

EPISTAR

2448



Actualize III-V Semiconductor Potential



..... Co-activation Service Model

..... Full Spectrum LED Chips Portfolio

..... Chip Solution for Various Applications

Safe Harbor Notice

These presentation materials include forward-looking statements that are subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.

The factors that could cause actual results including, but not limited to current uncertainty in global market conditions, our development in new technologies and products, our ability to lower costs, the complexity of our manufacturing processes, the availability of raw materials, and the difficulties of estimating future market demand.

Our industry and business are constantly evolving and we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

Quick Glance at Epistar

Founded : September 1996

Chairman : Dr. B. J. Lee

President : Mr. Patrick Fan

Paid-in Capital : NTD 10.9 Billions (~ US\$ 373 M)

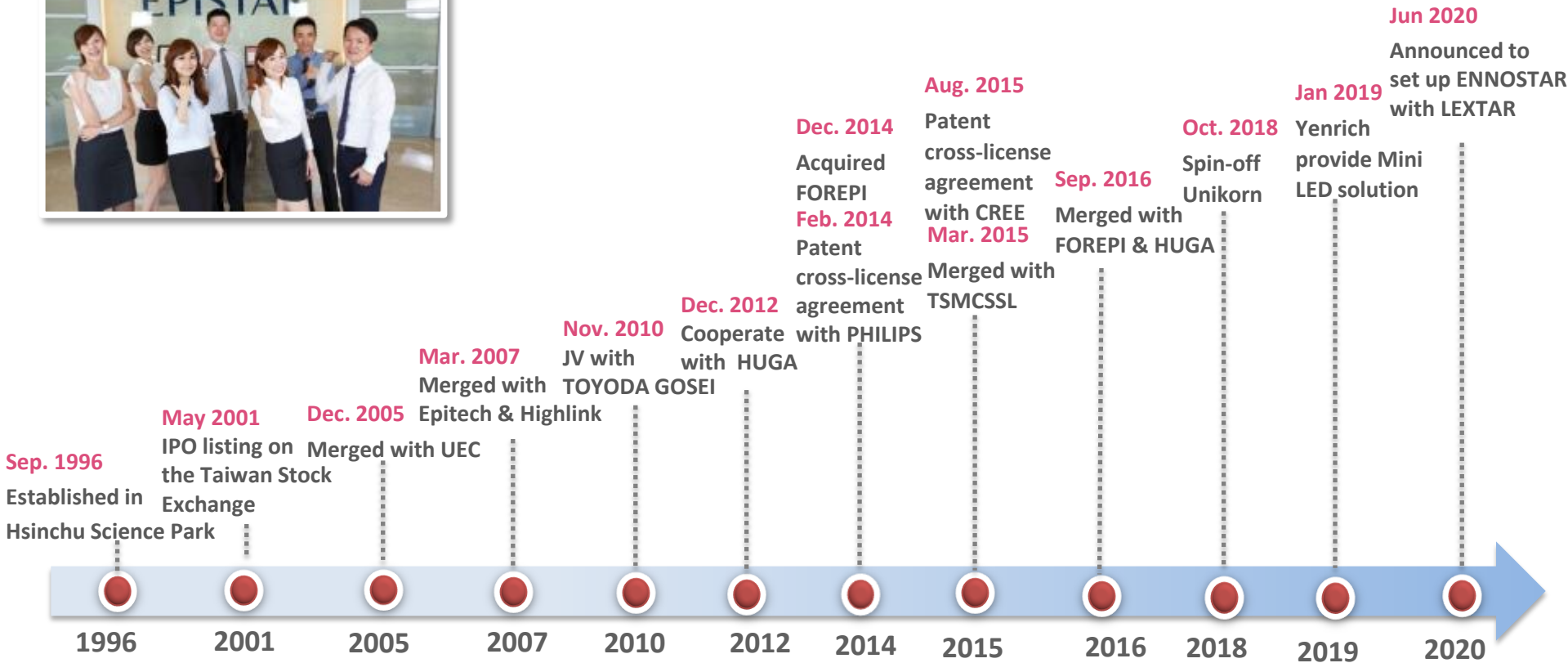
Products :

- AlGaInP LED EPI-wafers and chips
- InGaN LED EPI-wafers and chips
- UV / Infrared LED chips
- VCSEL Foundry Services
- III-V solar cells



History & Milestones

Corporate Achievement



Balance Sheets

(In NT billions excepted otherwise noted)	2020.09.30		2020.06.30		2019.09.30	
Cash & Marketable Securities	6.7	11.2%	6.4	11.0%	5.7	9.5%
Accounts Receivable	7.5	12.5%	7.3	12.5%	9.4	15.7%
Inventory	3.0	5.0%	3.3	5.7%	3.8	6.4%
Long-Term Investment	1.7	2.8%	2.1	3.6%	0.7	1.2%
Net PP&E	21.8	36.3%	20.3	34.9%	21.1	35.3%
Total Assets	60.0	100.0%	58.2	100.0%	59.8	100.0%
Current Liabilities	9.3	15.5%	7.5	12.9%	7.1	11.9%
Long-Term Interest-bearing Debt	3.0	5.0%	2.4	4.1%	0.6	1.0%
Total Liabilities	15.8	26.3%	13.4	23.0%	11.4	19.1%
Total Shareholders' Equity	44.2	73.7%	44.8	77.0%	48.4	80.9%

2020 3Q Income QoQ Comparison

(In NT millions except otherwise noted)	3Q 2020		2Q 2020		QoQ	
Sales revenue	3,731	100.0%	3,131	100.0%	600	19.2%
Gross loss	(352)	(9.4%)	(264)	(8.4%)	88	33.3%
Operating expenses	(836)	(22.4%)	(796)	(25.4%)	40	5.0%
Net other income and expenses	54	1.4%	40	1.3%	14	35.0%
Operating loss	(1,134)	(30.4%)	(1,020)	(32.6%)	114	11.2%
Net currency exchange (loss)gains	(33)	(0.9%)	(95)	(3.0%)	(62)	(65.3%)
Interest expense	(31)	(0.8%)	(44)	(1.4%)	(13)	(30.0%)
Other net non-operating income (expenses)	18	0.5%	218	7.0%	(200)	(92.0%)
Loss before income tax	(1,180)	(31.6%)	(941)	(30.1%)	239	25.4%
Loss for the period	(1,196)	(32.1%)	(1,007)	(32.2%)	189	18.8%
Basic loss per share(NT\$)	(1.02)		(0.85)		0.18	20.7%

2020 Income YoY Comparison

(In NT millions except otherwise noted)	2020 Q1~Q3		2019 Q1~Q3		YoY	
Sales revenue	10,250	100.0%	11,953	100.0%	(1,703)	(14.2%)
Gross loss	(619)	(6.0%)	(373)	(3.1%)	246	66.0%
Operating expenses	(2,928)	(28.6%)	(2,597)	(21.7%)	331	12.7%
Net other income and expenses	153	1.5%	143	1.2%	10	7.0%
Operating loss	(3,394)	(33.1%)	(2,827)	(23.7%)	567	20.1%
Net currency exchange (loss)gains	(105)	(1.0%)	4	0.0%	109	2725.0%
Interest expense	(105)	(1.0%)	(125)	(1.0%)	(20)	(16.0%)
Other net non-operating income and expenses	(123)	(1.2%)	328	2.7%	451	137.5%
Loss before income tax	(3,727)	(36.4%)	(2,620)	(21.9%)	1,107	42.3%
Loss for the period	(3,771)	(36.8%)	(2,652)	(22.2%)	1,119	42.2%
Basic earnings (loss) per share(NT\$)	(3.25)		(2.34)		0.91	38.9%

Market Overview and Outlook

- The traditional peak season of LED demand in the third quarter is still on hold due to covid-19.
- We expect the application demand for the high-end four elements LED will grow sharply during the fourth quarter.
- The demand for Mini LED in the first quarter of 2021 will be increased significantly than it is in the fourth quarter of 2020.

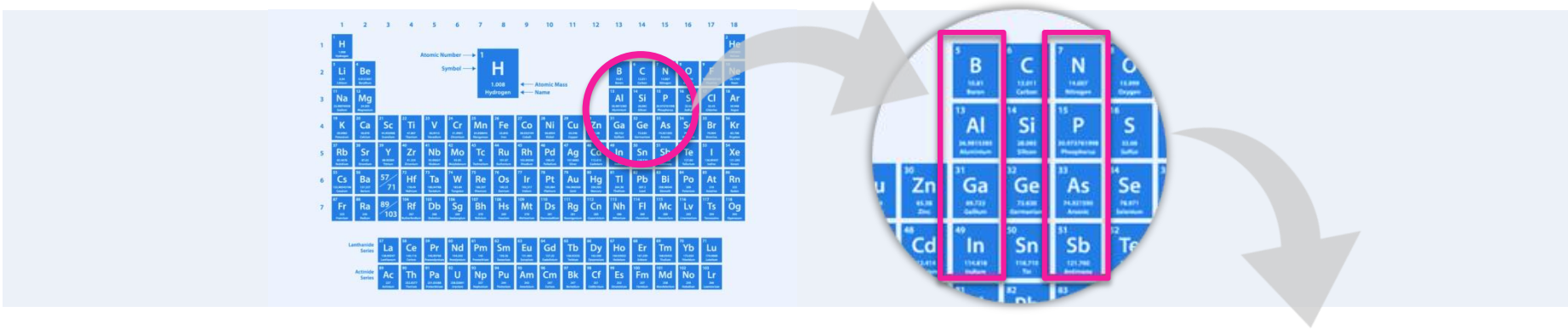


Actualize **LED** Potential



Actualize **III-V Semiconductor** Potential

III-V semiconductor industry



LED

- Illumination
- Signals
- Automotive
- Mobile Application

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Laser Diodes

- Optical Storage
- Industry Medical
- Projector
- Fiber commutation

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Power

PFC / Power/Supply
 PV Inverter/
 EV / HEV/UPS

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RF Electronic

5G
 Wireless charge

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Acoustic wave

BAW Device
 Typical 5G
 Regional 5G
 Global Roaming 5G

Mobile Phone

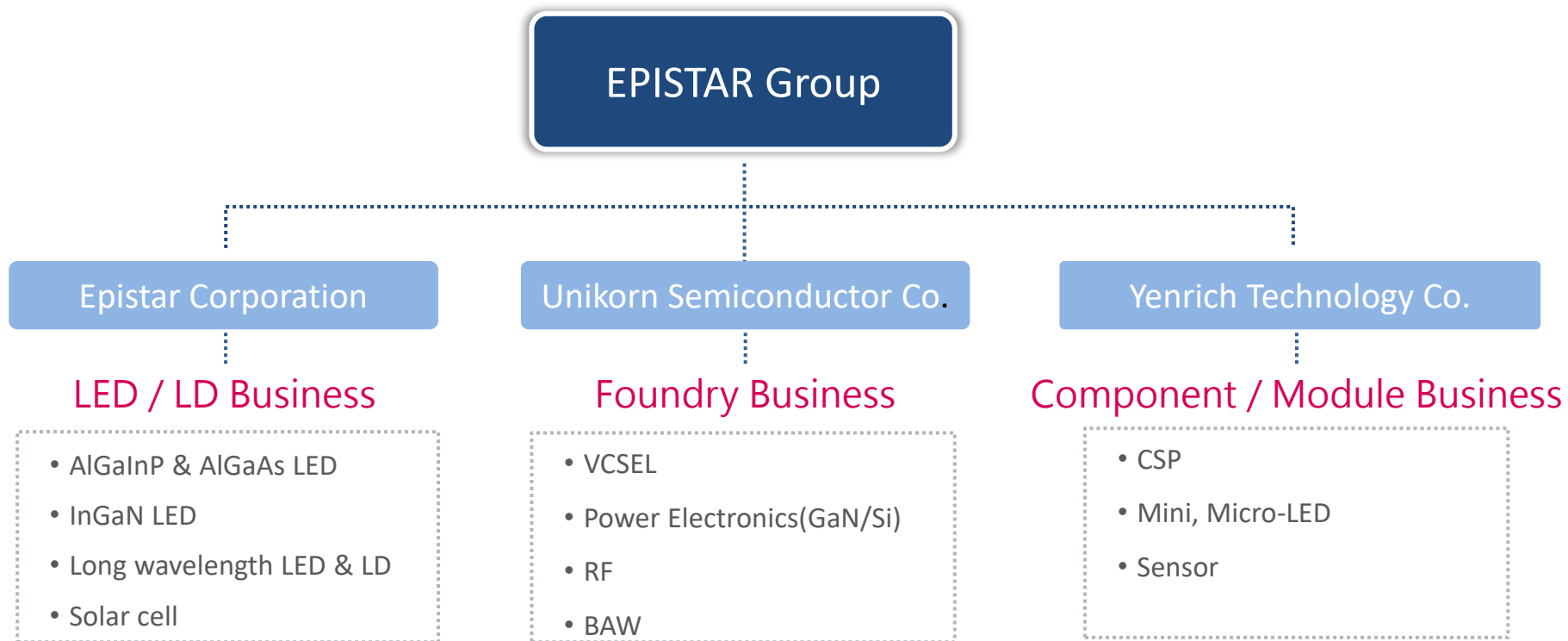
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New Growth Engines

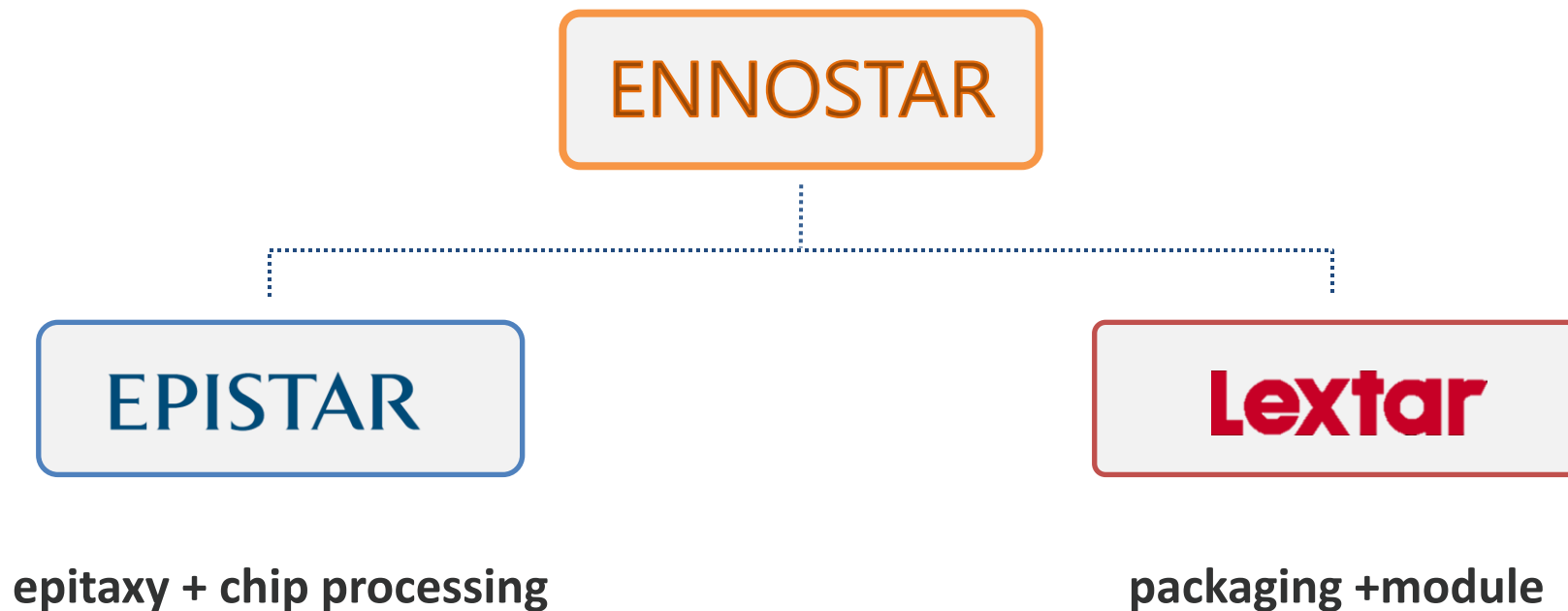
- Future Display (Mini-LED/Micro-LED)
- New Generation Smart Car – GaN Power/LiDAR
- IoT –/Sensor/Power Module
- 5G World – Solar Cell/BAW....
- 3D Sensing, VR/AR – VCSEL



EPISTAR Group



III-V semiconductor industry platform 2020



Expertise, Collaboration, and Synergy

- Integrate the resources and to refocus expertise of two companies.

Epistar will focus on LED upstream and midstream technology with Lextar becoming one of its valuable customers and Lextar will concentrate in-depth on downstream technologies with Epistar being one of its strategic suppliers.

- Reinforce the connection between resources and product/technology development for faster commercialization.

Maximize the benefit with efficient investment and cost management .

- Urge the application of mini/micro-LED technology.

Benefit customers, partners and consumers .