TAIWAN EXCHANGE STOCK NO : 2434

MOSPEC Semiconductor corporation
BUSINESS REVIEW

December 10,2020

CONTENT

DISCLAIMER STATEMENT

Our discussion may include predictions, estimates or other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, the are subject to risks and uncertainties that could cause actual results to differ materially。You are cautioned not to place undue reliance on these forward-looking statements , which reflect our opinions only as of the date of this presentation , Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. Throughout today′s discussion, we will attempt to present some important factors relating to our business that may affect our predictions.

MOSPEC Semiconductor corp.

FOUNDED IN 1987
CAPITAL : USD 9.3 MILLION
HEADQUARTERS : TAINAN, TAIWAN
CHINA FACTORY : SICHUAN, CHINA
TAIWAN EXCHANGE STOCK NO. : 2434

INTRODUCTION

LEADING HIGH-TECH TODAY
INITIATING THE WORLD OF TOMORROW

A VERTICALLY INTEGRATED POWER SEMICONDUCTOR COMPANY, SPECIALIZED IN POWER TRANSISTOR, SCHOTTKY DIODE, ULTRA-FAST AND FAST RECOVERY RECTIFIER AND SILICON MATERIALS (EPITAXIAL SILICON WAFERS, PRIME WAFERS) .

TO BETTER SERVICE ITS DIVERSE CUSTOMERS, MOSPEC CAN PROVIDE ITS PRODUCTS IN CHIP OR WAFER FORM, OR IN VARIOUS PACKAGE TYPES, INCLUDING S.M.D.,AXIAL LEAD, AND TRANSISTOR OUTLINE (TO) FORMAT.

QUALITY & TECHNOLOGY HISTORY

- **2019** — Green Gas Verificati; ISO 9001:2015
- **2018** — ITAF 16949:2016; ISO 14001:2015
- **2016** — Green Gas Verificati
- **2013** — ITAF 16949 CERTIFIELD
- **2008** — INGOT GROWING PROCESS
- **2006** — ISO 14001 CERTIFIELD
- **2004** — 6 INCH WAFER PROCESS
- **1997** — ISO 9001 CERTIFIELD; POLISH WAFER PROCESS
- **1990** — EPI WAFER PROCESS
- **1987** — FOUND

MOSPEC GROUP

H&M SEMICONDUCTOR(SICHUAN)
ECONOMIC DEVELOPMENT ZONE
PHOTOELECTRIC INDUSTRIAL PARK SUINING, SICHUAN
TEL:0825-8095038

TAIPEI OFFICE:
16 FL., No. 182-1, SEC. 2, TUN HWA S. RD., TAIPEI, TAIWAN
TEL: 886-2-27389606 FAX: 886-2-27369602, 2-27369354
E-mail: kevin@mail.mospec.com.tw

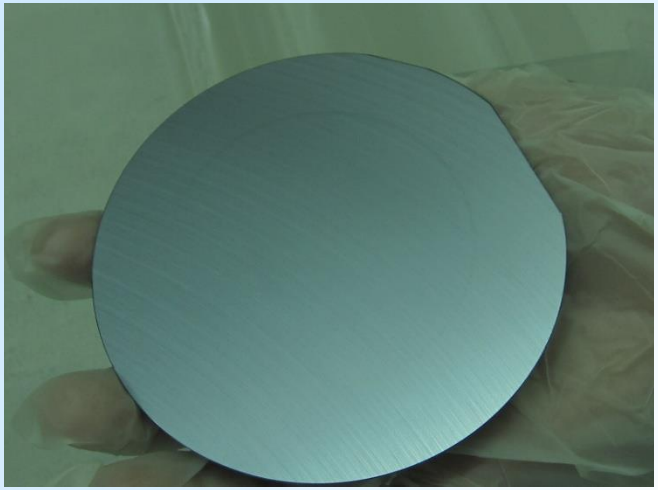
H&M SEMICONDUCTOR(SHENZHEN)
902, Xindi Central Office Building, Guangming Community, Guangming Street, Guangming District, Shenzhen
TEL: 755-29891881 Ext 201
FAX: 755-29891876
E-mail: xianmao@mail.mospec.com.tw
QQ:441853559

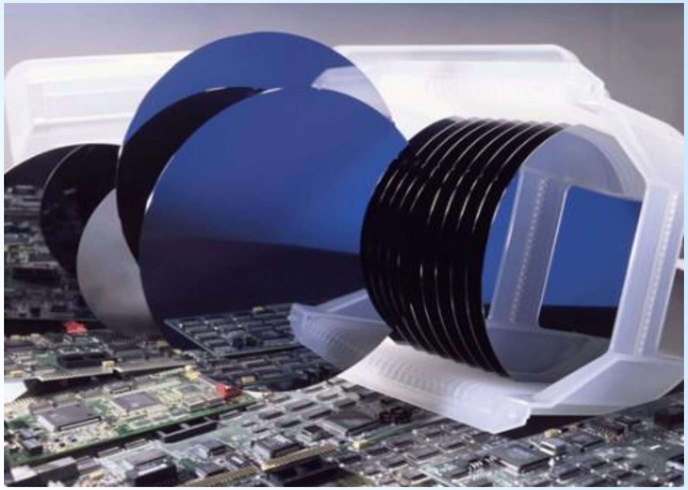
MOSPEC SEMICONDUCTOR CORP. HEADQUARTERS:
No.76, Zhongshan Rd., Xinshi Dist.,Tainan City 74442, Taiwan
TEL: 886-6-5991621 (REP.) FAX: 886-6-5991626, 5995486

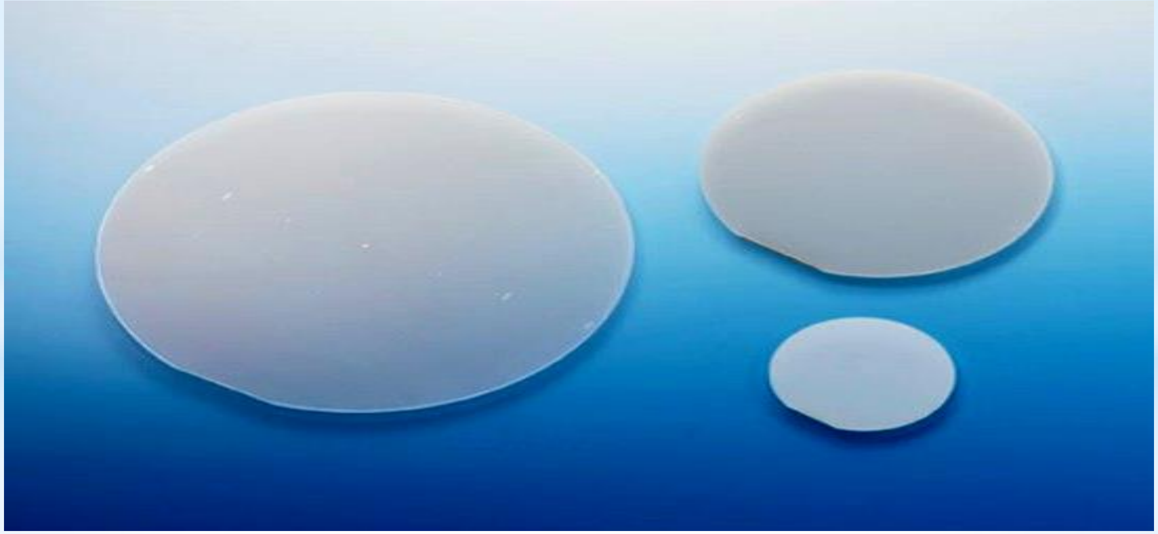
PRODUCT DESCRIPTION

- **Schottky Diode**
  肖特基二極體
- **Ultra-Fast Recovery Rectifier**
  超快速恢復整流管
- **Fast Recovery Rectifier**
  快速恢復整流管
- **High Efficiency Rectifier**
  高效率整流管
- **T.V.S**
  突波抑制二極體
- **Low VF Schottky Diode**
  超低電壓降肖基特二極體
- **EPI Wafer**
  磊晶圓
- **Power Transistor**
  功率電晶體
- **Small Signal Schottky Diode**
  小信號肖特基二極體
- **Bridge Rectifier**
  橋式整流器
- **Mini Bridge Rectifier**
  微型橋式整流器

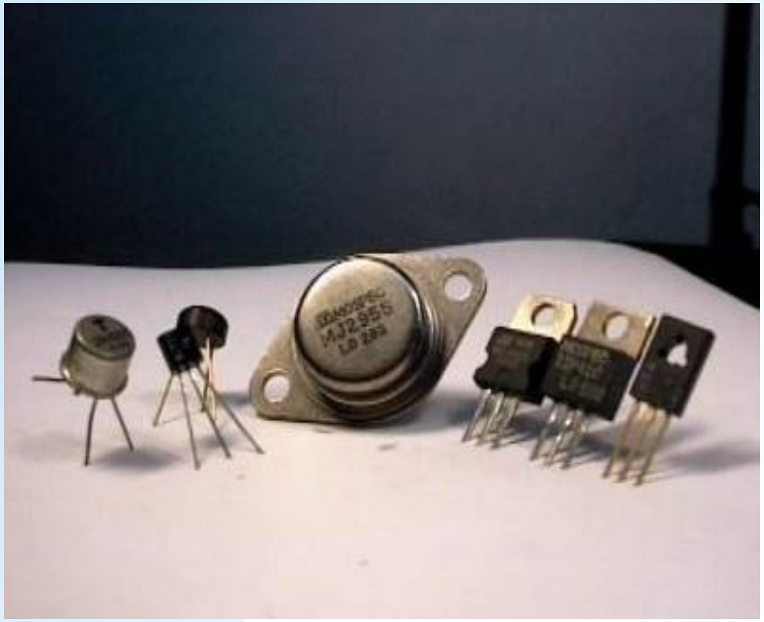
TYPE–EPI WAFER



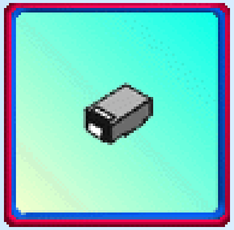




TYPE-TRANSISTORS & DIODES



MAIN PACKAGING



SMA

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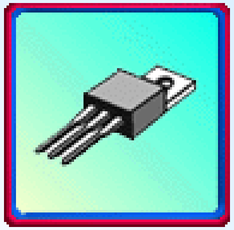

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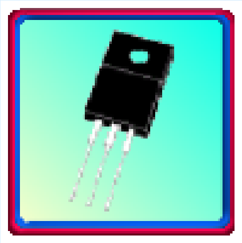

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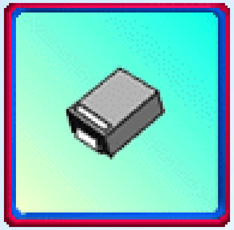
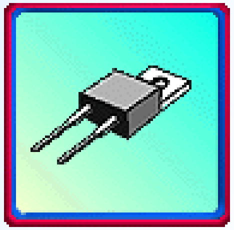


SMB



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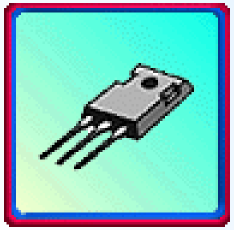
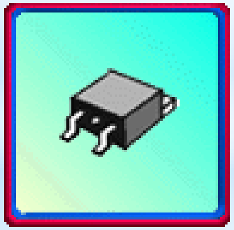


TO-3P(TO-247)

TO-3



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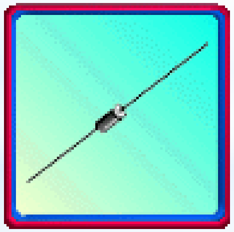

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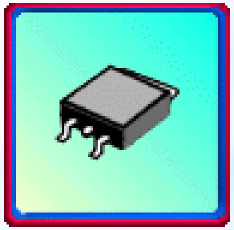

TO-252(D PAK)

TO-66

Q3 2020 BALANCE SHEET(CONSOLIDATED)

Unit：NT $ 1,000

ASSETS	September 30,2020		September 30,2019		Difference
	Amount	%	Amount	%	Amount
Current assets					
Cash and cash equivalents	128,642	16	18,114	2	110,528
Accounts receivable and Notes receivable	68,056	9	42,673	6	25,383
Other Receivables	7,253	1	1,382	-	5,871
Inventories	21,959	3	97,121	13	(75,162)
Other current assets	41,777	5	41,563	6	214
Total current assets	267,687	34	200,853	27	66,834
Non-current assets					
Property,plant and equipment	495,328	63	506,307	70	(10,979)
Other non-current assets	19,448	3	18,438	3	1,010
Total non-current assets	514,776	66	524,745	73	(9,969)
Total assets	782,463	100	725,598	100	56,865

Q3 2020 BALANCE SHEET(CONSOLIDATED)

Unit：NT $ 1,000

LIABILITIES	September 30,2020		September 30,2019		Difference
	Amount	%	Amount	%	Amount
Current liabilities					
Short-term loans	30,000	4	30,000	4	0
Notes payable and Accounts payable	29,682	4	25,484	4	4,198
Other payables	14,603	2	34,535	5	(19,932)
Current portion of long-term loans	16,689	2	38,520	5	(21,831)
Other current liabilities	205,560	26	106,724	15	98,836
Total current liabilities	296,534	38	235,263	33	61,271
Non-current liabilities					
Long-term loans	194,819	25	171,508	24	23,311
Deferred tax liabilities	46,203	6	46,203	6	0
Other non-current liabilities	34,614	4	44,241	6	(9,627)
Total non-current liabilities	275,636	35	261,952	36	13,684
Total liabilities	572,170	73	497,215	69	74,955

Q3 2020 BALANCE SHEET(CONSOLIDATED)

Unit：NT $ 1,000

Stockholder's equity	September 30,2020		September 30,2019		Difference
	Amount	%	Amount	%	Amount
Stockholder's equity					
Common Stock	170,000	22	706,021	97	(536,021)
Capital collected in advance	121,404	16	0	-	121,404
Total capital stock	291,404	38	706,021	97	(414,617)
Unappropriated retained earnings					
Legal reserve	1,672	-	1,672	-	0
Unappropriated retained earnings	(71,043)	(9)	(463,377)	(64)	392,334
Total unappropriated retained earnings	(69,371)	(9)	(461,705)	(64)	392,334
Other equity interest	(11,740)	(2)	(15,933)	(2)	4,193
Total equity	210,293	27	228,383	31	(18,090)

Q3 2020 P&L (CONSOLIDATED)

Unit：NT $ 1,000

Item	2020Y Q1 to Q3		2019Y Q1 to Q3	
	Amount	%	Amount	%
Sales revenue	$99,005	100	$125,847	100
Operating costs	90,095	91	212,882	169
Net operating margin	8,910	9	(87,035)	(69)
Total operating expenses	63,930	65	59,600	47
Operating profit(loss)	(55,020)	(56)	(146,635)	(117)
Total non-operating income and expenses	9,733	10	(2,486)	(2)
Profit(loss) before income tax	(45,287)	(46)	(149,121)	(118)
income tax(expense) benefit	1,343	1	1,623	1
Profit(loss) for the year	(46,630)	(47)	(150,744)	(120)
Earnings per share basic	($2.74)		($8.87)	

Q1~Q3 2020 Product Breakdown

Product service/project	Accumulated income amount (1,000 Yuan)	Percentage
Diode	81,082	81.90
Transister	9,672	9.77
EPI wafer	3,056	3.08
Other	5,195	5.25
Toral	99,005	100.00

Marketing Analysis and Outlook

As of the beginning of 2020, the sudden onset of the Covid-19 virus, originating in China, has caused lockdowns of countries all over the world and subsequently severe contraction of economic and consumer activity. In addition, trade war has created instability in supply chains, and despite the challenges of finding substitutes for the low-cost “red supply chain” of China, there has been a gradual geographic movement in supply chains out of China, particularly within the realm of large-scale assembly manufacturing. This has been undertaken to prevent negative effects of China-US trade war policies in terms of tariff avoidance and trade restrictions.

Marketing Analysis and Outlook

Despite these uncertainties caused by trade tensions and pandemics, economic activity continues, and Mospec continues to plan ahead, both to handle the current situation and to anticipate the post-pandemic era.

(1) Concerning supplier management, we will take steps to diversify our supplier list to reduce reliance on Chinese manufacturing

(2) Concerning the China market, we will focus on domestic consumer demand to reduce influence of trade war policy and otherwise take advantage of Taiwan's position as a possible conduit for flow of goods between China and the US

Marketing Analysis and Outlook

In order to confront market challenges, we implement the following strategies :

(1) Adjust product lineup and expand consumer market exposure

(A) Align with Intel's newest CPU requirements to provide suitable power supply components, including low Qrr FRED, Trench Low-Vf (TMBS), and other Schottky devices for Power Factor Control (PFC) and SMPS secondary circuitry

(B) Respond to market trend toward thinner and lighter surface mount (SMD) package options, as well as high voltage and bridge rectifier devices

Marketing Analysis and Outlook

(C) Provide flexible device selection options for multiple design solutions, for example, power MOSFET devices in place of bipolar switching transistor or Schottky rectifying designs

(2) Reduce production costs through strategic partnerships :

Concerning production and materials procurement, Mospec will enter into strategic partnerships, with focus on customer requirements, quality, cost, and delivery metrics to maintain competitiveness and satisfy market demands

(3) Product positioning and sales strategy

Mospec’s positioning within the consumer market will be as follows :

Marketing Analysis and Outlook

(A) Enter monitor market with Low-Vf Schottky and Bridge Rectifier products

(B) Enter motor driver market with high-voltage, Low-Vf Schottky Rectifiers

(C) Provide high-efficiency PC power supply market with high current (>30A) Low-Vf Schottky devices, 600V low Qrr FRED devices, switching (high voltage) and rectifying (low voltage) power MOSFETs, providing a complete suite of power discretes for switching power supplies

Marketing Analysis and Outlook

(D) Enter Power Tool market for 200V-400V FRED and 200-300V Low-Vf Schottky devices

(E) Enter LED lighting and LED television power supply markets with Low-Vf Schottky diodes, high current low voltage planar Schottky devices, and high voltage GPP rectifiers.

(F) Enter Adapter/Charger markets with low Qrr high voltage FRED devices and 60-100V Low-Vf Schottky diodes utilizing small form-factor surface mount packaging

Q&A