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WIN SEMI. REPORTS 3Q22 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, Oct. 28, 2022: WIN Semiconductors Corp. (WIN Semi., TPEX: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2022, third quarter (3Q22) consolidated financial results.

3Q22 Results Highlights

- ◆ Net revenue for the quarter finished at NT\$3,909 million, down 26% quarter on quarter and down 42% year on year.
- ◆ Gross margin declined by 14.2 percentage points sequentially to 16.0%.
- ◆ Operating loss came in at NT\$200 million and operating margin declined by 19.2 percentage points sequentially to -5.1%.
- ◆ Net profit reached NT\$245 million, down 55% quarter on quarter and down 84% year on year. EPS was NT\$0.83, compared to NT\$1.52 for the second quarter of 2022.

4Q22 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 4Q22 revenue to decline low-teens QoQ.
- ◆ We expect 4Q22 gross margin to be between the level of high-teens and 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 third quarter of 2022, WIN Semi’s consolidated revenue was NT\$3.9 billion, down 26% quarter-on-quarter and 42% year-on-year as previously expected. This was mainly due to the impact of the ongoing inventory adjustment in the Android smartphone market, which resulted in a further decline in our capacity utilization rate to 40%. Our third quarter gross margin would have been 21.1% if excluding a one-off factor, that we recognized a one-off valuation loss on overseas investment targets held by a consolidated subsidiary whose main business purpose is investment. The overseas investment targets went IPO this year, but due to significant volatilities in the global equity market in the third quarter, we recognized a one-off valuation loss, which impacted our gross margin by 5.1 percentage points. As a result, our consolidated gross margin was 16% and operating margin was -5.1%. Net income for the third quarter was NT\$245 million and EPS was NT\$0.83. Among the shipments of different product categories in the third quarter, consumer-related applications including Cellular PA and Wi-Fi PA still had the largest decline. This not only reflected the high inventory level in the market, but also reflected consumers’ concern about the macroeconomic downturn. Comparatively for the industrial application-focused Infrastructure segment, while its performance also declined from the previous quarter, its revenue for the first three quarters of this year maintained positive year-on-year growth, as it was less affected by the macro environment. The Optical segment slightly increased quarter-on-quarter, given that it has entered a traditionally stronger season.

Although the global macro environment remains challenging in the near term, our fabs with declining utilization rate offer our customers excellent opportunities. We have seen that both our microwave communication and optical customers are becoming more aggressive in the number of tape outs for R&D. Some tape outs are for existing customers to qualify our next generation process for their new products in the next two years, and some are for new customers who choose us as their partner to enter new markets or new applications in the coming years. The world has entered the post-COVID era, and we have received increasing number of customer visits and new project rollouts as we approach the end of this year, mainly focusing on some end market trends. In addition to the continued penetration of 5G mobile communication and the deployment of 5G infrastructure, the outsourcing trend of optical communication and optical sensing is also emerging. In particular, customers’ interest and engagement with us in advanced process technologies, such as third generation semiconductor materials including GaN-on-SiC and InP, are higher than ever. During the economic downturn, we are slowing down our pace of capacity expansion but continuing to actively invest in R&D to seize the opportunities when the dawn comes.

Looking ahead to the fourth quarter of 2022, our revenue is expected to decline low-teens than the previous quarter, and the gross margin will be between the level of high-teens and 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.