

Second Quarter 2024 Financial Results

Diodes Incorporated (DIOD)

Plano, TX, USA

August 8, 2024



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 third quarter of 2024, we expect revenue to be approximately \$346 million plus or minus 3 percent; we expect GAAP gross margin to be 34.0 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 27.5 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest income to be approximately \$2.5 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 third quarter are anticipated to be approximately 46.6 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 August 8, 2024 titled, “Diodes Incorporated Reports Second 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.

Diodes delivers analog and discrete power solutions through its high-quality 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




~8400
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**

**~40% of
revenue**
(41% for Q2 2024)

Automotive

- Connected driving, comfort/style/safety, electrification/powertrain

Industrial

- Embedded systems, precision controls, medical, clean energy, machine to machine, motor control, and AIoT

**~60% of
revenue**
(59% for Q2 2024)

Consumer

- IoT: wearables, home automation, home appliances, smart infrastructure, and charging solutions

Communications

- Smart phones, 5G networks, and enterprise networking

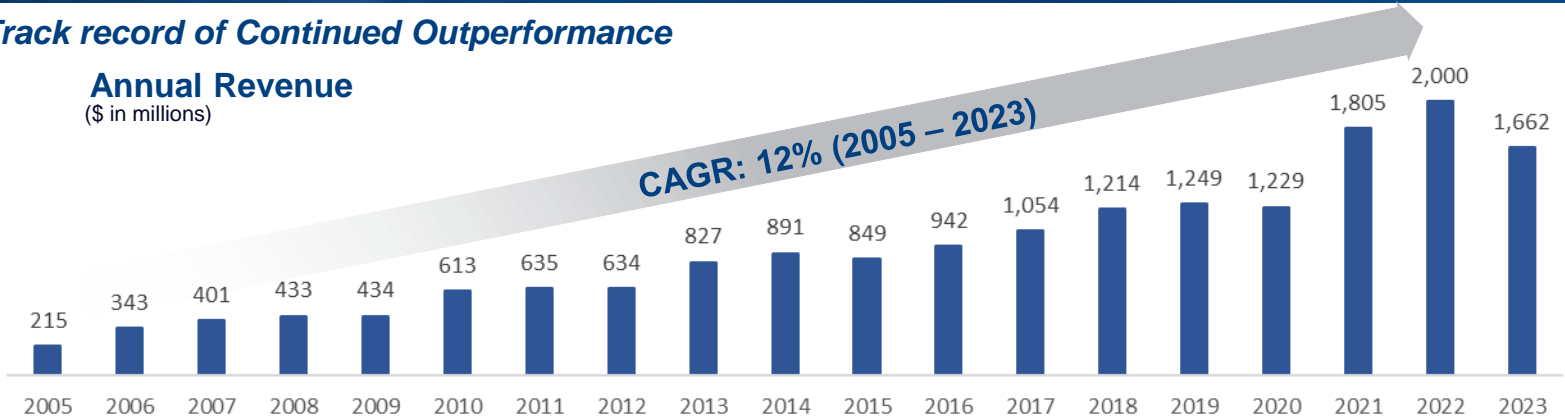
Computing

- Cloud computing: server, AI server, storage, data centers

Track record of Continued Outperformance

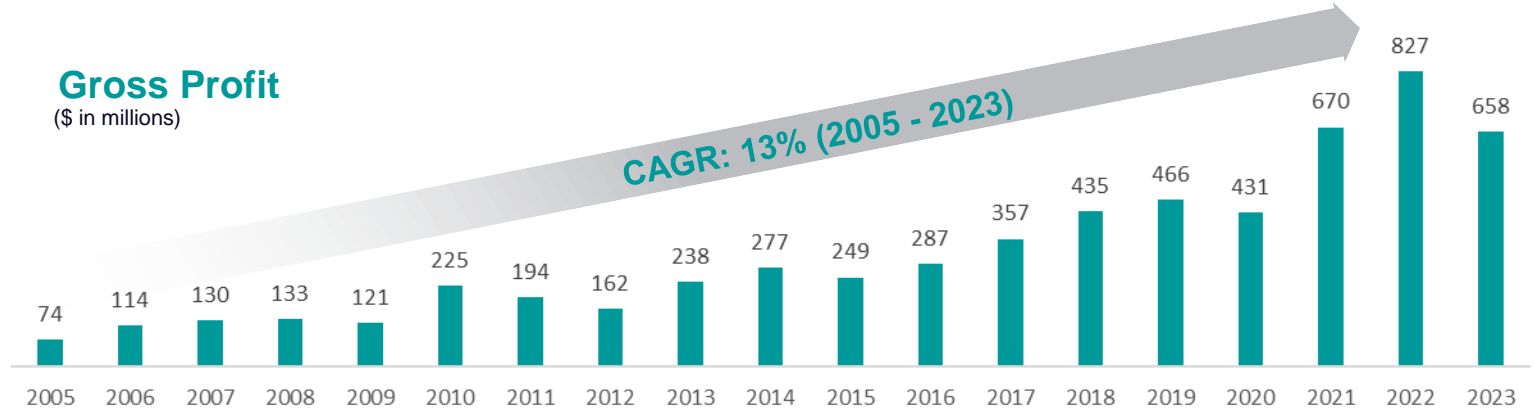
Annual Revenue

(\$ in millions)

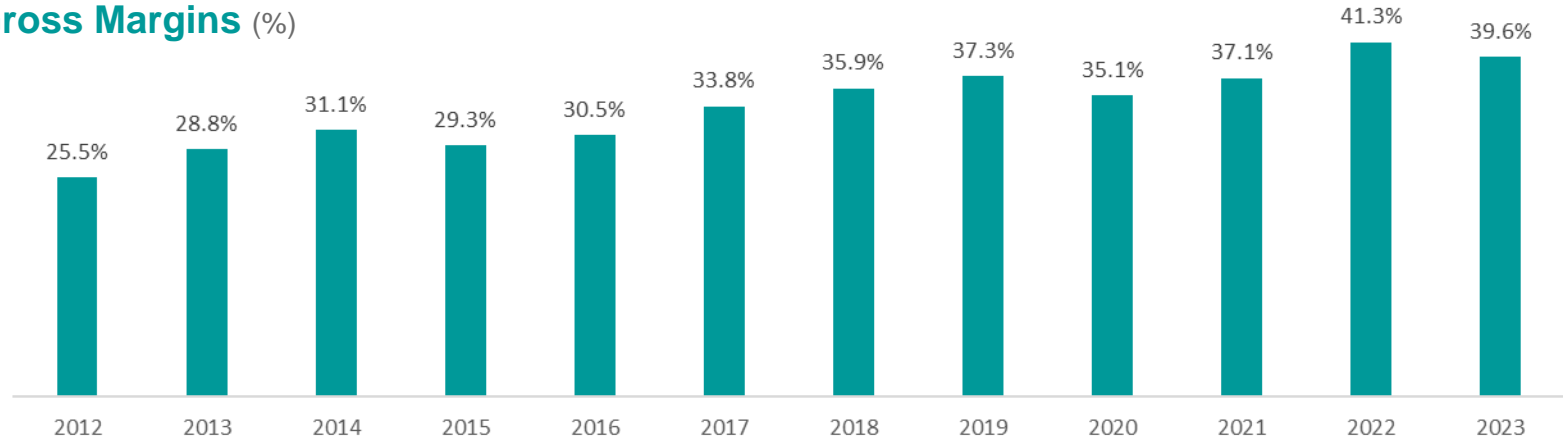


Gross Profit

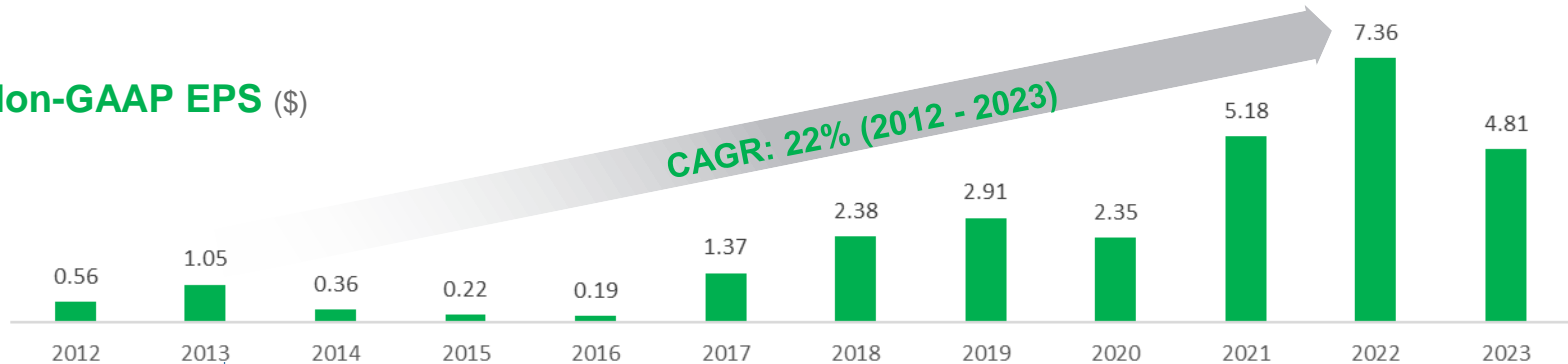
(\$ in millions)



Gross Margins (%)



Non-GAAP EPS (\$)





Revenue increased 5.9% sequentially, above mid-point of guidance



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



Global Point of Sales (POS) increased over 7% sequentially



\$277 million in cash and cash equivalents*; Total debt reduced \$23 million to approx. \$47 million



Guiding 3Q'24 revenue to grow 8.2%, highest sequential growth in 14 quarters

Revenue

\$320M

+5.9% Q-Q

GAAP Gross Profit

\$107.4M

+7.8% Q-Q

GAAP Gross Margin

33.6%

+60 bps Q-Q

Non-GAAP EPS

\$0.33

+17.8% Q-Q

Non-GAAP
Net Income

\$15.4M

+18.5% Q-Q

EBITDA

\$41.1M

12.8% of Revenue

Cash Flow from Ops

\$14.4M

4.5% of Revenue

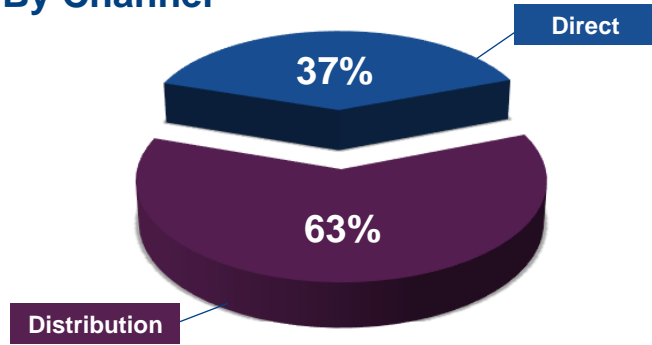
Strong Balance Sheet

\$277M/\$47M

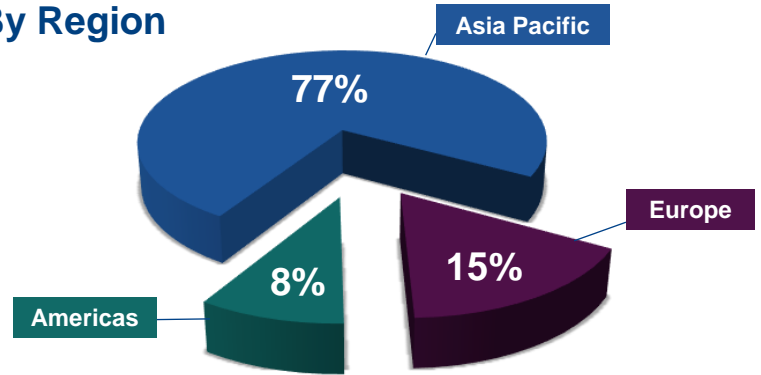
Cash*/Debt

Revenue Profile for Second Quarter 2024

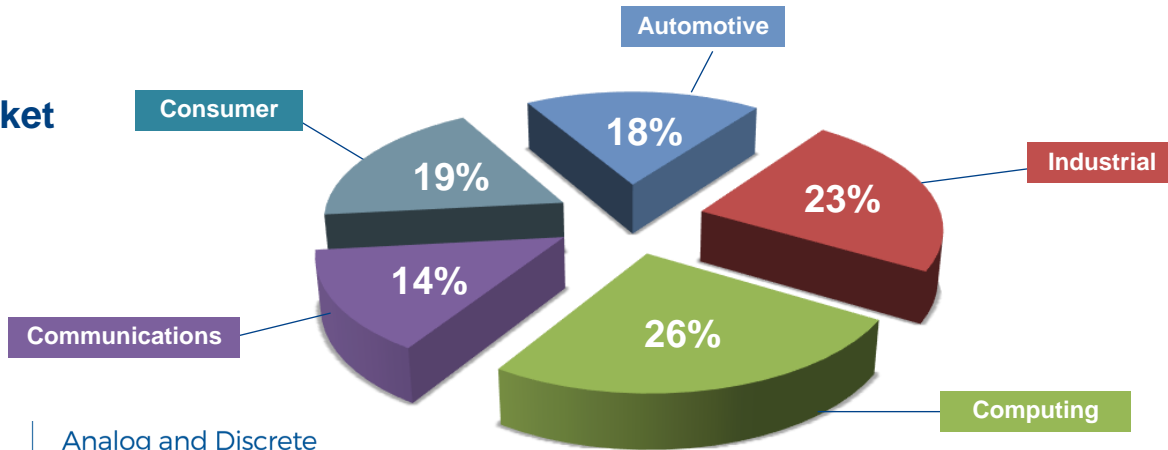
By Channel



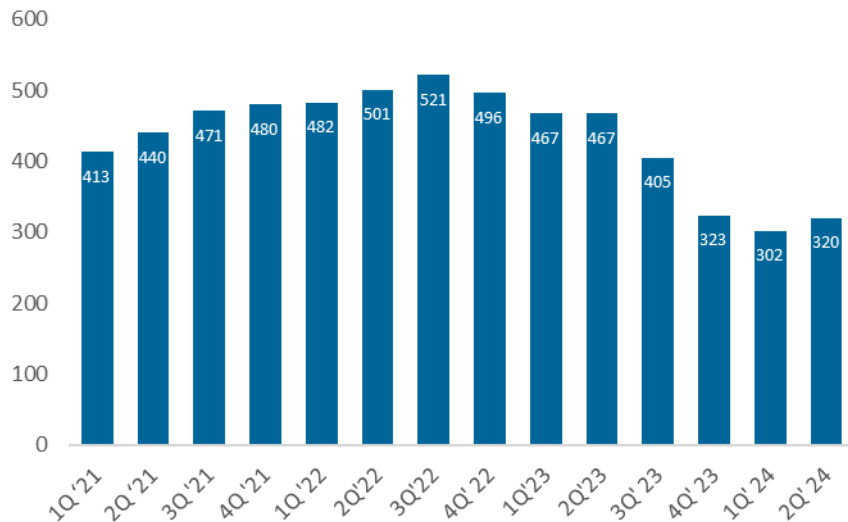
By Region



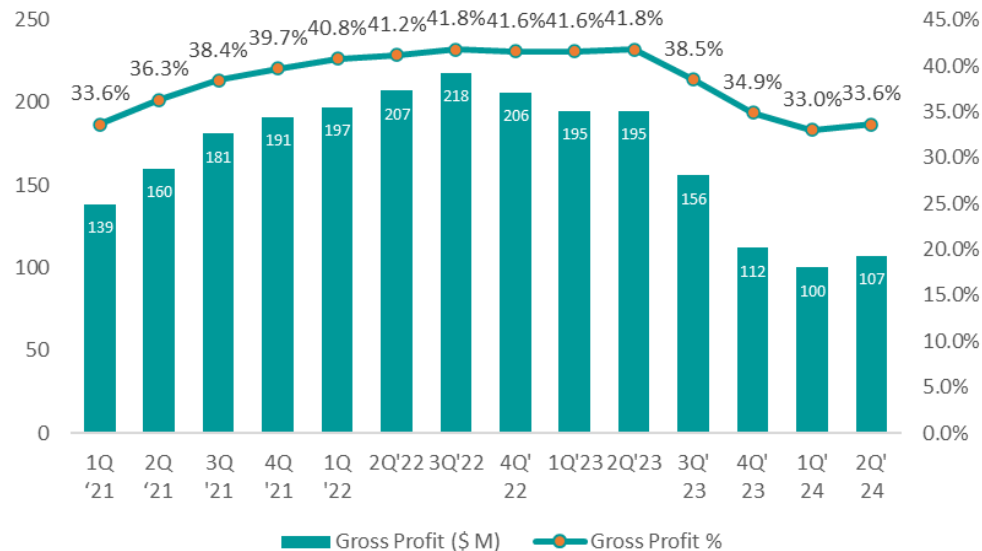
By End Market



Quarterly Revenue (\$ Millions)



Quarterly Gross Profit (\$ Millions)



Income Statement – Second Quarter 2024

| (\$ in millions, except EPS) | 2Q23 | 1Q24 | 2Q24 |
|------------------------------|-------|--------|-------|
| Net sales | 467.2 | 302.0 | 319.8 |
| Gross profit (GAAP) | 195.4 | 99.6 | 107.4 |
| Gross profit margin % (GAAP) | 41.8% | 33.0% | 33.6% |
| Net income (GAAP) | 82 | 14.0 | 8.0 |
| Net income (non-GAAP) | 73.3 | 13.0 | 15.4 |
| Diluted EPS (non-GAAP) | 1.59 | 0.28 | 0.33 |
| Cash flow from operations | 92.6 | (31.1) | 14.4 |
| EBITDA (non-GAAP) | 133.5 | 48.3 | 41.1 |

| (\$ in millions) | Dec 31, 2022 | Dec 31, 2023 | June 30, 2024 |
|--------------------------|--------------|--------------|---------------|
| Cash* | 348 | 329 | 277 |
| Inventory | 360 | 390 | 462 |
| Current Assets | 1,162 | 1,187 | 1,220 |
| Total Assets | 2,288 | 2,368 | 2,361 |
| Total Debt | 185 | 62 | 47 |
| Total Liabilities | 705 | 558 | 509 |
| Total Equity | 1,583 | 1,810 | 1,852 |

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

- **Revenue to be ~\$346 million, +/- 3.0%** represents 8.2% sequential increase at the mid-point
- **GAAP gross margin of 34%, +/- 1%**
- **Non-GAAP operating expenses 27.5% of revenue, +/- 1%**, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- **Net Interest income of ~\$2.5 million**
- **Income tax rate to be 18.5%, +/- 3%**
- Shares used to calculate diluted EPS approximately **46.6 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



Analog and Discrete
Power Solutions

Thank you

Reconciliation of Net Income to Adjusted Net Income

For the three months ended June 30, 2024

(in thousands, except per share data)

| | Operating Expenses | Other (Income) Expense | Income Tax Provision | (unaudited) Net Income |
|---|-----------------------|------------------------------|-------------------------|---------------------------|
| Per-GAAP | | | | \$ 8,000 |
| Diluted earnings per share (per-GAAP) | | | | \$ 0.17 |
| Adjustments to reconcile net income to non-GAAP net income: | | | | |
| Amortization of acquisition-related intangible assets | 3,854 | | (707) | 3,147 |
| Officer retirement | 644 | | (135) | 509 |
| Restructuring charge | 8,250 | 789 | (1,795) | 7,244 |
| Non-cash mark-to-market investment value adjustments | | (4,350) | 870 | (3,480) |
| Non-GAAP | | | | \$ 15,420 |
| Diluted shares used in computing earnings per share | | | | 46,324 |
| Non-GAAP diluted earnings per share | | | | \$ 0.33 |

Note: Included in GAAP and non-GAAP income was approximately \$3.4 million and \$2.8 million respectively, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, GAAP diluted earnings per share would have improved by \$0.07 per share and non-GAAP diluted earnings per share would have improved by \$0.06 per share.

GAAP to Non-GAAP Reconciliation

For the three months ended June 30, 2023

(in thousands, except per share data)

| | Operating Expenses | Other (Income) Expense | Income Tax Provision | Net Income |
|---|--------------------|------------------------|----------------------|------------------|
| Per-GAAP | | | | <u>\$ 82,020</u> |
| Diluted earnings per share (per-GAAP) | | | | <u>\$ 1.77</u> |
| Adjustments to reconcile net income to non-GAAP net income: | | | | |
| Amortization of acquisition-related intangible assets | 3,817 | | (726) | 3,091 |
| Officer retirement | (57) | | 11 | (46) |
| Non-cash mark-to-market investment value adjustments | | (12,172) | 440 | (11,732) |
| Non-GAAP | | | | <u>\$ 73,333</u> |
| Diluted shares used in computing earnings per share | | | | <u>46,243</u> |
| Non-GAAP diluted earnings per share | | | | <u>\$ 1.59</u> |

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$6.0 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 \$0.13 per share.