



中美矽晶製品股份有限公司
Sino-American Silicon Products Inc.

SAS (5483 TT) Q2 2023 Earnings Call

August, 2023



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01

Executive Comments



Executive Comments

1. Financial Highlights

■ Revenue

- ✓ Q223 → NTD 20.3 billion, 0.2% YoY, record high over the same period !
- ✓ 1H23 → NTD 41.2 billion, 5.6% YoY, record high over the same period !

■ Gross Profit %

- ✓ Q223 → 34.3%
- ✓ 1H23 → 35.3%

■ Operating Income %

- ✓ Q223 → 25.0%
- ✓ 1H23 → 26.4%

Note:

1. Q223: Second quarter of 2023
2. 1H23: First half year of 2023



Executive Comments

■ Net Income %

- ✓ Q223 → 23.3%
- ✓ 1H23 → 22.9%

■ EPS

- ✓ Q223 → NTD\$ 4.15
- ✓ 1H23 → NTD\$ 8.36, record high over the same period !

Note:

1. Q223: Second quarter of 2023
2. 1H23: First half year of 2023

Executive Comments

2. Solar Industry Outlook

■ Worldwide

- ✓ Investment in clean energy technologies is significantly outpacing spending on fossil fuels due to affordability and security concerns.
- ✓ Solar's significant cost reduction is a key driver for solar installations continue to proliferate across the globe, its cost leadership indicate that it will continue to capture a larger share than any other power generation technology and further lead the global energy transition.

■ Taiwan

- ✓ Taiwan's solar outlook is generally positive, reflecting government's commitment to renewable energy.
- ✓ Challenges:
 - Limited land availability
 - Falling price along the solar value chain
 - Imported solar modules

3. Product

■ M10 N Topcon

- ✓ 25% Conversion efficiency
- ✓ Synergy:
 - Enhance solar system competitiveness
 - Suitable for densely populated Taiwan
- ✓ Will be launched in early 2024

4. ESG

■ Corporate Governance

- ✓ The Company has been awarded **top 5% corporate governance among all Taiwan listed companies for 9 consecutive years** and included as **one of the Top 30 companies in “TIP TPEX ESG 30 Index”**, continuing its commitment to improving corporate governance and fulfilling ESG responsibilities.

3. GlobalWafers

■ Revenue

- ✓ Q223 → NT\$17.9 billion, 2.0% YoY, record high over the same period !
- ✓ 1H23 → NT\$36.5 billion, 7.9% YoY, record high !
- ✓ Continuous growth for six times every half-year since 1H20!

(NT\$ mn)	1H20	2H20	1H21	2H21	1H22	2H22	1H23
Revenue	27,216	28,143	30,014	31,116	33,846	36,441	36,512

■ Gross Profit (%)

- ✓ Q223 → 37.7%
- ✓ 1H23 → 39.2%

■ Operating Income (%)

- ✓ Q223 → 29.1%
- ✓ 1H23 → 31.0%

Note:

1. Q223: Second quarter of 2023
2. 1H23: First half year of 2023



■ Net Profit (%)

- ✓ Q223 → 26.8%
- ✓ 1H23 → 26.8%, the second highest !

■ EPS

- ✓ Q223 → NT\$11.00
- ✓ 1H23 → NT\$22.49, the second highest !

■ Prepayment

- ✓ NT\$38.3 bn (US\$ 1.2 bn)³, the third highest !
- ✓ Received new prepayments of NT\$1.5 billion in 1H23

1. Q223: Second quarter of 2023
2. 1H23: First half year of 2023
3. FX Rate: NTD:USD = 31.14, including guarantee

■ Global Economy

- ✓ The global GDP growth is forecasted to rise due to easing inflation and stronger real incomes. However, the economy continues to confront notable pressures, including the high inflation and energy prices.

■ Semiconductor Industry

- ✓ The global semiconductor industry, including memory, is expected to decline in 2023 due to chip oversupply, but a rebound is anticipated in 2024 as fabs increase production.
- ✓ Material market growth to resume in 2024 as industry recovers, with fabs ramping up leading-edge logic and automotive/power device production to mitigate 2023 revenue decline.
- ✓ Automotive, industrial electronics, and generative AI are key drivers of semiconductor market revenue.
- ✓ Despite excess inventory, Q223 global silicon wafer area shipments increased compared to Q123, with the 300mm wafer also showing quarterly growth among all wafer sizes.

■ Automotive

- ✓ The key drivers of automotive semiconductors include EVs, ADAS, AVs, and infotainment systems with features like navigation, Wi-Fi, smartphone integration, voice commands, and audio/video services.

■ Generative AI & AI Server

- ✓ The generative AI market, fueled by AI models, will see demand from sectors like AI model training infrastructure, digital advertising, and AI servers.
- ✓ AI servers are in high demand across sectors like cloud services, e-commerce, intelligent manufacturing, financial insurance, healthcare, and ADAS.

■ Compound Semiconductor

- ✓ SiC and GaN are the significant drivers of fast growth in the compound semiconductor industry.
- ✓ The compound semiconductor market is propelled by the automotive industry, particularly the EV sector, and the growing renewable capacity, alongside the rapid adoption of SiC and GaN power devices.

➤ ESG

■ Corporate Governance Evaluation

- ✓ GlobalWafers has been awarded **top 5% corporate governance among all Taiwan listed companies for 5 consecutive years** and included as one of the **Top 30 companies in TIP TPEX ESG 30 Index, and the FTSE4Good Index Series**, continuing its commitment to improving corporate governance and fulfilling ESG responsibilities.



02

Company Overview

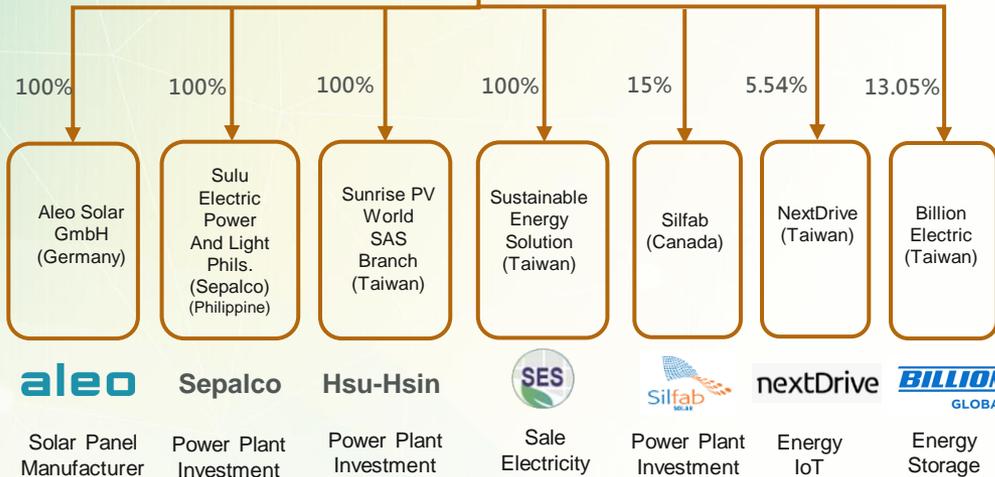
SAS Group Structure



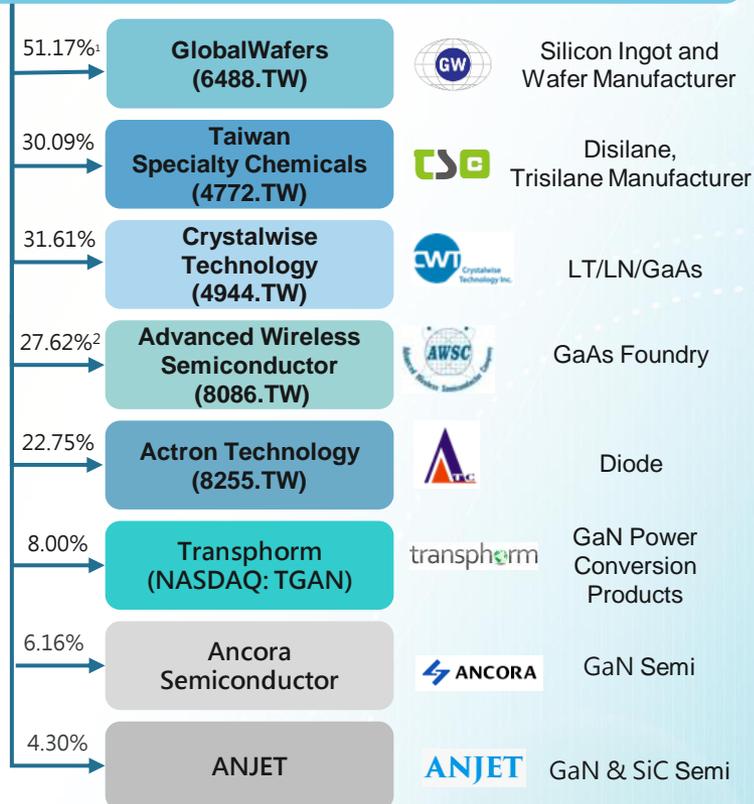
Sino-American Silicon Products Inc. (Taiwan)



Solar Business



Semiconductor Business



Note:

1. SAS' shareholding % of GWC : GWC shares held by SAS / GWC total outstanding shares deducting repurchased shares
2. The shareholdings % of reinvestments are updated to July 31, 2023.

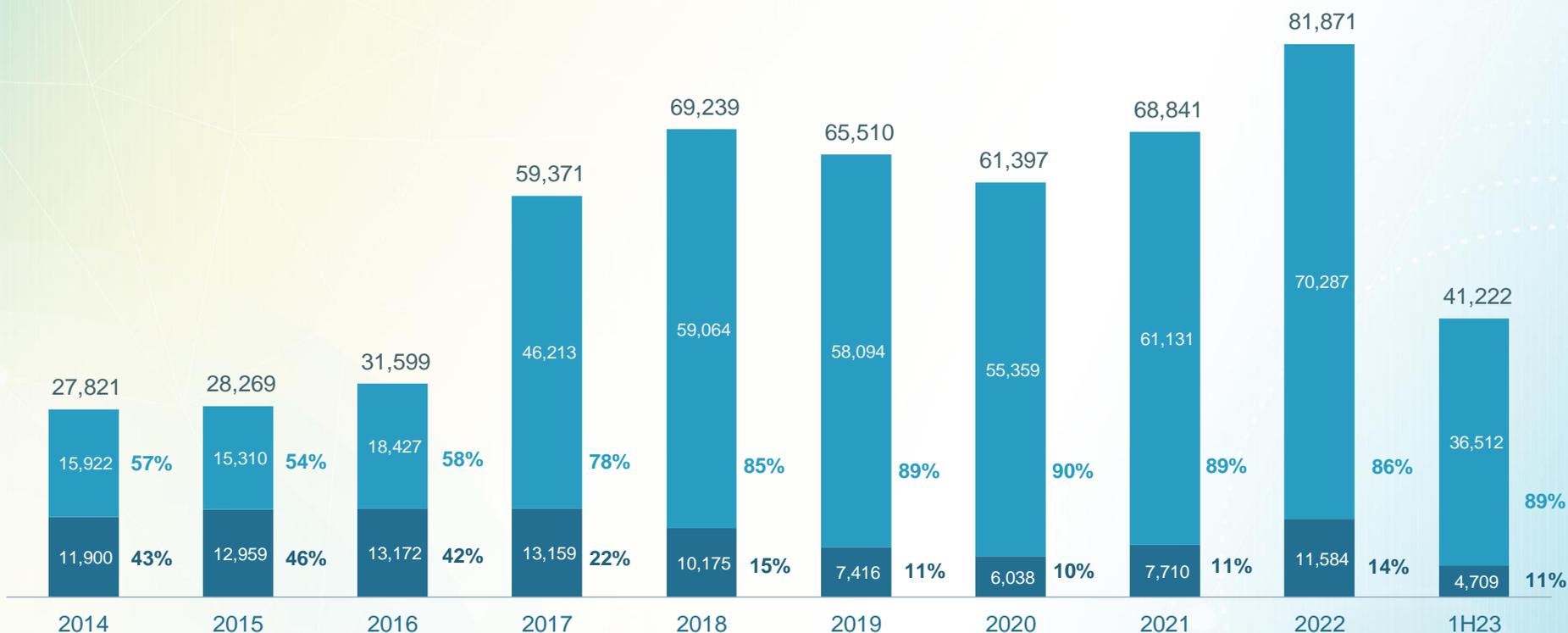


Group Revenue by Business

Group Revenue by Business

(NT\$mn)

■ Solar & Other ■ Semiconductor wafers (GlobalWafers)



Note:

1. Non-Semiconductor revenue include revenue from subsidiaries like AWSC, TSC, etc.
2. Shanghai Sawyer ShenKai Technology Material Co., Ltd & Yuan Hong Technical Materials have been included in non-semiconductor revenue since Q223



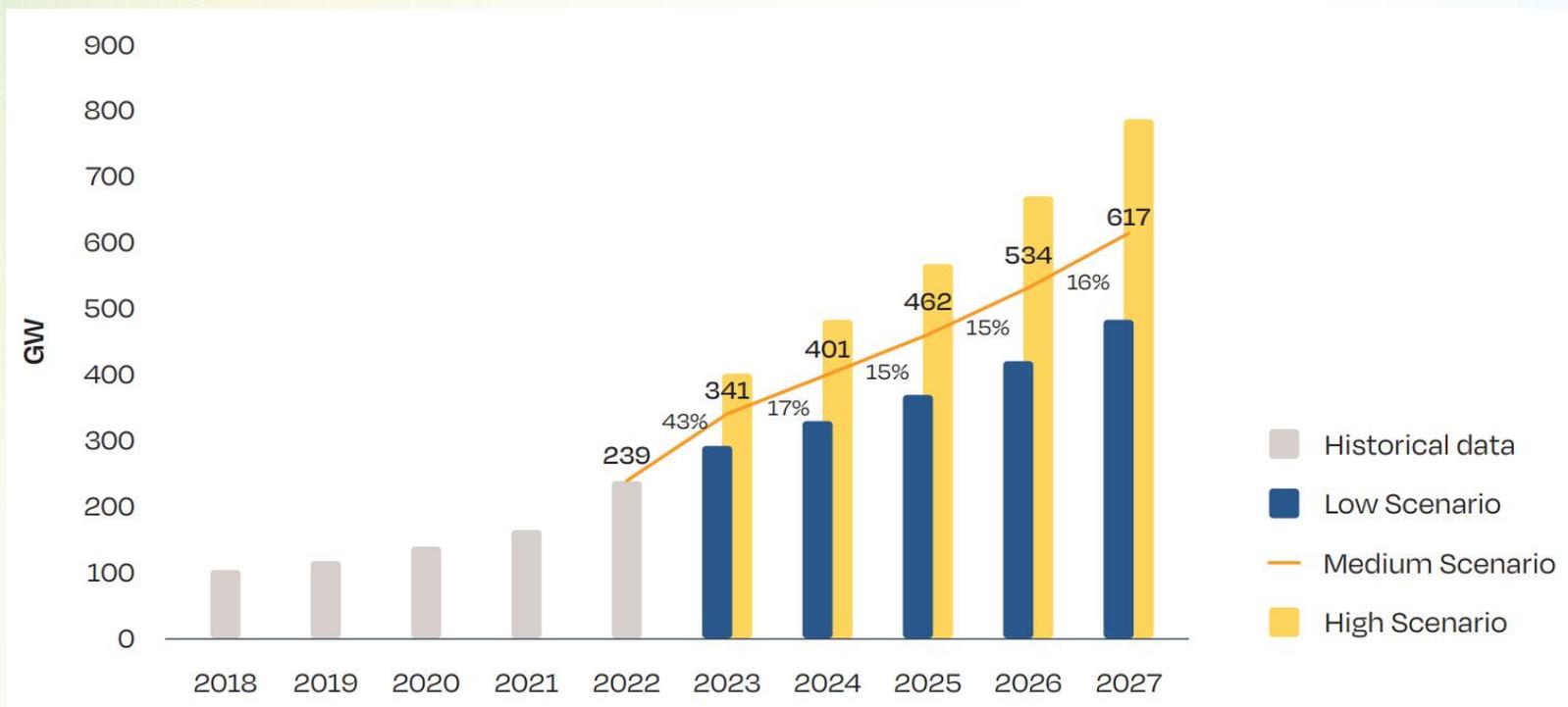
03

Industry Overview

Solar Capacity Forecast

- Despite grid and flexibility related challenges, the world is likely to install between 341 GW to 402 GW new solar PV capacity in 2023, including 159 GW rooftop PV, and move towards close to 800 GW annually in 2027 (in high scenario).

World Annual Solar PV Market Scenarios 2023 - 2027

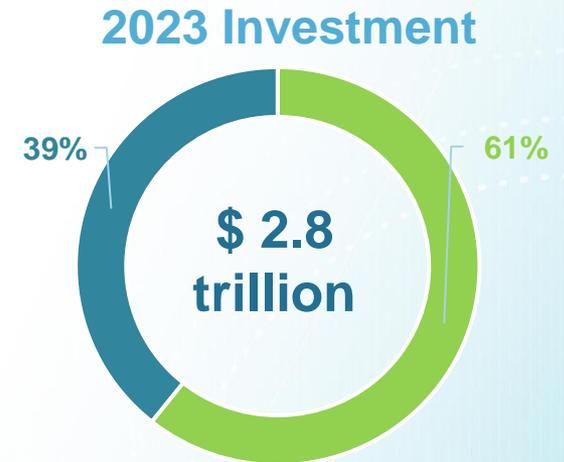
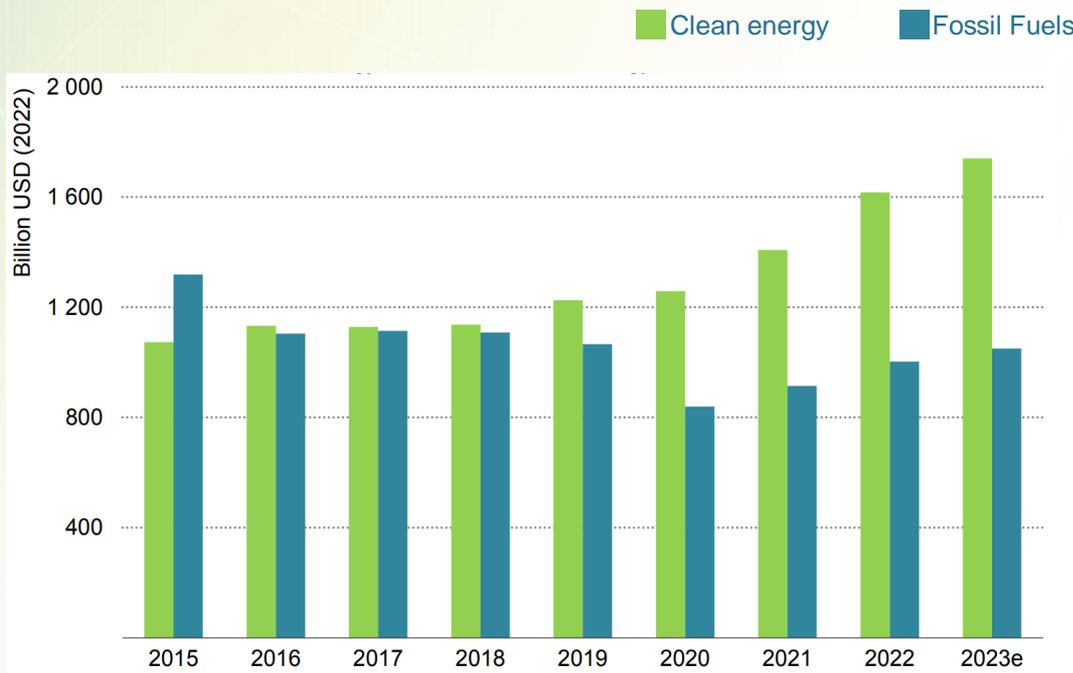


Source: Solar Power Europe, June, 2023.

Global Energy Investment

- About USD 2.8 trillion is set to be invested globally in energy in 2023, of which **more than USD 1.7 trillion is expected to go to clean technologies** – including renewables, electric vehicles, nuclear power, grids, storage, low-emissions fuels and efficiency improvements.

Global Energy Investment in Clean Energy and in Fossil Fuels, 2015-2023

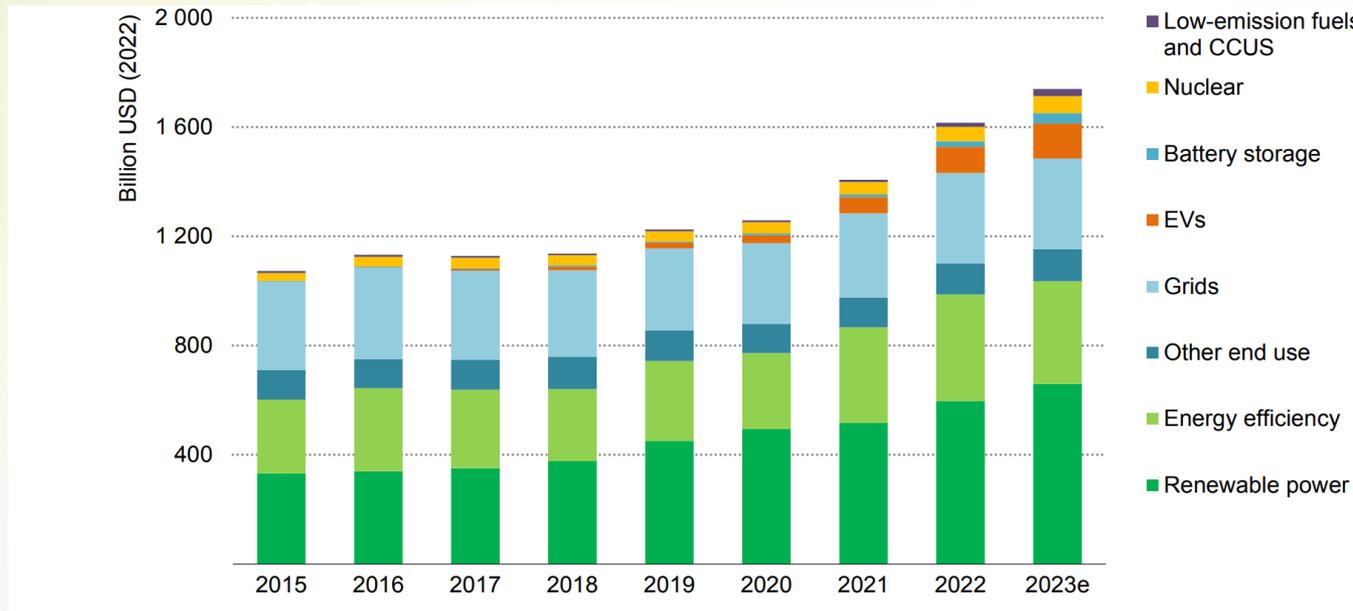


Source: International Energy Agency, May, 2023.

Renewable Energy Investment

- Clean energy investments have been boosted by a variety of factors, including improved economics at a time of high and volatile fossil fuel prices; enhanced policy support through instruments like the US Inflation Reduction Act and new initiatives.
- **This momentum has been led by renewable power and EVs**, with important contributions also from other areas such as batteries and nuclear power.

Annual Clean Energy Investment



Notes: "Low-emission fuels" include modern liquid and gaseous bioenergy, low-emission hydrogen and hydrogen-based fuels that do not emit any CO₂ from fossil fuels directly when used and emit very little when being produced; "Other end use" refers to renewables for end use and electrification in the buildings, transport and industrial sectors. 2023e = estimated values for 2023; CCUS = carbon capture, utilisation and storage; EV = electric vehicle.

Source: International Energy Agency, May, 2023.

Solar Leads Renewable Energy Investment

- Capital spending on new generation has been setting new records each year, driven by strong performances from solar.
- Solar is the star performer and **more than USD 1 billion per day is expected to go into solar investments in 2023 (USD 380 billion for the year as a whole).**

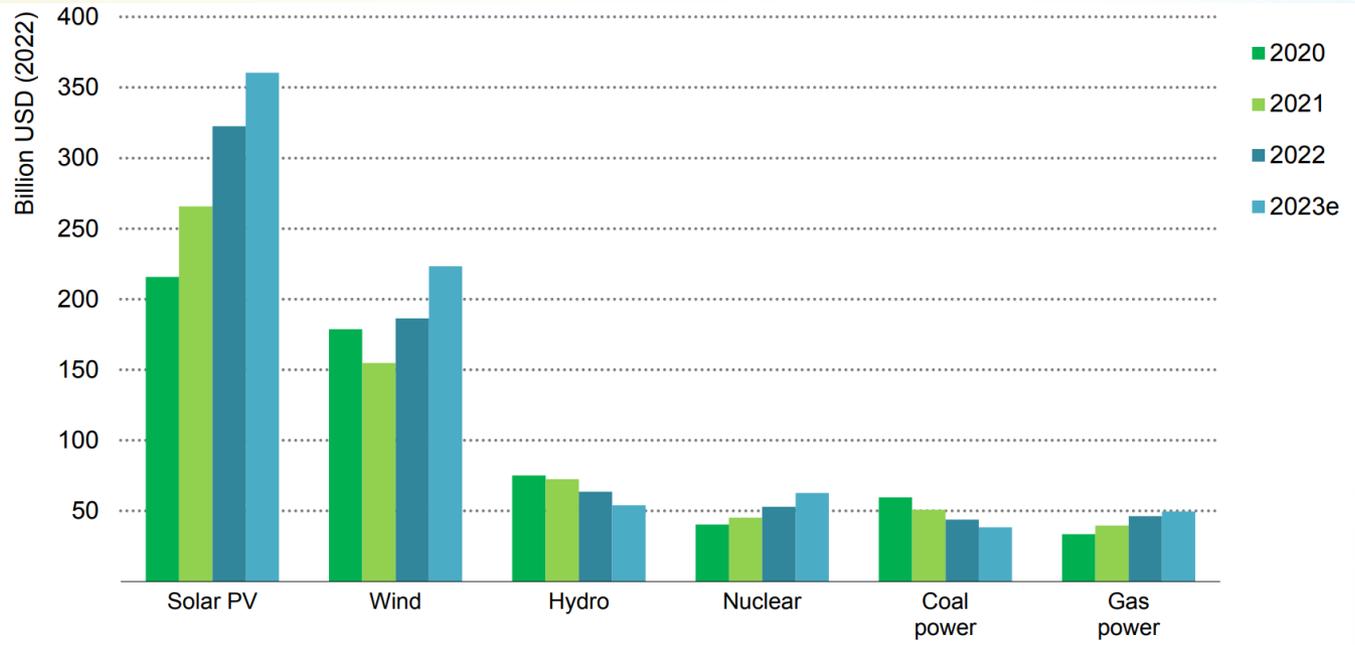
Global Annual Investment in the Power Generation by Selected Technology, 2020-2023

\$ 380 bn

Expected **Annual** Solar investment in 2023

\$ 1 bn

Expected **Daily** Solar investment in 2023



Notes: Gas-fired generation investment includes both large-scale plants and small-scale generating sets and engines; hydropower includes pumped-hydro storage; 2023e = estimated values for 2023.

Source: International Energy Agency, May, 2023.

Growing Policy Momentum Boost Renewable Energy

- Solar deployment has experienced a remarkable boost in recent years, driven by robust policy support from governments around the world.
- These initiatives have provided financial incentives, regulatory frameworks, and long-term market stability, creating favorable conditions for solar deployment.

Key Low-emission Power Policies Introduced and Proposals Announced in 2022-2023

USA

- Approval of the **Inflation Reduction Act**

- **Tax credit extensions** for **solar PV** and wind
- **Investment tax credit** also available for battery storage and zero-emission nuclear
- **Financial support** for grids and **manufacturing clean power equipment**

Europe

- Announcements by the European Commission: **REPowerEU Plan, Net-Zero Industry Act proposal and other potential reforms**

- Increase **EU 2030 renewables target to 45%** by 2030 (whole energy matrix not just power)
- Fast-tracking permitting process plus **~EUR 225 billion in loans for grids**
- Proposed reform of market design and technology-specific targets for EU manufacturing capacity

China

14th Five-Year Plan raises **renewable target to 33%** of power consumption by 2025 (and 18% for non-hydro renewables)

Taiwan

2050 Net-Zero Transition calls for Taiwan's decarbonized 2050 grid to be fueled **60-70% by renewables**

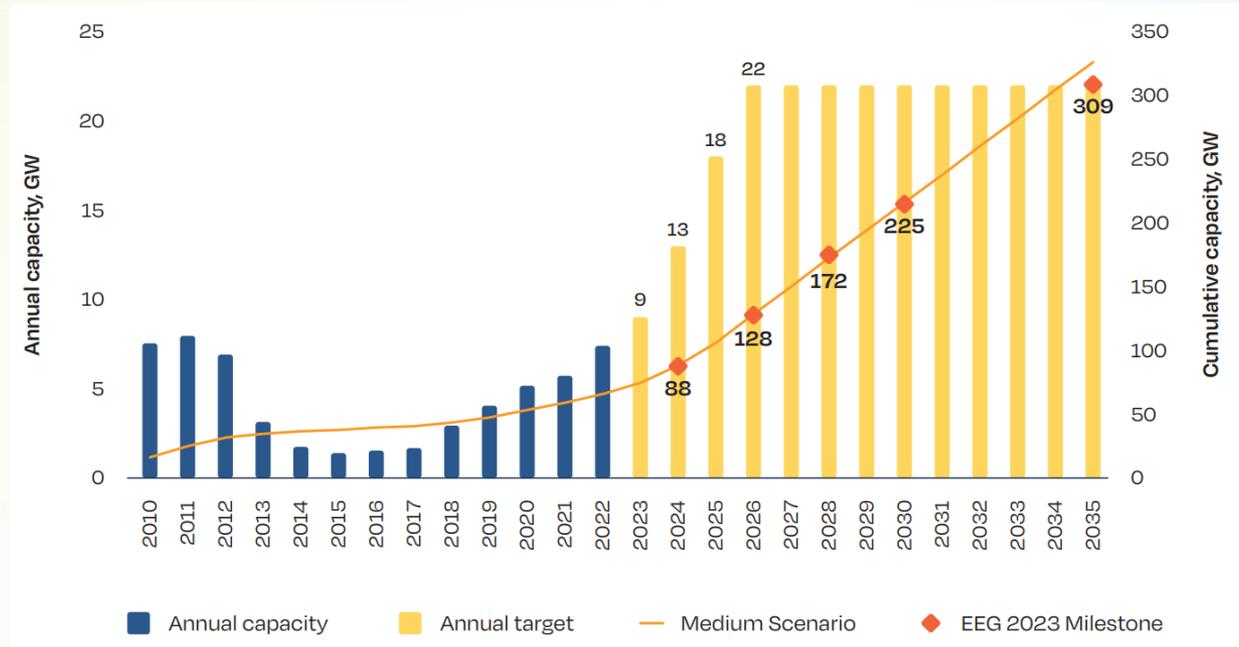
Germany - The GW Market

- With 70.3 GW of solar PV in operation at the end of March 2023, **German installed capacity remains the highest in Europe.**
- Germany seeks to fulfil its government commitment to reach 22 GW of yearly installed solar PV by 2026 targeting a total installed PV capacity of 225 GW by 2030.
- **Aleo, SAS' German subsidiary, is well-positioned to capitalize on the surging solar demand with its extensive expertise and competitive edge.**

Germany PV Capacity Targets 2023-2035



- Solar module & system
- Made in Germany
- Outstanding craftsmanship

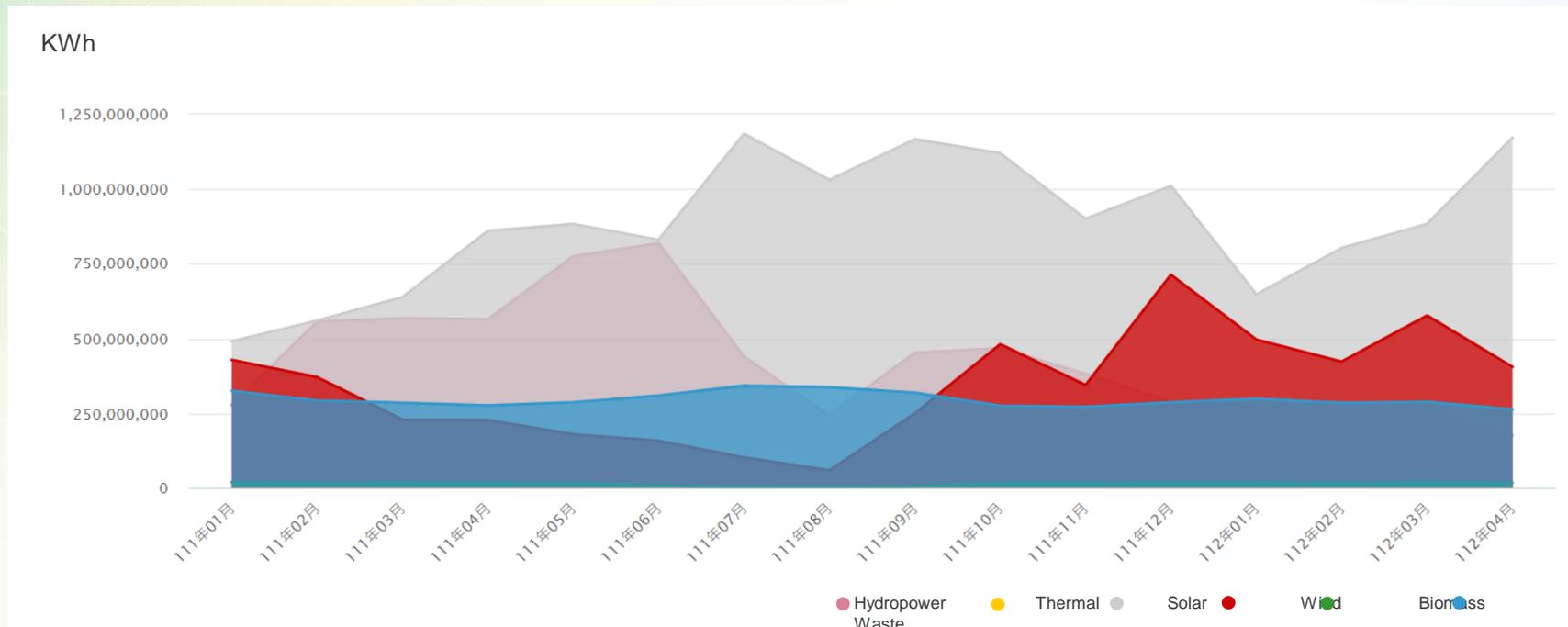


Source: EEG 2023, BMWK, Solar Power Europe, June, 2023.

Solar Leads Taiwan Renewable Energy Development

- Located in the subtropical zone, Taiwan is blessed with abundant sunshine, **solar energy has become the main force of renewable energy in Taiwan** because of its affordability and sustainability.
- In line with the international net-zero trend, Taiwan announced that it will achieve net-zero carbon emissions by 2050, and that **renewable energy will account for 60-70% of total power generation.**

Taiwan Renewable Power Generation (2022~2023.4)

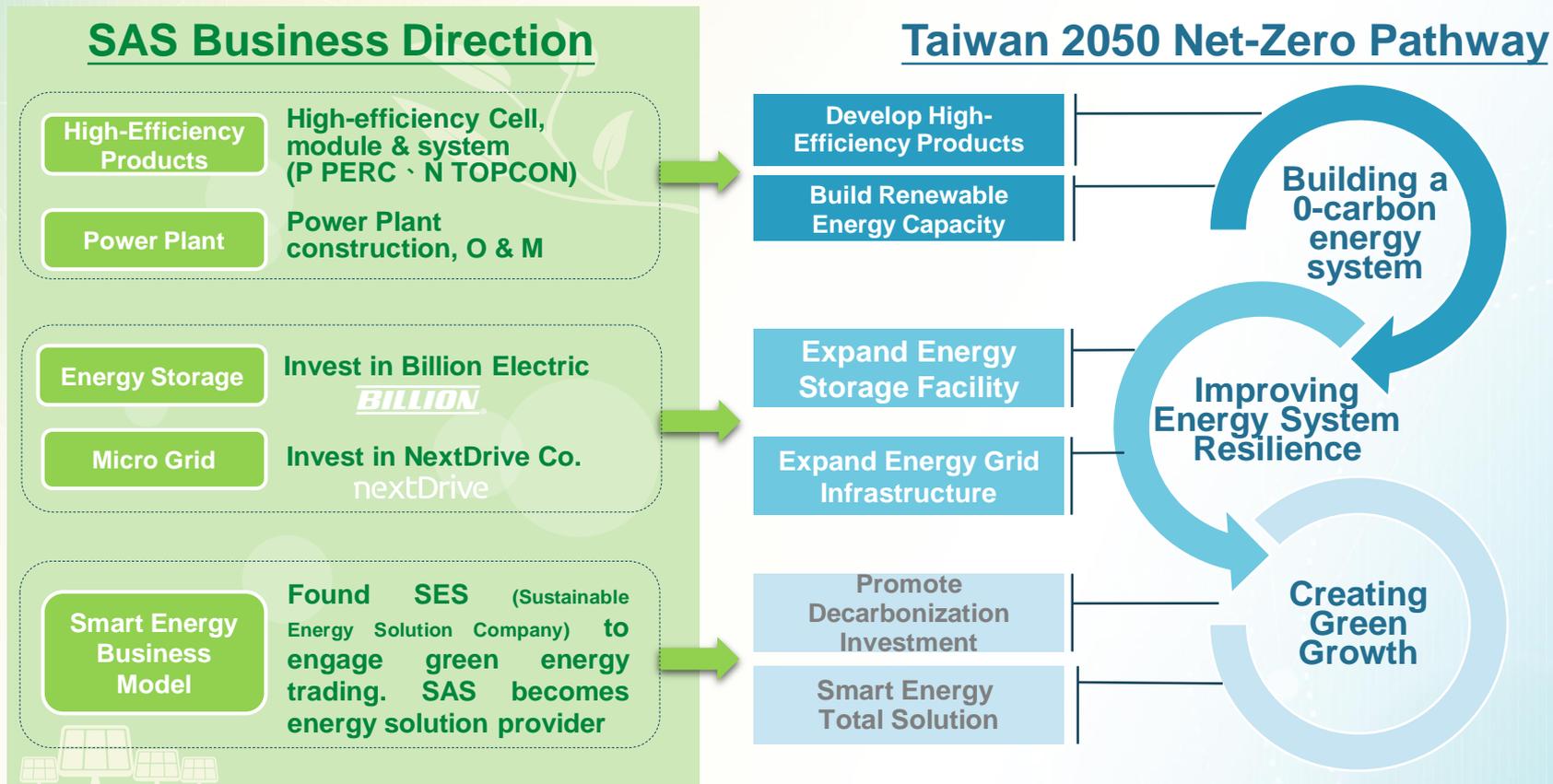


Source: Taiwan Department of Economic Affairs, Bureau of Energy

SAS Business Direction vs Taiwan 2050 Net-Zero Pathway

- Taiwan's 2050 net-zero emission path formulates three major strategies to achieve energy transformation – **building zero-carbon energy systems, improving energy system resilience, and creating green growth.**
- With integration in the solar industry, SAS provides customers with **total green energy solutions.** Its **company strategy is consistent with Taiwan's net-zero path**, well-positioned to expand its business and is propelled by national policy.

SAS Business Direction vs Taiwan 2050 Net-Zero Pathway



Taiwan 2050 Net-Zero Pathway

Develop High-Efficiency Products

Build Renewable Energy Capacity

Expand Energy Storage Facility

Expand Energy Grid Infrastructure

Promote Decarbonization Investment

Smart Energy Total Solution

Building a 0-carbon energy system

Improving Energy System Resilience

Creating Green Growth



04

Financial Statements



Financial Highlight : Q223 vs. Q123 vs. Q222

(NT\$m, except EPS)	Q223	Q123	Q222	QoQ	YoY
Revenue	20,318	20,904	20,271	-2.8%	0.2%
Gross Profit %	34.3%	36.3%	40.8%	-2.0%	-6.5%
Operating Income	5,089	5,798	6,804	-12.2%	-25.2%
Operating Income %	25.0%	27.7%	33.6%	-2.7%	-8.6%
Net Profit	4,728	4,714	3,202	0.3%	47.7%
Net Profit %	23.3%	22.6%	15.8%	0.7%	7.5%
EPS	NT\$4.15	NT\$4.21	NT\$3.11	-NT\$0.06	NT\$1.04
EBITDA*¹	8,114	8,091	6,156	0.3%	31.8%
EBITDA %	39.9%	38.7%	30.4%	1.2%	9.5%
EBIT	6,026	6,041	4,463	-0.2%	35.0%
ROE*² (annualized)	26.4%	27.0%	22.7%	-0.6%	3.7%
ROA*³ (annualized)	9.7%	9.7%	7.6%	0.0%	2.2%

1. EBITDA = Net Profit + Tax + Interest Expense + Depreciation + Amortization.

2. ROE = Net Profit / Average Shareholders Equity.

3. ROA = (Net Profit + Interest*(1- Effective Tax Rate))/Average Asset



Financial Highlight : 1H23 vs. 1H

(NT\$m, except EPS)	1H23	1H22	YoY
Revenue	41,222	39,040	5.6%
Gross Profit %	35.3%	40.3%	-5.0%
Operating Income	10,887	13,010	-16.3%
Operating Income %	26.4%	33.3%	-6.9%
Net Profit	9,442	5,351	76.5%
Net Profit %	22.9%	13.7%	9.2%
EPS	NT\$8.36	NT\$5.26	NT\$3.1
EBITDA*¹	16,205	8,543	89.7%
EBITDA %	39.3%	21.9%	17.4%
EBIT	12,067	5,205	131.8%
ROE*² (annualized)	27.1%	19.3%	7.8%
ROA*³ (annualized)	9.8%	6.3%	3.5%

1. EBITDA = Net Profit + Tax + Interest Expense + Depreciation + Amortization.

2. ROE = Net Profit / Average Shareholders Equity.

3. ROA = (Net Profit + Interest*(1- Effective Tax Rate))/Average Asset



Revenue

Revenue

(NT\$mn)



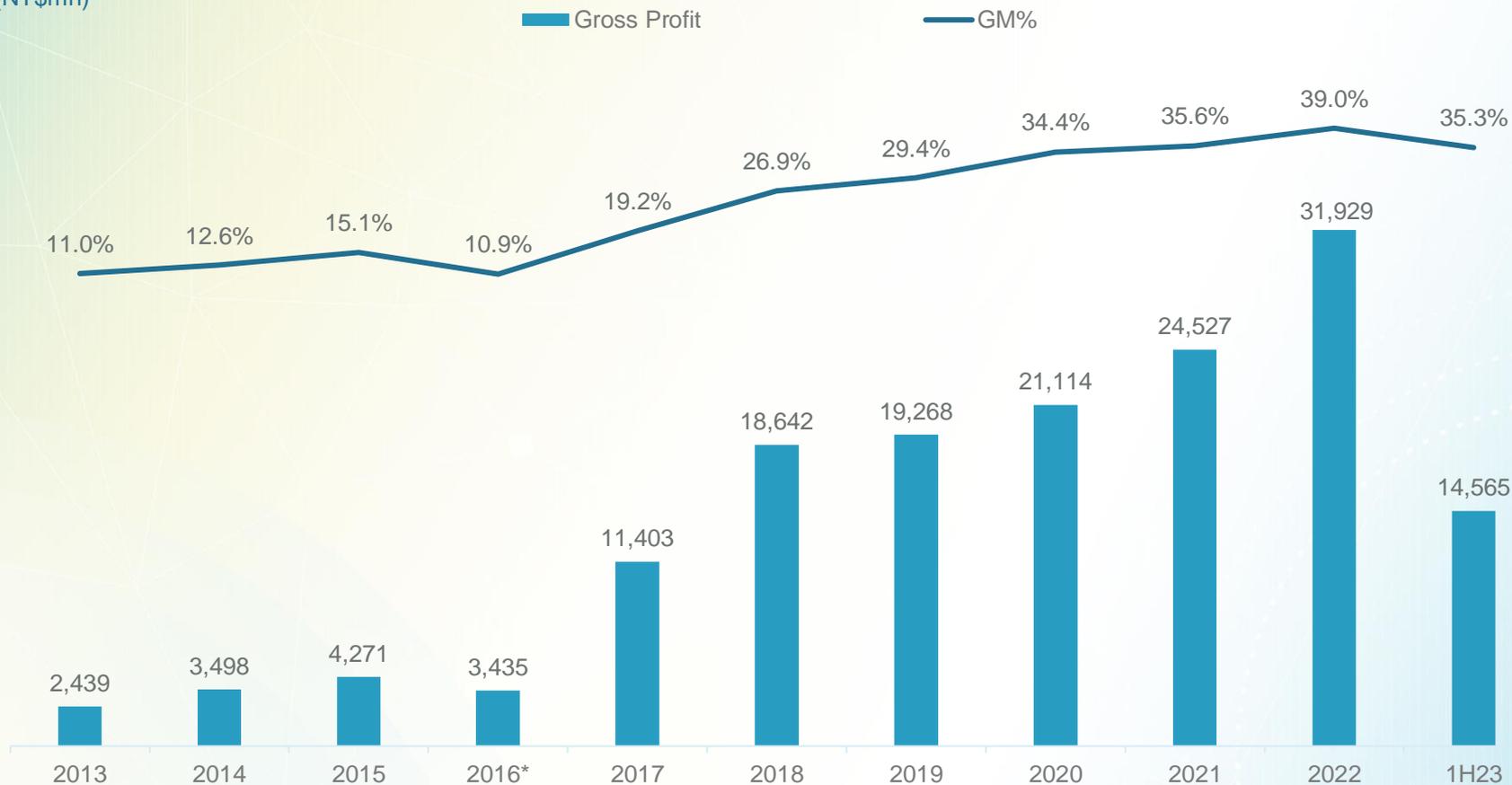
1. Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.



Gross Profit

Gross Profit

(NT\$m)



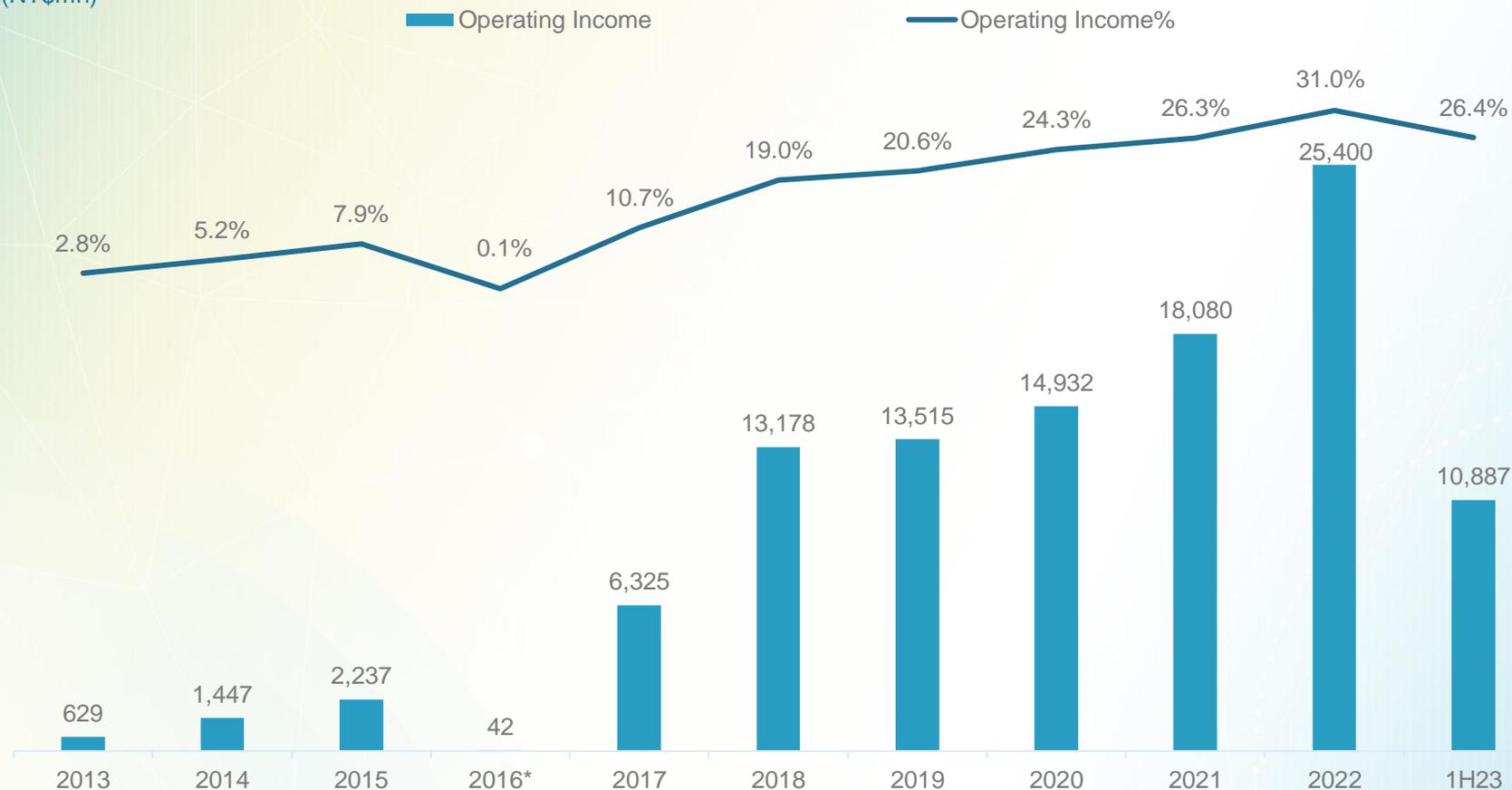
1. Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.



Operating Income

Operating Income

(NT\$m)

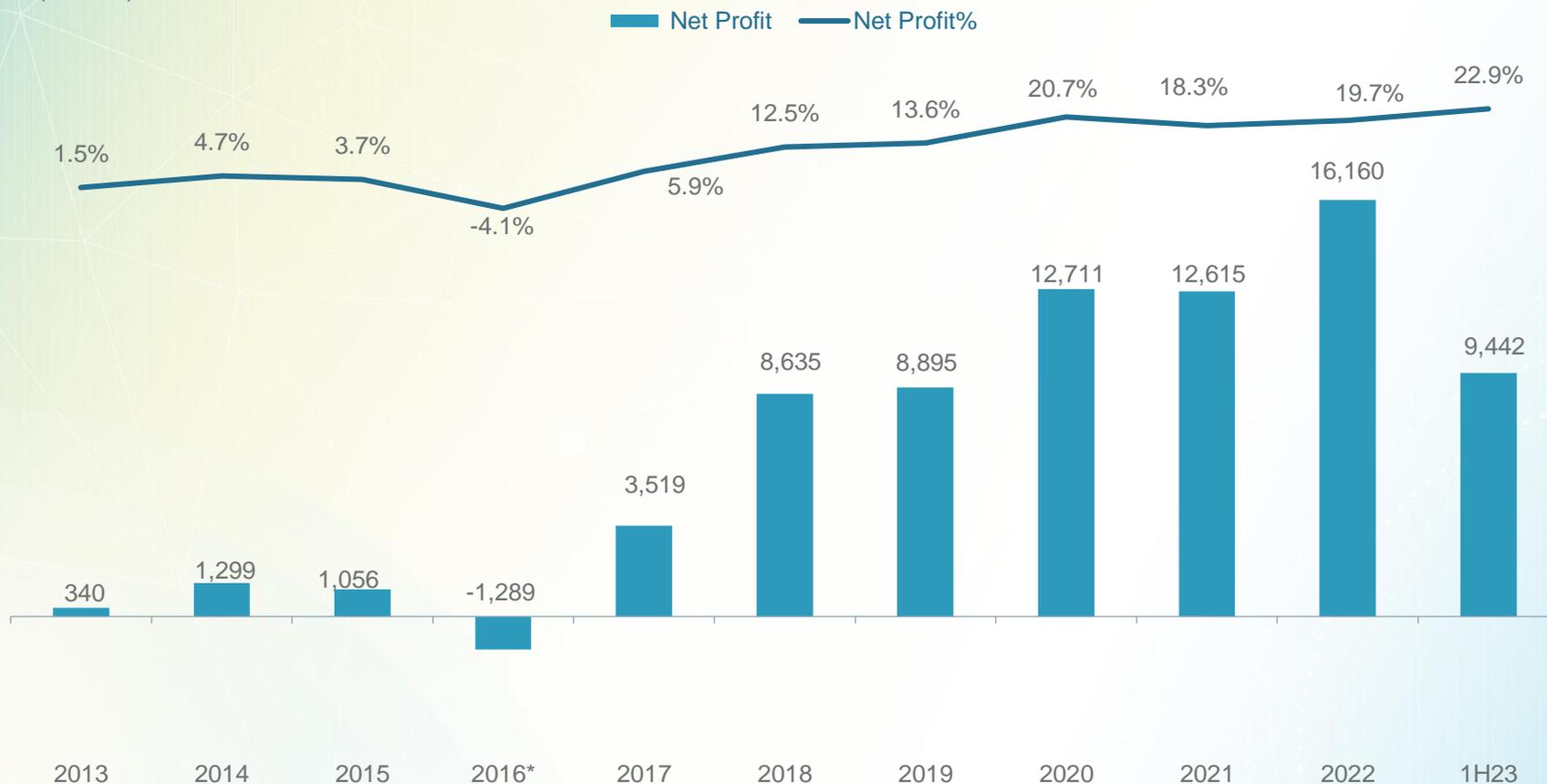


* Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.

Net Profit

Net Profit

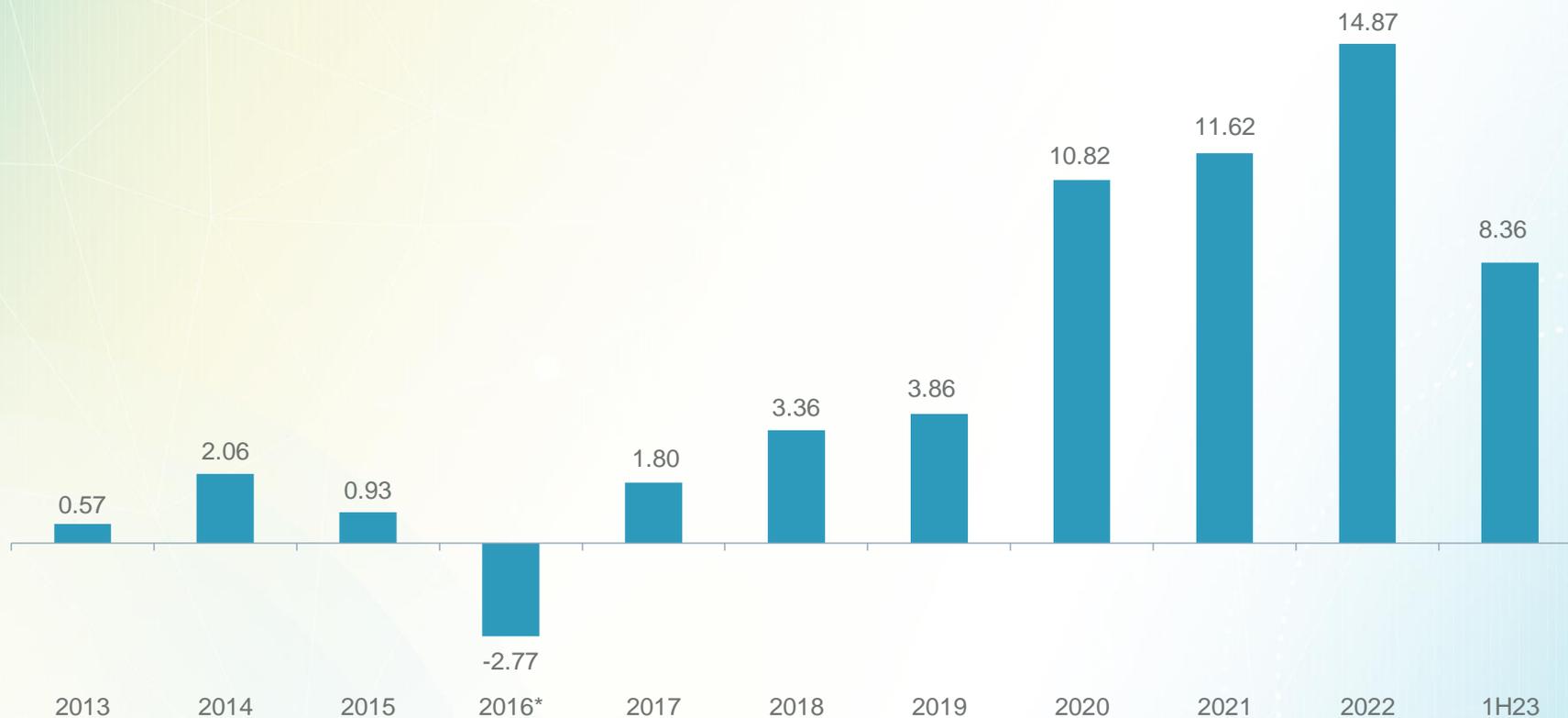
(NT\$m)



* Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.

EPS

(NT\$)



* Upon completion of GWC's acquisition of SunEdison Semiconductor ("SEMI") in 2016, FY2016 financials has included earnings from SEMI from the period of 02 Dec 2016 – 31 Dec 2016.



Income Statement

Income Statement					
(NT\$mn)	2021	2022	Q123	Q223	1H23
Revenue	68,841	81,871	20,904	20,318	41,222
<i>Growth (%)</i>	12.1%	18.9%	-1.4%	-2.8%	5.6%
Gross Profit	24,527	31,929	7,592	6,972 ³	14,565
<i>Gross Profit Margin (%)</i>	35.6%	39.0%	36.3%	34.3%	35.3%
EBITDA	23,901	27,486 ²	8,091 ²	8,114 ²	16,205 ²
<i>EBITDA Margin (%)</i>	34.7%	33.6%	38.7%	39.9%	39.3%
Operating Profit	18,080	25,400	5,798	5,089	10,887
<i>Operating Profit Margin (%)</i>	26.3%	31.0%	27.7%	25.0%	26.4%
Profit before Tax	17,206 ¹	20,829 ²	6,608 ²	6,717	13,325 ^{2&4}
<i>Profit before Tax Margin (%)</i>	25.0%	25.4%	31.6%	33.1%	32.3%
Net Profit	12,615	16,160 ²	4,714 ²	4,728 ²	9,442 ^{2&4}
<i>Net Profit Margin (%)</i>	18.3%	19.7%	22.6%	23.3%	22.9%
EPS (NT\$)	11.62	14.87 ²	4.21 ²	4.15	8.36

1. Due to NT\$1.6 billion (EUR 50 million) of termination fee from Siltronic M&A recognized by the subsidiary, GlobalWafers.

2. Due to the valuation of realized gains/loss of Siltronic shares measured at fair value through profit or loss and impacts from other factors to the subsidiary, GlobalWafers

3. Due to increasing of energy cost, depreciation and unused capacity charges of the subsidiary, GlobalWafers.

4. Due to Due to dividends received from holding Siltronic shares, the valuation of realized gains/loss of Siltronic shares measured at fair value through profit or loss & FX gains of the subsidiary, GlobalWafers.



Balance Sheet

Balance Sheet

(NT\$m)	2021	2022	Q123	1H23
Assets				
Cash and cash equivalents	67,118	83,248	76,667	51,665 ¹
Account receivable	9,889	11,338	11,299	11,544
Inventories	8,646	10,790	10,994	10,894
Property, plant and equipment	40,428	51,866	55,244	61,667
Other assets	41,170	39,368	48,439	63,983
Total assets	167,251	196,609	202,643	199,754
Liabilities				
Short-term loan	7,791	9,831	11,846	26,849 ²
Account payable	4,586	5,130	5,441	4,823
Long term loan	46,124	43,648	46,121	23,671 ³
Other liabilities	56,588	69,868	67,455	72,980 ⁴
Total liabilities	115,088	128,478	130,862	128,322
Shareholder equity	52,163	68,132	71,781	71,432

Cash-related other assets include below items from the subsidiary, GlobalWafers:

(NT\$ Mn) **Q223**

Deposits in banks held for three months or more 25,449

Restricted cash 3,091

*Restricted cash is temporarily deposited for tax consideration, could be used when necessary.

1. Q223: Cash and cash equivalents decreased: Deposits in banks for over three month are classified in other assets & Repurchase of ECB of the subsidiary, GlobalWafers
2. Q223 Short-term loan increased: Mainly due to reclassification of ECB based on liquidity from long-term loan to short-term loan of the subsidiary, GlobalWafers
3. Q223 Long-term loan decreased: Reclassification of ECB based on liquidity from long-term loan to short-term loan of the subsidiary, GlobalWafers
4. Q223 Other liabilities increased: Increased in deferred income tax liabilities of the subsidiary, GlobalWafers



05

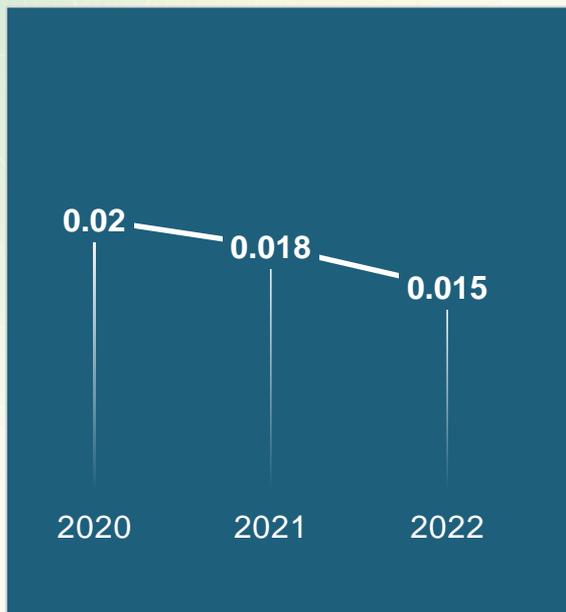
ESG Highlights



Environmental Efforts (1) – Power Consumption

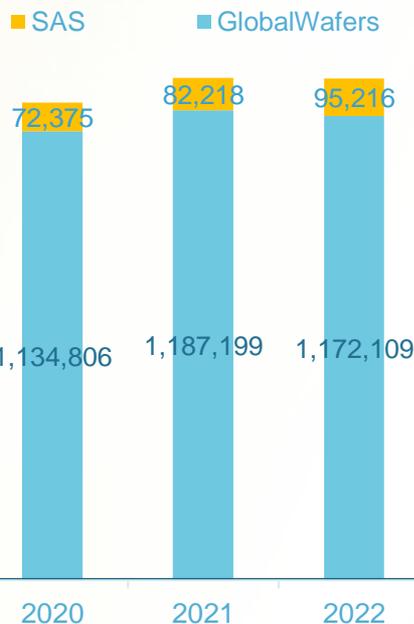
- Through optimizing the manufacturing and introducing power-saving measures, **SAS¹ total power consumption was reduced by 0.16% compared with 2021.**
- Revenue has increased but **power consumption intensity² has continued to decrease for three consecutive years**, showing that SAS creates higher revenue in a more energy-efficient way, improving economic efficiency and achieves sustainable growth

Power Consumption Intensity²



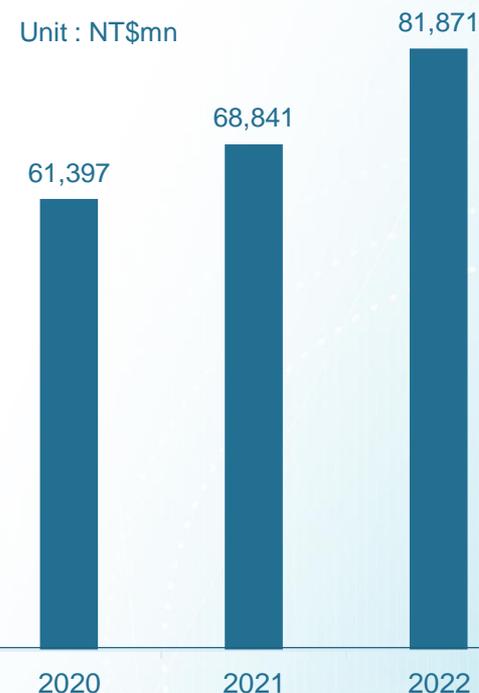
Power Consumption

Unit : MWh



Consolidated Revenue

Unit : NT\$m



Notes:

1. Scope of statistics: SAS Chunan Branch, Yilan Branch & GlobalWafers global sites.
2. Power Consumption Intensity : SAS power consumption (specified in note 1) / Consolidated revenues (NTD thousands)



Environmental Efforts (2) – CO₂ Emission & Energy Saving

- SAS adopts **energy management systems (ISO 50001: 2018)** to identify which equipment is energy-intensive for improvement.
- In 2022 a total of **8,088 MWh of electricity was conserved** in SAS and GlobalWafers (Taiwan fabs), equivalent to reducing approximately **4,117 metric tons of CO₂ emissions**.

Total CO₂ Emissions

↓ 48k ton / 7.43%

2022 CO₂ Emission Reduction
(vs. 2021)

Unit: ton CO₂e/yr



Electricity Conservation

8,088 MWh / 4,117 ton CO₂

2022 Electricity conservation

Unit : MWh

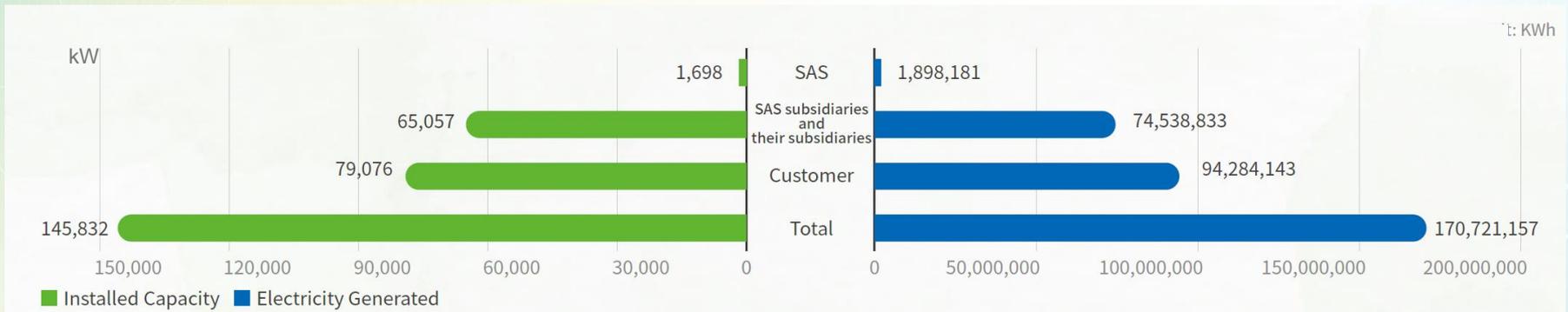


Notes: 1. Chunan and Yilan Branches/ GlobalWafers - Taiwan (i.e., GlobalWafers - Headquarters, Chunan Plant, and Taisil Plant)

Environmental Efforts (2) – Solar Power Systems

- SAS spares no effort to enter the renewable energy market in Taiwan, focusing on the planning, investment, and construction of roof-mounted, ground-mounted, and floating solar power plants.
- As of 2022, **the total installed capacity of solar power systems** at home and abroad for grid-connected operation was approximately **146 MW**, with a **total annual capacity of 170,721 MWh** which is projected to **reduce 86,897 metric tons of CO₂ emission**.

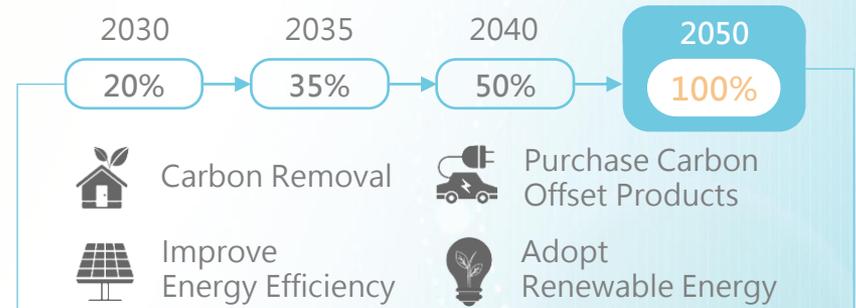
Installation of Solar Power Systems (including commissions)



86,897 ton

CO₂ reduction converted from electricity generated by solar power plants

SAS' path for 100% Renewable Energy by 2050



Social Care (1) – All-Encompassing Learning Environment

- SAS organizes training programs and provides a diversified all-encompassing learning environment to enhance employee skills and literacy, expand the use of human resources.
- The training system encompasses the following five categories: **competency training for new recruits, professional competency training, general management competency training, intellectual property training, and health and safety management training**, to provide suitable training courses for employees in their different stages of career development.

All-Encompassing Learning Environment



E- Library

E-Library furnishes employees with reading and exercise training materials whenever they have a need for it. It also offers training materials for various areas of expertise, granting self-improvement and personal growth opportunities for employees

Social Care (2) – Healthy and Safe Workplace

- Employee health is the foundation for enterprises. SAS has established **health centers in each of its facilities**, equipped with dedicated nurses and contracted physicians to provide diversified healthcare services to employees. The company also tracks and manages employees' health issues, offering referrals and medical services as needed.
- SAS focuses on four pillars: **Maternal Care, Overwork Prevention, Unlawful Infringement Prevention, and Human Injury Prevention**. These pillars safeguard the physical and mental health of employees. Through diverse healthcare programs, organizing health lectures, and various health promotion activities, SAS is dedicated to creating a benchmark for a healthy and happy workplace.

4 Pillars for Employee Health



Heath Center

- Dedicated nurses and contracted physicians
- diversified healthcare service
- Offering referrals and medical services

Focus	Measures
 Maternal Care	Conduct health risk assessments for pregnant employees who want to return to the workplace after childbirth, offer physician consultation and care services, and provide expecting mothers with a good maternity pack to protect the physical and mental health of pregnant, postpartum, and breastfeeding colleagues
 Overwork Prevention	Based on employee health examination data, Flemingham Risk Assessment Scale, overwork scale, and other data to analyze the high-risk overload groups and provide factory medical consultation and protection guidance measures for such groups. The nursing staff regularly distribute health messages to strengthen the physical and emotional heart, prevent overwork, and continue to implement employee tracking and care.
 Unlawful Infringement Prevention	To provide a healthy and positive workplace, we conduct a risks assessment for the entire factory once every two years. Positivity courses like unlawful infringement and spiritual growth are arranged to construct an excellent work environment
 Human Injury Prevention	Conduct human hazard risks surveys on all departments based on their work content/operation. Operation observation, personnel interviews and medical treatment record investigation are conducted to screen and identify priority improvement targets (operation). Next, based on their operation hours, loading of weight, postures and work conditions, a quantitative risk assessment is in place for the risk grade calculation (KIM) to gradually improve the operation/construction by the year and to prevent the human hazards

Social Care (3) – Charity

- Kindness matters. is committed to practicing corporate social responsibility and promoting charitable activities.
- SAS and World Vision collaborate in a fundraising campaign to initiate aid efforts for the Turkey earthquake. Through charitable donations, every contribution made by employees will be matched 1:1 by the company, harnessing the power of collective giving and pooling resources.

Usage for the Turkey Earthquake Donation

Step 1

Search & Rescue

Humanitarian assistance, such as heating devices like stoves and fuel, as well as emergency food supplies.

Step 2

Aiding

Distributing emergency supplies

Step 3

Recovery

Initiate long-term recovery plans.

Corporate Governance (1) – Sound and Independent Board

- In order to implement a good corporate governance system, improve supervisory and strengthen the management mechanism, SAS' board of directors of is composed of **11 directors with rich knowledge and experience**, of which **4 are independent directors, accounting for more than 1/3 of the board of directors**.
- The directors have expertise in the fields of technology, operation finance, and strategic management. They can not only fulfill their supervisory and management responsibilities, but also effectively provide good corporate business decisions.

Corporate Governance

>1/3

Independent
Directors

- Among the 11 directors, 4 are independent directors, accounting for more than 1/3

Charters

- The organizational charter of all committees is publicly disclosed in the corporate website

Audit &
Remuneration
Committees

- The Audit Committee and Remuneration Committee both consist of independent director

Evaluation

- The board of directors and the functional committees have conduct annual self-performance evaluations and disclose the evaluation results on the company website

Nomination
Committee

- The Nomination Committee has 5 members of whom 3 are independent directors

Corporate
Governance
Officer

- A Corporate Governance Officer has been established to implement corporate governance and strengthen the functions of the board of directors

Corporate Governance (2) - Ethical Corporate Management

- **Honesty and Integrity** are one of the core values of SAS. SAS has formulated **relevant rules and communication mechanisms** for all directors, managers, and employees to follow in order to establish an honest business environment. **Rigorous management mechanisms** are executed to minimize ethical risks thereby achieving the goals of creating value for customers and profits for shareholders and stakeholders.

Ethical Corporate Management

01

Internal Regulation

- SAS formulates “**Ethical Corporate Management Best Practice Principles**,” “**Code of Ethical Conduct**,” and “**Integrity Management Operating Procedure and Action Guideline**,” published on the homepage to improve law compliance and professional ethics awareness for all colleagues.

02

Anti-Corruption

- SAS insists on 3 Nos: **No bribe offering, no bribe receiving, and no bribe demanding**, clearly regulate that colleagues shall not directly or indirectly provide, promise, request or accept any improper benefits

03

Reporting Channel

- Establish the **Code of Conduct for Reporting Illegal, Unethical or Dishonest Cases**, stipulating a disciplinary and appeal system for violations.
- Set up reporting channels, and protect whistleblowers

04

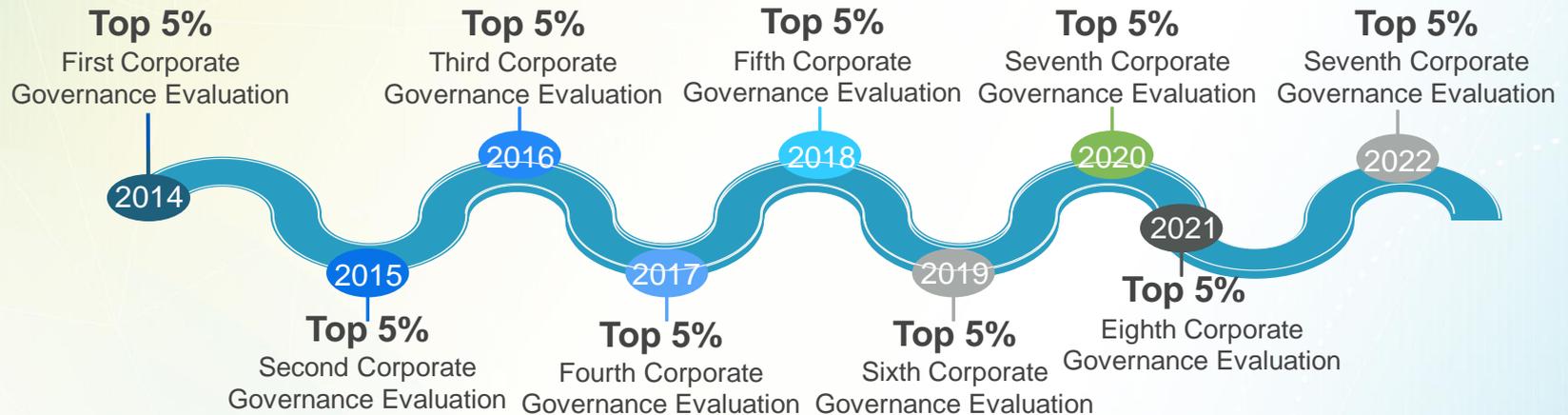
Legal Compliance

- Formulate policies in accordance with laws.
- Require all employees to abide by through **education and training and regular self-assessment**.
- Cross-audits among sites** to discover potential risks from different perspectives

Corporate Governance (3) - Award

- SAS is dedicated to achieving corporate governance and fulfills its social responsibility. With this determination, SAS has been **awarded top 5% corporate governance among all Taiwan listed companies for 9 consecutive years!**

Corporate Governance Efforts





06

GlobalWafers



Income Statement

Income Statement

(NT\$ Mn)	2021	2022	Q123	Q223	1H23
Revenue	61,131	70,287	18,616	17,896	36,512
<i>Growth (%)</i>	10.4%	15.0%	1.2%	-3.9%	7.9%
Gross Profit	23,286	30,342	7,551	6,744²	14,295²
<i>Gross Profit (%)</i>	38.1%	43.2%	40.6%	37.7%	39.2%
EBITDA	22,507	25,526¹	7,907	7,691	15,598
<i>EBITDA (%)</i>	36.8%	36.3%	42.5%	43.0%	42.7%
Operating Income	17,693	24,983	6,103	5,210	11,312
<i>Operating Income (%)</i>	28.9%	35.5%	32.8%	29.1%	31.0%
Profit before Tax	16,445	20,107¹	6,885	6,766³	13,651³
<i>Profit before Tax Margin (%)</i>	26.9%	28.6%	37.0%	37.8%	37.4%
Net Profit	11,870	15,367¹	5,000	4,789³	9,789³
<i>Net Profit (%)</i>	19.4%	21.9%	26.9%	26.8%	26.8%
EPS (NT\$)	27.27	35.31¹	11.49	11.00	22.49

1. Due to the valuation of realized gains/loss of Siltronic shares measured at fair value through profit or loss and impacts from other factors

2. Q223 Gross Profit decreased: Mainly due to increasing of energy cost, depreciation and unused capacity charges

3. Q223 Net Profit increased: Due to dividends received from holding Siltronic shares, the valuation of realized gains/loss of Siltronic shares measured at fair value through profit or loss & FX gains



Balance Sheet

Balance Sheet

(NT\$ Mn)

	2021	2022	Q123	Q223
Assets				
Cash and cash equivalents	65,894	80,491	74,200	48,827 ¹
Account receivable	9,118	10,160	10,253	10,726
Inventories	7,295	8,535	9,233	9,213
Property, plant and equipment	33,943	39,487	42,873	49,591
Other assets	34,395	30,823	39,411	54,754
Total assets	150,645	169,496	175,971	173,111

Liabilities

Short-term loan	6,264	6,544	7,911	23,013 ²
Account payable	4,340	4,176	4,993	4,815
Long-term loan	45,125	42,780	45,235	22,641 ³
Other liabilities	49,284	61,672	59,663	63,597 ⁴
Total liabilities	105,013	115,172	117,802	114,066

Shareholder equity

45,632	54,324	58,169	59,044
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Cash-related other assets include:

(NT\$ Mn)	Q223
Deposits in banks held for three months or more	25,449
Restricted cash	3,091

*Restricted cash is temporarily deposited for tax consideration, could be used when necessary.

1. Q223 Cash and cash equivalents decreased: Deposits in banks for over three month are classified in other assets & Repurchase of ECB
2. Q223 Short-term loan increased: Mainly due to reclassification of ECB based on liquidity from long-term loan to short-term loan
3. Q223 Long-term loan decreased: Reclassification of ECB based on liquidity from long-term loan to short-term loan
4. Q223 Other liabilities increased: Increased in deferred income tax liabilities



Q&A



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Our Website