



# 2023 3<sup>rd</sup> Quarter Earnings Conference

2023/12/22

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WEIKENG's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

Information as to those factors that could cause actual results varied can be found in WEIKENG's Quarterly or Yearly Financial Statements and Report filed with the Taiwan Stock Exchange Corporation (the "TWSE") and such other major information will be posted on the TWSE's Market Observation Post System ( MOPS) from time to time.

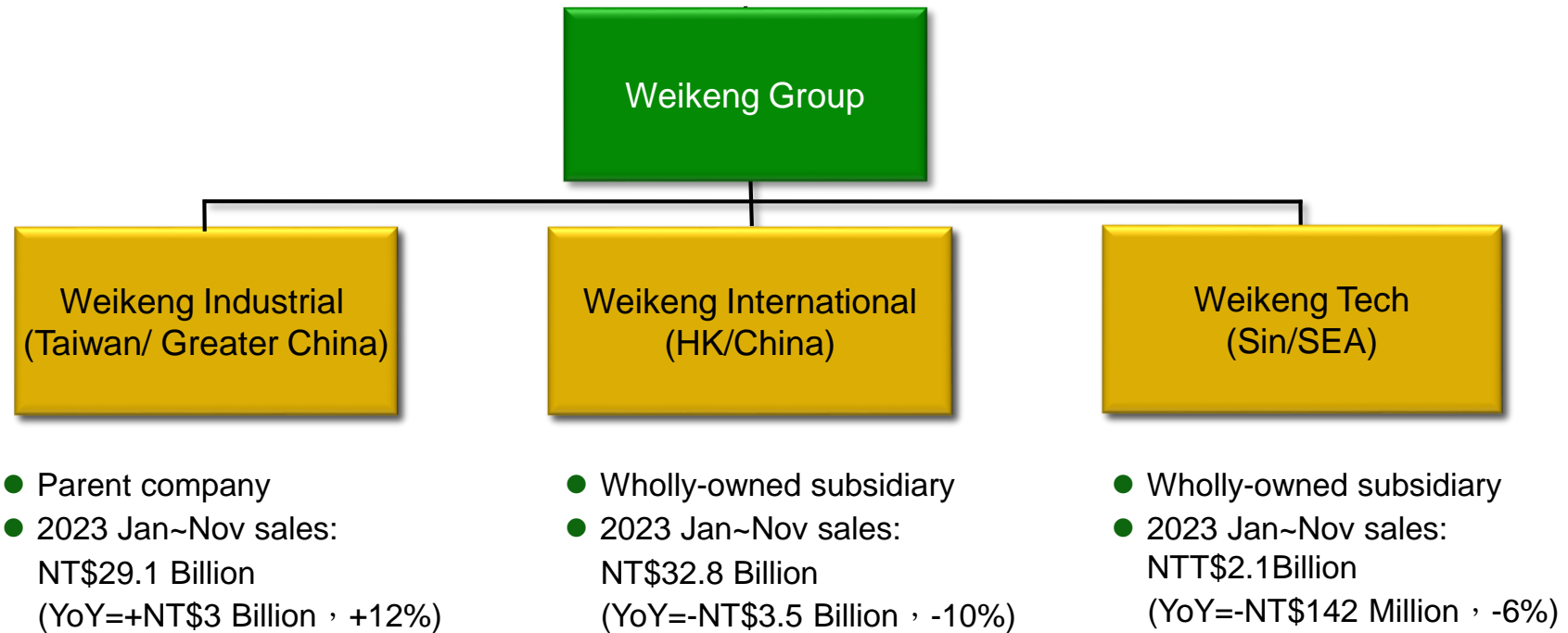
Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

In addition, any financial information contained in this report is prepared in accordance with the International Financial Reporting Standards (IFRSs).

# Company Introduction--Brief Facts

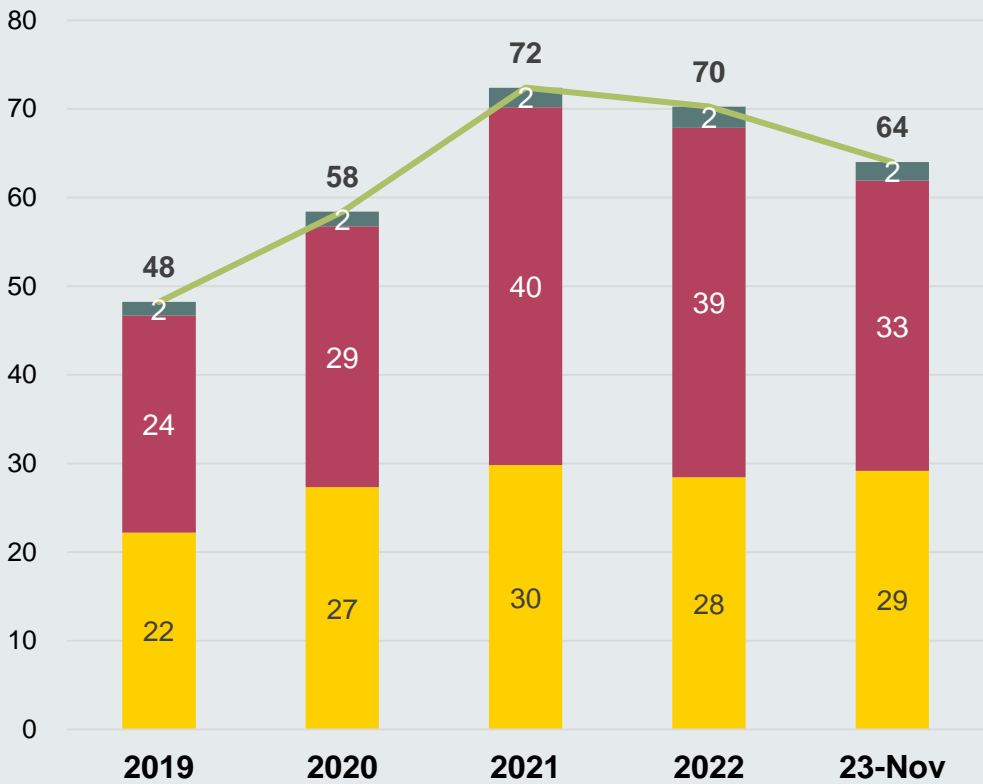


- The Jan~Nov of 2023 consolidated sales: NT\$ 64Billion (YoY=-1%)



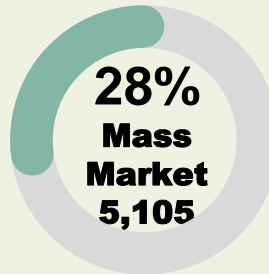
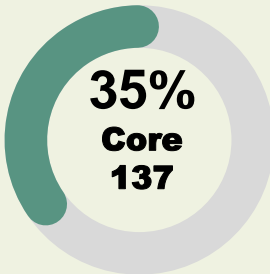
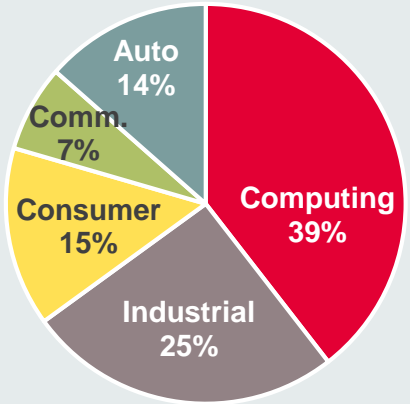
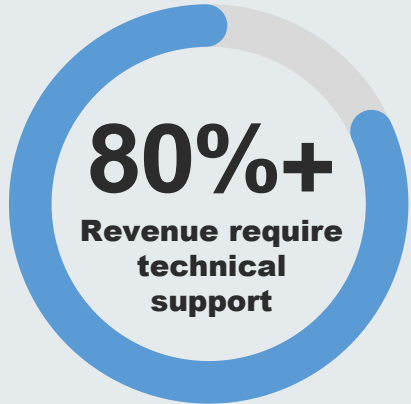
## Weikeng Facts

Weikeng Group Revenues, 2019-2023/Jan~Nov



Unit: NTD billion

■ Taiwan ■ China ■ SEA



Data for Jan~Nov'23

# Consolidated Statements of Comprehensive Income



Selected Items from Consolidated Statements of Comprehensive Income (In NT\$ Millions)	3Q 2023	1Q~3Q 2023	2Q 2023	1Q~3Q 2022	3Q23 Over 2Q23	1Q~3Q23 Over 1Q~3Q22
Net Revenue	18,665	52,700	17,511	52,549	+7%	0.3%
Gross Margin	1,228 6.58%	3,333 6.32%	1,052 6.01%	4,201 7.99%	+17% +0.57ppts	-21% -1.67ppts
Operating Expenses	649	1,903	612	2,018	+6%	-6%
Net Operating Income	579 3.10%	1,429 2.71%	440 2.51%	2,183 4.15%	32% +0.59ppts	-35% -1.44ppts
Net Non-Operating Income & Expenses	(267)	(672)	(221)	(213)	-21%	*-216%
Profit before Tax	312 1.67%	757 1.44%	219 1.25%	1,969 3.75%	+42% +0.42ppts	-62% -2.31ppts
Net Profit	254	559	136	1,421	+87%	-61%
Basic EPS(NT Dollar)	0.59	1.32	0.32	3.38	+84%	-61%
Exchange Rate(NT\$/US\$)	31.67	30.93	30.69	29.26	3%	6%

\*Comparison of 1Q~3Q'23 and 1Q~3Q'22:

1. Financial costs increased by NT\$436 million.
2. Net foreign currency exchange gains decreased by NT\$57 million.
3. Measured by fair value through profit or loss has a net increase of NT\$21 million in evaluation benefits (mainly CB6 put/ call options evaluation).
4. Interest income increased by NT\$13 million.

# Balance Sheets and Key Indices



Selected Items from Balance Sheets (In NT\$ Millions)	Sep. 30, 2023		Jun. 31, 2023		Mar. 31, 2022	
	\$	%	\$	%	\$	%
Cash and Cash Equivalents	2,308	6	2,430	7	2,227	7
Notes and Accounts Receivable, net	13,751	35	13,288	40	12,152	39
Inventories, net	20,553	53	15,721	47	14,941	48
<b>Total Assets</b>	<b>38,765</b>	<b>100</b>	<b>33,497</b>	<b>100</b>	<b>31,186</b>	<b>100</b>
Short-term Borrowings	15,855	41	14,648	44	12,617	40
Notes and Accounts Payable	8,515	22	3,505	10	3,424	11
<b>Total Liabilities</b>	<b>29,932</b>	<b>77</b>	<b>25,178</b>	<b>75</b>	<b>21,868</b>	<b>70</b>
<b>Total Equity</b>	<b>8,833</b>	<b>23</b>	<b>8,318</b>	<b>25</b>	<b>9,318</b>	<b>30</b>
<b>Key Indices</b>						
A/R Turnover (Days)		69		70		69
Inventory Turnover (Days)		102		91		92
A/P Outstanding (Days)		33		20		21
Current Ratio (X)		1.41		1.47		1.60
ROWC(%)		7.42		6.66		6.67
ROE(%)		8.28		6.99		7.35
Exchange rate at the BS date		32.27		31.07		30.46

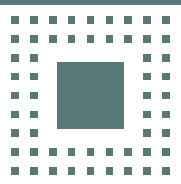










# Semiconductor Market 2024 – Outlook(A)

Items	Actual Status and Expectations
<p>China Plus 1 status</p>	<p>Diversification of the supply chain has become a consensus, and Taiwanese businesses are accelerating their layout in ASEAN, Mexico, and India:</p> <ul style="list-style-type: none"> <li>➤ Vietnam: Clear advantages in networking, NB (Notebooks), and Apple products (MacBook/AirPods/iPad)</li> <li>➤ Thailand: Has advantages in servers and automotive</li> <li>➤ India: Mobile phones and Apple iPhones</li> <li>➤ Mexico: Automotive and servers,...</li> </ul>
<p>China's Economy Still Awaits Recovery</p>	<ul style="list-style-type: none"> <li>• The overall economic momentum is under pressure             <ul style="list-style-type: none"> <li>➤ real estate downturn,</li> <li>➤ stock market decline,</li> <li>➤ sovereign rating downgrades,</li> <li>➤ high unemployment rates,</li> <li>➤ U.S.-China competition...</li> </ul> </li> <li>• China's new energy vehicles (BEV+PHEV) account for 57% of global EV sales (January to August 2023)</li> </ul>



# Semiconductor Market 2024 – Outlook(B)

Segment	23e	24f	Segment	23e	24f	Segment	23e	24f
 <b>Global Semiconductor Revenue</b>	WSTS: 520bn -9.4% Gartner: 535bn -10.9%	WSTS: \$588bn +13.1% Gartner: 624bn +16.8%	 <b>Desktop</b>	66.8mu -13%	68mu +1.7%	 <b>Smartphone</b>	1.11 bn -7%	1.15 bn +3.0%
 <b>Server</b>	12.4mu -4.6%	13.2mu +6.6%	 <b>Tablet</b>	118.5mu -14.2%	123.6mu +4.3%	 <b>Automotive</b>	85.7mu +6.3%	90.7mu +5.8%
 <b>NB</b>	167mu -10.8%	175mu +4.66%	 <b>LCD/OLED TV</b>	203.5mu +0.1%	209.4mu +2.9%	 <b>EV (BEV+PHEV)</b>	13.8mu +34.2%	18.7mu +35.2%

Source: Digitimes, MIC, Omdia, WSTS, Gartner

## ● 2024 Outlook

- The smartphone and PC notebook markets, which started adjusting earlier, have shown signs of improvement.
- AIGC, AI PC, and AUTOMOTIVE are also expected to continue their upward momentum, and the gradual clearance of industry inventory adjustments has been completed.
- Inflation easing and the conclusion of interest rate hikes have occurred, and market demand is expected to steadily increase.
- The global semiconductor industry is emerging from a downturn and is poised for growth in 2024.
  - ✓ According to WSTS forecasts as of the end of November 2023, the global semiconductor market is estimated to be valued at approximately \$520 billion in 2023, reflecting a 9.4% decline compared to 2022.
  - ✓ The forecast for 2024 anticipates a return to positive growth, reaching an estimated \$588 billion, representing a 13.1% YoY increase.
  - ✓ In the first half of 2024, a cautious and neutral outlook is still prevalent; however, a more optimistic expectation is held for the second half of 2024

- **Proactively and smoothly establishing a presence in crucial application areas and exploring new market opportunities**
  - Leading the direction of future technological development and inspiring innovation while driving market demand
    - ✓ Electric vehicles (EV), automotive, charging stations, energy storage devices, data centers, AI-generated content (AIGC), high-performance computing (HPC), AI PCs, servers, cloud computing, 5G Open Radio Access Networks (ORAN), and the Internet of Things (IoT)
  - Cooperated with Vendors and Customers through strategic partnerships
    - ✓ Strategic partnerships have been established with Vendors such as Infineon, AMD, NXP, Microchip, Lattice, Vishay, Molex, and others.
    - ✓ Collaborating with high-quality customers in the development, certification, introduction, and supply cooperation in various fields such as AIGC, Data Center, AI PCs, Automotive, Type C, Power, etc., including coordinating matters related to production line transfer after mass production.
    - ✓ The proportion of the automotive electronics business performance has been increasing year by year, especially NXP/Infineon/Vishay products, which have advantages in automotive electronics, charging stations, and energy storage systems.

- The "2022 Corporate Governance Evaluation for TWSE/ TPEX Listed Companies " conducted by the Securities & Futures Institute (SFI), the Company's total score was 91.24 for 2022 (the 2021 total score was 75.19), and the ranking of listed companies was 21%~35% for 2022 (the 2021 ranking was 36%~50%)
- In June 2023, the Company was once again listed as a constituent stock of the "Taiwan HC 100 Index" published by Taiwan Index Plus (TIP), and the 1111 Job Bank voted the Company as the 2023 Happy Enterprise Gold Award in the "Trade and Distribution " Industry in November 2023.
- To create an age-friendly workplace environment, the Company has made efforts and, in September of 2023, received certification as the "First Annual Age-Friendly Enterprise for Middle and Senior-Aged Individuals and Seniors" from the Taipei City Government.
- To enhance the quality of our logistics services in the supply chain, the Company has introduced the ISO 9001:2015 certification for warehouse services in 2023. We have successfully obtained the ARES international certification in November.
- To reduce occupational hazards and risks, the construction of the Occupational Health and Safety Management System (ISO 45001:2018) is underway. External verification and certification are anticipated to be completed in the first quarter of 2024.
- The Sustainable Development Committee and the Board of Directors of the Company, in June of 2022, approved the schedule for planning and verifying greenhouse gas inventories based on the standard of "Quasi-Capital of 5 billion NT dollars", which resolution aligns with the "Roadmap for the Sustainable Development of TWSE and TPEX Listed Companies" issued by the Financial Supervisory Commission in March 2022.
  - The (parent) Company, in anticipation of an early commencement, initiated the preliminary inventory in 2023 with concurrent guidance from external consultant experts. The formal inventory is scheduled for 2024, and in 2025, the Company will undergo an on-site audit certification by the British Standards Institution (BSI).
  - The subsidiaries within the Group will follow the (parent) company's lead by starting to receive guidance from consultant experts one year earlier. They will commence preliminary inventory in 2024, conduct the formal inventory in 2025, and undergo on-site audit certification by the British Standards Institution (BSI) in 2026.

- The Company's engagement in (1) environmental protection issues, (2) sponsorship of educational resources, (3) sponsorship of medical resources, (4) sponsorship of social welfare resources, (5) sponsorship of sports resources, (6) sponsorship of research institutions, (7) support for cultural development, and (8) employees' participation in social welfare activities can be found in the Sustainability section of our official website under “Participation in Social Welfare”.
  - The Company's sponsorship for social welfare in the fiscal year 2023, primarily benefited the following recipient organizations:
    - ✓ Médecins Sans Frontières Taiwan
    - ✓ Taiwan Foundation for Rare Disorders
    - ✓ Kaohsiung Autism Foundation
    - ✓ Others
- The Sustainability report for the year 2023 is currently in the process of data collection and compilation, with plans to engage the Taiwan branch of the British Standards Institution (BSI) for third-party certification between April and June of 2024.

**Q & A**



**Your Best Partner**