SOLOMON
SYSTECH

SOLOMON SYSTECH (INTERNATIONAL) LIMITED

晶門半導體有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2878)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

FINANCIAL HIGHLIGHTS

- Revenue decreased by about 4.8% to US$43.7 million
- Gross profit was US$12.0 million, gross margin was 27.4%
- Loss attributable to owners of the parent was US$4.0 million
- Basic/diluted loss per share was 0.16 US cent (equivalent to 1.24 HK cents)

INTERIM RESULTS

The Directors of Solomon Systech (International) Limited (the "Company") announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 together with the comparative figures for the corresponding period as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

		Unaudited	
		Six months ended 30 June	
		2026	2025
	Notes	US$'000	US$'000
Revenue	4	43,723	45,934
Cost of sales		(31,742)	(27,759)
Gross profit		11,981	18,175
Other income and gains – net		250	514
Research and development costs		(10,246)	(9,943)
Selling and distribution expenses		(1,712)	(1,640)
General and administrative expenses		(5,299)	(5,207)
Foreign exchange differences – net		(456)	81
Other expenses		(23)	–
		(5,505)	1,980
Finance income – net	6	1,552	2,080
		(3,953)	4,060
Share of profits of associates		–	44
(Loss)/profit before tax	5	(3,953)	4,104
Income tax expense	7	–	(101)
(Loss)/profit for the period attributable to owners of the parent		(3,953)	4,003
(Loss)/earnings per share attributable to ordinary equity holders of the parent: (in US cent)	8		
– Basic		(0.16)	0.16
– Diluted		(0.16)	0.16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Unaudited	
	Six months ended 30 June	
	2026	2025
	US$'000	US$'000
(Loss)/profit for the period	**(3,953)**	4,003
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**1,301**	78
Total comprehensive (loss)/income for the period attributable to owners of the parent	**(2,652)**	4,081

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Notes	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
NON-CURRENT ASSETS			
Property, plant and equipment		5,710	6,196
Right-of-use assets		1,675	2,237
Investments in associates		1,092	1,092
Financial asset designated at fair value through other comprehensive income		1,219	1,219
Other receivables, prepayments and deposits	10	104	456
Total non-current assets		9,800	11,200
CURRENT ASSETS			
Inventories		14,005	18,294
Trade and other receivables, prepayments and deposits	10	29,791	28,316
Pledged bank deposits		2,500	2,500
Cash and cash equivalents		107,982	104,413
Total current assets		154,278	153,523
CURRENT LIABILITIES			
Trade and other payables	11	22,527	19,904
Lease liabilities		1,337	1,494
Tax payable		537	514
Total current liabilities		24,401	21,912
NET CURRENT ASSETS		129,877	131,611
TOTAL ASSETS LESS CURRENT LIABILITIES		139,677	142,811
NON-CURRENT LIABILITIES			
Lease liabilities		454	936
Total non-current liabilities		454	936
Net assets		139,223	141,875
EQUITY			
Equity attributable to owners of the parent			
Issued capital		32,193	32,193
Reserves		107,030	109,682
Total equity		139,223	141,875

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General information

Solomon Systech (International) Limited and its subsidiaries are a fabless semiconductor group specialising in the design, development and sales of integrated circuits ("IC") products and system solutions that enable a wide range of display applications for smartphones, tablets, smart TVs/monitors, notebooks and other smart devices, including electronic shelf-labels ("ESLs"), wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

The Company was incorporated in the Cayman Islands on 21 November 2003 as an exempted company with limited liability under Cap. 22, the Cayman Islands Companies Law (Law 3 of 1961, as consolidated and revised). The address of its registered office is P.O. Box 31119, Grand Pavilion Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and the address of its principal office in Hong Kong is Unit 607-613, 6/F. Wireless Centre, 3 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 8 April 2004. This interim condensed consolidated financial information is presented in US dollars, unless otherwise stated.

The interim condensed consolidated financial information has been reviewed but not audited, and it was approved for issue on 21 August 2026.

2. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 (the "period under review") of the Group has been prepared in accordance with HKAS 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

3. Changes in accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The nature and impact of the amended HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

Prior to the initial application of the amendments, the Group derecognised trade payables that were settled by cheques upon the issuance of cheques to creditors. Upon applying the amendments, trade payables that were settled by cheques are derecognised on the settlement date which is the date when the cheques are cleared by banks. The change in accounting policy did not have a material impact on the Group's interim condensed consolidated financial information. The change in accounting policy will be reflected in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) *Annual Improvements to HKFRS Accounting Standards – Volume 11* set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

4. Segment information and disaggregation of revenue

The Group is principally engaged in the design, development and sales of proprietary IC products and system solutions that enable a wide range of display and touch applications for smartphones, tablets, smart TVs/monitors, notebooks and other smart devices, including electronic shelf-labels (ESLs), wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

The Group has been operating in one single operating segment, i.e., the design, development and sales of IC products and system solutions.

The chief operating decision-makers have been identified as the Executive Director and the senior management led by the Chief Executive Officer. The Executive Director and senior management reviewed the Group's internal reporting as a whole to assess performance and allocate resources. A management approach has been used for the operating segment reporting.

Sales amounted to US$43,723,000 for the six months ended 30 June 2026 (1H 2025: US$45,934,000).

The Group mainly operates in Hong Kong. During the Period under review, the Group's products were mainly sold to customers located in Hong Kong, Europe and Taiwan.

(a) Revenue from contracts with customers disaggregated by geographical market

	Unaudited Six months ended 30 June 2026 US$'000	2025 US$'000
Hong Kong	24,908	28,033
Europe	6,282	7,243
Taiwan	7,184	7,029
Japan	2,138	2,316
Mainland China	3,033	1,142
Korea	119	66
South East Asia	4	21
USA	1	–
Others	54	84
	43,723	45,934

Sales are classified based on the places/countries in which customers are located.

(b) Revenue from contracts with customers disaggregated by product types

	Unaudited Six months ended 30 June 2026 US$'000	2025 US$'000
New Display ICs	28,149	29,621
OLED Display ICs	7,738	7,270
Mobile Display and Mobile Touch ICs	4,046	5,879
Large Display ICs	3,790	3,164
	43,723	45,934

(c) Non-current assets

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Hong Kong	1,245	1,638
Mainland China	5,719	6,283
Taiwan	1,513	1,604
	8,477	9,525

The non-current asset information above is based on the locations of the assets and excludes financial assets.

(d) Capital expenditures

	Unaudited Six months ended 30 June 2026 US$'000	2025 US$'000
Property, plant and equipment		
Mainland China	**14**	1,777
Hong Kong	**109**	47
Taiwan	**–**	15
	123	1,839

Capital expenditures are listed based on the locations of assets.

(e) Major customers

For the six months ended 30 June 2026, the largest and second largest customers were located in Hong Kong and Europe, respectively. Sales to those customers were US$21,880,000 and US$4,582,000, respectively, which individually accounted for over 10% of the Group's total revenue. For the six months ended 30 June 2025, the largest and second largest customers were located in Hong Kong and Europe, respectively. Sales to those customers were US$23,872,000 and US$5,912,000, respectively, which individually accounted for over 10% of the Group's total revenue.

5. (Loss)/profit before tax

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Unaudited Six months ended 30 June 2026 US$'000	2025 US$'000
Cost of inventories sold	**31,227**	29,521
Provision/(reversal of provision) for obsolete or slow-moving inventories, net	**41**	(2,213)
Depreciation of property, plant and equipment (note 1)	**788**	816
Depreciation of right-of-use assets (note 2)	**650**	699

Note 1: Depreciation expense of US$410,000 (1H 2025: US$389,000) has been charged in cost of sales, US$42,000 (1H 2025: US$53,000) in research and development costs and US$336,000 (1H 2025: US$374,000) in administrative expenses.

Note 2: Depreciation of right-of-use assets of US$64,000 (2025 1H: US$62,000) is included in "Cost of sales" in the interim condensed consolidated statement of profit or loss.

6. Finance income – net

	Unaudited Six months ended 30 June	
	2026	2025
	US$'000	US$'000
Interest income	**1,607**	2,171
Interest on bank loans	**–**	(5)
Interest on lease liabilities	**(55)**	(86)
	1,552	2,080

7. Income tax

No provision for Hong Kong profits tax has been made for the current period as the Group has no estimated assessable profits arising in Hong Kong for the period. In the prior period, no provision for Hong Kong profits tax was made as the Group had available tax losses brought forward from previous years to offset the assessable profits generated in the prior period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Unaudited Six months ended 30 June	
	2026	2025
	US$'000	US$'000
Current – Elsewhere – income tax		
– Charge for the period	**–**	101
Total tax charge for the period	**–**	101

8. (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share is calculated based on the Group's (loss)/profit for the Period attributable to owners of the parent and the weighted average number of ordinary shares of 2,497,752,351 (1H 2025: 2,497,752,351) outstanding during the period.

The Group's loss for the Period attributable to owners of the parent was US$3,953,000 (1H 2025: Profit of US$4,003,000).

(b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is calculated based on the Group's (loss)/profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after adjusting for the effects of all dilutive potential ordinary shares during the Period.

The information related to the weighted average number of ordinary shares is as follows:

	Number of shares Unaudited Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares outstanding	**2,497,752,351**	2,497,752,351
Conversion of all dilutive share options outstanding [i]	**–**	–
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	**2,497,752,351**	2,497,752,351

(i) No adjustment has been made for the six months ended 30 June 2026 as there is no dilutive effect on the 250,000 share options (six months ended 30 June 2025: 500,000 share options) outstanding for the weighted average number of ordinary shares.

9. Dividend

The Board resolved not to declare an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

10. Trade and other receivables, prepayments and deposits

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Trade receivables	**9,486**	9,605
Trade receivables from related parties	**10,894**	13,806
Impairment	**(241)**	(215)
Trade receivables – net	**20,139**	23,196
Other receivables, prepayments and deposits	**9,561**	4,906
Prepayments to related parties	**100**	226
Impairment	**(9)**	(12)
Trade and other receivables, prepayments and deposits – current portion	**29,791**	28,316
Other receivables, prepayments and deposits – non-current portion	**104**	456
	29,895	28,772

As at 30 June 2026, the Group's trade receivables from corporate customers were mainly on credit terms of 30 to 90 days. The ageing analysis of trade receivables, based on invoice date and net of loss allowance, is as follows:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
1–30 days	**11,628**	14,675
31–60 days	**4,236**	3,598
61–90 days	**2,143**	4,022
91–180 days	**297**	670
181–360 days	**1,835**	–
Over 360 days	**–**	231
	20,139	23,196

The movements in the loss allowance for impairment of trade receivables are as follows:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
At beginning of Period/year	**215**	201
Impairment losses	**26**	14
At end of Period/year	**241**	215

11. Trade and other payables

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Trade payables	**6,848**	5,973
Trade payables to a related party	**71**	3
	6,919	5,976
Accrued expenses and other payables	**13,472**	11,941
Contract liabilities	**716**	621
Refund liabilities	**1,420**	1,366
	22,527	19,904

As at 30 June 2026, the ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
1–30 days	**3,757**	2,875
31–60 days	**1,991**	1,457
61–90 days	**718**	1,028
Over 90 days	**453**	616
	6,919	5,976

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW & OUTLOOK

Business Review

In the first half of 2026, sustained investment in AI-related infrastructure continued to drive robust demand for GPU, memory, storage, and power management related ICs, resulting in high utilisation in foundry capacity. As these products share certain foundry resources with display driver ICs, persistently high capacity utilisation at foundries has driven up wafer prices, resulting in higher production costs for the Group. In response to evolving market conditions, the Group has continued to optimise its product portfolio, strengthen supply chain management and implement cost-control measures to enhance operational efficiency. Nevertheless, rising wafer and gold prices have continued to adversely affect the Group's gross profit margin and overall profitability.

For the six months ended 30 June 2026 (the "Period"), the Group's shipment volume declined by approximately 3.8% year on year to approximately 153.7 million units, compared with 159.7 million units in the same period last year. The decrease was mainly attributable to the delayed launch of the latest generation products, although part of the impact was offset by the commencement of mass production of other products.

Amid continued price reductions in end products and intensifying market competition, the average selling price of the Group's products declined. Together with a slight decrease in shipment volume, this resulted in the Group's revenue decreasing by approximately 4.8% year on year, from US$45.9 million to US$43.7 million. In addition, rising wafer costs and the increase in gold prices, which substantially drove up production costs, resulted in the Group's gross profit margin decreasing to 27.4% during the Period.

The Group's performance in the second quarter improved significantly compared with the first quarter, benefiting from the gradual mass production of certain products from the second quarter of 2026 and the progressive effectiveness of its cost-control measures. However, as production costs remained higher than those in the same period last year, the Group still recorded a loss during the Period.

Looking ahead to the second half of the year, with new products being progressively launched and the relevant projects gradually entering into mass production, together with steady progress in marketing initiatives, the Group expects its revenue and operating performance to improve gradually. The Group will continue to optimise its product portfolio, strengthen supply chain management, enhance cost control and capacity planning, with a view to improving overall operational efficiency and market competitiveness.

New Display ICs

New display IC products primarily refer to the Group's bistable display products. Bistable display is a non-traditional display technology in which the display device is illuminated by reflecting ambient light.

Electronic shelf labels ("ESLs") enable flexible price updates, enhance operational efficiency and facilitate inventory management. They can not only reduce long-term costs, but also help lower retailers' carbon footprints, in line with the global trend towards paperless and sustainable operations. These advantages have driven the widespread adoption of ESLs in Europe and North America, while their use has also been gaining traction in Asian countries in recent years. The Group has been an early mover in this market, having focused on the development of ESL IC products for many years. ESLs using our ICs are now in a number of leading supermarket chains worldwide.

The three-colour (E4) and four-colour (E5) electronic display labels available on the market have completed their upgrade cycles, and the Group has likewise completed the specification upgrades for all models of its four-colour display labels. Meanwhile, the market is moving towards multi-colour display specifications to meet retailers' growing demand for enhanced customer experience and product differentiation. In view of this market upgrade trend, the Group is actively developing a new generation of colour electronic display label IC products, focusing on E5 (3-bit) and E6 e-paper applications supporting seven-colour and above display capabilities. During the Period, the Group successfully launched a series of such IC products, including SSD2692, SSD2693, SSD2695, SSD2690 and SSD2696 (3-bit). These products have been adopted by customers for module design, laying a solid foundation for future mass production and market penetration.

During the Period, shipment volume of the Group's new display IC products decreased slightly compared with the corresponding period last year. Amid intensified market competition and a decline in average selling prices, revenue from the related business also decreased slightly year on year. In addition, continued tightness in wafer supply and rising production costs resulted in a year-on-year decline in the gross profit margin of these products. Starting from the second half of the year, the Group secured medium- to long-term supply agreements with major wafer suppliers, and wafer supply is expected to become relatively stable.

In addition to standard IC products, the Group has been actively collaborating with customers on customised IC projects, such as developing application solutions using Gate-on-Array ("GOA") technology to enhance product differentiation and meet customers' diverse needs. The Group will continue to enrich its customised IC product portfolio to cope with market demand, thereby expanding business opportunities and strengthening its market competitiveness.

Apart from that, the Group continues to explore applications of e-paper technology beyond ESLs. Building on the development of E Ink Holdings Inc.'s Prism™ 3 multi-colour e-paper film technology, this segmented e-paper technology enables dynamic colour changes across a wide range of applications, including home appliances, vehicle exteriors, interior décor and wearable products, allowing for greater product personalisation. Prism™ 3 can be freely cut and applied to three-dimensional surfaces, significantly enhancing its application flexibility in different areas. The Group is currently developing corresponding driver IC products, with samples expected to be completed in the third quarter of 2026. This will further broaden the application opportunities for e-paper technology in the consumer, smart home and industrial markets.

Looking ahead to the second half of the year, with the continued advancement of colour e-paper technology and growing demand from end customers for enhanced display performance and product differentiation, the e-paper market is expected to sustain steady growth. The Group will continue to advance new product development and expand applications, while deepening collaboration with customers and industry partners to capture the opportunities in these markets.

Meanwhile, amid persistently strong wafer demand and tight capacity supply, production costs are expected to remain relatively high in the second half of the year, while product prices will be adjusted in response to overall supply and demand conditions. The Group will mitigate the impact of rising costs on business performance by optimising supply chain management, strengthening cost control and enhancing operational efficiency, thereby reinforcing the foundation for long-term growth.

OLED Display ICs

Solomon Systech offers a comprehensive portfolio of OLED display driver ICs for a broad range of applications, including passive matrix OLED ("PMOLED"), mini/micro-LED and icon IC products. The Group is the world's largest supplier of PMOLED display driver ICs and holds a leading global market share based on the shipment volume during the Period. The Group offers a comprehensive range of PMOLED driver ICs, from icon-based to dot-matrix formats, and from monochrome and greyscale displays to fully integrated full-colour solutions, making them ideal display solutions for portable electronic devices. During the Period, driven by the mass production of drone and action camera projects, the Group recorded growth in both the shipment volume and sales revenue of its OLED display IC products.

The Group offers a range of cost-competitive icon ICs. Since their launch in 2023, customers have continued to launch and market end products incorporating these icon ICs. Designed for displays ranging from 1 to 4 inches, these icon ICs are suitable not only for portable devices but also support the Group's expansion into the large-panel segment of the smart home appliance market. Smart appliances have become an increasingly prominent market trend, and the Group will continue to monitor the growing demand for smart home solutions and Internet of Things ("IoT") applications. During the Period, the Group also continued to promote its newly developed IC products supporting transparent PMOLED displays. Transparent PMOLED is an emerging technology that can be applied to end products requiring see-through displays, such as diving masks and golf ball tracking glasses. In addition, one of the Group's OLED products was successfully adopted by a gaming terminal customer for module design and is expected to enter mass production in the second half of the year, providing further support for business growth.

The Group is also a pioneer in mini/micro-LED applications. Its mini-LED display driver IC (DDI) solution for 50- to 100-inch indoor display signage has been in mass production since 2018. The solutions are currently deployed by film studios in the United States to create dynamic virtual scenes on filming sets. In 2023, the Group launched the world's first small-sized passive micro-LED display driver IC, the SSD2363. The product supports next-generation, high-brightness 16.7-million-colour displays of 3 inches or smaller, making it suitable for applications including wearable devices, home appliances and industrial equipment. Currently, the IC is primarily supplied to customers for validation and functional testing of micro-LED features in their end products. The Group is also actively engaging with customers across different segments to drive adoption of the IC in various high value-added projects, including the portable electronics market.

Meanwhile, the reduction in the market supply of 8-inch wafers, due to production capacity adjustments by certain foundries, has resulted in increasingly tight supply of 8-inch wafers, presenting certain challenges in supply chain management for OLED display IC products. To ensure a stable product supply and meet customer demand, the Group has implemented appropriate production capacity allocation and deployment measures, including entering medium- to long-term agreements with wafer foundries to secure supply. These arrangements are progressing smoothly and are expected to provide ongoing support for product supply in the coming years, while enhancing supply assurance and operational resilience. Leveraging its stable customer base and continued introduction of new products, the Group will continue to capitalise on growth opportunities in the drone, smart device and other high value-added application markets.

Mobile Display and Mobile Touch ICs

Solomon Systech offers a broad range of mobile display and mobile touch IC solutions and continues to expand its product portfolio. Its offerings include In-Cell Touch display driver ICs, TFT display driver ICs, STN display driver ICs, MIPI bridge ICs and display controller ICs, supporting a wide range of industrial and consumer products, including smartphones, tablet computers, wearable devices, gaming devices and IoT equipment. The Group is a pioneer in MIPI display solutions and offers a range of proprietary features that support high-resolution, high-speed and low-power display performance for smart devices.

During the Period, both shipment volume and sales revenue from the Group's mobile display and mobile touch IC products decreased compared with the same period last year. This was mainly attributable to rising prices of key components, such as memory and solid-state drives, which increased the overall costs and retail prices of end products, thereby affecting market demand. In addition, certain supply chain constraints affected product shipments, resulting in a decline in the sales performance of these products compared with the same period last year.

The Group has extensive experience in TDDI technology, with its game controller ICs designed to deliver greater control accuracy, faster response times and longer battery life. Leveraging these technological advantages, the Group remains attentive to emerging opportunities in the consumer market and high-value-added application areas such as automotive displays, as well as evolving demand trends for high-brightness and outdoor display applications, with a view to further enhancing the competitiveness of its products. Meanwhile, development of the Local Dimming ("LoD") bridge IC for automotive head-up displays ("HUDs") is progressing steadily, with related samples expected to be completed during the year.

Looking ahead to the second half of the year, the Group will continue to expand applications for its mobile display and mobile touch ICs across a broader range of fields, including actively pursuing design projects for next-generation game controllers, with a view to extending product lifecycles and capturing a greater share of the market. In addition, the Group will accelerate the development and testing of its LoD bridge IC for automotive HUDs, with the aim of completing and launching the relevant SoC samples in the fourth quarter of 2026. The Group will actively promote these products to customers and pursue project opportunities. The Group will also continue to engage with customers across a range of end-product segments to gain a deeper understanding of their requirements and develop products tailored to specific applications.

Large Display ICs

The Group remains committed to collaborating with leading display panel manufacturers in China and overseas to develop a comprehensive range of large display driver IC solutions. These solutions support a wide range of applications, including commercial displays, high-end gaming monitors, smart televisions of various sizes, as well as medium- and large-format colour e-paper signage, e-paper bulletin boards, e-book readers and e-wallets.

During the Period, the Group's large display IC business maintained stable performance, with continued shipments of new colour e-paper display products. In particular, the Gallery 3 colour e-paper notebook solution, which is already in mass production, continued to gain market adoption, providing a stable revenue contribution to the relevant business and driving shipment volume growth compared with the same period last year.

In the e-paper display market, the Group is actively adopting large-size colour e-paper display driver IC solutions featuring the miniLVDS interface, targeting applications ranging from 20-inch to 75-inch smart media signage and outdoor e-paper signage (Spectra™ 6). During the Period, end-product validation of the relevant solutions across various sizes commenced. Certain products have successfully entered mass production, while mass production and shipments of the remaining sizes are expected to commence in the second half of the year. Meanwhile, the Group is progressing the development of a 16-level greyscale e-paper e-wallet solution and a single-IC, high-resolution black-and-white integrated (All-in-One) IC solution. The relevant products are expected to be launched in the fourth quarter of 2026, enabling the Group to capitalise on growth opportunities in the portable e-paper device market.

Looking ahead to the second half of the year, the Group will continue to secure additional wafer capacity to support mass production projects for e-paper notebooks and e-paper signage and meet growing customer demand. At the same time, the Group will accelerate the promotion of its E6 e-paper display driver solutions. In addition to existing mass production projects, the Group will actively expand its customer base to include more display panel manufacturers and end-product customers, thereby further broadening its market coverage. Meanwhile, development of the single-IC, high-resolution black-and-white integrated IC solution will proceed as planned, with mass production and shipments to customers scheduled for the fourth quarter. Furthermore, the Group is planning to develop an AIO (All-in-One) integrated e-paper driver IC for large-size e-paper signage. It is expected to commence in the third quarter of 2026, with samples expected to be available in 2027. This will further enhance the Group's product portfolio and create new growth momentum for its future business development.

Outlook

Looking ahead to the second half of the year, the global economic and geopolitical environment remains subject to considerable uncertainty. Frequent changes in United States tariff policies and trade measures may affect global supply chains and market demand. Meanwhile, sustained strong demand for GPU, memory, storage, and power management related ICs is keeping foundry capacity tight and expected to continue to exert cost pressure on the display driver IC industry. Against this complex operating environment, the Group will continue to optimise its product portfolio and supply chain strategy, while strengthening cost control and enhancing operational efficiency to improve its overall competitiveness.

In terms of product development, the Group will continue to focus on e-paper, OLED display and other high value-added application markets. In the e-paper business, products including seven-colour electronic display labels, Gallery 3 colour e-paper notebooks, single-IC high-resolution black-and-white integrated (All-in-One) IC and E6 e-paper signage driver solutions will progressively enter the customer validation, product introduction and mass production stages, and are expected to provide new sources of revenue for the Group. At the same time, the Group will continue to advance the development of Prism™ 3, GOA technology and other customised IC projects, further expanding market opportunities for e-paper technology in consumer electronics, smart home and industrial applications. In addition, the mini-LED backlighting solution incorporating a LoD bridge IC for automotive HUDs will be launched in the second half of the year.

Leveraging its ample resources, technological expertise and diversified product portfolio, the Group will continue to advance the development and commercialisation of new products, while deepening collaboration with customers and partners to seize market opportunities and drive steady business growth.

FINANCIAL REVIEW

Revenue and Results Overview

The Group recorded a decrease of about 4.8% in revenue to US$43.7 million during the Period (1H 2025: US$45.9 million). Gross profit of US$12.0 million and gross margin of 27.4% were recorded by the Group during the Period (1H 2025: US$18.2 million and 39.6%, respectively). The decrease in revenue, gross profit and gross profit margin was mainly attributable to the increase in the cost of production, which arose from semiconductor supply chain bottlenecks in the global chip ecosystem, that led to increase in production cost, and also constrained output despite growing demand.

Selling and distribution expenses of US$1.7 million represented an increase of 4.4%, while general and administrative expenses of US$5.3 million, represented an increase of 1.8%, respectively, as compared to the corresponding period of last year. The Group will continue the on-going effective and stringent cost control measures to enhance operational efficiency.

The Group has allocated resources to the products that more adopt with the global market trend and market needs and remains selective in its product R&D spending. The R&D costs during the Period amounted to US$10.2 million (1H 2025: US$9.9 million), representing an increase of 3.0%, the R&D costs to sales ratio for the Period was about 23.4% of the total revenue for the six months ended 30 June 2026 (1H 2025: 21.6%), an increase of 1.8 percentage point when compared with the same period of last year. The Group is committed to its long-term development and has set a bold target in R&D for innovation to solidify its leading position in IC display industry.

The Group reported a net loss attributable to owners of the parent of US$4.0 million during the Period (1H 2025: net profit US$4.0 million). The Board does not recommend a payment of an interim dividend for the six months ended 30 June 2026.

Despite the decrease in unaudited consolidated profit attributable to shareholders in the first half of year 2026 when compared with the first half of year 2025, the Group is still able to maintain a stable IC shipment in the first half of 2026, which shows the Group's capability to maintain a stable market share despite unfavourable market condition. At the same time, we have sufficient resources to support our continued commitment to research and development projects, which is critical to sustain the long term competitiveness of the Group.

Liquidity and Financial Resource

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Current assets	**154,278**	153,523
Current liabilities	**24,401**	21,912
Net current assets	**129,877**	131,611
Current ratio	**6.3**	7.0

The Group's current ratio was 6.3 as at 30 June 2026 (31 December 2025: 7.0), reflecting a strong liquidity in its financial position. The working capital position, represented by net current assets was US$129.9 million (31 December 2025: US$131.6 million), which had no significant adverse change from the last financial year-end.

The Group has invested in financial assets (mainly bank deposits) as part of its treasury management for interest income. During the Period, the Group recorded an interest income of US$1,607,000 (1H 2025: US$2,171,000).

Treasury Management

The Group has an internal treasury review team (the "Team") to execute treasury management policy, review the overall investment portfolio and monitor the performance on a regular basis to increase the yield of cash reserves. The Team conducts regular review meetings or teleconferences with individual external portfolio managers and holds internal review meetings to evaluate and monitor the investment performance.

Total cash and cash equivalents and pledged bank deposits of the Group were US$110.5 million as at 30 June 2026 (31 December 2025: US$106.9 million), an increment of US$3.6 million, of which US$2.5 million denominated in US dollars (31 December 2025: US$2.5 million) were pledged to banks to secure general banking facilities for general operating purposes. Cash and cash equivalents and bank deposits of the Group were mainly denominated in US dollars, New Taiwan dollars, Australian dollars, Hong Kong dollars and Renminbi.

The Group will continue to allocate funds for product development, securing production capacity, broadening its customer base and capturing market and sales opportunities, entering into strategic corporate ventures and meeting general corporate operational purposes. The Group will also continue to execute its treasury management policy to enhance the yield of cash reserves during period of low interest return. As at 30 June 2026, the Group had no major borrowing. The Group's cash balance was mainly invested in various deposits in banks.

Most of the Group's trade receivables and payables are quoted in US dollars. The Group closely monitors the movement of foreign exchange rates and constantly seeks to obtain favorable exchange rates for conversion of US dollars into other currencies for paying local operating expenses. During the Period, the Group did not use any derivative instruments to hedge against foreign currency exposure in its operations as the Board considered this exposure to be insignificant.

Capital Expenditure and Contingent Liabilities

During the Period, capital expenditure of the Group was US$123,000 (1H 2025: US$1.8 million).

As at 30 June 2026, there was US$1.7 million capital expenditure contracted but not provided for (31 December 2025: US$2.2 million).

Aside from the aforesaid, the Group had no other material capital commitment or contingent liability.

Acquisition and Disposal of Material Subsidiaries and Associates

The Group did not acquire or dispose of any material subsidiaries and associates during the Period.

Charge of Assets

As at 30 June 2026, pledged bank deposits which amounted to US$2.5 million (31 December 2025: US$2.5 million) were pledged to banks to secure against banking facilities.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 30 June 2026, the Group had a total workforce of 279 employees*. About 37% of the workforce were based at the Hong Kong headquarters, with the rest located in China and Taiwan. Employee salaries and other benefit expenses increased to US$12.0 million during the Period from US$11.9 million in the first half of 2025, which represented an increase of 0.8%. There was no significant change in the total amount of staff cost and employee benefit expenses. The Group's remuneration policies are formulated on the performance of individual employees, which will be reviewed every year. Apart from the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes for Hong Kong employees) or the government-managed retirement pension scheme (for Mainland China and Taiwan employees), medical and other insurances, discretionary bonus is also awarded to employees according to the assessment of individual performance.

* Data excludes the testing center in Mainland China

CORPORATE GOVERNANCE AND SUPPLEMENTARY INFORMATION

Compliance with Corporate Governance Code

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which the Group considers as critical in safeguarding the integrity of its business operations and maintaining investors' trust in the Company.

The Company has complied with all the applicable Code Provisions in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2026.

Compliance with the Model Code

The Company has its own written guidelines on securities transactions by Directors and relevant employees on terms no less exacting than the required standard set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all Directors, and all Directors have confirmed that they have complied with such guidelines during the six months ended 30 June 2026.

Purchase, Sale or Redemption of the Company's Listed Shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the six months ended 30 June 2026.

Review of Interim Condensed Consolidated Financial Information

The Audit Committee is composed of two Independent Non-executive Directors and one Non-executive Director. The unaudited interim condensed consolidated financial information has been reviewed by the Audit Committee of the Company alongside the management.

The unaudited interim condensed consolidated financial information has been reviewed by the Company's independent auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The auditor's independent review report is included in the Interim Report of the Company.

Publication of Interim Results on the Stock Exchange's Website and the Company's Website

All the interim financial and other related information of the Group required by the Listing Rules has been published on the Stock Exchange's website (*www.hkexnews.hk*) and the Company's website (*www.solomon-systech.com*) on 21 August 2026.

On behalf of the Board
Solomon Systech (International) Limited
Wang Wah Chi, Raymond
Chief Executive Officer

Hong Kong, 21 August 2026

As at the date of this announcement, the Board comprises: (a) Executive Directors – Mr. Wang Wah Chi, Raymond (Chief Executive Officer); (b) Non-executive Directors – Mr. Yang Kun (Chairman), Mr. Xie Shan Shan and Ms Liu Fei; and (c) Independent Non-executive Directors – Dr. Chan Philip Ching Ho, Dr. Kwok Hoi Sing and Mr. Chan Chi Kong.

DEFINITIONS AND GLOSSARY

Board	Board of Directors
Code Provision(s)	Code provision(s) in the Corporate Governance Code contained in Appendix C1 to the Listing Rules
Company	Solomon Systech (International) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Director(s)	The director(s) of the Company
ESL	Electronic Shelf Label
Group	The Company and its subsidiaries
HKAS	Hong Kong Accounting Standards
HK$	Hong Kong dollars
Hong Kong/HK/HKSAR	Hong Kong Special Administrative Region
IC	Integrated Circuit
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
MIPI	Mobile Industry Processor Interface
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
OLED	Organic Light Emitting Diode
PMOLED	Passive Matrix Organic Light Emitting Diode
China/Mainland China	The People's Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
R&D	Product design, development and engineering
the Stock Exchange	The Stock Exchange of Hong Kong Limited
TDDI	Touch and Display Driver Integration
TFT	Thin Film Transistor
UK	United Kingdom
USA/US/United States	United States of America
US$	US dollars