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WIN SEMI. REPORTS 2Q22 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, Jul. 26, 2022: WIN Semiconductors Corp. (WIN Semi., TPEX: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2022, second quarter (2Q22) consolidated financial results.

2Q22 Results Highlights

- ◆ Net revenue for the quarter finished at NT\$5,297 million, down 5% quarter on quarter and down 14% year on year.
- ◆ Gross margin declined by 0.4 percentage points sequentially to 30.2%, and operating margin declined by 2.3 percentage points sequentially to 14.1%.
- ◆ Operating profit came in at NT\$747 million, down 18% quarter on quarter and down 47% year on year.
- ◆ Net profit reached NT\$544 million, down 31% quarter on quarter and down 41% year on year. EPS was NT\$1.52, compared to NT\$2.08 for the first quarter of 2022.

3Q22 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 3Q22 revenue to decline mid-twenties QoQ.
- ◆ We expect 3Q22 gross margin to be around the level of low-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

“For the second quarter of 2022, WIN Semi’s revenue was NT\$5.3 billion, a decline of 5% quarter-on-quarter and 14% year-on-year. As our capacity utilization rate further declined to 60% in the quarter, our gross margin was 30.2% and operating margin was 14.1%, with EPS of NT\$1.52. Looking at the product mix in the second quarter, Wi-Fi PA, Infrastructure, and 3D sensing-related Optical business all had different levels of growth compared to the previous quarter. Among which, 3D sensing had the highest quarter-on-quarter growth, driven by the seasonal effect as the first quarter was a traditionally slower season. Infrastructure and Wi-Fi PA both delivered quarter-on-quarter growth. However, Cellular PA revenue declined significantly as expected due to the ongoing inventory adjustment in China's smartphone market.

While China’s smartphone market has been undergoing inventory adjustment since the first quarter, the ongoing war between Russia and Ukraine beginning in the first quarter, together with the fact that China enforced strict COVID controls in the second quarter, both not only affected local consumer demand in China, but also led to shortages of raw materials and disruptions of the global supply chain. These have pushed up the already high inflation and further affected the end demand. As a result, the inventory digestion in the smartphone market has been slow. Currently, the overall demand visibility for smartphones remains at a low level. While the US high-end smartphone customer is still placing orders at the same pace as in the past, the high inventory of Android smartphones leads to uncertainties in demand in the second half of this year. In this challenging macro environment, WIN Semi continues to invest in R&D capability to develop new applications for customers and the required technologies, because we believe that the volatility in macro this year could be short-term, and the long-term growth trend for 5G remains unchanged. As the deployment of the related infrastructure and low-orbit satellite is still incomplete, the technology migration to Wi-Fi 6/6E/7 is ongoing, and optical communication and optical sensing related applications are still at an early stage, we continue to be optimistic about the long-term growth trend of the industry.

Looking ahead to the third quarter of 2022, due to continued inventory adjustments at Android smartphone and the uncertainty of macro environment, our revenue is expected to decline mid-twenties than the previous quarter, and the gross margin will be around the level of low-twenties.”

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.