



# 2023 2<sup>nd</sup> Quarter Earnings Conference

2023/08/31

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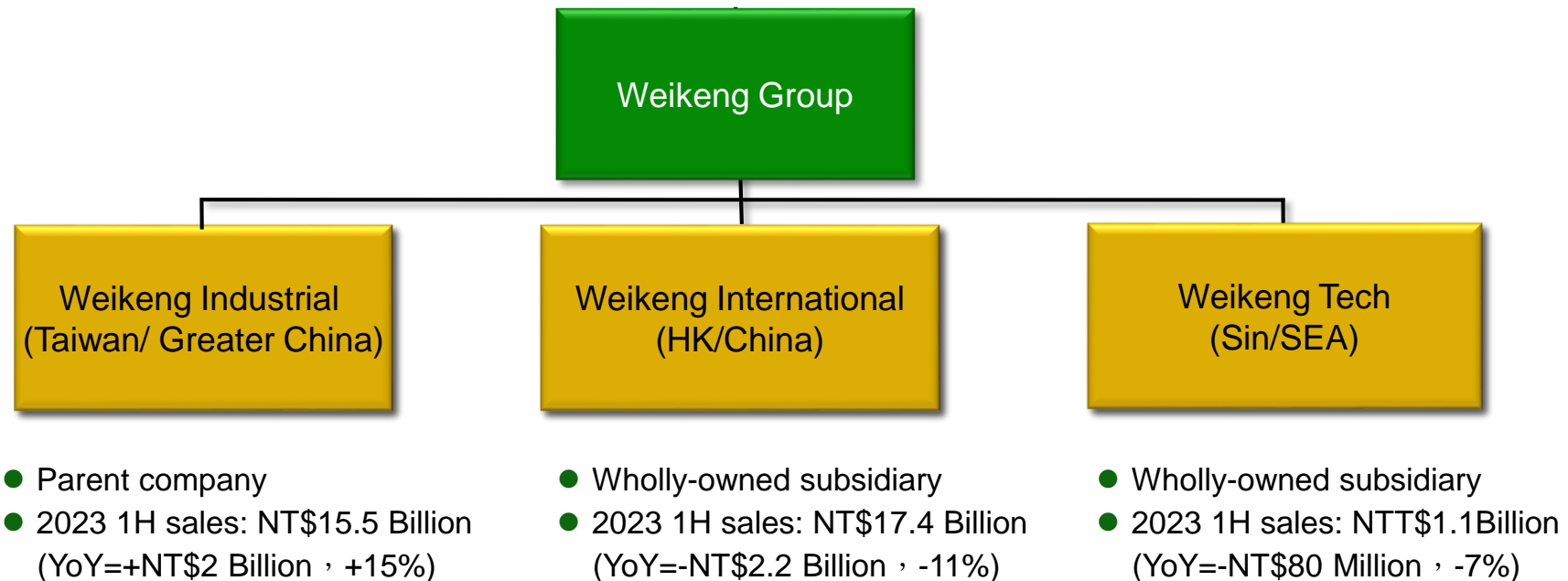
WEIKENG's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

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.

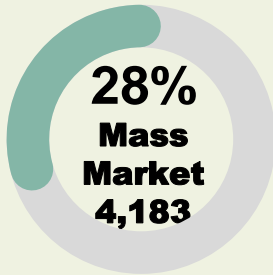
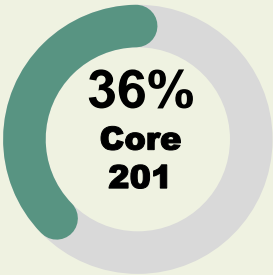
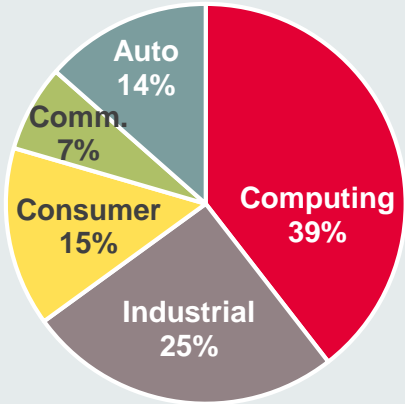
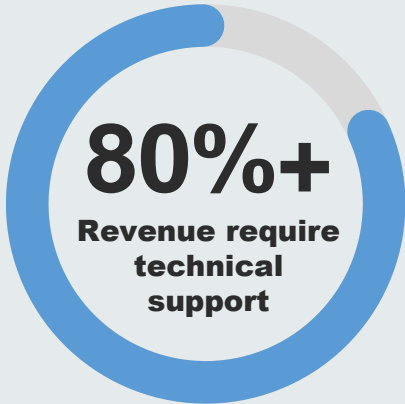
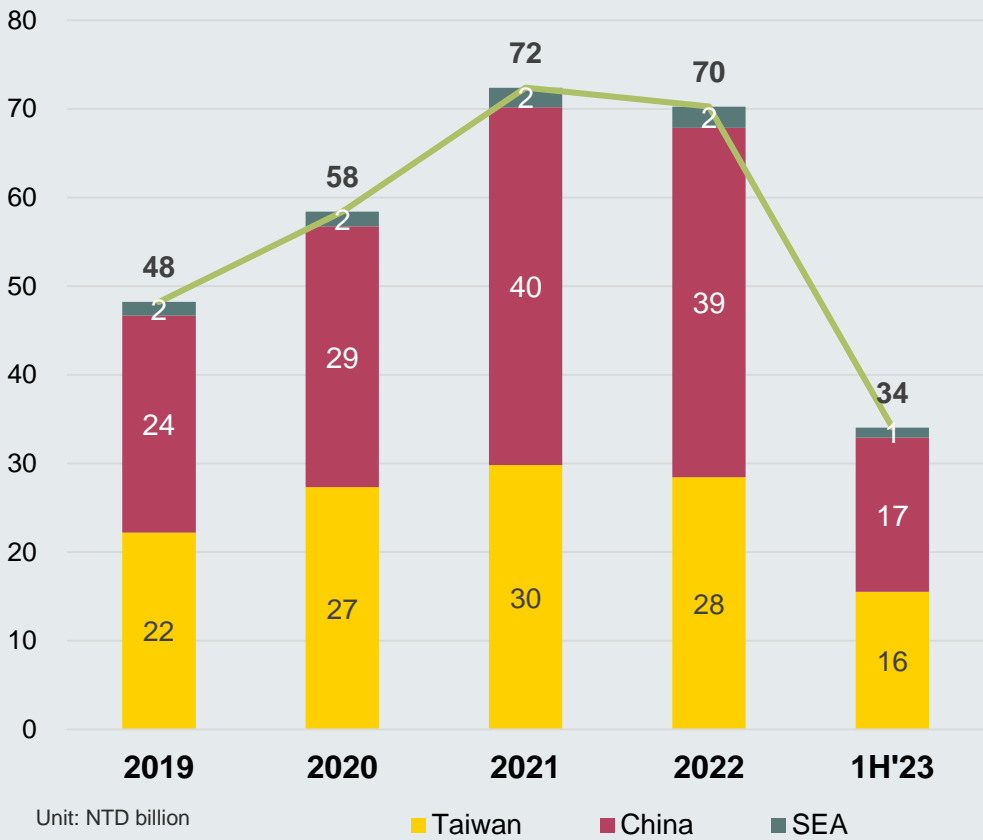
In addition, any financial information contained in this report is prepared in accordance with the International Financial Reporting Standards (IFRSs).

- The first half of 2023 consolidated sales: NT\$ 34 Billion(YoY=-1%)



## Weikeng Facts

Weikeng Group Revenues, 2019-2023/1H



Data for 1H'23

# Consolidated Statements of Comprehensive Income



Selected Items from Consolidated Statements of Comprehensive Income (In NT\$ Millions)	2Q 2023	1H 2023	1Q 2023	1H 2022	2Q23 Over 1Q23	1H23 Over 1H22
Net Revenue	17,511	34,035	16,524	34,346	6%	-1%
Gross Margin	1,052 6.01%	2,105 6.18%	1,053 6.37%	2,818 8.21%	0% -0.37ppts	-25% -2.02ppts
Operating Expenses	612	1,254	643	1,307	-5%	-4%
Net Operating Income	440 2.51%	850 2.50%	411 2.48%	1,511 4.40%	7% +0.03ppts	-44% -1.90ppts
Net Non-Operating Income & Expenses	(221)	(405)	(185)	(66)	19%	*514%
Profit before Tax	219 1.25%	445 1.31%	226 1.37%	1,445 4.21%	-3% -0.12ppts	-69% -2.90ppts
Net Profit	**136	306	170	1,049	-20%	-71%
Basic EPS(NT Dollar)	0.32	0.72	0.4	2.5	-20%	-71%
Exchange Rate(NT\$/US\$)	30.69	30.55	30.42	28.71	1%	6%

\*Comparison of 1H'23 and 1H'22:

1. Financial costs increased by NT\$314 million.
2. Net foreign currency exchange gains decreased by NT\$65 million.
3. Measured by fair value through profit or loss has a net increase of NT\$26 million in evaluation benefits (mainly CB6 put/ call options evaluation).
4. Interest income increased by NT10 million.

\*\*NT\$693 million of the distributable surplus earnings from 2022 has been retained and undistributed in 2023, and the income tax expenses of NT\$34.65 million of undistributed surplus earnings tax was accrued in the second quarter of 2023.

# Balance Sheets and Key Indices



Selected Items from Balance Sheets (In NT\$ Millions)	Jun 30, 2023		Mar 31, 2023		Dec 31, 2022	
	\$	%	\$	%	\$	%
Cash and Cash Equivalents	2,430	7	2,227	7	2,840	9
Notes and Accounts Receivable, net	13,288	40	12,152	39	12,844	39
Inventories, net	15,721	47	14,941	48	16,266	49
<b>Total Assets</b>	<b>33,497</b>	<b>100</b>	<b>31,186</b>	<b>100</b>	<b>33,241</b>	<b>100</b>
Short-term Borrowings	14,648	44	12,617	40	14,648	44
Notes and Accounts Payable	3,505	10	3,424	11	3,561	11
<b>Total Liabilities</b>	<b>25,178</b>	<b>75</b>	<b>21,868</b>	<b>70</b>	<b>24,061</b>	<b>72</b>
<b>Total Equity</b>	<b>**8,318</b>	<b>25</b>	<b>9,318</b>	<b>30</b>	<b>9,180</b>	<b>28</b>
<b>Key Indices</b>						
A/R Turnover (Days)		70		69		69
Inventory Turnover (Days)		91		92		75
A/P Outstanding (Days)		20		21		25
Current Ratio (X)		1.47		1.60		1.54
ROWC(%)		6.66		6.67		12.38
ROE(%)		6.99		7.35		19.75
Exchange rate at the BS date		31.07		30.46		30.71

\*\* The amount includes the accumulated undistributed surplus earnings of NT\$1,183 million = the accumulated undistributed surplus earnings of the previous period of NT\$877 million + the net profit after tax of the current period of NT\$306 million.

# Semiconductor Market 2023 - Outlook



Items		Actual Status and Expectations
China Plus 1 status		Decentralized supply chain has become a consensus, Taiwanese companies are accelerating their deployment in ASEAN (recently, Vietnam and Thailand have more advantages), India, Mexico...
China's economic recovery is weaker than expected, affecting the consumer market . (PC/NB, Smartphone)		<ul style="list-style-type: none"> <li>• In July, China's CPI fell by 0.3% on a yearly basis, and exports in July decreased by 14.5%.</li> <li>• The youth unemployment rate hit a record 21.3% in June.</li> <li>• Major real estate developers default and go bankrupt, China enters deflation...</li> </ul>
Forecast of Key Industries (by Quantity) (2023YoY)	NB	-12% Sources: Trendforce/Trendforce/Nomura/Digitimes: 2023/8
	Smart Phone	-6% Sources: Digitimes/Canalys/Counterpoint: 2023/7
	Server	-17%~-18% Source: Digitimes: 2023/7
	EV	+35% Sources: Digitimes/IEA: 2023/6
Global Semiconductor Revenue(Forecast)	Gartner	2023(F): -12.3% (USD\$526 Billion) 2024(F): +20.4%(USD\$633 Billion)
	World Semiconductor Trade Statistics (WSTS)	2023(F): -10.3% (USD\$515 Billion) 2024(F): +11.8%(USD\$576 Billion)



- **Proactively positioning in emerging markets for application fields**

- Electric Vehicle( EV), Automotive, Charging Pile, Energy Storage Devices, Data Centers, AI Generated Content( AIGC), High Performance Computing (HPC), Servers, Edge Computing, 5G Open Radio Access Networks( ORAN ), IoT, etc.
- Cooperated with Vendors and Customers Strategically
  - ✓ Strategic partnerships have been established with Vendors such as Infineon, AMD, NXP, Microchip, Lattice, and others.
  - ✓ In the fields of AIGC, Data center, Automotive, Type C, Power, etc., we will engage in close supply collaboration plans with high-quality customers.
  - ✓ In the 2H'23, thanks to the start of shipments of AI servers, related accelerator cards and power supplies, including AMD/ Infineon / Lattice / Microchip / Vishay /Molex, related franchises (product lines) have growth opportunities.
  - ✓ The proportion of automotive electronics performance is increasing year by year, especially NXP/Infineon/Vishay also have continuous growth opportunities in automotive electronics, charging piles and energy storage systems.

- **Accelerate destocking**

- **Continued attention is required on: 1) Global inflation and the Fed's interest rate hike trends, 2) China's economic recovery, and 3) Supply chain relocation progress and logistics arrangements**

**Q & A**



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