



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

WIN Semiconductors 3Q2022 Investor Conference

October 2022



Safe Harbor Notice

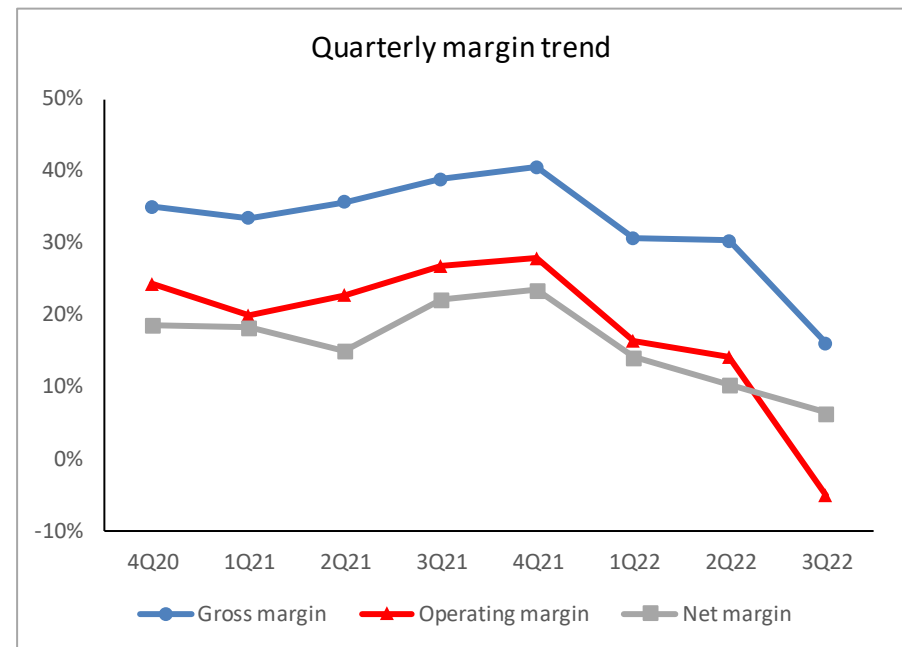
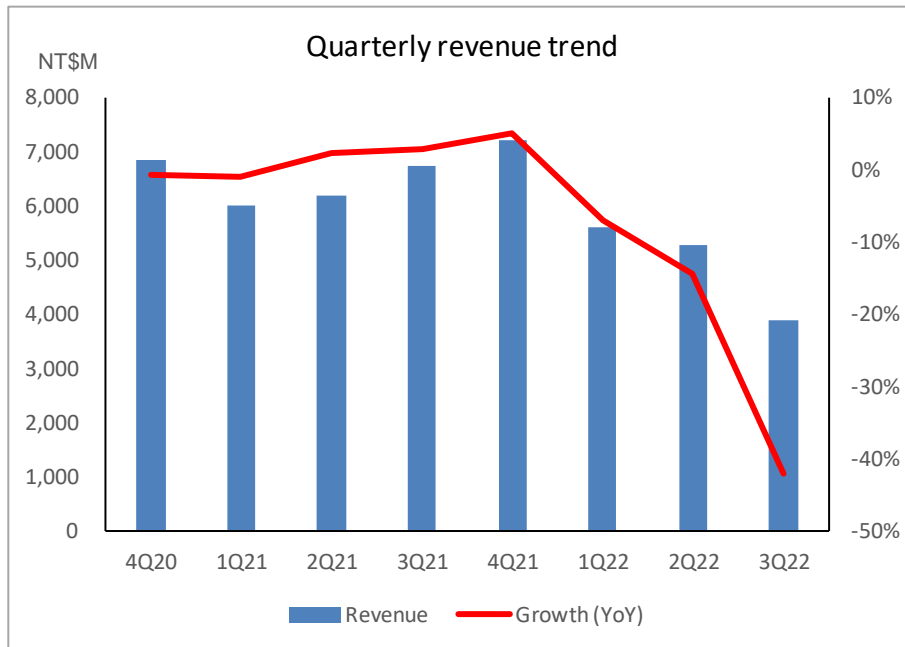


- **This presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.**
- **Except as required by law, 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

- 3Q22 revenue was NT\$3.9b, down 26% QoQ and down 42% YoY.
- 3Q22 gross margin declined by 14.2pp sequentially to 16.0% and operating margin declined by 19.2pp to -5.1%. The declines were mainly caused by an increase in investment loss of a consolidated subsidiary whose main business purpose is investment (please refer to P.5) and a further decline in capacity utilization rate.



Source: company.

Margin – Supplementary Information

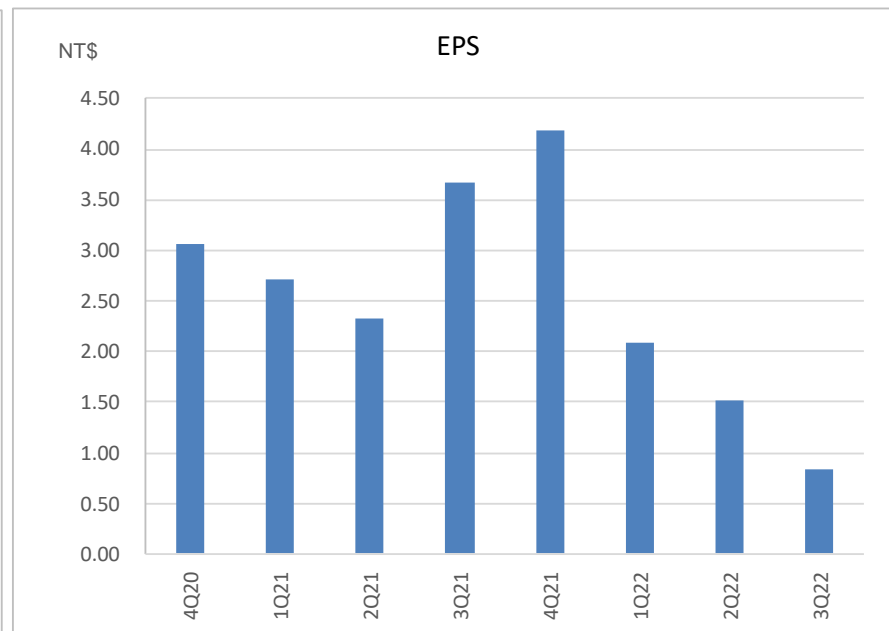
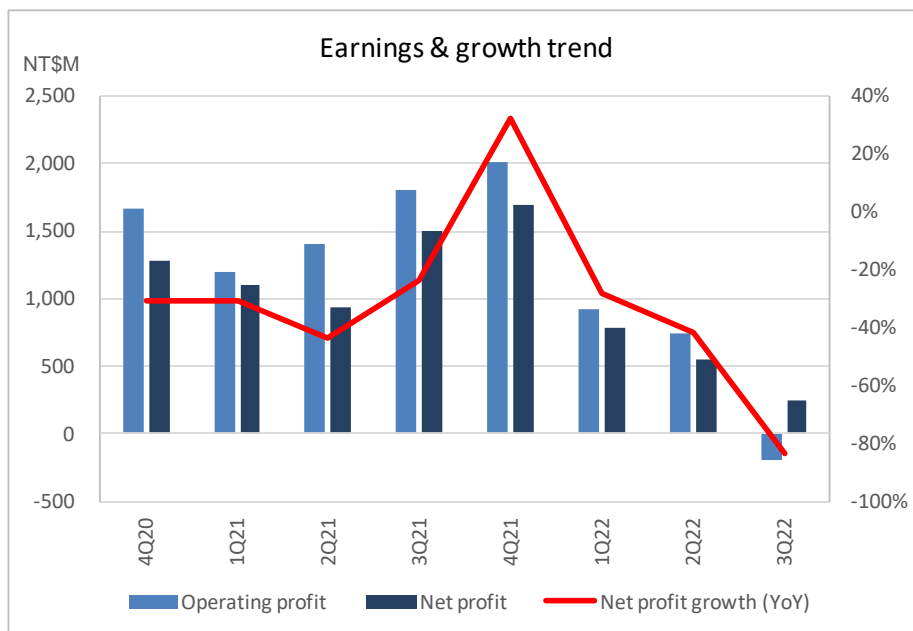
- Our third quarter gross margin would have been 21.1% if excluding a one-off factor, that we recognized a one-off valuation loss on overseas investment targets held by a consolidated subsidiary whose main business purpose is investment. The overseas investment targets went IPO this year, but due to significant volatilities in the global equity market in the third quarter, we recognized a one-off valuation loss ^(Note), which impacted our gross margin by 5.1 percentage points. As a result, our consolidated gross margin was 16%. Below is the summary:

	3Q'22			2022Q1-3		
	One-off factor excluded	One-off factor	Consolidated result (unaudited)	One-off factor excluded	One-off factor	Consolidated result (unaudited)
Gross margin (%)	21.1%	-5.1%	16.0%	27.7%	-1.1%	26.6%

(Note) When a company's main business purpose is investment, the valuation gains or losses should be recognized in its revenue or cost of goods sold.

Earnings Trend

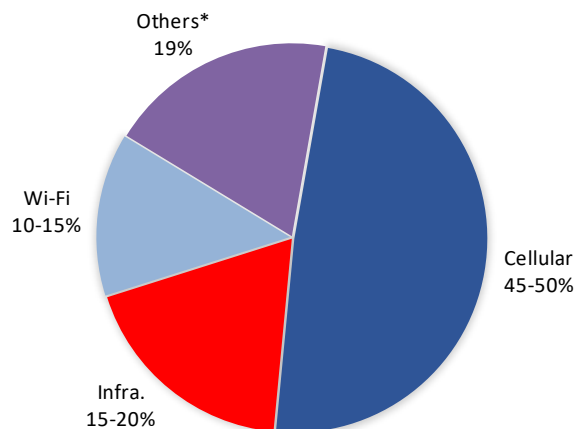
- **3Q22 net profit was NT\$245m, down 55% QoQ and down 84% YoY.**
EPS came in at NT\$0.83, compared to NT\$1.52 in 2Q22.



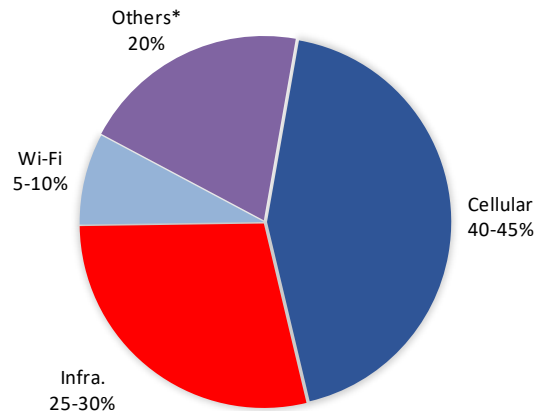
Source: company.

Product Mix

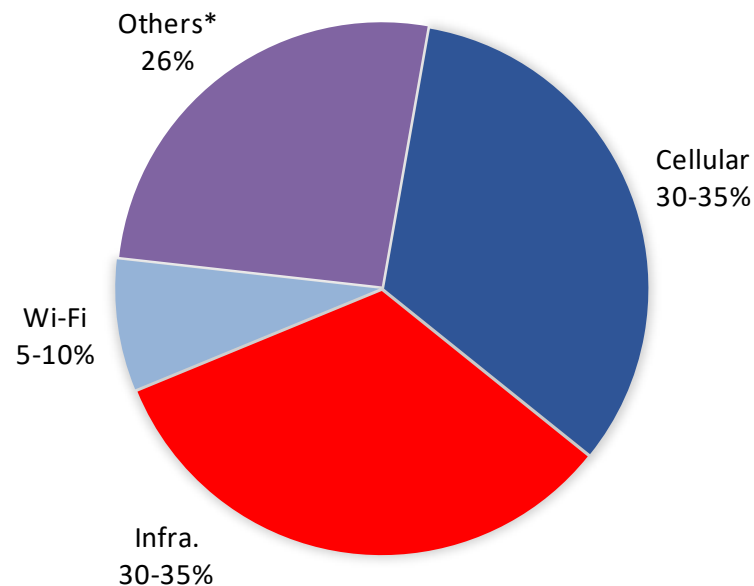
3Q21



2Q22



3Q22



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

Source: company.

4Q22 Guidance



- We expect 4Q22 revenue to decline low-teens QoQ.
- We expect 4Q22 gross margin will be between the level of high-teens and low-twenties.

FINANCIAL SUMMARY

Consolidated Statements of Comprehensive Income - Quarterly



Unit: NTD Million	3Q'21	2Q'22	3Q'22 (unaudited)	QoQ	YoY
Net revenue	6,761	5,297	3,909	-26%	-42%
Gross profit	2,623	1,601	624	-61%	-76%
<i>Gross margin (%)</i>	<i>38.8%</i>	<i>30.2%</i>	<i>16.0%</i>		
Operating expenses	(814)	(853)	(825)	-3%	+1%
<i>Operating expenses rate (%)</i>	<i>-12%</i>	<i>-16%</i>	<i>-21%</i>		
Operating income (loss)	1,810	747	(200)	-127%	-111%
<i>Operating margin (%)</i>	<i>26.8%</i>	<i>14.1%</i>	<i>-5.1%</i>		
Non-operating incomes and expenses	28	(79)	500		
Income before income tax	1,838	669	299	-55%	-84%
Income tax expense	(342)	(125)	(55)		
Net income	1,496	544	245	-55%	-84%
<i>Net margin (%)</i>	<i>22.1%</i>	<i>10.3%</i>	<i>6.3%</i>		
EPS (NT\$)	3.67	1.52	0.83	-45%	-77%
Other comprehensive income, net	(192)	(472)	154		
Comprehensive income	1,304	72	399	+450%	-69%
ROE(%)	19%	8%	4%		
Approx. Utilization (%)	95%	60%	40%		
Depreciation	990	1,051	1,038		
CAPEX	1,289	2,980	1,908		

Consolidated Statements of Comprehensive Income - YTD

Unit: NTD Million	2021Q1-3	2022Q1-3 (unaudited)	YoY
Net revenue	18,965	14,803	-22%
Gross profit	6,847	3,939	-42%
<i>Gross margin (%)</i>	<i>36.1%</i>	<i>26.6%</i>	
Operating expenses	(2,433)	(2,476)	+2%
<i>Operating expenses rate (%)</i>	<i>-13%</i>	<i>-17%</i>	
Operating income	4,414	1,463	-67%
<i>Operating margin (%)</i>	<i>23.3%</i>	<i>9.9%</i>	
Non-operating incomes and expenses	(64)	496	
Income before income tax	4,351	1,959	-55%
Income tax expense	(830)	(384)	
Net income	3,521	1,575	-55%
<i>Net margin (%)</i>	<i>18.6%</i>	<i>10.6%</i>	
EPS (NT\$)	8.71	4.43	-49%
Other comprehensive income, net	(137)	57	
Comprehensive income	3,384	1,631	-52%
ROE(%)	15%	7%	
Approx. Utilization (%)	90%	55%	
Depreciation	3,017	3,147	
CAPEX	5,825	6,208	

Non-operating Items

Unit: NTD Million	3Q'21	3Q'22 (unaudited)	2021Q1-3	2022Q1-3 (unaudited)
Foreign exchange gains (losses)	10	71	(147)	510
Gains (losses) on disposals of property, plant and equipment	0.6	29	(4)	36
Gains on repurchase of bonds	-	360	-	360
Gains on financial assets (liabilities) at fair value through profit or loss, net	(2)	19	220	(561)
Share of gains (losses) of associates and joint ventures accounted for using equity method	99	53	38	214
Others	(80)	(32)	(91)	(63)
Total	28	500	(64)	496

Consolidated Balance Sheets

(Unit: NTD Million)	Major Item	2021/9/30		2022/6/30		2022/9/30 (unaudited)	
		\$	%	\$	%	\$	%
	Cash and cash equivalents	16,482	23%	12,960	18%	10,880	15%
	Current financial assets at fair value through profit or loss	56	0.1%	53	0.1%	600	1%
	Notes and accounts receivable, net	2,088	3%	2,224	3%	1,312	2%
	Inventories	6,594	9%	5,960	8%	5,511	8%
	Long-term investments	13,575	19%	14,036	19%	13,754	20%
	Net property, plant and equipment	29,512	41%	33,996	47%	34,677	49%
	Total Assets	71,999	100%	72,767	100%	70,398	100%
	Current portion of long-term liabilities	5,549		247		989	
	Current liabilities	11,930		10,252		5,523	
	Bonds payable	13,244		13,372		11,778	
	Long-term borrowings	10,520		12,914		16,413	
	Total Liabilities	37,021	51%	37,796	52%	35,021	50%
	Common stock	4,240		4,240		4,239	
	Total equity attributable to owners of parent	32,792		32,929		33,407	
	Total Equity	34,978	49%	34,971	48%	35,376	50%
	Book value per share (NT\$) ¹	77.33		77.67		78.80	
	Key Indices						
	Current ratio (<i>Current assets / Current liabilities</i>)	218%		210%		338%	
	Debt ratio (<i>Total liabilities / Total assets</i>)	51%		52%		50%	

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

Q & A

For more information regarding WIN
www.winfoundry.com

For all inquiries, suggestions, and comments
ir@winfoundry.com



*Compound Semiconductor Solutions
from RF to Lightwave*

穩懋半導體

