  | (64)  | -                     | -   |
| Acquisitions of financial assets at amortized cost                                 | (675)                                       | (720)                 | (1,092)                                   |
| Proceeds from disposal of financial assets at<br>amortized cost                    | 640   | 660                   | 1,134                                     |
| Acquisitions of financial assets at fair value through<br>profit or loss           | (21,210)                                    | (30,179)              | (33,821)                                  |
| Proceeds from disposal of financial assets at fair<br>value through profit or loss | 21,217                                      | 33,188                | 52,482                                    |
| Decrease (increase) in refundable deposits   | 6,133                                       | (6,131)               | 1,193                                     |
| Cash received in advance from disposal of land                                     | 2,821                                       | -                     | -   |
| <b>Net cash provided by (used in) investing activities</b>                         | <u><b>6,243</b></u>                         | <u><b>(6,584)</b></u> | <u><b>17,022</b></u>                      |

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**(Amounts in Thousands of U.S. Dollars)**

|  | <b>Three Months<br/>Ended September 30,<br/>2023</b> | <b>2022</b>       | <b>Three Months<br/>Ended<br/>June 30,<br/>2023</b> |
|--|--|-------------------|---|
| <b>Cash flows from financing activities:</b>   |  |                   |   |
| Payments of cash dividends   | (83,720)   | (217,873)         | -   |
| Payments of dividend equivalents   | (148)  | -                 | -   |
| Proceeds from short-term unsecured borrowings  | -  | -                 | 10,294  |
| Repayments of short-term unsecured borrowings  | -  | -                 | (10,000)  |
| Proceeds from long-term unsecured borrowings   | -  | 40,000            | -   |
| Repayments of long-term unsecured borrowings   | (1,500)  | (41,500)          | (1,500)   |
| Proceeds from short-term secured borrowings  | 530,800  | 668,700           | 139,200   |
| Repayments of short-term secured borrowings  | (447,100)  | (450,800)         | (139,200)   |
| Pledge of restricted deposit   | (83,700)   | (217,900)         | -   |
| Payment of lease liabilities   | (1,205)  | (601)             | (1,202)   |
| Guarantee deposits received (refunded)   | 200  | (882)             | 5   |
| <b>Net cash used in financing activities</b>   | <b>(86,373)</b>                                      | <b>(220,856)</b>  | <b>(2,403)</b>                                      |
| <b>Effect of foreign currency exchange rate changes<br/>on cash and cash equivalents</b> | <b>(81)</b>  | <b>(2,043)</b>    | <b>(1,175)</b>                                      |
| <b>Net increase (decrease) in cash and cash<br/>equivalents</b>                          | <b>(64,168)</b>                                      | <b>(233,157)</b>  | <b>15,139</b>                                       |
| <b>Cash and cash equivalents at beginning of period</b>                                  | <b>211,425</b>                                       | <b>452,902</b>    | <b>196,286</b>                                      |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 147,257</b>                                    | <b>\$ 219,745</b> | <b>\$ 211,425</b>                                   |

**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
(Amounts in Thousands of U.S. Dollars)

|  | <b>Nine Months<br/>Ended September 30,</b> |                |
|--|--|----------------|
|  | <b>2023</b>                                | <b>2022</b>    |
| <b>Cash flows from operating activities:</b>                                       |  |                |
| Profit for the period  | \$ 26,136                                  | \$ 193,469     |
| Adjustments for:   |  |                |
| Depreciation and amortization  | 15,207                                     | 16,146         |
| Share-based compensation expenses  | 2,317                                      | 2,002          |
| Changes in fair value of financial assets at fair value<br>through profit or loss  | 55   | (361)          |
| Interest income  | (6,812)                                    | (2,823)        |
| Finance costs  | 4,940                                      | 1,451          |
| Income tax expense   | 2,905                                      | 43,916         |
| Share of losses of associates  | 584  | 573            |
| Inventories write downs  | 15,813                                     | 13,107         |
| Unrealized foreign currency exchange gains   | (893)                                      | (3,586)        |
|  | 60,252                                     | 263,894        |
| Changes in:  |  |                |
| Accounts receivable (including related parties)                                    | 12,641                                     | 156,927        |
| Inventories  | 95,510                                     | (224,578)      |
| Other receivable from related parties  | 34   | (13)           |
| Other current assets   | 1,819                                      | 7,426          |
| Accounts payable (including related parties)                                       | 8,303                                      | (56,444)       |
| Other payable to related parties   | (631)                                      | 745            |
| Contract liabilities   | (36,093)                                   | (1,047)        |
| Other current liabilities  | (1,768)                                    | (214)          |
| Other non-current liabilities  | (4,995)                                    | 1,657          |
| <b>Cash generated from operating activities</b>                                    | <b>135,072</b>                             | <b>148,353</b> |
| Interest received  | 5,902                                      | 1,729          |
| Interest paid  | (4,940)                                    | (1,451)        |
| Income tax paid  | (51,935)                                   | (71,189)       |
| <b>Net cash provided by operating activities</b>                                   | <b>84,099</b>                              | <b>77,442</b>  |
| <b>Cash flows from investing activities:</b>                                       |  |                |
| Acquisitions of property, plant and equipment                                      | (8,326)                                    | (9,485)        |
| Acquisitions of intangible assets  | (75)                                       | (169)          |
| Acquisitions of financial assets at amortized cost                                 | (2,338)                                    | (7,979)        |
| Proceeds from disposal of financial assets at<br>amortized cost                    | 2,315                                      | 24,982         |
| Acquisitions of financial assets at fair value through<br>profit or loss           | (77,253)                                   | (103,293)      |
| Proceeds from disposal of financial assets at fair<br>value through profit or loss | 73,894                                     | 105,201        |
| Increase in refundable deposits  | (56,933)                                   | (6,131)        |
| Releases of restricted deposit   | -  | 2,700          |
| Cash received in advance from disposal of land                                     | 2,821                                      | -              |
| <b>Net cash provided by (used in) investing<br/>    activities</b>                 | <b>(65,895)</b>                            | <b>5,826</b>   |
| <b>Cash flows from financing activities:</b>                                       |  |                |
| Payments of cash dividends   | (83,720)                                   | (217,873)      |
| Payments of dividend equivalents   | (148)                                      | -              |
| Purchases of subsidiary shares from noncontrolling<br>interests                    | -  | (301)          |



**Himax Technologies, Inc.**  
**Unaudited Condensed Consolidated Statements of Cash Flows**  
**(Amounts in Thousands of U.S. Dollars)**

|  | <b>Nine Months</b>         |                   |
|--|----------------------------|-------------------|
|  | <b>Ended September 30,</b> |                   |
|  | <b>2023</b>                | <b>2022</b>       |
| Proceeds from short-term unsecured borrowings  | 10,294                     | -                 |
| Repayments of short-term unsecured borrowings  | (10,000)                   | -                 |
| Proceeds from long-term unsecured borrowings   | -                          | 40,000            |
| Repayments of long-term unsecured borrowings   | (4,500)                    | (44,500)          |
| Proceeds from short-term secured borrowings  | 956,200                    | 854,500           |
| Repayments of short-term secured borrowings  | (872,500)                  | (636,600)         |
| Pledge of restricted deposit   | (83,700)                   | (217,900)         |
| Payment of lease liabilities   | (3,586)                    | (3,036)           |
| Guarantee deposits received  | 205                        | 28,913            |
| <b>Net cash used in financing activities</b>   | <b>(91,455)</b>            | <b>(196,797)</b>  |
| <b>Effect of foreign currency exchange rate changes on cash and cash equivalents</b> | (1,073)                    | (2,750)           |
| <b>Net decrease in cash and cash equivalents</b>                                     | <b>(74,324)</b>            | <b>(116,279)</b>  |
| <b>Cash and cash equivalents at beginning of period</b>                              | 221,581                    | 336,024           |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>\$ 147,257</b>          | <b>\$ 219,745</b> |