

First Quarter 2024 Financial Results

Diodes Incorporated (DIOD)

Plano, TX, USA

May 9, 2024



Safe Harbor Statement

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements containing forward-looking words such as “expect,” “anticipate,” “aim,” “estimate,” and variations thereof, including without limitation statements, whether direct or implied, regarding expectations of that for the second quarter of 2024, we expect revenue to be approximately \$316 million plus or minus 3 percent; we expect GAAP gross margin to be 33.5 percent, plus or minus 1 percent; non-GAAP operating expenses, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets, are expected to be approximately 28.5 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest income to be approximately \$3.0 million; we expect our income tax rate to be 18.5 percent, plus or minus 3 percent; shares used to calculate diluted EPS for the second quarter are anticipated to be approximately 46.5 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that such expectations may not be met; the risk that the expected benefits of acquisitions may not be realized or that integration of acquired businesses may not continue as rapidly as we anticipate; the risk that we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs, and loadings in our manufacturing facilities; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; risks of domestic and foreign operations, including excessive operating costs, labor shortages, higher tax rates, and our joint venture prospects; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk of unfavorable currency exchange rates; the risk that our future outlook or guidance may be incorrect; the risks of global economic weakness or instability in global financial markets; the risks of trade restrictions, tariffs, or embargoes; the risk of breaches of our information technology systems; and other information, including the “Risk Factors” detailed from time to time in Diodes’ filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP measures. See the Company’s press release on May 9, 2024 titled, “Diodes Incorporated Reports First Quarter Fiscal 2024 Financial Results” for detailed information related to the Company’s non-GAAP measures and a reconciliation of GAAP net income to non-GAAP net income.



DISCRETE
ANALOG
LOGIC
MIXED-SIGNAL

Diodes delivers high-quality (analog, discrete, and mixed signal) semiconductor products to the world's leading companies in the automotive, industrial, computing, consumer electronics, and communications markets



65
Years in
business



32
Consecutive years
of profitability




~8600
Number of
employees



1.7Bn
Annual Revenue
2023



DIOD
Stock
Symbol



46%
of 2023 product
revenue from
automotive/industrial



>28K
Number of
products (SKU)
shipped in 2023



>42Bn
Number of
units shipped
in 2023



>50K
Number of
customers

Vision:
Profitability
Growth to
Maximize
Shareholder Value

Our Core Values:
Integrity,
Commitment,
Innovation

Longer Term \$B Corporate Objectives

- **Goal 1: \$1B Market Cap** ✓
- **Goal 2: \$1B Annual Revenue** ✓
- **Goal 3: \$1B Gross Profit**
- **Goal 4: \$1B Profit Before Tax**

2025+ Target:
\$1B Gross profit

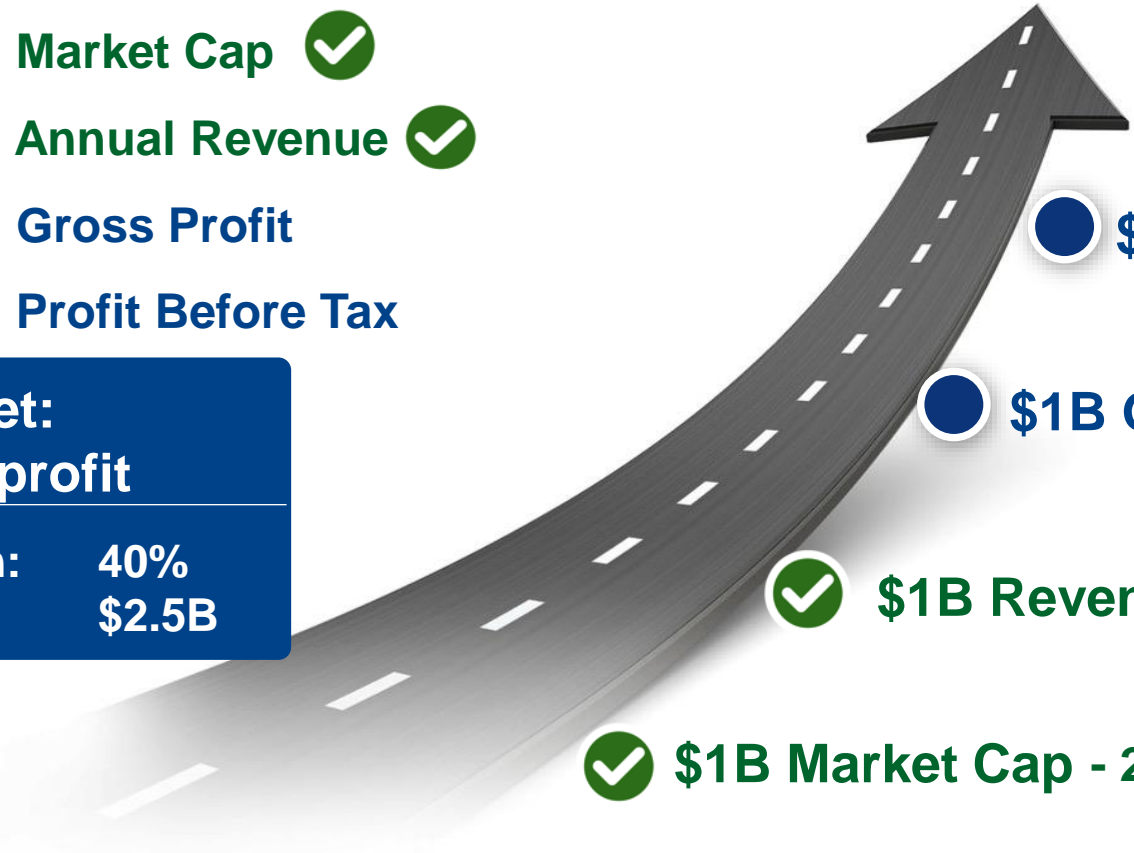
Gross Margin: 40%
Revenue: \$2.5B

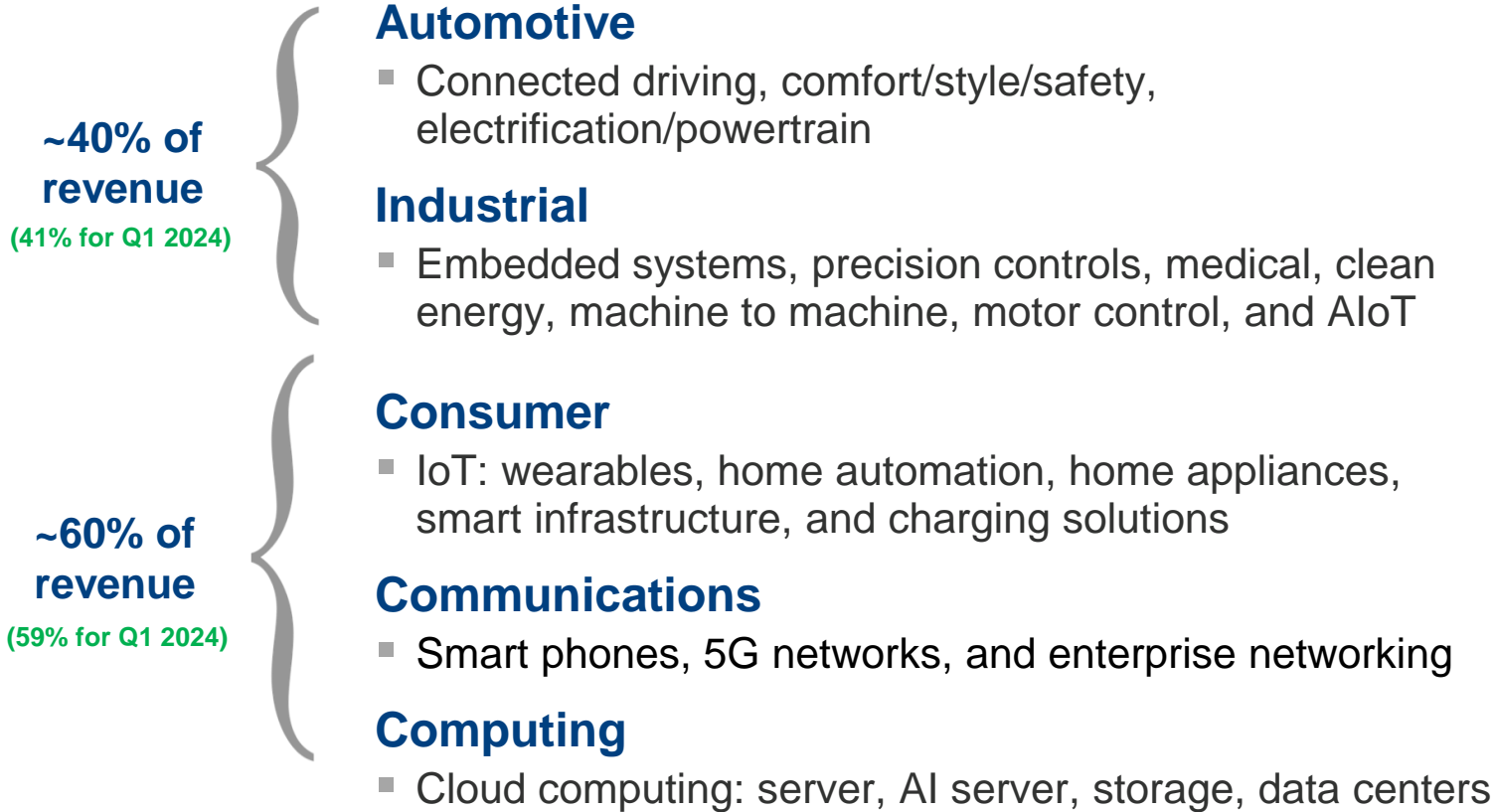
✓ **\$1B Market Cap - 2010**

✓ **\$1B Revenue - 2017**

● **\$1B Gross Profit 2025+**

● **\$1B PBT**

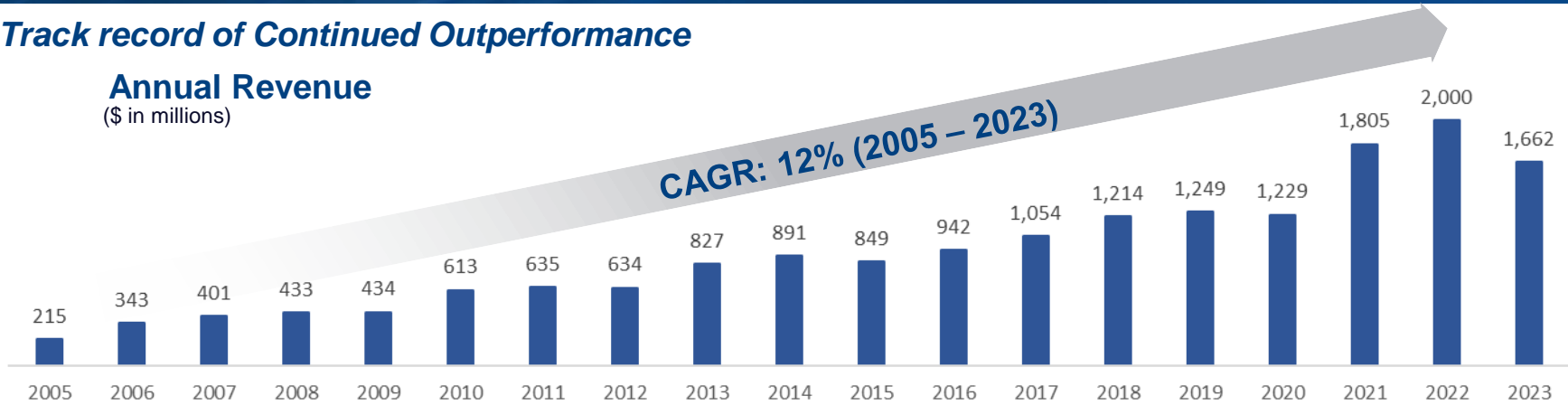




Track record of Continued Outperformance

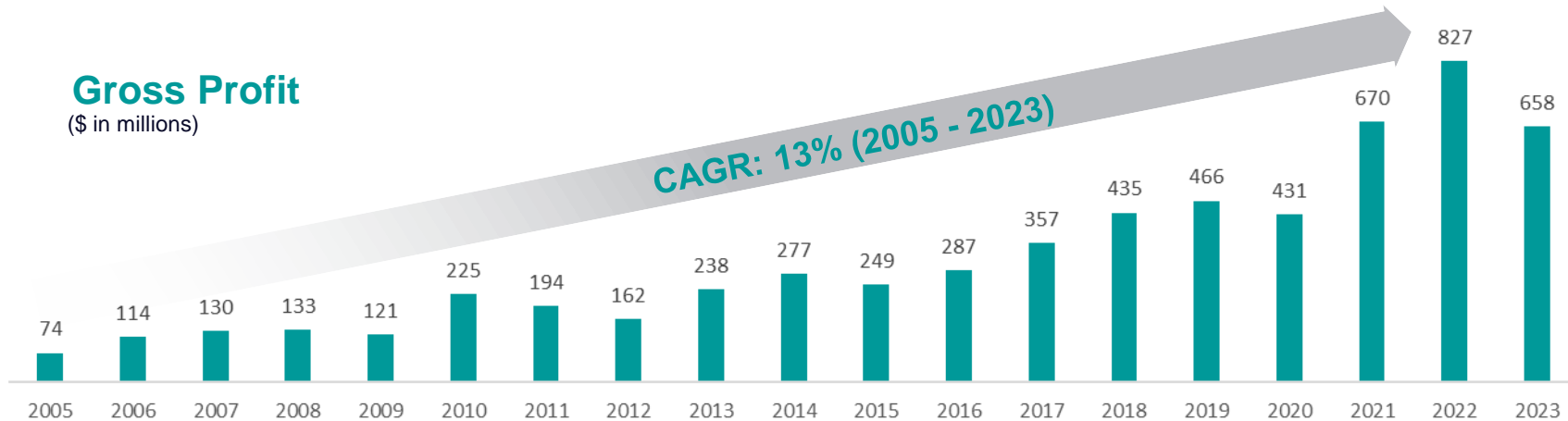
Annual Revenue

(\$ in millions)



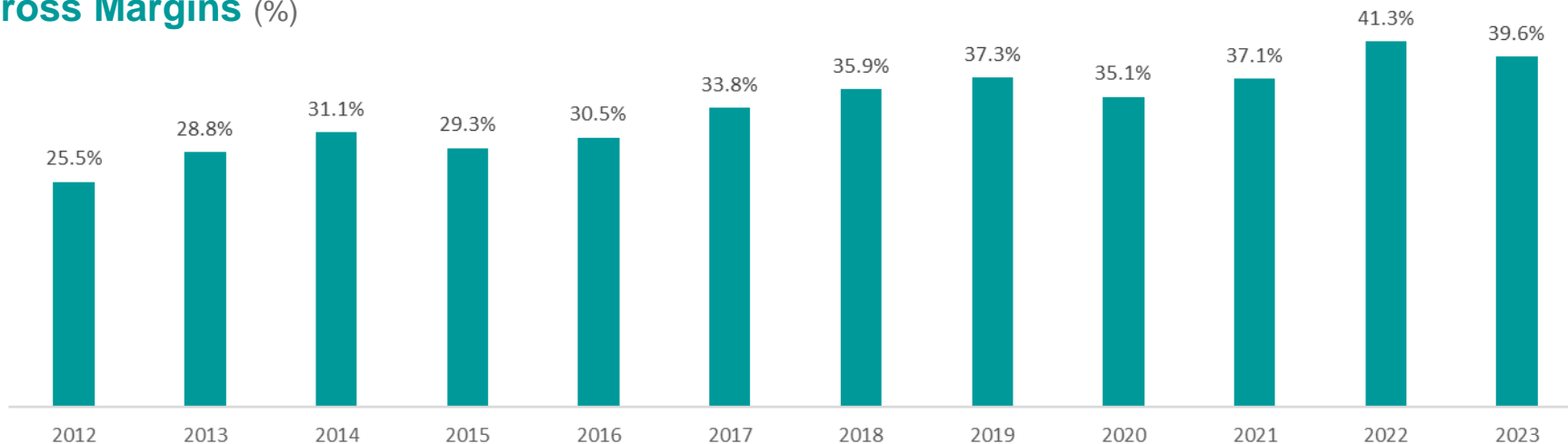
Gross Profit

(\$ in millions)

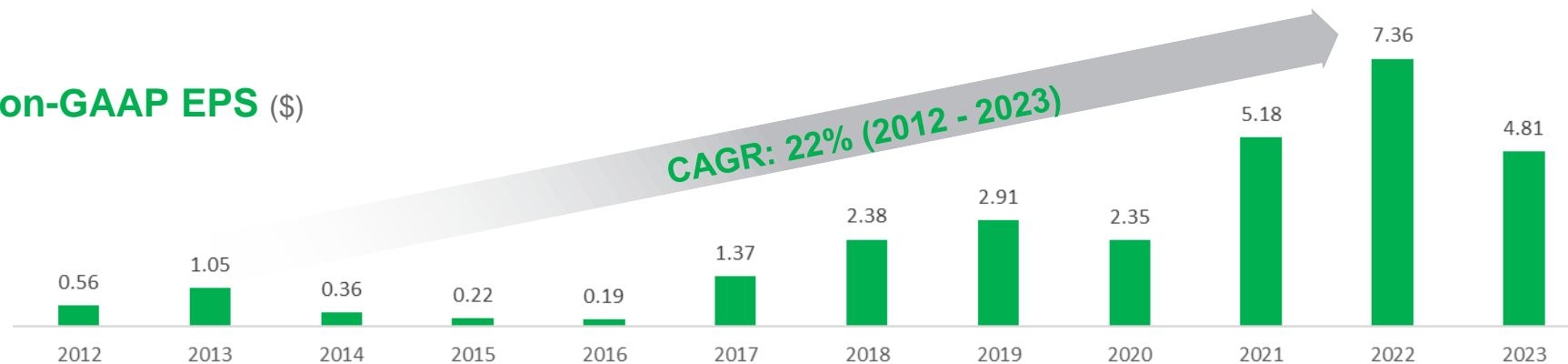


Gross Margins and EPS

Gross Margins (%)



Non-GAAP EPS (\$)





First quarter represented low point in market demand



Automotive and Industrial totaled 41% of product revenue, eighth consecutive quarter exceeding 2025 target of 40%



\$280 million in cash and cash equivalents*



Total debt ~\$70 million



Expect return to seasonal growth in second quarter

Revenue

\$302M

-6.4% Q-Q

GAAP Gross Profit

\$99.6M

-11.5% Q-Q

GAAP Gross Margin

33.0%

- 190 bps Q-Q

Non-GAAP EPS

\$0.28

-45% Q-Q

Non-GAAP
Net Income

\$13M

-44% Q-Q

EBITDA

\$48.3M

17% of Revenue

Cash Flow from Ops

\$31.1M

10.3% of Revenue

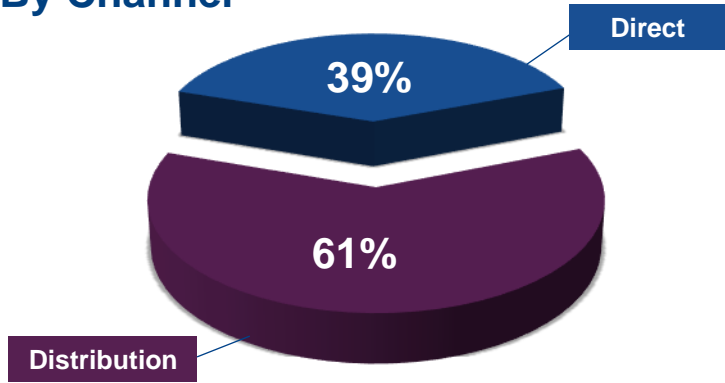
Strong Balance Sheet

\$280M/\$70M

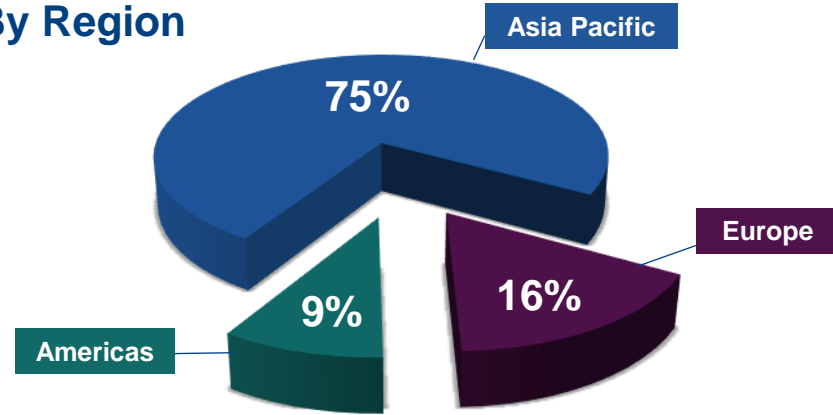
Cash*/Debt

Revenue Profile for First Quarter 2024

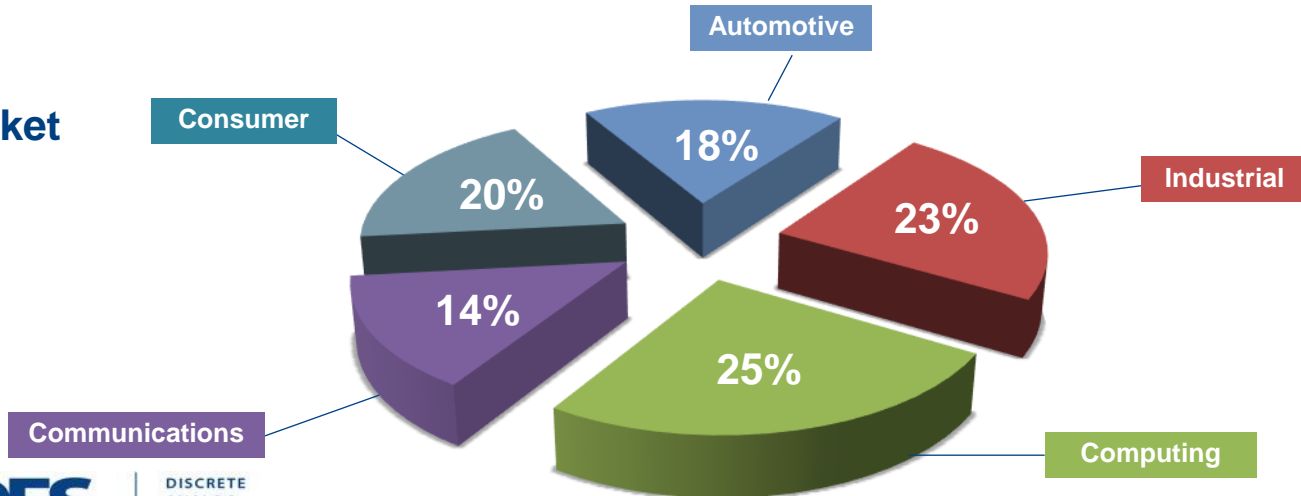
By Channel



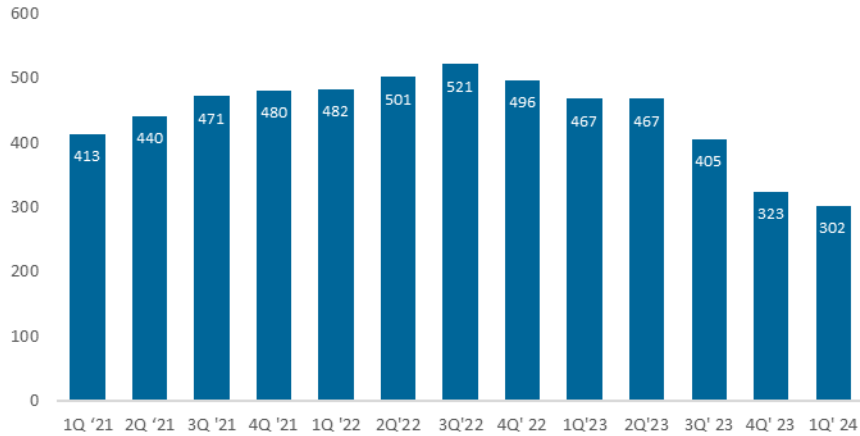
By Region



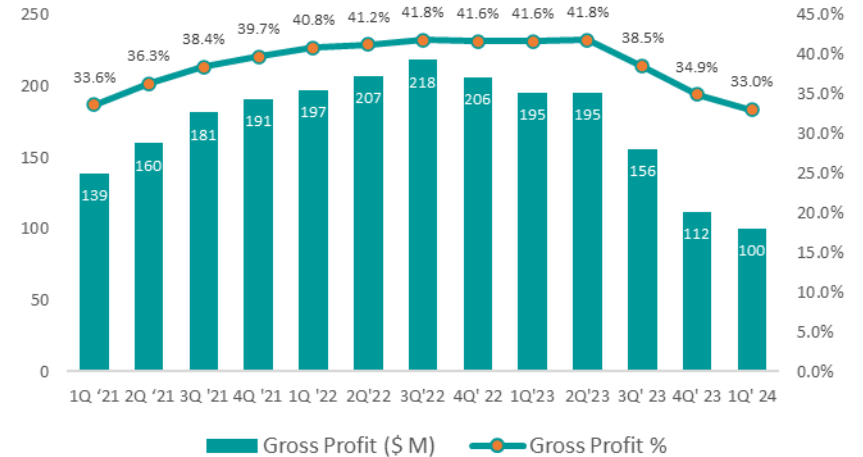
By End Market



Quarterly Revenue (\$ Millions)



Quarterly Gross Profit (\$ Millions)



Income Statement – First Quarter 2024

(\$ in millions, except EPS)	1Q23	4Q23	1Q24
Net sales	467.2	322.7	302.0
Gross profit (GAAP)	194.5	112.5	99.6
Gross profit margin % (GAAP)	41.6%	34.9%	33.0%
Net income (GAAP)	71.2	25.3	14.0
Net income (non-GAAP)	73.4	23.4	13.0
Diluted EPS (non-GAAP)	1.59	0.51	0.28
Cash flow from operations	99.8	38.4	(31.1)
EBITDA (non-GAAP)	121.8	58.4	48.3

Balance Sheet

(\$ in millions)	Dec 31, 2022	Dec 31, 2023	Mar 31, 2024
Cash*	348	329	280
Inventory	360	390	429
Current Assets	1,162	1,187	1,201
Total Assets	2,288	2,368	2,356
Total Debt	185	62	70
Total Liabilities	705	558	531
Total Equity	1,583	1,810	1,825

* Cash and cash equivalents, restricted cash and short-term investments

- **Revenue to be ~\$316 million, +/- 3.0%** represents 4.6% sequential increase at the mid-point
- **GAAP gross margin of 33.5%, +/- 1%**
- **Non-GAAP operating expenses 28.5% of revenue, +/- 1%**, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- **Net Interest income of ~\$3.0 million**
- **Income tax rate to be 18.5%, +/- 3%**
- Shares used to calculate diluted EPS approximately **46.5 million**
- Amortization of **\$3.1 million**, after tax, for previous acquisitions is not included in these non-GAAP estimates

- **Vision: Expand shareholder value**
- **Mission: Profitability growth to drive 20%+ operating profit**
- **Next Strategic Goal: \$1B gross profit**
- **Tactics:**
 - Total system solutions sales approach and content expansion driving growth
 - Focus on key accounts
 - Increased focus on high-margin automotive, industrial, analog, and power discrete products
 - Investment for technology leadership in target products, fab processes, and advanced packaging
 - Accelerate fab process and product qualifications



Thank you

Reconciliation of Net Income to Adjusted Net Income

For the three months ended March 31, 2024

(in thousands, except per share data)

(unaudited)

	Operating Expenses	Other (Income) Expense	Income Tax Provision	Net Income
Per-GAAP				<u>\$ 14,038</u>
Diluted earnings per share (per-GAAP)				<u>\$ 0.30</u>
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,810		(708)	3,102
Non-cash mark-to-market investment value adjustments		(370)	74	(296)
Insurance recovery for manufacturing facility		(4,804)	961	(3,843)
Non-GAAP				<u>\$ 13,001</u>
Diluted shares used in computing earnings per share				<u>46,285</u>
Non-GAAP diluted earnings per share				<u>\$ 0.28</u>

Note: Included in GAAP and non-GAAP net income was approximately \$4.0 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP diluted earnings per share would have improved by \$0.09 per share.

GAAP to Non-GAAP Reconciliation

For the three months ended March 31, 2023

(in thousands, except per share data)

(unaudited)

	Operating Expenses	Other (Income) Expense	Income Tax Provision	Net Income
Per-GAAP				\$ 71,150
Diluted earnings per share (per-GAAP)				\$ 1.54
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,852		(707)	3,145
Officer retirement	2,845		(583)	2,262
Non-cash mark-to-market investment value adjustments		(3,889)	778	(3,111)
Non-GAAP				\$ 73,446
Diluted shares used in computing earnings per share				46,161
Non-GAAP diluted earnings per share				\$ 1.59

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$7.7 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by \$0.17 per share.