



Second Quarter 2022 Financial Results Diodes Incorporated (DIOD)

August 4, 2022



Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Any statements set forth above that are not historical facts are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Such statements include statements containing forward-looking words such as “expect,” “anticipate,” “aim,” “estimate,” and variations thereof, including without limitation statements, whether direct or implied, regarding expectations of that for the third quarter of 2022, we expect revenue to be approximately \$521 million plus or minus 3 percent; we expect GAAP gross margin to be 41.5 percent, plus or minus 1 percent; non-GAAP operating expenses, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets, are expected to be approximately 20.5 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest expense to be approximately \$3.0 million; we expect our income tax rate to be 18.5 percent, plus or minus 3 percent; shares used to calculate diluted EPS for the third quarter are anticipated to be approximately 46.2 million. Potential risks and uncertainties include, but are not limited to, such factors as: the risk that the COVID-19 pandemic may continue and have a material adverse effect on customer demand and staffing of our production, sales and administration facilities; the risk that such expectations may not be met; the risk that the expected benefits of acquisitions may not be realized or that integration of acquired businesses may not continue as rapidly as we anticipate; the risk that the cost, expense, and diversion of management attention associated with the LSC acquisition may be greater than we currently expect; the risk that we may not be able to maintain our current growth strategy or continue to maintain our current performance, costs, and loadings in our manufacturing facilities; the risk that we may not be able to increase our automotive, industrial, or other revenue and market share; risks of domestic and foreign operations, including excessive operating costs, labor shortages, higher tax rates, and our joint venture prospects; the risks of cyclical downturns in the semiconductor industry and of changes in end-market demand or product mix that may affect gross margin or render inventory obsolete; the risk of unfavorable currency exchange rates; the risk that our future outlook or guidance may be incorrect; the risks of global economic weakness or instability in global financial markets; the risks of trade restrictions, tariffs, or embargoes; the risk that the coronavirus outbreak or other similar epidemics may harm our domestic or international business operations to a greater extent than we currently anticipate; the risk of breaches of our information technology systems; and other information, including the “Risk Factors” detailed from time to time in Diodes’ filings with the United States Securities and Exchange Commission.

This presentation also contains non-GAAP measures. See the Company’s press release on August 4, 2022 titled, “Diodes Incorporated Reports Record Second Quarter Fiscal 2022 Financial Results” for detailed information related to the Company’s non-GAAP measures and a reconciliation of GAAP net income to non-GAAP net income.

Diodes delivers high-quality semiconductor products to the world's leading companies in the consumer electronics, computing, communications, industrial, and automotive markets



Vision: Profitability Growth to Maximize Shareholder Value

Our Core Values: Integrity, Commitment, Innovation

- **Revenue** - a record **\$501 million**; increasing 13.7% year-over and 3.9% sequentially
- **GAAP gross profit** - a record **\$206.5 million**; increasing 29.2% year-over-year and 5% sequentially
- **GAAP gross profit margin** - a record **41.2%**; increasing 490bp year-over-year and 40bp sequentially
- **GAAP net income** – a record **\$80.2 million**, or **\$1.75** per diluted share, improving 43.4% year-over-year and a 10.1% increase sequentially
- **Non-GAAP net income** - a record **\$86.9 million**, or **\$1.90** per diluted share, improving 58.3% year-over-year and 8.6% sequentially
- **EBITDA** **\$130.4 million**, or 26% of revenue
- Achieved cash flow from operations of \$85.0 million and \$45.5 million of free cash flow, including \$39.6 million of capital expenditures. Net cash flow was a positive \$1.5 million including capital expenditures and additional borrowings of \$35.1 million related to the purchase of the onsemi wafer fabrication facility



2Q'22 represented 6th consecutive quarter of record revenue, gross profit and earnings despite the COVID-related quarantine in China and Taiwan that constrained production



Gross margin improved 490bp year-over-year to 41.2%; the 2nd consecutive quarter above target model of 40%



Achieved record revenue in the Automotive, Industrial, Consumer and Communications; Pericom products achieved 7th consecutive quarter of record revenue



Automotive and Industrial combined totaled 41% of revenue, which exceeds 2025 target of 40%



Adjusted earnings per share grew 58% year over year

**~40% of
revenue**
(41% for 1Q2022)

Automotive

- Connected driving, comfort/style/safety, electrification/powertrain

Industrial

- Embedded systems and precision controls, and IIoT

Consumer

- IoT: wearables, home automation, smart infrastructure

Communications

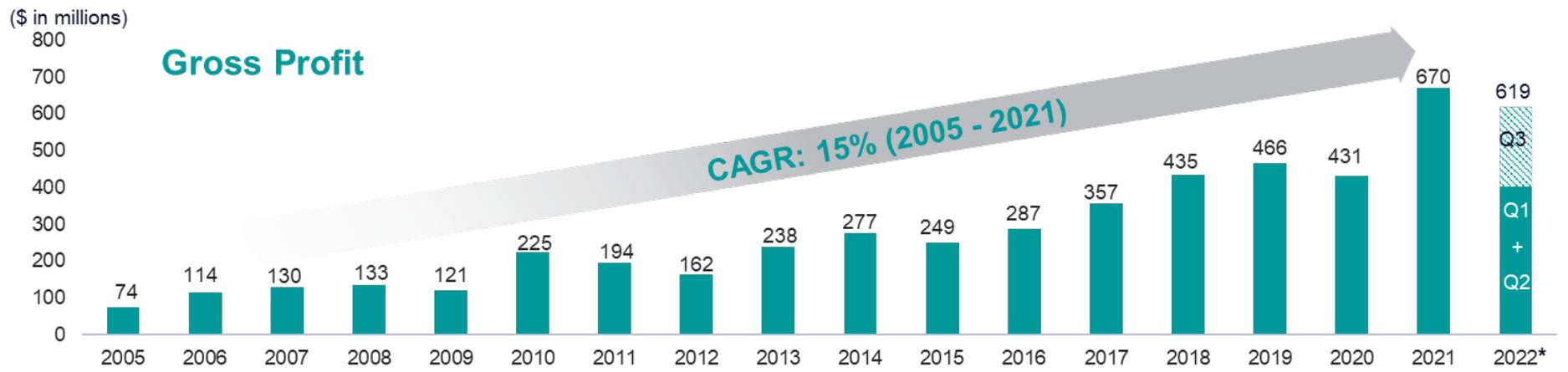
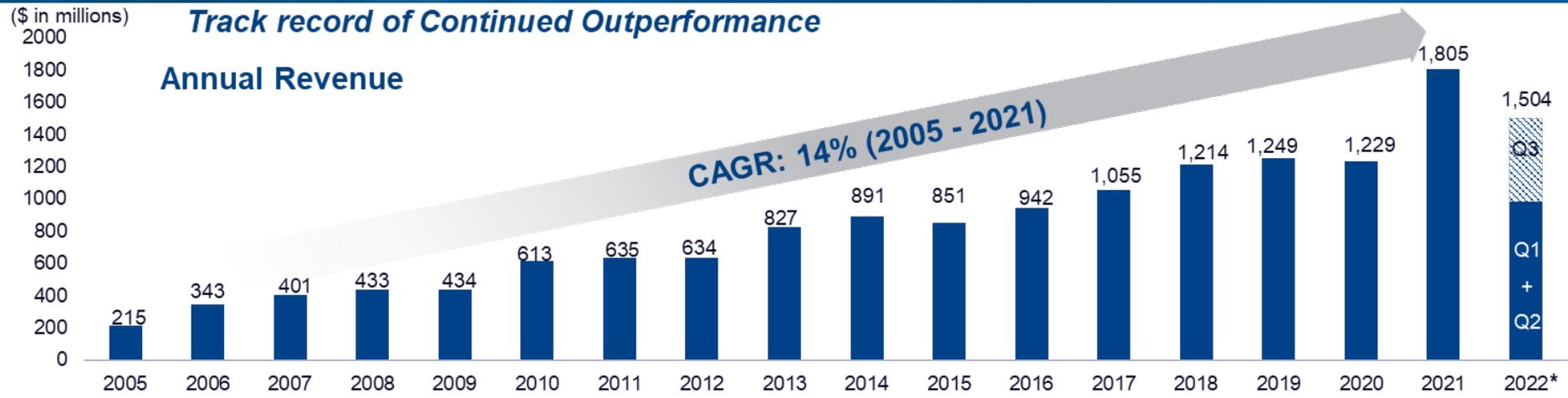
- Smart phones, 5G networks, advanced protocols, and charging solutions

Computing

- Cloud computing: server, storage, data centers

**~60% of
revenue**
(59% for 2Q2022)

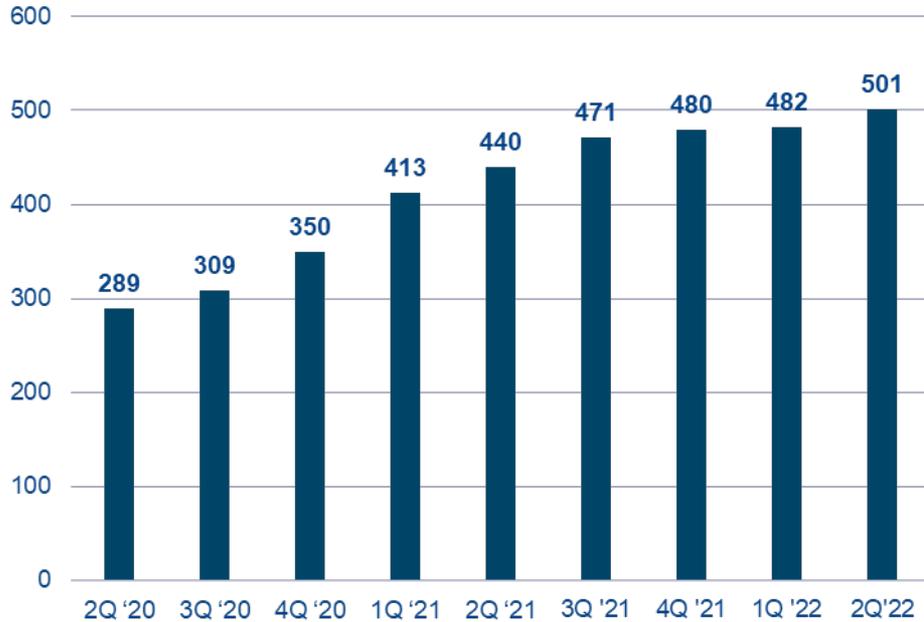
Expanding Profitability Growth



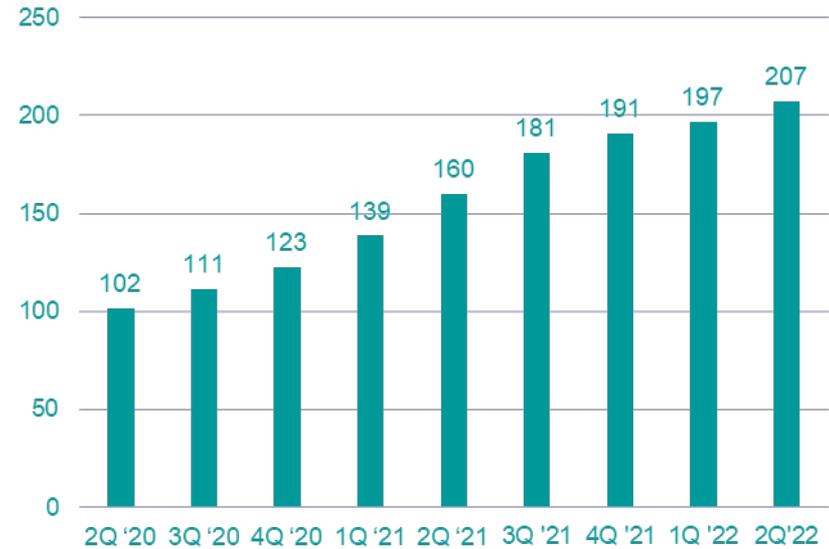
DISCRETE
ANALOG
LOGIC
MIXED-SIGNAL

* Revenue/Gross Margin for 2022 are based on first half results and Q3 guidance provided on August 4, 2022

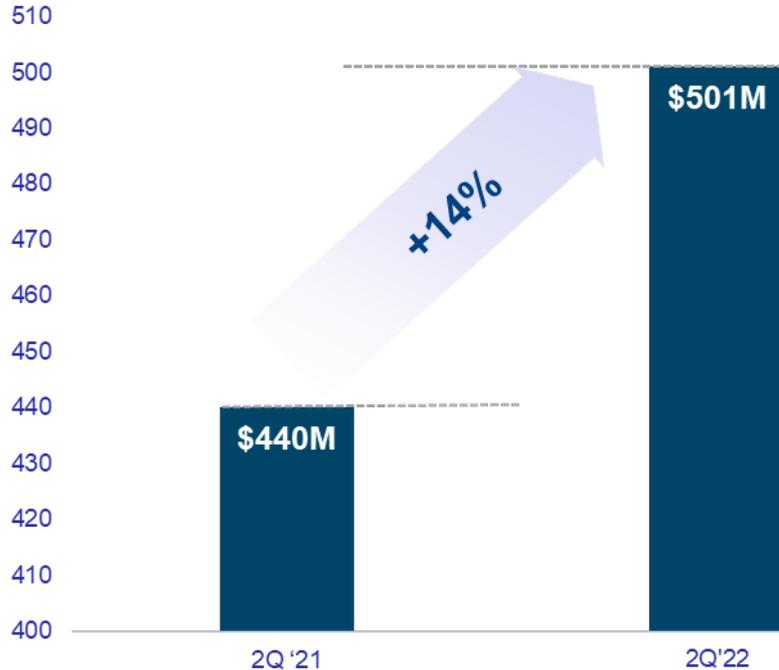
Quarterly Revenue (\$ Millions)



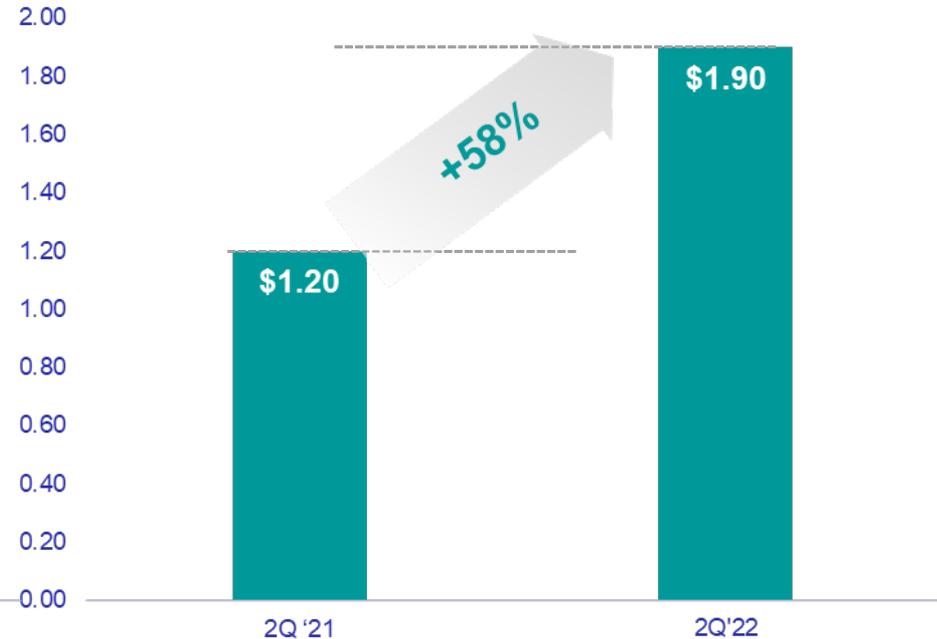
Quarterly Gross Profit (\$ Millions)



Revenue (\$ Millions)



Non-GAAP EPS

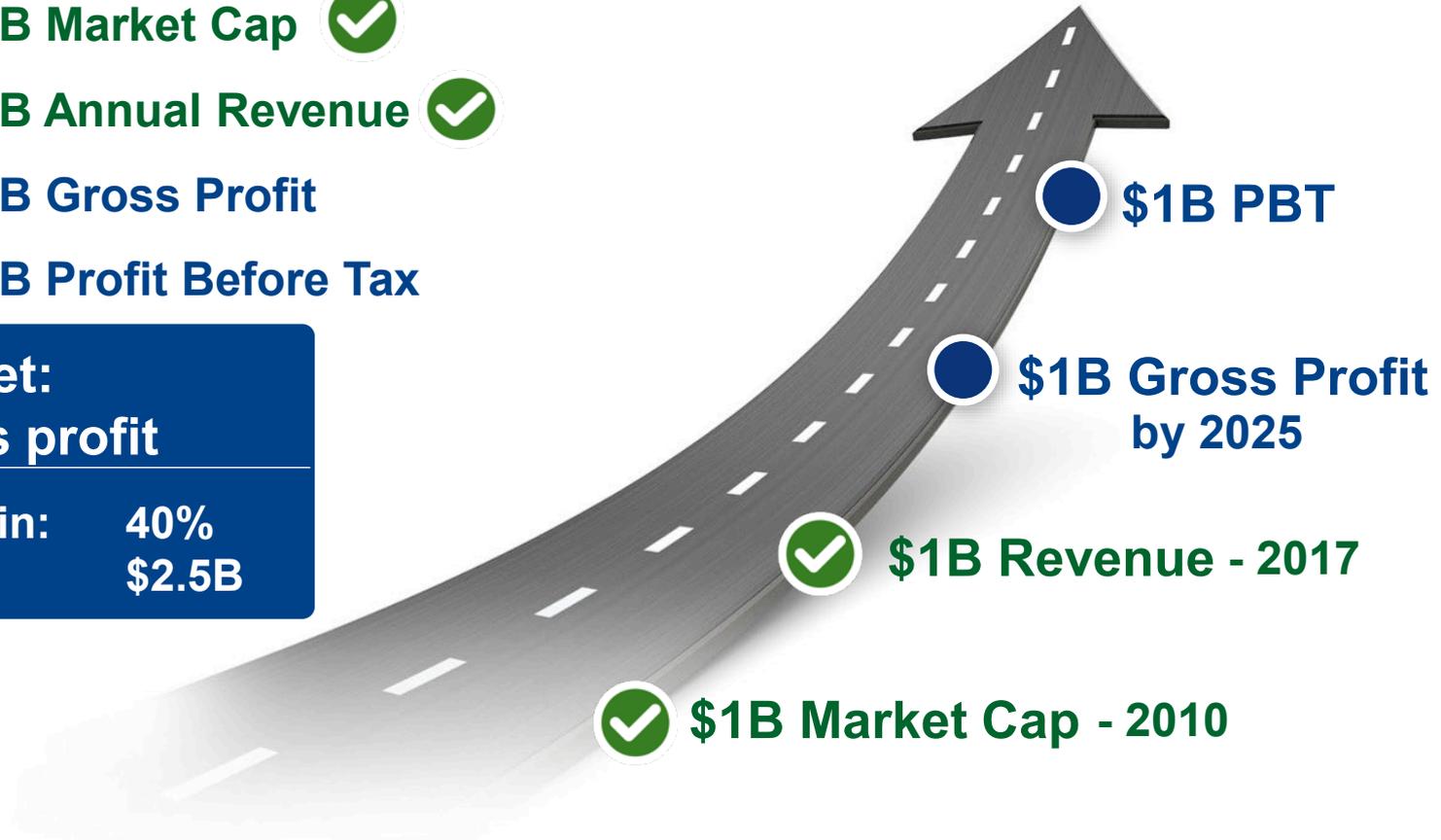


On-Track to Achieve Longer Term Corporate Objectives

- **Goal 1: \$1B Market Cap** ✓
- **Goal 2: \$1B Annual Revenue** ✓
- **Goal 3: \$1B Gross Profit**
- **Goal 4: \$1B Profit Before Tax**

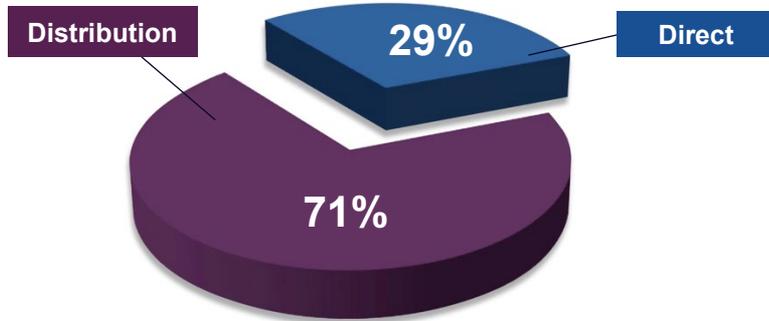
2025 Target:
\$1B Gross profit

Gross Margin: 40%
Revenue: \$2.5B

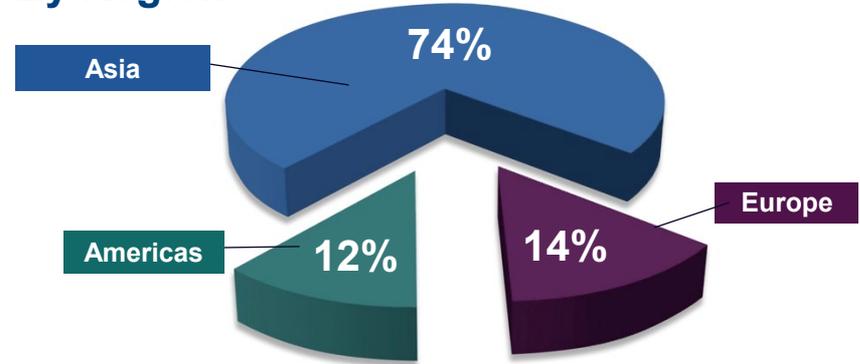


Revenue Profile for Second Quarter 2022

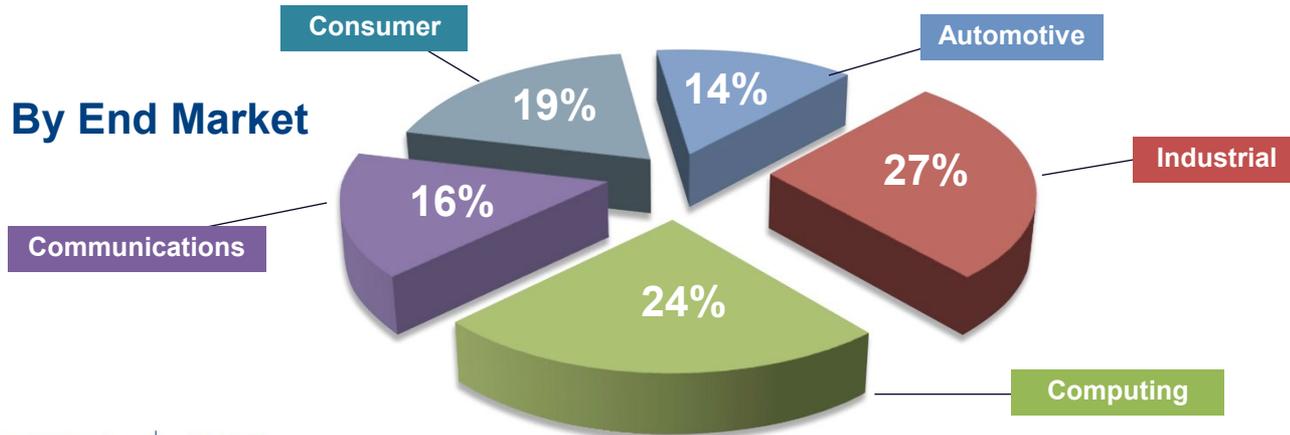
By Channel



By Region



By End Market



Income Statement – Second Quarter 2022 Record Performance

(\$ in millions, except per share amounts)	2Q21	1Q22	2Q22
Net sales	440.4	482.1	501.0
Gross profit (GAAP)	159.8	196.7	206.5
Gross profit margin % (GAAP)	36.3%	40.8%	41.2%
Net income (GAAP)	55.4	72.7	80.2
Net income (non-GAAP)	54.6	80.3	86.9
Diluted EPS (non-GAAP)	1.20	1.75	1.90
Cash flow from operations	93.9	72.3	85.0
EBITDA (non-GAAP)	99.4	118.2	130.4

(\$ in millions)	Dec 31, 2020	Dec 31, 2021	June 30, 2022
Cash plus short-term investments	327	373	316
Inventory	307	349	371
Current Assets	1,024	1,188	1,215
Total Assets	1,980	2,194	2,285
Total Debt (L/T, S/T, Line of Credit)	451	301	265
Total Liabilities	963	892	868
Total Equity	1,016	1,303	1,417

- **Revenue to be ~\$521 million, +/- 3.0%**
Order demand and backlog remains very strong going into the third quarter
- **GAAP gross margin of 41.5%, +/- 1%**
on a consolidated basis
- **Non-GAAP operating expenses 20.5% of revenue, +/- 1%**, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- **Net Interest expense of ~\$3.0 million**
- **Income tax rate to be 18.5%, +/- 3%**
- Shares used to calculate diluted EPS approximately **46.2 million**
- Purchase accounting adjustments related to amortization of acquisitions-related intangible assets of \$3.2 million, after tax, for previous acquisitions is not included in these non-GAAP estimates

- **Vision: Expand shareholder value**
- **Mission: Profitability growth to drive 20% operating profit**
- **Next Strategic Goal: \$1B gross profit**
- **Tactics:**
 - Total system solutions sales approach and content expansion driving growth
 - Increased focus on high-margin Automotive, Industrial and Pericom products
 - Investment for technology leadership in target products, fab processes, and advanced packaging



Thank you

Reconciliation of Net Income to Adjusted Net Income

For the three months ended June 30, 2022:

(in thousands, except per share data)

	(unaudited)			
	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				<u>\$ 80,155</u>
Diluted earnings per share (Per-GAAP)				<u>1.75</u>
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,980		(729)	3,250
Acquisition-related costs	204		(43)	161
Insurance Recovery for Manufacturing Facility	(3,594)		719	(2,875)
Non-cash market-to-market investment adjustments		7,763	(1,553)	6,211
Non-GAAP				<u>\$ 86,902</u>
Diluted shares used in computing earnings per share				<u>45,841</u>
Non-GAAP diluted earnings per share				<u>\$ 1.90</u>

Note: Included in GAAP and non-GAAP net income was approximately \$6.8 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP diluted earnings per share would have improved by \$0.15 per share.

GAAP to Non-GAAP Reconciliation

For the three months ended June 30, 2022:

(in thousands, except per share data)

	<i>(unaudited)</i>			
	Operating	Other	Income	
	<u>Expenses</u>	<u>(Expense)</u>	<u>Tax</u>	<u>Net Income</u>
			<u>Provision</u>	
Per-GAAP				<u>\$ 80,155</u>
Diluted earnings per share (Per-GAAP)				<u>1.75</u>
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Note: Included in GAAP and non-GAAP adjusted net income was approximately \$6.8 million, net of tax, non-cash share-based compensation expense. Excluding share-based compensation expense, both GAAP and non-GAAP adjusted diluted earnings per share would have improved by \$0.15 per share.