



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors 4Q2022 Investor Conference

February 2023



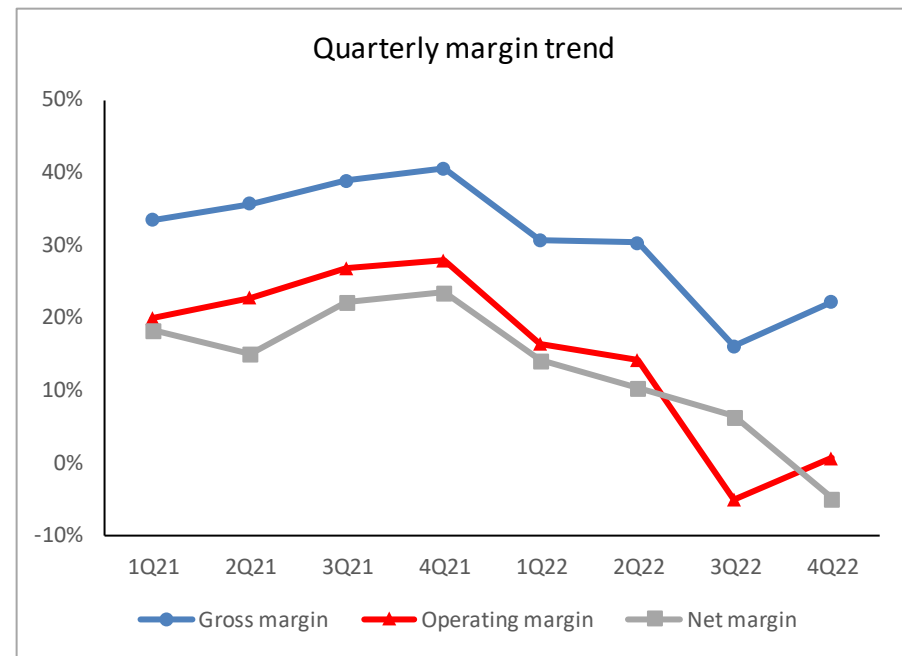
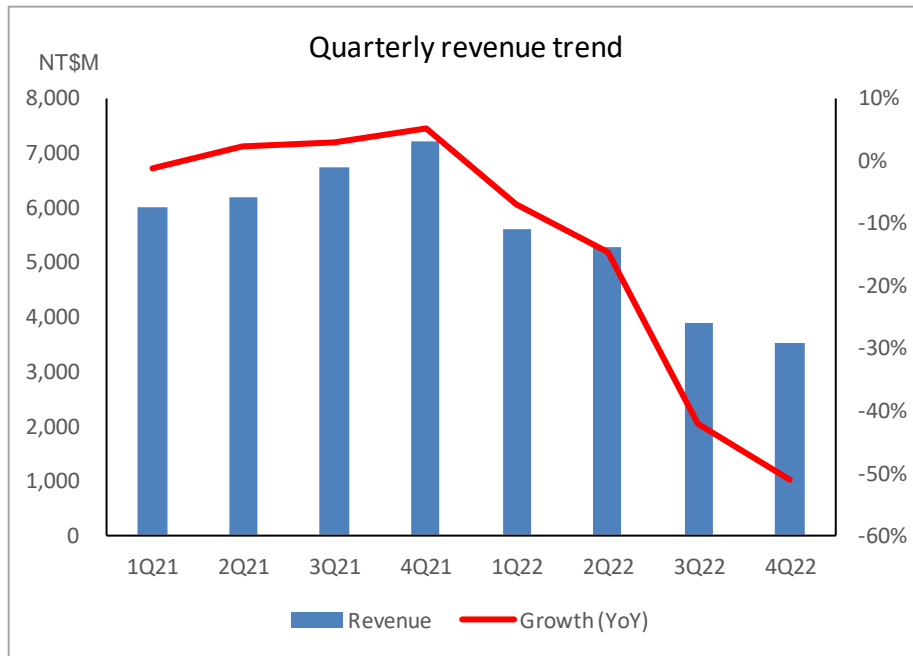
Safe Harbor Notice

- **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.**

QUARTERLY RESULTS & GUIDANCE

Revenue & Margin Trend

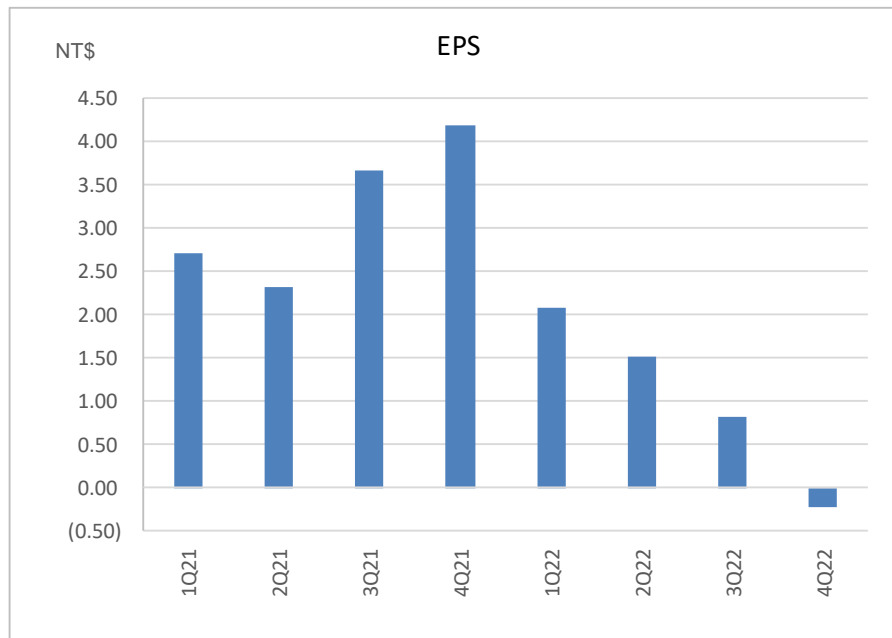
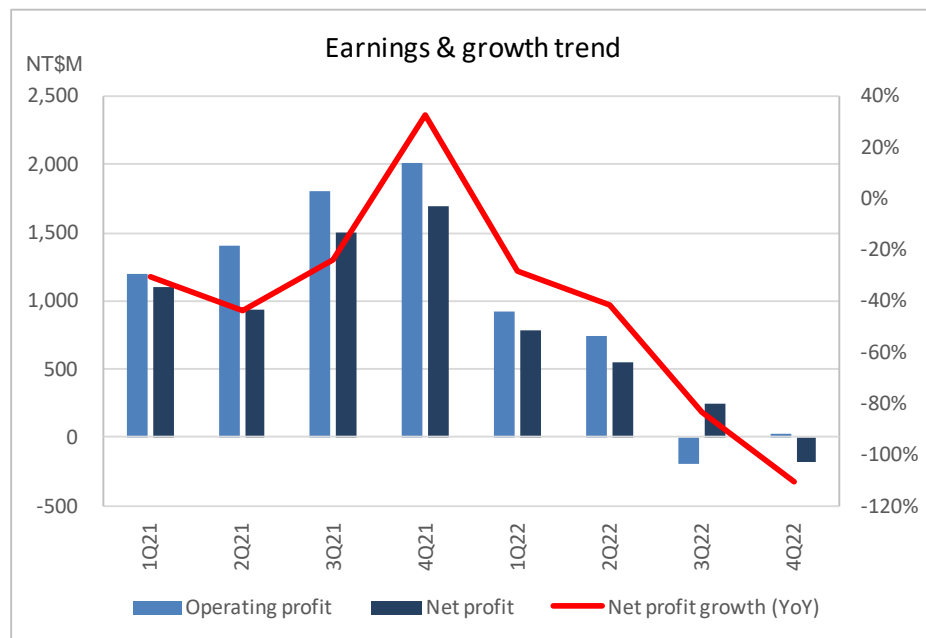
- 4Q22 revenue was NT\$3.5b, down 10% QoQ and 51% YoY.
- In 4Q22, our gross margin increased by 6.1 pp sequentially to 22.1% and operating margin increased by 5.6 pp to 0.5%.



Source: company.

Earnings Trend

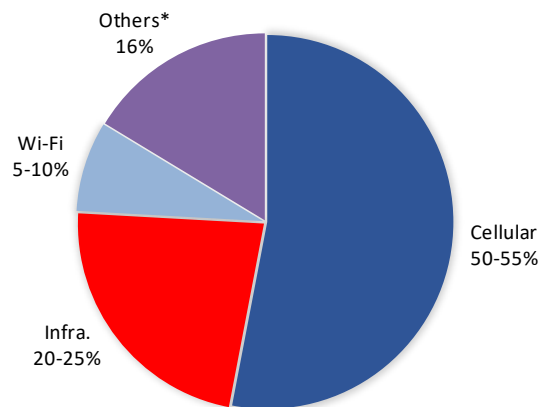
- In 4Q22, our net profit was impacted by non-operating losses including foreign exchange and the disposal of a plant by our subsidiary to adjust its operating scale, resulting a net loss of NT\$177m, down 172% QoQ and 110% YoY. EPS came in at NT\$-0.22, compared to NT\$0.83 in 3Q22.



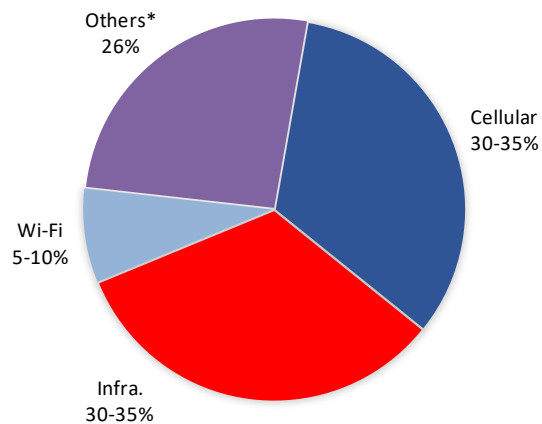
Source: company.

Product Mix

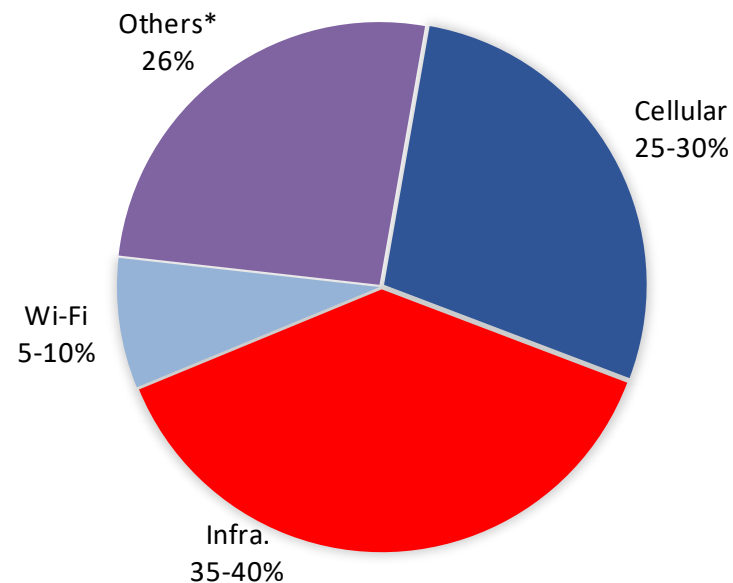
4Q21



3Q22



4Q22



* Others: Revenue not attributable to main product segments and additional revenue being consolidated in accordance with IFRS.

Source: company.

1Q23 Guidance



- We expect 1Q23 revenue to decline high-twenties QoQ.
- We expect 1Q23 gross margin to be around the level of low-teens.

FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly

Unit: NTD Million	4Q'21	3Q'22	4Q'22 (unaudited)	QoQ	YoY
Net revenue	7,217	3,909	3,527	-10%	-51%
Gross profit	2,923	624	781	+25%	-73%
<i>Gross margin (%)</i>	<i>40.5%</i>	<i>16.0%</i>	<i>22.1%</i>		
Operating expenses	(914)	(825)	(762)	-8%	-17%
<i>Operating expenses rate (%)</i>	<i>-13%</i>	<i>-21%</i>	<i>-22%</i>		
Operating income (loss)	2,009	(200)	19	+109%	-99%
<i>Operating margin (%)</i>	<i>27.8%</i>	<i>-5.1%</i>	<i>0.5%</i>		
Non-operating incomes and expenses	41	500	(168)		
Income (Loss) before income tax	2,049	299	(149)	-150%	-107%
Income tax expense	(360)	(55)	(28)		
Net income (loss)	1,690	245	(177)	-172%	-110%
<i>Net margin (%)</i>	<i>23.4%</i>	<i>6.3%</i>	<i>-5.0%</i>		
EPS (NT\$)	4.19	0.83	(0.22)	-127%	-105%
Other comprehensive income, net	380	154	(98)		
Comprehensive income	2,069	399	(275)	-169%	-113%
ROE(%)	21%	4%	-1%		
Approx. Utilization (%)	100%	40%	30%		
Depreciation	1,018	1,038	1,017		
CAPEX	2,256	1,908	916		

Consolidated Statements of Comprehensive Income - YTD

Unit: NTD Million	2021Y	2022Y (unaudited)	YoY
Net revenue	26,182	18,330	-30%
Gross profit	9,770	4,720	-52%
<i>Gross margin (%)</i>	<i>37.3%</i>	<i>25.8%</i>	
Operating expenses	(3,347)	(3,238)	-3%
<i>Operating expenses rate (%)</i>	<i>-13%</i>	<i>-18%</i>	
Operating income	6,423	1,482	-77%
<i>Operating margin (%)</i>	<i>24.5%</i>	<i>8.1%</i>	
Non-operating incomes and expenses	(23)	327	
Income before income tax	6,400	1,809	-72%
Income tax expense	(1,189)	(411)	
Net income	5,210	1,398	-73%
<i>Net margin (%)</i>	<i>19.9%</i>	<i>7.6%</i>	
EPS (NT\$)	12.90	4.21	-67%
Other comprehensive income, net	243	(41)	
Comprehensive income	5,454	1,357	-75%
ROE(%)	16%	5%	
Approx. Utilization (%)	90%	50%	
Depreciation	4,035	4,164	
CAPEX	8,081	7,124	

Non-operating Items

Unit: NTD Million	4Q'21	4Q'22 (unaudited)	2021Y	2022Y (unaudited)
Foreign exchange gains (losses)	21	(255)	(127)	254
Gains (losses) on disposals of property, plant and equipment	(45)	(226)	(49)	(190)
Gains on repurchase of bonds payable	-	241	-	601
Gains on financial assets (liabilities) at fair value through profit or loss, net	23	(17)	243	(577)
Share of gains (losses) of associates and joint ventures accounted for using equity method	110	91	148	305
Others	(68)	(2)	(239)	(66)
Total	41	(168)	(23)	327

Consolidated Balance Sheets

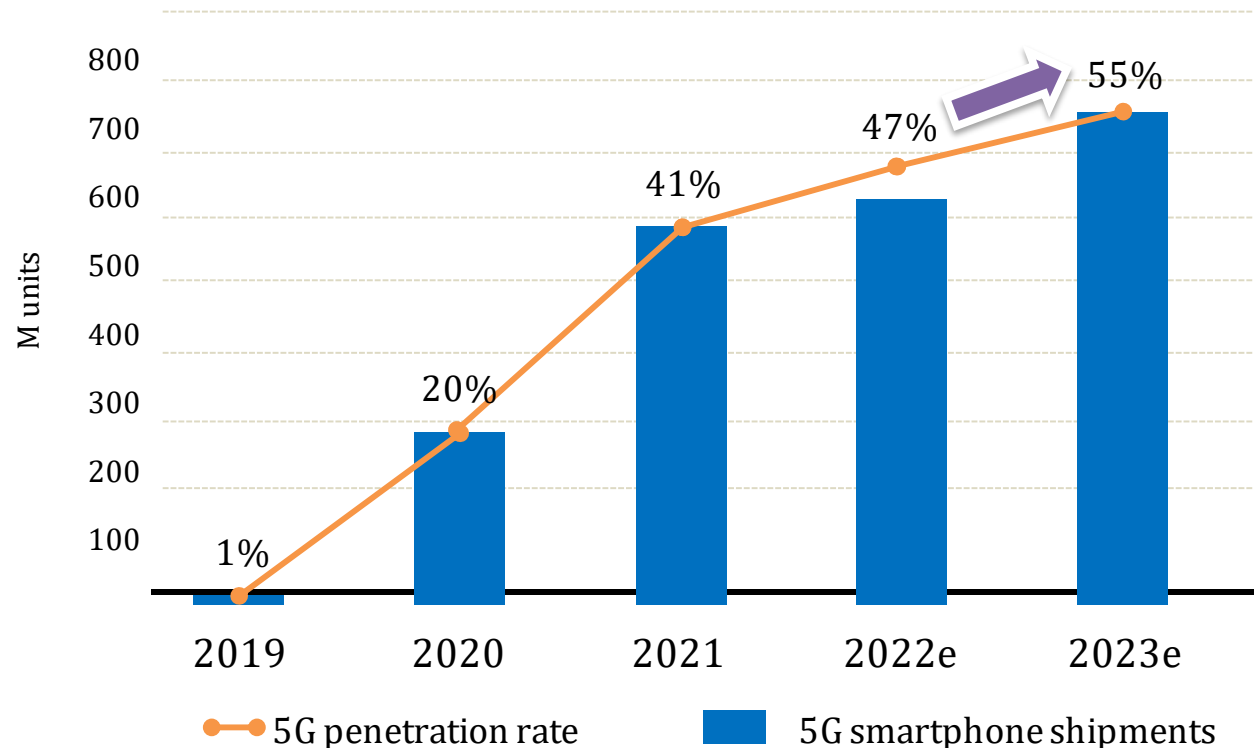
(Unit: NTD Million)	Major Item	2021/12/31		2022/9/30		2022/12/31 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	16,332	22%	10,880	15%	10,380	15%
	Current financial assets at fair value through profit or loss	62	0.1%	600	1%	121	0.2%
	Notes and accounts receivable, net	2,718	4%	1,312	2%	917	1%
	Inventories	6,671	9%	5,511	8%	5,420	8%
	Long-term investments	14,414	19%	13,754	20%	14,231	21%
	Net property, plant and equipment	30,991	41%	34,677	49%	34,360	50%
	Total Assets	74,894	100%	70,398	100%	68,982	100%
	Current portion of long-term liabilities	-		989		1,731	
	Current liabilities	7,215		5,523		6,244	
	Bonds payable	13,287		11,778		10,670	
	Long-term borrowings	15,993		16,413		15,870	
	Total Liabilities	37,772	50%	35,021	50%	33,936	49%
	Common stock	4,240		4,239		4,239	
	Total equity attributable to owners of parent	34,938		33,407		33,186	
	Total Equity	37,122	50%	35,376	50%	35,047	51%
	Book value per share (NT\$) ¹	82.41		78.80		78.28	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	367%		338%		276%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	50%		50%		49%	

¹ Book value per share = total equity attributable to owners of parent / number of common shares

MARKET OUTLOOK

5G Smartphone – Adoption Rate Growing

- 5G smartphone shipment will surpass 4G in 2023.
- Higher PA content in 5G phones compared to 4G.
- 5G MIMO requirement in UHB will drive the growth.



Source: Morgan Stanley

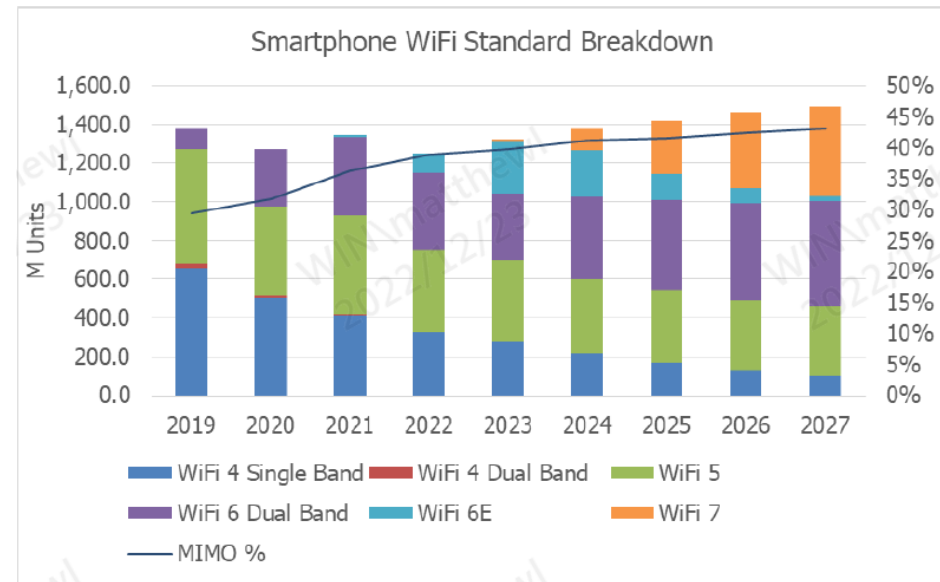
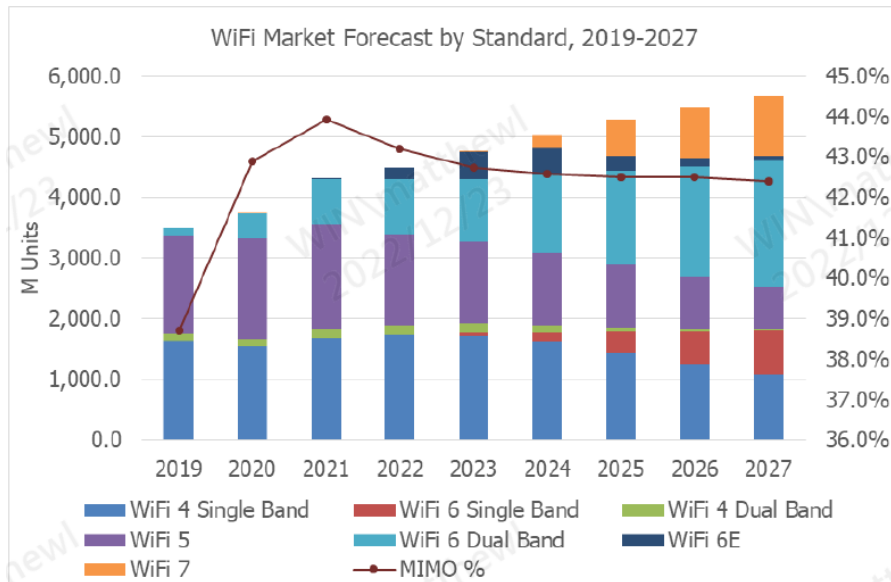
Infrastructure – GaN, LNA & Driver Amplifiers

- 5G infrastructure deployment continues to address insatiable demand on data traffic.
- WIN's GaN and GaAs technology solutions have been increasingly adopted for base station applications using GaN, pHEMT, HBT, and IPD.



Wi-Fi 6/6E Will Proliferate in 2023 Onward

- Market growth through 2023-2027, reaching to 5.7 billion units in 2027.
- WIN anticipates to increase share for mobile Wi-Fi in 2023.



Source: TSR, 2022 Wireless Connectivity Market Analysis

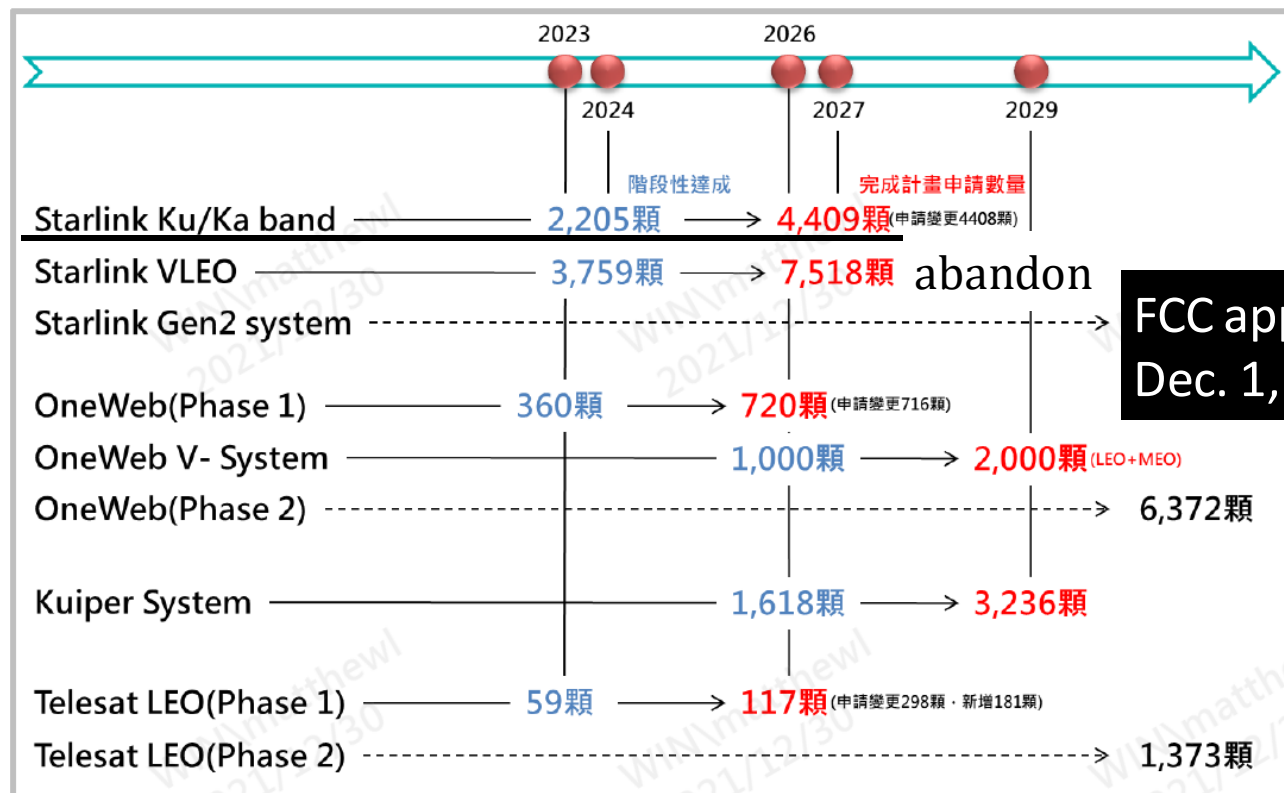
Deploy Wi-Fi 7 Design-in in 2023

- Opportunity for GaAs content increase in both cellular and router due to increased frequency band and challenging linearity requirement.
- GaAs shows significant advantages on linearity (1K to 4K QAM) & operating frequency for complex modulation signal.
- More MIMO requirement (from 8x8 to 16x16).



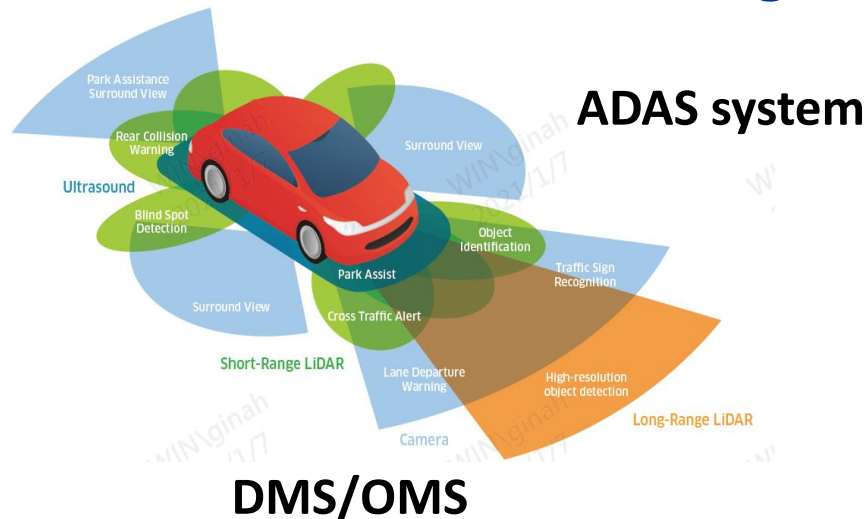
Satellite – Versatile Service is Booming

- New technologies engagement is going on with multiple satellite customers.



資料來源：工研院產科國際所

- WIN is a leading company for VCSEL & 3D sensing technologies.
- Increased safety adoption of 3D sensing for both inside and outside vehicle use, such as DMS/OMS and LiDAR for ADAS.
- V2X, wireless network demand growth for automotive market.



Cellular/Satellite Network



ADVANCED TECHNOLOGY DEVELOPMENT FOR FUTURE MARKETS

3D Sensing

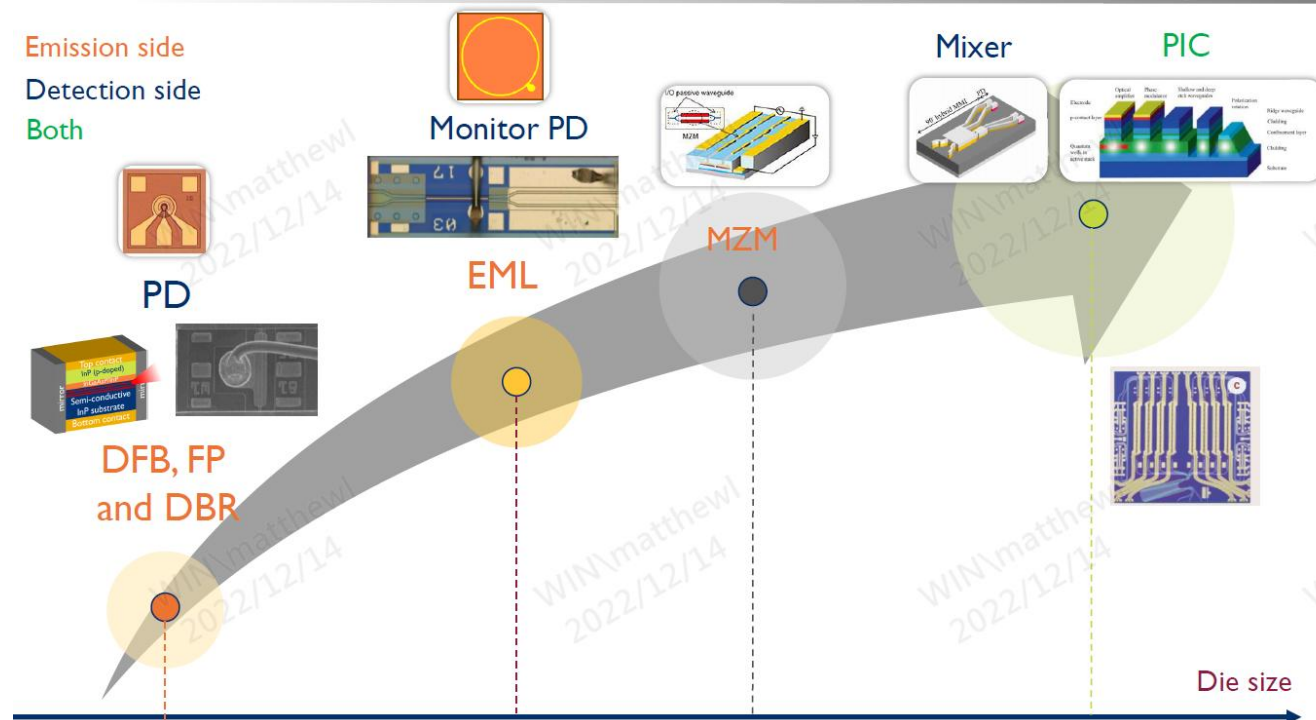


Optical Communications

- Data traffic growth drives the photonics components from discrete to integrated PIC solution.



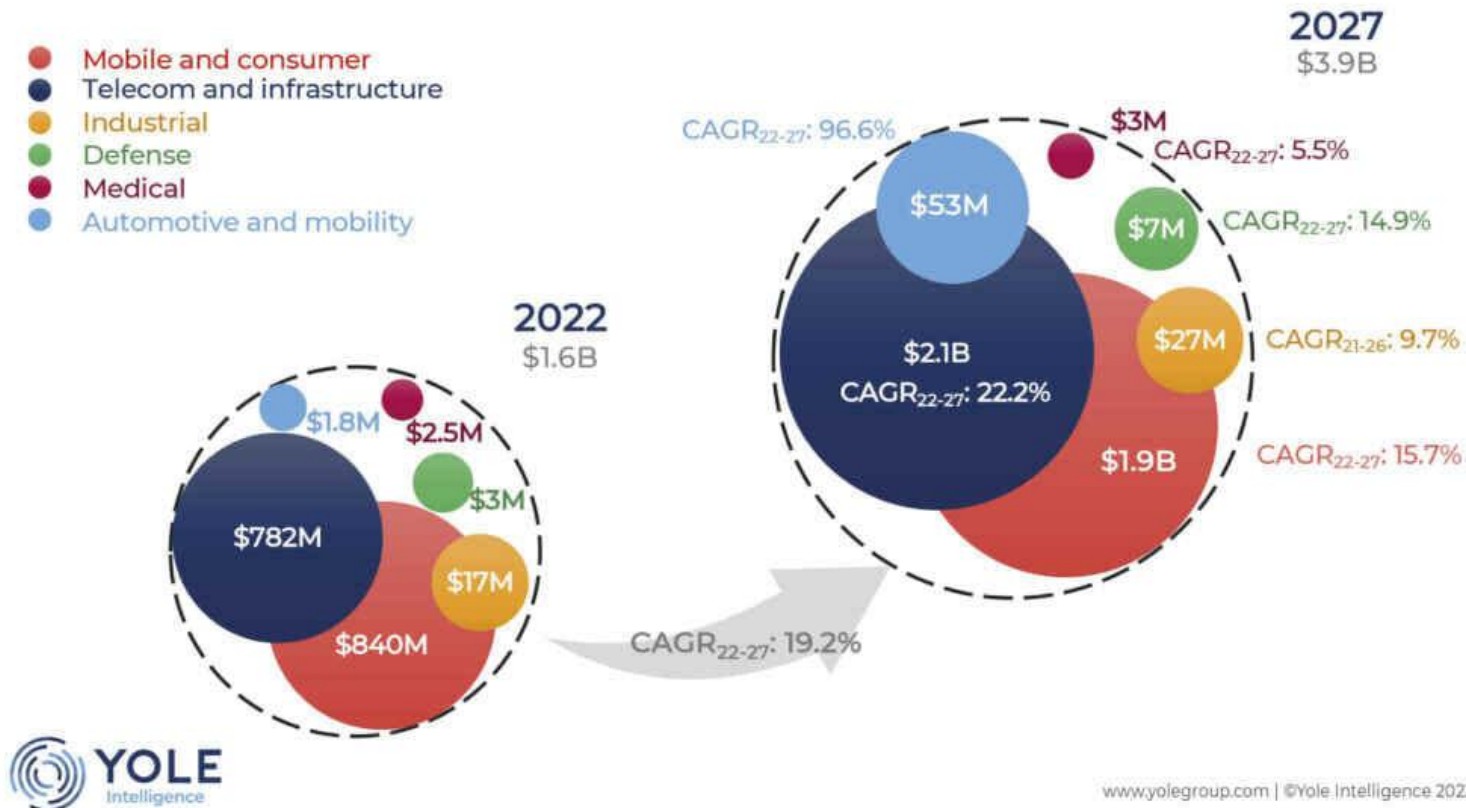
Data Center



➤ Mobile, Consumer, Optical Communication are the drivers.

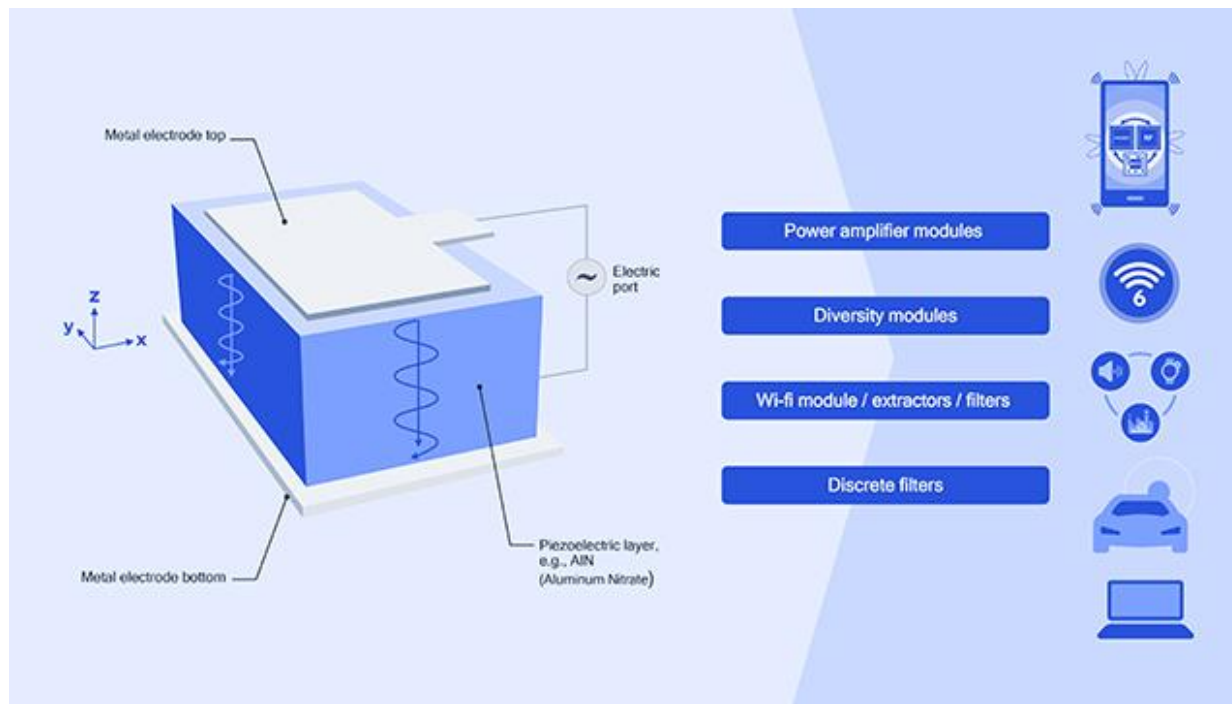
2022-2027 VCSEL MARKET FORECAST

Source: VCSEL - Market and Technology Trends 2022 report, Yole Intelligence, 2022



Filter – A Strategic Portfolio

- A newly added process into WIN's broad technology portfolio.
- WIN devotes to empower mobile customers' competitiveness with filter development as a strategic technology.



Q & A

For more information regarding WIN
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