



Drive for better vision



Himax

Nasdaq : HIMX

2024 Q2 Earnings Update



Jordan Wu

**President and
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Chief Financial Officer



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Chief IR/PR Officer

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, 2023 filed with the SEC, as may be amended. Images of devices depicted in this presentation may be representative of those in which Himax has specification, or for reference-only and may not be associated with actual bill-of-material or design-win in the displayed image. Any association of such, without a confirmed disclosure of such by the Company or the Company's customer are coincidental. Himax is under strict customer disclosure guidelines on the release of such information.

2024 Q2 Financial Summary



Revenues Exceeded Guidance

GM & EPS In-Line with Guidance

Revenues \$239.6M **Beat**

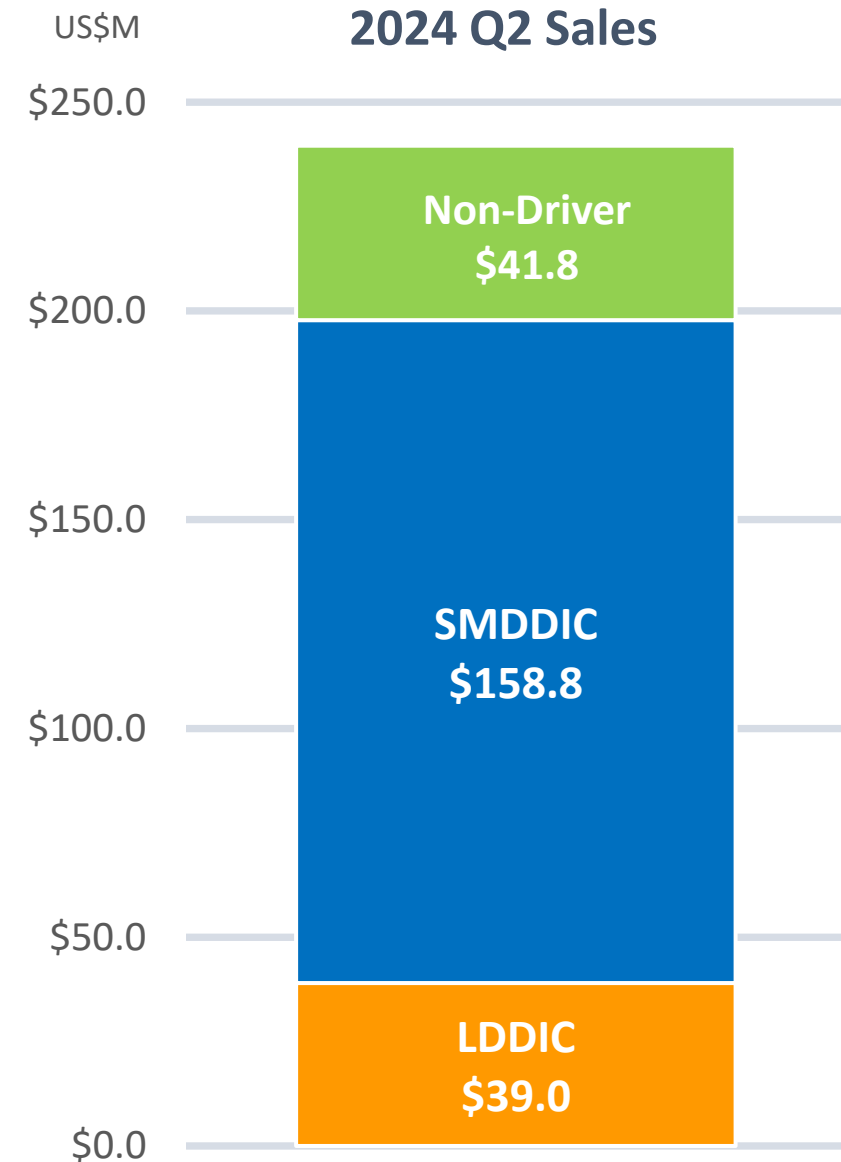
- +15.5% QoQ
- Guidance: Increase 8% to 13% QoQ

GM 32.0% **In-line**

- +2.7% QoQ
- Guidance: 31.5% to 33.5%

EPS 16.9 Cents **Top end**

- Guidance: 13.0 cents to 17.0 cents



2024 Q2 Financial Summary by Segment



LDDIC Revenue \$39.0M

- +24.7% QoQ
- Customer's restocking in TV & monitor
- Orders increased for shopping festivals

SMDDIC Revenue \$158.8M **Beat**

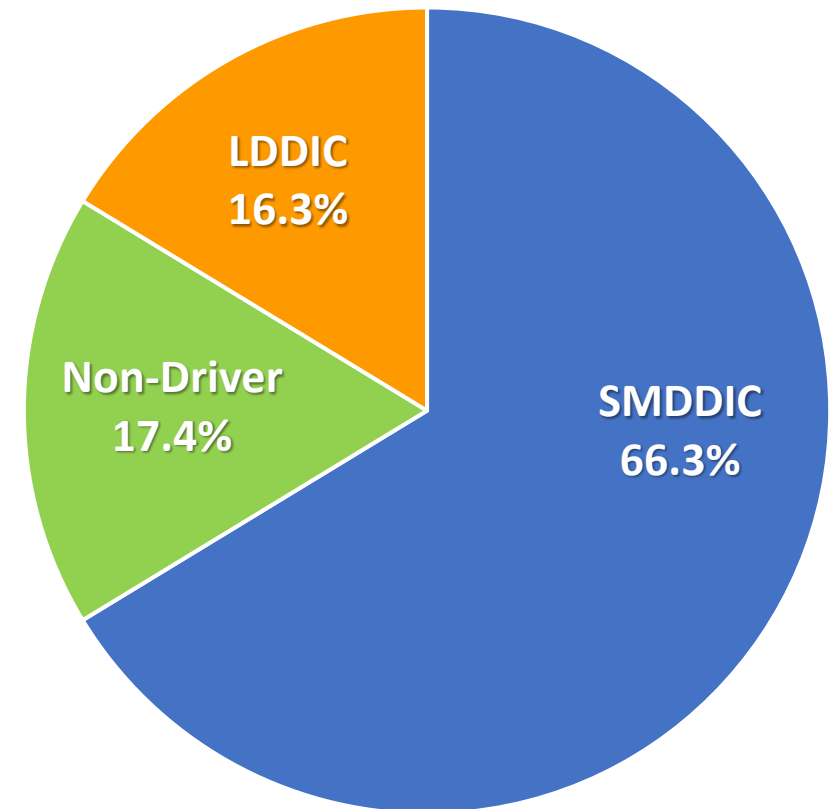
- +10.1% QoQ
- Stronger-than-anticipated sales in TDDI of auto, smartphone & tablet

Auto IC Sales > 47% of Total

Non-Driver Revenue \$41.8M

- +30.6% QoQ
- Resurgence in TV, monitor, automotive & OLED tablet Tcons

2024 Q2 Sales Portfolio



2024 Q2 Financial Summary



Revenues \$239.6M

+15.5% QoQ / +2.0% YoY

COGS \$163.0M

Gross Margin 32.0%

+2.7% QoQ / +10.3% YoY

Gross Profit \$76.6M

**Operating
Expenses**

\$47.3M

-6.7% QoQ

-11.1% YoY

**Operating
Income**

\$29.3M

**Operating
Margin**

12.2%

Net Profit \$29.6M

1Q24 \$12.5M / 2Q23 \$0.9M

EPS 16.9 cents

1Q24 7.1 cents / 2Q23 0.5 cents

Balance Sheet as of June 30, 2024

Q2 Free Cash Balance
\$253.8M

Q2 Inventories
\$203.7M

Q2 Cash Balance Declined

- Refunds of customers' deposits
- FOCI investment \$16M

Q3 Cash Balance to Decline

- Cash dividends \$50.7M
- Employee bonus awards \$30.7M (est.)

INVENTORY LEVEL



Revenues

Decrease 12% to 17% sequentially

Gross Margin

Around 30%

Net Profit*

Around 1.5 cents to 4.5 cents per diluted ADS

Note *:

The net profit already factored in the estimated expense of \$14.2M, including \$11.3M from vested portion of 2024 estimated annual bonus and \$2.9M from the amortized portion of previous years' unvested bonuses

Conservative Q3 forecast

- Persisting macroeconomic uncertainty
- Panel customers' strict output control for lean inventory

Disappointing Q2 China auto sales / US & EU relatively stable

- Even with promotional activities and government subsidies
- Led to excessive inventories throughout supply chain

Substantial Q3 sales impact from China's auto fluctuations

- China >30% global auto market
- Himax auto >47% of total sales in Q2

Carefully manage wafer starts in line with customer demands

Optimistic about auto business and committed to long-term innovation and development of auto products

Positive growth trajectory in auto display market

- Versatile innovations and technology advancements
- Megatrend towards higher quantities/sizes/sophistication

As market leader, Himax benefits from the trend

Deliver broadest range of auto ICs for LCD and OLED

- > 40% DDIC market share
- Higher market shares in TDDI & Tcon
- Most comprehensive auto IC products for LCD panels
- Expanding into OLED with DDIC/Tcon/Touch, in partnerships with Korean, Chinese and Japanese panel makers

FOCI – innovative LPO/CPO for advanced MCM

- Acquired 5.3% equity stake through private placement
- Integrate Himax WLO with FOCI's optical fiber know-how for LPO/CPO, crucial for fast growing cloud AI and HPC
- Application versatility of Himax WLO technology

Obsidian – revolutionary thermal imaging sensors

- High-resolution thermal sensor for automotive, security, surveillance, drones, and military
- Ideal for harsh / completely dark environments
- Broaden Himax imaging sensor portfolio
- Enable sensor fusion for endpoint AI when meshed with Himax WiseEye

Q3 LDDIC sales to decrease double digit QoQ

Monitor sales down double digit; TV sales down single digit QoQ

- High order replenishment for Q2 shopping festivals
- Conservative customer procurement due to sluggish market

Notebook decent sales increase QoQ

- Customer restocking

Strategic effort for new NB market areas

- TDDI/Tcon for LCD NB panels
- Touch/DDIC/Tcon for OLED with KR and CN panel makers
- Strong growth catalyst for Himax into 2025

Q3 SMDDIC sales to decrease low teens QoQ

Auto to decrease high teens QoQ, following high Q2 growth

- Q1-3 auto sales up mid-teens YoY
- 450 TDDI design-wins with only ~30% in MP, significant growth potential

Auto customers adopting Himax TDDI/LTDI with local dimming Tcon for standard development platform

Continuously enhancing our auto product portfolio

- New TDDI with local dimming Tcon for smaller panels requiring only 1~2 ICs

Smartphone to increase double digit QoQ

- New product launches by key customers

Tablet to decline QoQ

Auto OLED

- DDIC/Tcon/Touch
- Partnership with leading KR, CN & JP panel makers
- Auto OLED touch >45 dB SNR for glove-wearing/wet-finger operations; MP in Q3

NB/Tablet OLED

- DDIC/Tcon/Touch
- Partnership with leading KR & CN panel makers
- MP later this year

Smartphone OLED

- MP timeline adjustment due to customers' market drawdown

Q3 Tcon to decline double digit QoQ

- Monitor customers pulled forward purchase in Q2
- Auto Tcon to increase decent double digit in Q3
- Auto Tcon fueled by increased shipment from previous design-wins, despite market headwinds

Promising progress in Tcon new areas

- Tablet OLED Tcon building on our early success in the market
- Color ePaper Tcon (T2000) with E Ink, the world's leading ePaper provider

On-device tinyML total solutions

- Ultralow power AI processor
- AoS CMOS image sensor
- CNN based AI algorithm

Battery-powered AI

- Single digit mW power

Innovative new AI features in door locks

- 24/7 sentry by DESMAN
- Parcel recognition
- Smart anti-pinch protection
- Biometric access

WiseEye™ Drive for AI Everywhere



Innovative Smart Door Locks



WiseEye PalmVein Authentication



Released in 24Q1

Powered by WiseEye2 processor

Proprietary Himax palm vein authentication algorithm

Only solution for battery-powered biometric authentication

Door lock, access control, notebook and automotive

MP in Q4 by U.S. smart security customer

WiseEye™ PalmVein



- Swift authentication <100 ms
- Single digit mW power consumption
- Anti duplication and spoofing

Broaden market reach & shorten development cycle

- Plug-and-play modules
- Low-code / no-code AI

Leverage NVIDIA TAO toolkit

- Easy optimization and quantization on resource-constrained AI
- Pretrained enterprise-ready AI models
- Rapid democratization of endpoint AI with WiseEye Module

PnP WiseEye Modules



Low-Code / No-Code AI



People
Counting



Face
Detection

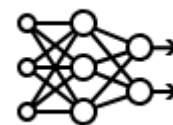


Face
Mesh



Head
Motion

NVIDIA. *TAO Toolkit*



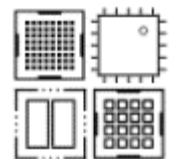
Train Models
Efficiently



Build Highly
Accurate AI



Optimize for
Inference



Deploy On
Any Device

Source: Nvidia website

Strategic investment in Obsidian Sensors

- Revolutionary thermal imaging
- High resolution & low cost

Expand sensor capability

- Thermal imaging to enrich portfolio beyond optical
- Synergy with WiseEye AI for holistic view beyond human vision



- VGA or higher resolution for superior thermal imaging
- Low-cost production at high volumes
- Ideal for vision in complete darkness and adverse weather conditions



Strategic investment in FOCI

- 5.3% equity stake

Know-how integration of both Himax & FOCI

- Industry leading LPO/CPO solution for generative AI & HPC
- Meeting customers' near-term production goal
- Cutting-edge, multi-year roadmap to align with AI chip and foundry partners/customers



Cutting-edge LPO/CPO Solutions



Source: FOCI website

- Enhanced bandwidth
- Improved data rate
- Minimized signal loss
- Reduced latency
- Lower energy consumption

FOCI is listed on the TPEX

Stock price fluctuations are recognized as changes in owners' equity, not affecting our P&L

Upon disposal, the resulting investment gain/loss will also be recognized as change of equity, not affecting our P&L

The accounting method reflects our long-term commitment to the FOCI investment



Drive for better vision



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