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WIN SEMI. REPORTS 3Q23 CONSOLIDATED RESULTS (UNAUDITED)

Taiwan, Oct. 27, 2023: WIN Semiconductors Corp. (WIN Semi., TPEX: 3105), the global leader in GaAs foundry services, today reported its fiscal year 2023, third quarter (3Q23) consolidated financial results.

3Q23 Results Highlights

- ◆ Net revenue for the quarter finished at NT\$4,165 million, up 6% quarter on quarter and up 7% year on year.
- ◆ Gross margin increased by 2 percentage points sequentially to 22.1%, and operating margin increased by 6 percentage points sequentially to 1.7%.
- ◆ Operating profit came in at NT\$70 million.
- ◆ Net profit contributed to the parent company was NT\$34 million.
EPS was NT\$0.08, compared to NT\$-0.23 for the second quarter of 2023.

4Q23 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 4Q23 revenue to increase low-teens QoQ.
- ◆ We expect 4Q23 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

“For the third quarter of 2023, our consolidated revenue reached NT\$4.2 billion, an increase of 6% quarter-on-quarter and an increase of 7% year-on-year, slightly exceeding our previous expectation. Driven by the increase in capacity utilization to 50% from 40% in the previous quarter, coupled with a slightly better-than-expected product mix, our gross margin increased to 22.1% from 20.1% in the second quarter, and operating margin also recovered to 1.7% from -4.3% in the second quarter. The net profit attributable to the parent company was NT\$34 million, turning from a loss to a profit, with an EPS of NT\$0.08.

Looking at the revenue changes of each product segment in the third quarter, Optical performed better than expected, while the rest segments were generally in line with expectation. The third quarter is typically the season for the launch of high-end smartphones. For Wi-Fi PA, as the preparation of inventories had peaked in the second quarter, Wi-Fi PA revenue declined quarter-on-quarter in the third quarter. However, for Cellular PA, the pull-in from customers has kicked off as expected. Meanwhile, as the inventories of Chinese smartphones have gradually returned to healthy levels, and the launches of multiple new smartphones in the second half of the year have driven the demand, we have witnessed increasing momentum from Chinese customers compared to the second quarter. As a result, our Cellular PA revenue delivered significant growth compared to the previous quarter.

According to the forecast by the market research firm IDC, it expects global smartphone shipments in 2023 will decline by 4.7% year-on-year, following a 11% decline in 2022. However, it projects a growth of 4.5% in 2024. This forecast seems to be consistent with the recovery that we have seen in our Cellular PA in the second half of this year. While we are still some distance away from the previous peak in quarterly revenue, we can already feel the gradual recovery in customer demand. We did face intensified competition from peers amid the weak demand in the past. However, as we remain committed to offering customers the best technology and the resources of R&D and production capacity, customers are choosing to stay with us as the storm clears. Additionally, leveraging our accumulated R&D and volume production capabilities in 3D sensing over the past years, our optical communication technology has deepened its reach into a more diverse range of applications. These include addressing the demand from datacenters driven by AI high-speed computing and the automotive LiDAR market, ensuring that we are well-prepared for sustained long-term growth in the future.

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