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WIN SEMI. REPORTS 1Q24 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, Apr. 26, 2024: WIN Semiconductors Corp. (WIN Semi., TPEX: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2024, first quarter (1Q24) consolidated financial results.

1Q24 Results Highlights

- ◆ Net revenue for the quarter finished at NT\$4,442 million, down 8.7% quarter on quarter and up 55% year on year.
- ◆ Gross margin declined by 7 percentage points to 22.4%, and operating margin declined by 9 percentage point to 4.1%.
- ◆ Operating profit came in at NT\$184 million, down 71% quarter on quarter.
- ◆ Net profit attributable to the parent company was NT\$407 million, compared to NT\$385 million for the fourth quarter of 2023. EPS was NT\$0.96, compared to NT\$0.91 for the fourth quarter of 2023.

2Q24 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 2Q24 revenue to increase low-teens QoQ.
- ◆ We expect 2Q24 gross margin to be around the level of mid-twenties.

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

“In the first quarter of 2024, as expected, we entered the traditional off-season. First quarter consolidated revenue was NT\$4.4 billion, down 8.7% quarter-on quarter but up 55% year-on-year, slightly ahead of our previous expectation. Due to a decline in capacity utilization from 60% in the previous quarter to 55% and a less favorable product mix, coupled with the impacts from the stock price volatility of a listed Chinese customer held by our consolidated subsidiary, our gross margin decreased from 29.4% in the previous quarter to 22.4%, and operating margin also decreased from 13.1% in the previous quarter to 4.1%. Net profit attributable to the parent company for the first quarter was NT\$407 million, with an EPS of NT\$0.96.

Looking at the revenue changes for each product in the first quarter, Wi-Fi delivered the highest growth after inventories have been depleted in the end market, marking the first return to positive growth since the second quarter of last year. Cellular continued its momentum from the second half of last year, with revenue staying at the similar level to the previous quarter. Both Wi-Fi and Cellular achieved above-seasonality performance in an off-season. For Infrastructure, revenue has consistently been within a narrow range, but revenue for the first quarter was slightly lower than the previous quarter. Lastly, Optical experienced the most significant revenue decline in the quarter. This was mainly due to the peak season for 3D sensing end products have passed, together with the addition of new suppliers by end customers this year.

The smartphone market has been undergoing a period of inventory adjustment for the past year and a half, along with sluggish demand for high-end smartphones. With little differentiation among smartphones, component suppliers have faced price competition. According to a recent forecast by research firm Counterpoint Research, the global smartphone shipment growth for the full year of 2024 is expected to be 3%, with annual shipments returning to 1.2 billion units. The firm also believes that the segment with the highest growth rate will be in the premium smartphone segment, with a projected annual growth rate of 17%.

Premium smartphones have always emphasized innovation, quality, and performance, in contrast to mid-range and low-end smartphones that typically prioritize price at the expense of performance. WIN Semi has consistently held a high market share in the premium smartphone market. This is because we invest heavily in R&D each year to provide our customers with the most advanced and high-performance foundry technology and services, assisting them in entering the premium market. That said, our strategy and business model focus on providing customers with higher value-adds, and we are delighted to see the return of this trend, which may benefit our future revenue and profits.

Looking ahead to the second quarter of 2024, driven by the demand of smartphones and Wi-Fi, we expect revenue to grow by low-teens quarter-on-quarter, with a gross margin at around mid-twenties levels.”

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.