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WIN SEMI. REPORTS 1Q23 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, Apr. 27, 2023: WIN Semiconductors Corp. (WIN Semi., TPEX: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2023, first quarter (1Q23) consolidated financial results.

1Q23 Results Highlights

- ◆ Net revenue for the quarter finished at NT\$2,860 million, down 19% quarter on quarter and down 49% year on year.
- ◆ Gross margin declined by 10.8 percentage points sequentially to 11.4%, and operating margin declined by 21.4 percentage points sequentially to -20.8%.
- ◆ Operating loss was NT\$595 million.
- ◆ Net loss was NT\$479 million. EPS was NT\$-0.95, compared to NT\$-0.18 for the fourth quarter of 2022.

2Q23 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 2Q23 revenue to increase low-thirties QoQ.
- ◆ We expect 2Q23 gross margin to be around the level of mid-teens.

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 2023, given the traditional off-season effect and the continued inventory adjustment of the smartphone industry, WIN Semi’s consolidated revenue was NT\$2.9 billion, down 19% quarter-on-quarter and down 49% year-on-year. Although the first quarter revenue was better than our previous expectation, our gross margin and operating margin declined to 11% and -21%, respectively, as our capacity utilization rate further declined to 20%. Net loss for the first quarter was NT\$479 million, and EPS was NT\$-0.95.

Looking at the product mix in the first quarter, revenue for all product segments each declined by 20-30% quarter-on-quarter, mainly due to the off-season effect and the weak consumer demand. While the progress of smartphone inventory destocking remains unclear, we have received rush orders from multiple Android customers since the end of last year, and we have also seen gradual order recovery from customers entering the second quarter. As a result, we believe that customers’ inventories are moving toward a healthier level.

Year-to-date, the war between Russia and Ukraine is still ongoing, and the pressure of global recession is still impacting the world. Amid many near-term uncertainties, we maintain our strategy of cautiously expanding capacity but actively investing in R&D, as our view on the long-term growth momentum of the industry remains unchanged. Several international customers have not only adopted our latest generation HBT technology for 5G mobile communications, but also actively worked with us on the qualification of the next-generation HBT processes. Meanwhile, in order to meet customers’ need of integrated components, we provide filters for low, mid, and high frequency applications, and we have developed GaN-on-SiC technologies and GaAs nano-pHEMT processes to fulfill the demand of mmWave for 5G infrastructure. In addition, many customers are collaborating with us to develop optical applications related to short-wave infrared (SWIR) and long-wavelength lasers, and those technologies could also be applied to automotive LiDAR. These are our current R&D focuses.

Looking ahead to the second quarter of 2023, our revenue is expected to grow by low-thirties than the previous quarter, and the gross margin will be around the level of mid-teens.”

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.