2H23 Investor Conference

Feb. 6th, 2024

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We Deliver

Safe Harbor Notice

- We have made forward-looking statements in this presentation. Our forward-looking statements contain information regarding, among other things, our financial condition, future expansion plans and business strategies. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us.

- We undertake no obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this conference might not occur and our actual results could differ materially from those anticipated in these forward-looking statements.

- The information contained herein shall also not constitute an offer to sell or a solicitation of an offer to buy the company's securities nor shall there be any sale of such securities in any state or country in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or country.

Agenda

01 **Financial Results**

Chih-Chung Chou - CFO

02 **Business Recap & Outlook**

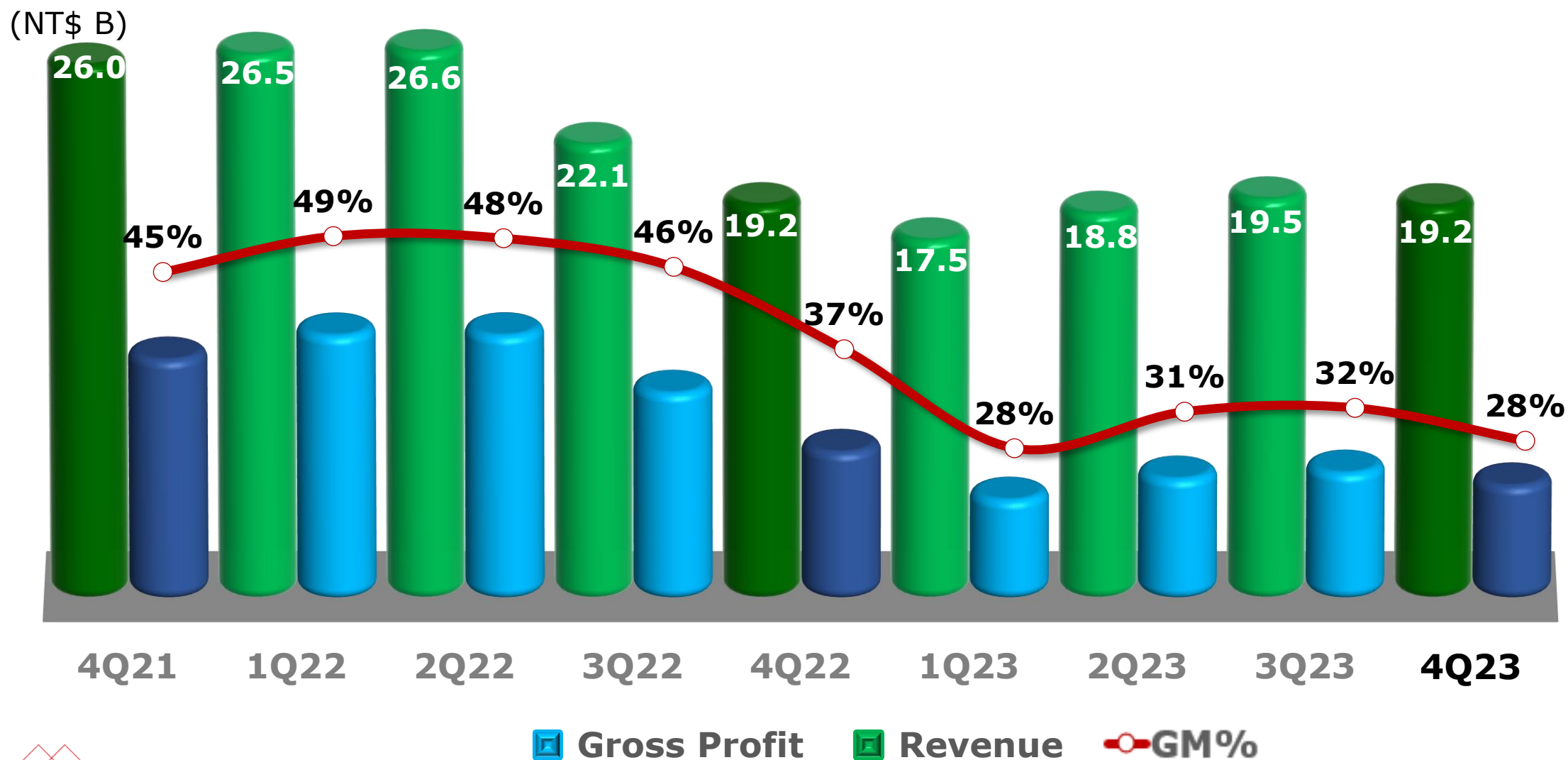James Chen - President

03 **Q & A**

James Chen & Chih-Chung Chou

Financial Results

Statement of Comprehensive Income - Consolidated

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Unit: NT$ M	2H23	1H23	HoH	2023	2022	YoY
Net Sales	38,679	36,327	2,352	75,006	94,530	(19,524)
Gross Profit	11,642	10,753	889	22,396	43,051	(20,655)
Gross Margin	30%	30%	+0 ppts	30%	46%	-16 ppts
Operating Income	(219)	(1,411)	1,192	(1,630)	16,535	(18,165)
Net Non-Operating Income (Loss)	219	713	(494)	932	1,512	(580)
Income Tax Benefit (Expense)	148	584	(436)	732	(3,060)	3,792
Net Income (Loss)	148	(114)	262	34	14,987	(14,953)
Earnings Per Share (Unit: NT$)	(0.13)	(0.16)	0.03	(0.29)	3.25	(3.54)
EBITDA	5,757	4,469	1,288	10,226	26,084	(15,858)

Revenue and GM Trend – Consolidated

(NT$ B)

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Revenue	26.0	26.5	26.6	22.1	19.2	17.5	18.8	19.5	19.2
GM%	45%	49%	48%	46%	37%	28%	31%	32%	28%

Gross Profit   Revenue   GM%

Balance Sheet - Consolidated

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Unit: NT$ M	Dec. 31, '23	%	Jun. 30, '23	%	Dec. 31, '22	%
Cash	16,963	9%	17,640	10%	20,403	11%
Inventory(Net)	23,870	13%	22,383	12%	21,448	11%
Property, Plant, Equipment and ROU	105,747	55%	94,456	52%	97,829	53%
Total Assets	190,788	**100%**	180,863	**100%**	184,165	**100%**
L/T Liability	46,006	25%	42,470	23%	44,247	25%
Total Liabilities	90,328	**47%**	84,676	**47%**	81,431	**44%**
Shareholders' Equity	100,460	**53%**	96,187	**53%**	102,734	**56%**
Debt / Equity Ratio	0.90		0.88		0.79	
Current Ratio	1.85		2.04		2.47	

Statement of Cash Flow – Consolidated

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Unit: NT$ M	2H23	1H23	HoH	2023	2022	YoY
Operating Cash Flow	3,508	93	3,415	3,601	15,754	(12,153)
Depreciation & Amortization	5,976	5,880	96	11,856	9,549	2,307
Investing Cash Flow	(8,341)	(4,691)	(3,650)	(13,032)	(44,482)	31,450
CAPEX	(9,177)	(4,610)	(4,567)	(13,787)	(42,165)	28,378
Financing Cash Flow	4,170	2,180	1,990	6,350	17,879	(11,529)
Net Change	(678)	(2,762)	2,084	(3,440)	(10,511)	7,071
Cash & Equivalents	16,963	17,640	(677)	16,963	20,403	(3,440)

Memory Business Performance (1)

Unit: NT$ M	2H23	1H23	HoH	2023	2022	YoY
Net Sales	20,481	17,603	2,878	38,085	51,772	(13,687)
Cost of Goods Sold	16,725	14,981	1,744	31,706	27,226	4,480
Gross Profit	3,756	2,622	1,134	6,378	24,547	(18,169)
Gross Margin	18%	15%	+3 ppts	17%	47%	-30 ppts
Operating Expense	4,970	5,031	(61)	10,001	12,506	(2,505)
Operating Income (Loss)	(1,214)	(2,409)	1,196	(3,623)	12,040	(15,663)
Operating Income Margin	-6%	-14%	+8 ppts	-10%	23%	-33 ppts

Memory Business Performance (2)

(NT$ B)

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Revenue	15.5	15.6	15.3	11.5	9.4	8.1	9.5	10.1	10.3
GM%	47%	51%	52%	48%	33%	10%	20%	21%	16%

Gross Profit · Revenue · GM%

Logic Business Performance (1)
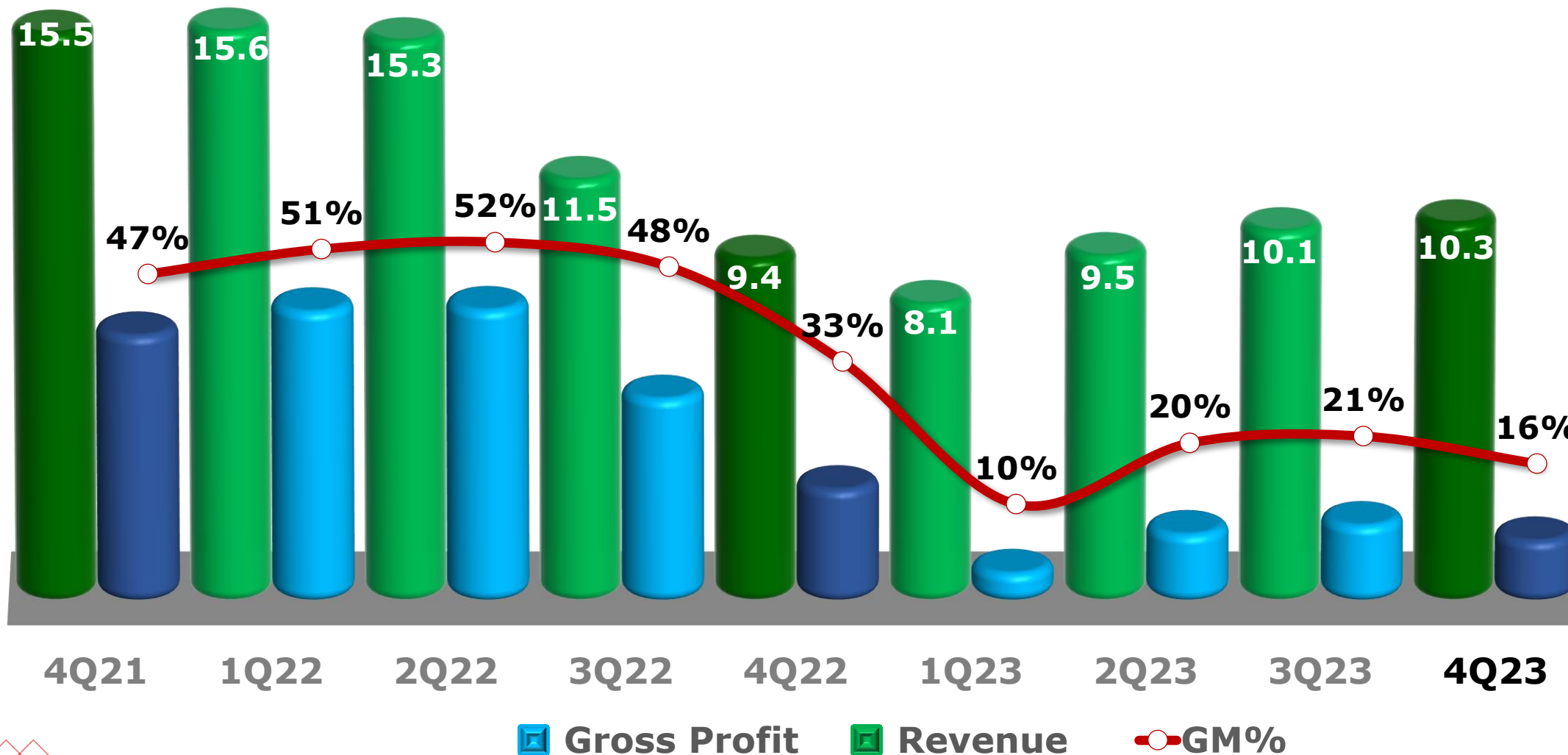
Unit: NT$ M	2H23	1H23	HoH	2023	2022	YoY
Net Sales	17,439	17,909	(470)	35,348	41,872	(6,524)
Gross Profit	7,110	7,233	(123)	14,343	17,494	(3,151)
Gross Margin	41%	40%	+1 ppts	41%	42%	-1 ppts
Operating Income	864	826	38	1,690	4,478	(2,788)
Net Non-Operating Income (Loss)	549	487	62	1,036	629	407
Income Tax Benefit (Expense)	(107)	(199)	92	(306)	(886)	580
Net Income (Loss)	1,306	1,114	192	2,420	4,221	(1,801)
Earnings Per Share (Unit: NT$)	3.12	2.65	0.47	5.77	10.06	(4.29)

Logic Business Performance (2)

Unit: NT$ M	Dec. 31, '23	%	Jun. 30, '23	%	Dec. 31, '22	%
Cash	6,325	20%	9,035	25%	10,398	28%
Inventory(Net)	7,756	24%	8,431	24%	8,459	23%
Property, Plant, Equipment and ROU	7,856	25%	7,620	21%	8,186	22%
Total Assets	31,740	**100%**	35,709	**100%**	36,852	**100%**
L/T Liability	857	3%	1,357	4%	1,429	4%
Total Liabilities	15,009	**47%**	20,397	**57%**	19,286	**52%**
Shareholders' Equity	16,731	**53%**	15,312	**43%**	17,566	**48%**
Debt / Equity Ratio	0.90		1.33		1.10	
Current Ratio	2.35		1.87		2.20	

(NT$ B)

	2020	2021	2022	2023	2024(E)
	7.9	9.3	40.8	12.7	17.4

■ Paid ■ Estimated
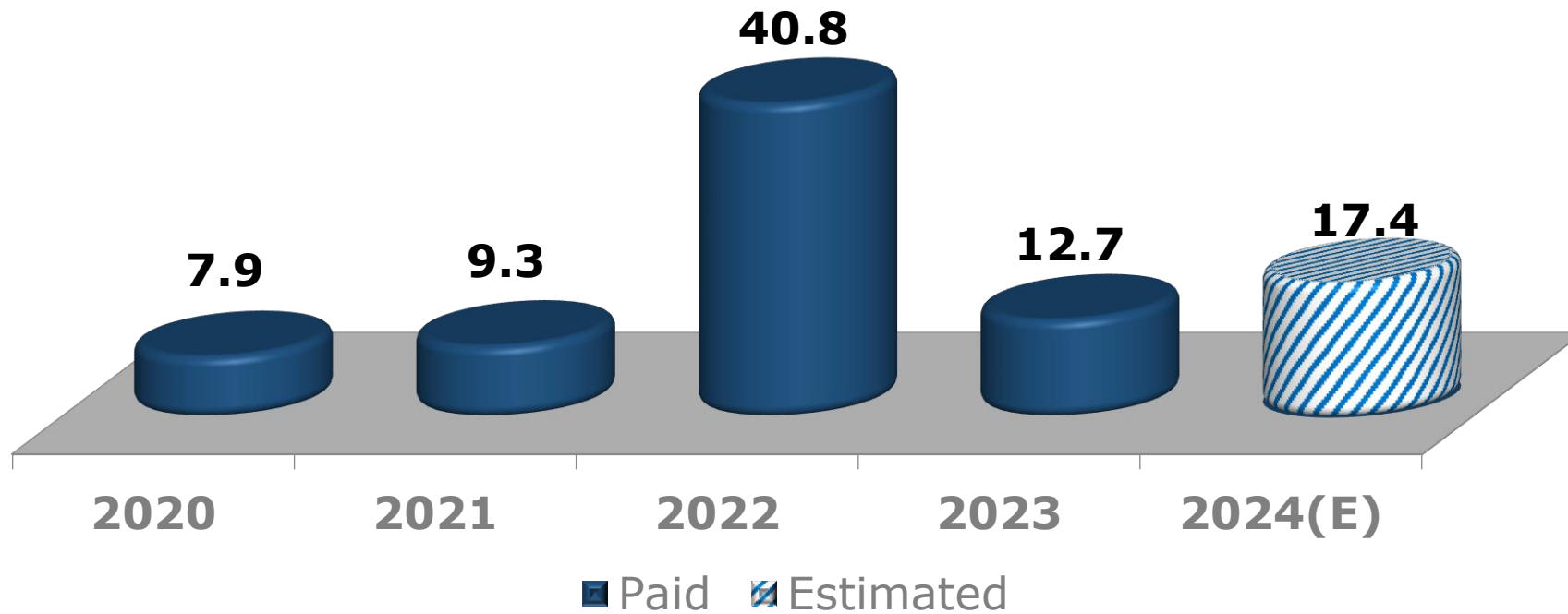
Cash Basis, as of Feb. 6th , 2024

Business Recap
& Outlook

Memory Business Revenue Breakdown by Product

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(NT$ B)

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
DRAM	46%	45%	47%	40%	35%	37%	33%	35%	41%
Flash	54%	55%	53%	60%	65%	63%	67%	65%	59%

Flash ■ DRAM
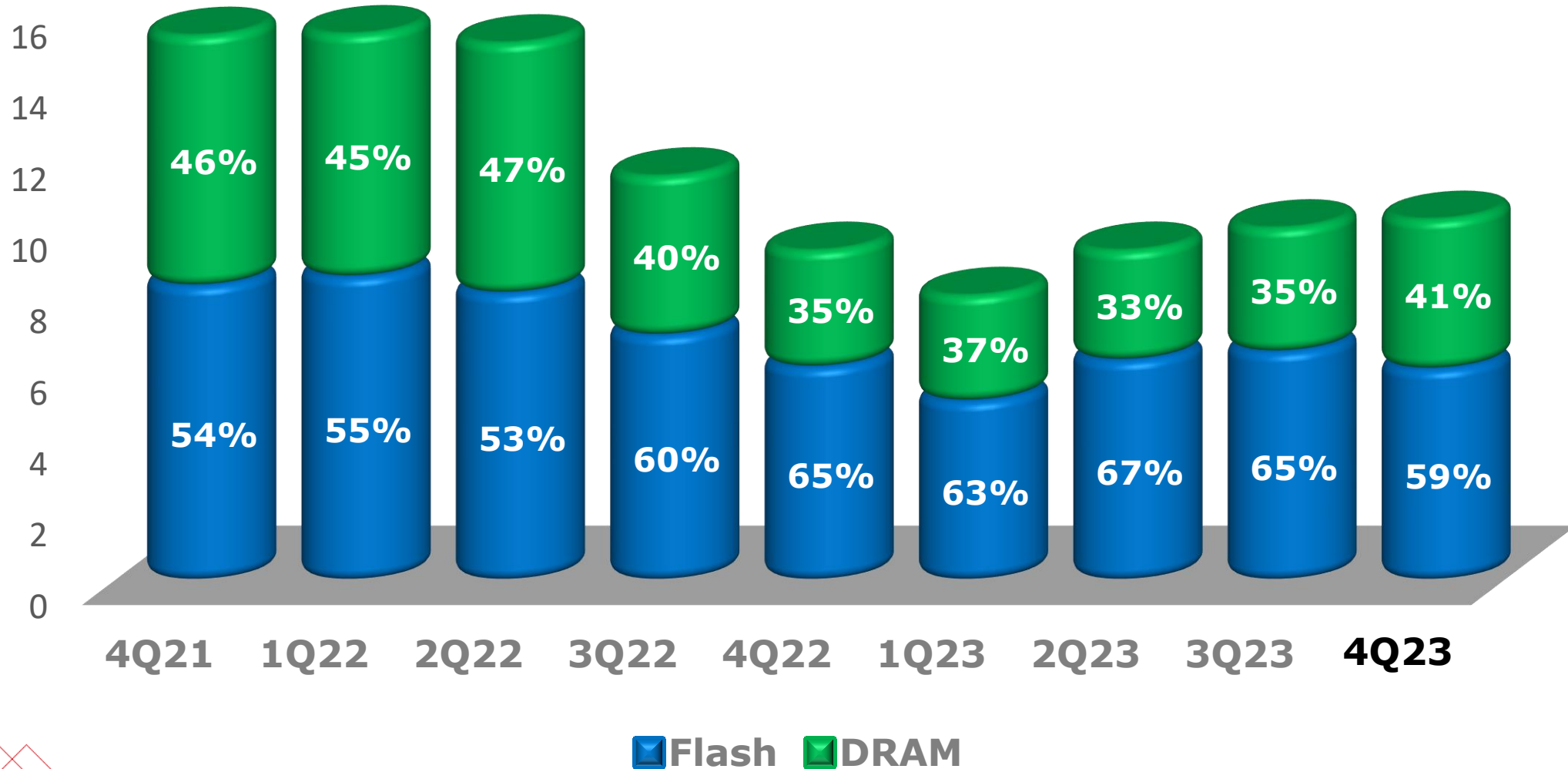
Memory Business Revenue Breakdown by Application

2022

Car & Industrial 27%
Communication 29%
Consumer 20%
Computer 24%

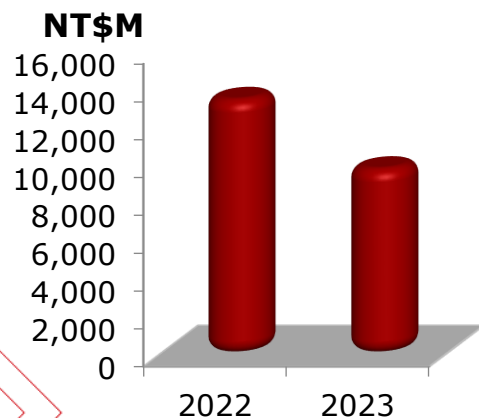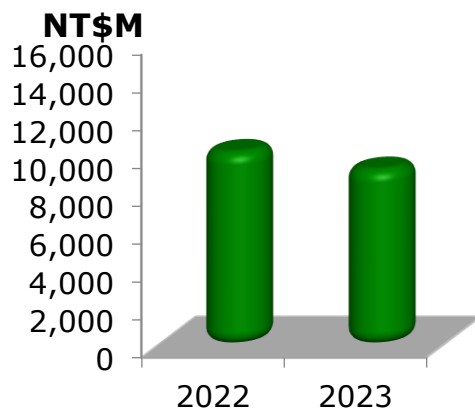**2023**

Car & Industrial 26%
Communication 25%
Consumer 25%
Computer 24%
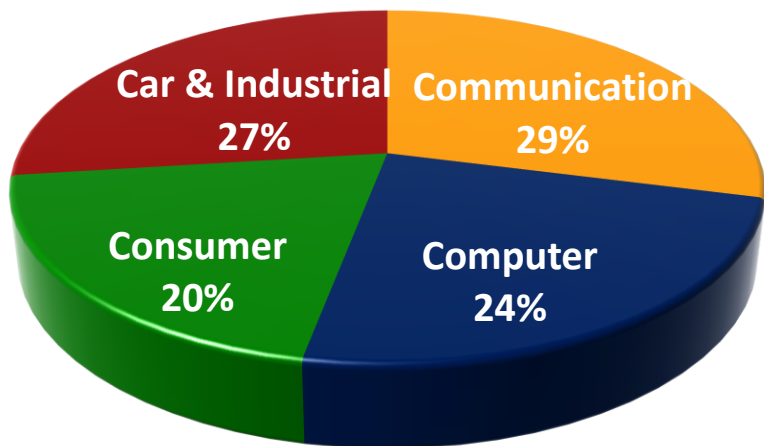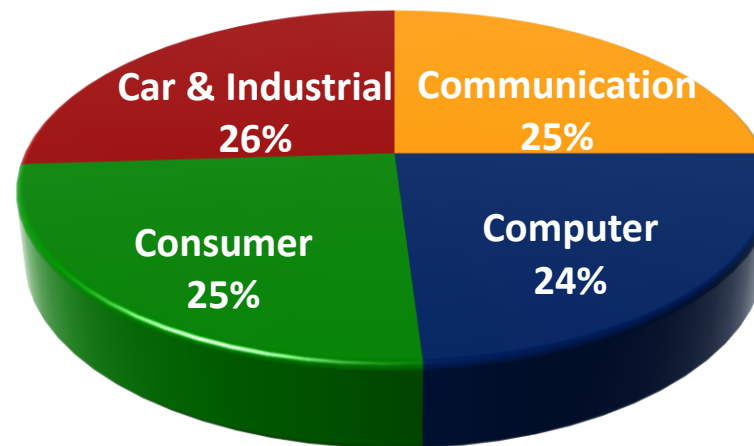
Note: Rev excluded foundry and others

Car & Industrial YoY -27%

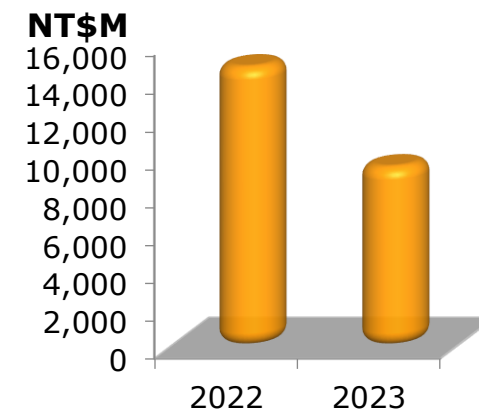| NT$M | |
16,000	
14,000	
12,000	
10,000	
8,000	
6,000	
4,000	
2,000	
0	
2022	2023

Consumer YoY -9%

NT$M	
16,000	
14,000	
12,000	
10,000	
8,000	
6,000	
4,000	
2,000	
0	
2022	2023

Computer YoY -25%

NT$M	
16,000	
14,000	
12,000	
10,000	
8,000	
6,000	
4,000	
2,000	
0	
2022	2023

Communication YoY -36%

NT$M	
16,000	
14,000	
12,000	
10,000	
8,000	
6,000	
4,000	
2,000	
0	
2022	2023

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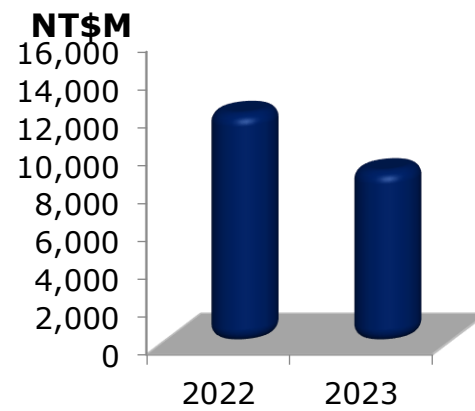
Flash Business
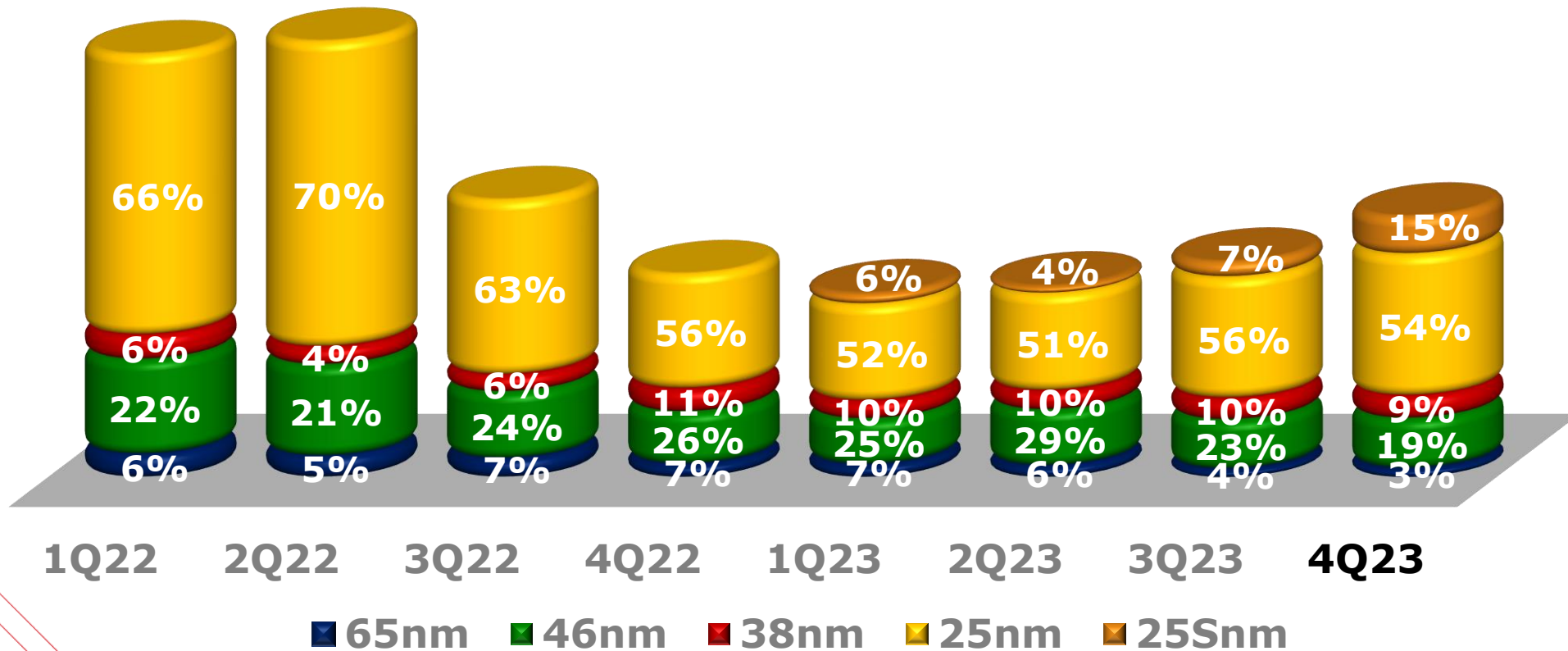
❑ Revenue decreased by 20% YoY, but 32nm node revenue continued to rise

❑ Bit shipment of NOR Flash business maintained flat YoY

❑ Bit shipment of SLC NAND business increased by low-forties YoY

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
32nm			1.1%	1.3%	3.2%	2.7%	4.5%	6.2%
46nm	17%	18%	19%	21%	18%	15%	12%	14%
58nm	66%	65%	65%	63%	63%	67%	65%	61%
90nm	17%	17%	15%	15%	16%	15%	19%	19%

■ 90nm ■ 58nm ■ 46nm ■ 32nm

DRAM Business
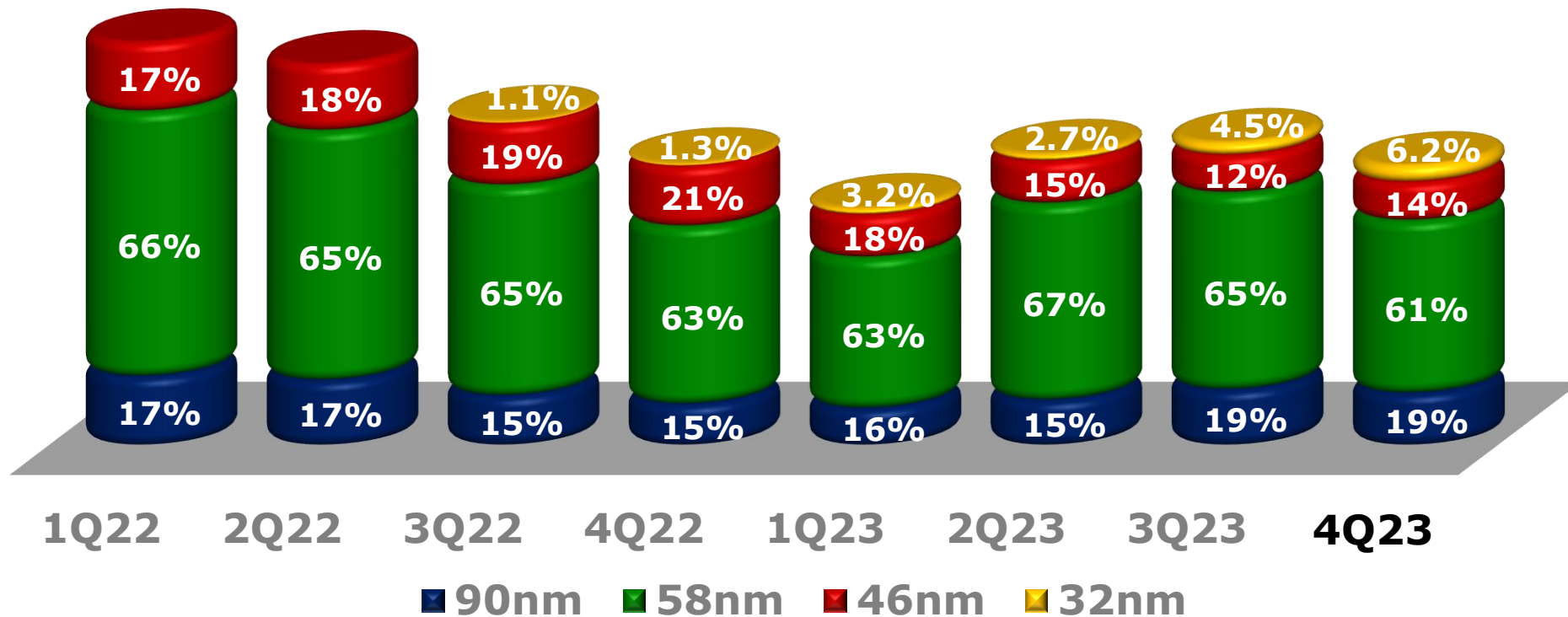
❑ Revenue decreased by 36% YoY

❑ Bit shipment increased by low-twenties% YoY, driven by 4G D3 sales growth

❑ Revenue contribution from ≦25nm kept increasing

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
25Snm					6%	4%	7%	15%
25nm	66%	70%	63%	56%	52%	51%	56%	54%
38nm	6%	4%	6%	11%	10%	10%	10%	9%
46nm	22%	21%	24%	26%	25%	29%	23%	19%
65nm	6%	5%	7%	7%	7%	6%	4%	3%

■ 65nm ■ 46nm ■ 38nm ■ 25nm ■ 25Snm

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Market and Business Outlook (1)

❑ Code Storage Flash

- ❖ Mild demand growth: 1) ~5% end demand growth; 2) increase of content per box
- ❖ SLC NAND supply-demand balance expected by 2H24 and potential tightness in 2025
- ❖ NOR Flash supply shows no significant change

❑ Specialty DRAM

- ❖ Premium market saw price rebound due to completed inventory adjustments and supply constraints, while Specialty prices are gradually picking up
- ❖ Supply-demand balance expected by 2H24
- ❖ Healthy demand: IoT, Networking, Surveillance, and TV
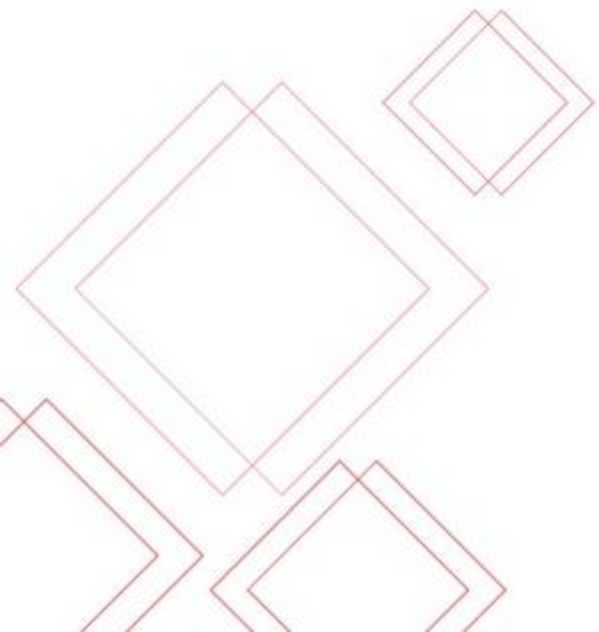- ❖ Edge AI will be the next focus

Market and Business Outlook (2)

❑ **Overall Market**

❖ Economy and individual behavior are returning to normal

❖ US-China competition and China-plus-one strategy are shaping a new investment environment

❖ Memory industry is entering into a new up-cycle

❑ **Winbond Business**

❖ 45nm NOR Flash and 20nm DRAM both start contributing revenue

❖ KH Fab 14K wpm capacity is gearing up for production in early 2024

❖ Collaborate with supply chain to deliver total solution for customers especially in AI application sector

❖ Expanding renewable energy resources to align with customer demand

Q & A

Thank you

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