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WIN SEMI. REPORTS 1Q22 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, Apr. 28, 2022: WIN Semiconductors Corp. (WIN Semi., TPEx: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2022, first quarter (1Q22) consolidated financial results.

1Q22 Results Highlights

- Net revenue for the quarter finished at NT$5,597 million, down 22% quarter on quarter and down 7% year on year.
- Gross margin declined by 9.9 percentage points sequentially to 30.6%, and operating margin declined by 11.4 percentage points sequentially to 16.4%.
- Operating profit came in at NT$916 million, down 54% quarter on quarter and down 23% year on year.
- Net profit reached NT$786 million, down 53% quarter on quarter and down 28% year on year. EPS was NT$2.08, compared to NT$4.19 for the fourth quarter of 2021.

2Q22 Outlook & Guidance

The following statements are forward-looking which are based on our current expectations of market demand and may involve risks and uncertainties, some of which are set forth under "Safe Harbor Notice" below.

- We expect 2Q22 revenue to decline high-single digit QoQ.
- We expect 2Q22 gross margin to be between the level of high-twenties and low-thirties.

Safe Harbor Notice
This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Except as required by law, we undertake no obligation to update any forward – looking statements, whether as a result of new information, future events or otherwise.

Management Comments

"After a record high revenue in the fourth quarter of last year, we experienced a traditionally slower season and inventory adjustments in the smartphone industry in the first quarter of 2022. Our revenue was NT$5.6 billion in the quarter, a decline of 22% quarter-on-quarter and 7% year-on-year. Although the product mix did not change from the previous quarter, our gross margin and operating margin declined to 30.6% and 16.4%, respectively, as our capacity utilization rate declined from 100% in the previous quarter to 70%. EPS for the first quarter was NT$2.08.

Looking at the product mix in the first quarter, for 3D sensing, after the peak season of new product preparation in the third and fourth quarters of last year, the demand for 3D sensing entered a slower season as expected, and this product segment had the highest quarter-on-quarter decline. Cellular PA, which had high exposure in China smartphones, and Wi-Fi PA were both negatively impacted by high inventory levels at end customers, so the revenues declined from previous high levels. Lastly, the higher-margin infrastructure and satellite related shipments did not decline as much as smartphone related applications. While the industry has recently faced some headwinds, which resulted in low demand visibility in the near term, our view on the mid-to long-term growth momentum of the industry remains unchanged. Specifically, we expect the increasing penetration of 5G in smartphones, the development of 5G infrastructure including low-earth orbit (LEO) satellites, the evolution of Wi-Fi 6/6E to Wi-Fi 7, and an increasing contribution from the optical device and optical sensing business will continue to drive long-term demand. As a result, our plan for the new Luzhu fab in the Southern Taiwan Science Park in Kaohsiung to enter mass production in 2-3 years remains unchanged, while the near-term capacity expansion through de-bottleneck will be dynamically adjusted to meet industry changes.

Looking ahead to the second quarter of 2022, due to continued inventory adjustments at China smartphones, our revenue is expected to decline high-single digit than the previous quarter, and the gross margin will be between the level of high-twenties and low-thirties."

About WIN Semi.

WIN Semiconductors Corp. was founded in October of 1999, and has become the first pure-play 6-inch GaAs foundry in the world. In recognition of the growing demand, three advanced GaAs wafer fabs were established to manufacture cost-effective, high speed, and high quality GaAs MMIC's (monolithic microwave ICs) and RFIC's (radio frequency ICs).

WIN provides dedicated foundry services to design houses and integrated device manufacturers. Using state of the art GaAs technology, WIN supplies HBT and pHEMT MMIC fabrication services to worldwide IC corporations. With MMIC technique as basis, WIN also provides optoelectronic device fabrication services for optical communication and 3D sensing applications.