

**First Quarter 2023
Financial Results
Diodes Incorporated (DIOD)**

May 9, 2023



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 second quarter of 2023, we expect revenue to be approximately \$467 million plus or minus 3 percent; we expect GAAP gross margin to be 41.8 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 22.0 percent of revenue, plus or minus 1 percent; we expect non-GAAP net interest expense to be approximately \$1.0 million; we expect our income tax rate to be 20.0 percent, plus or minus 3 percent; shares used to calculate diluted EPS for the second quarter are anticipated to be approximately 46.5 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 May 9, 2023 titled, “Diodes Incorporated Reports First Quarter Fiscal 2023 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.

About Diodes Incorporated

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



Vision: Profitability Growth to Maximize Shareholder Value

Our Core Values: Integrity, Commitment, Innovation

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

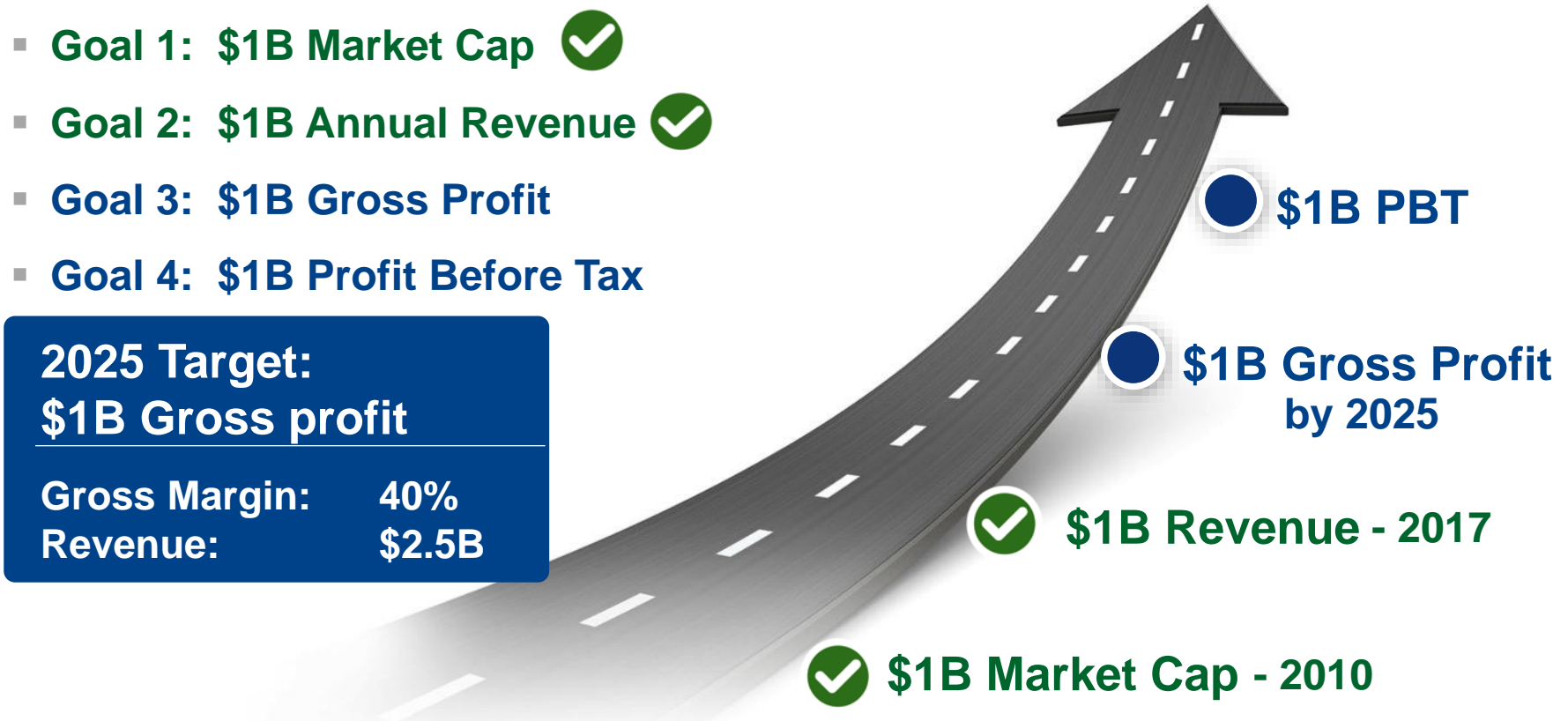
Gross Margin: 40%
Revenue: \$2.5B

✓ **\$1B Market Cap - 2010**

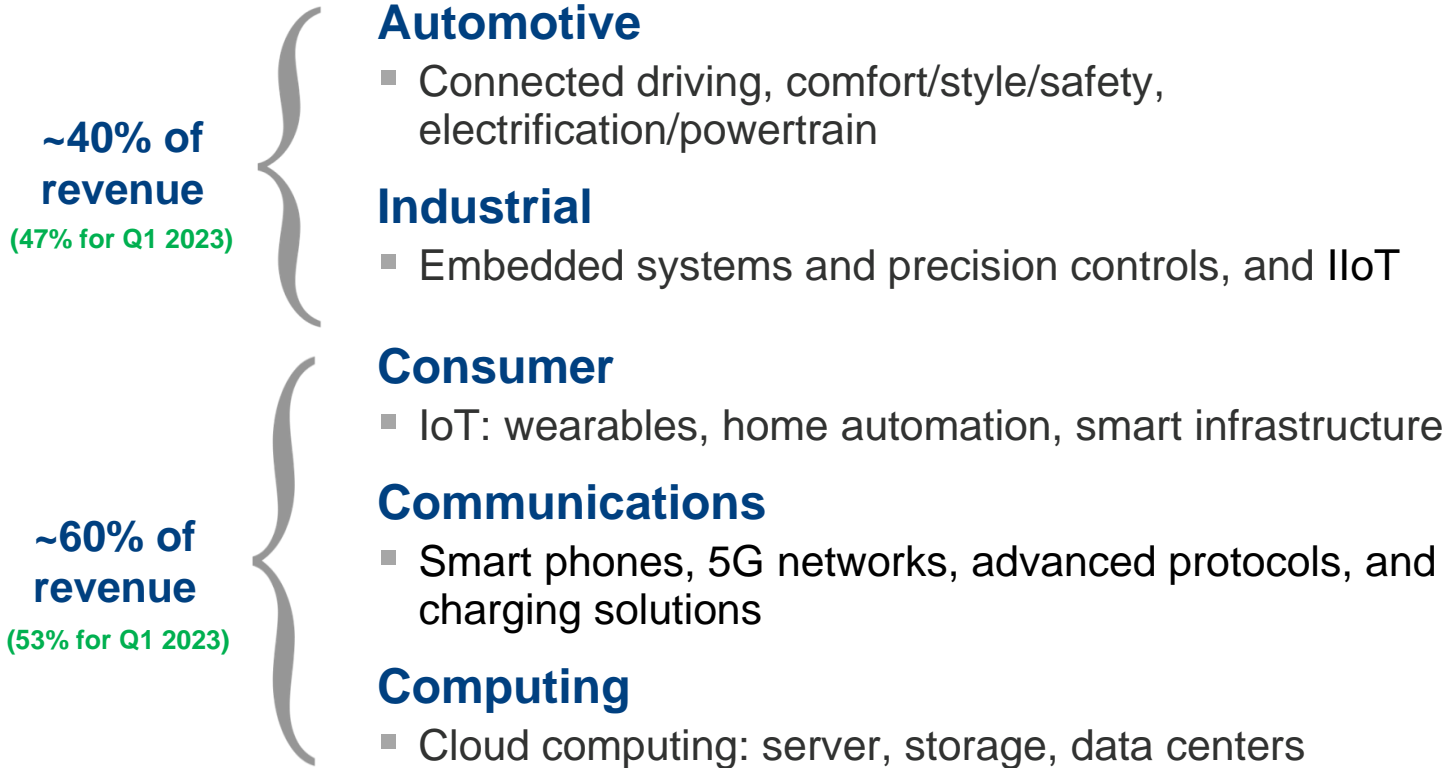
✓ **\$1B Revenue - 2017**

● **\$1B Gross Profit by 2025**

● **\$1B PBT**



Targeted Market Segment Distribution Goal



Automotive and Industrial are Driving Growth

- **Automotive** – 31% CAGR (2013 – 2022)
 - Focused on connected driving, comfort, style, safety, and electrification
 - Released 68 new automotive-compliant products in 1Q'23
 - Increased dollar content per car to \$140
- **Industrial** – 15% CAGR (2013 – 2022)
 - Focused on embedded systems, networked systems, automation, motor controls, sensors, power management, and IIoT
 - Released 20 new SiC diodes and MOSFET in 1Q'23
 - Expanding content in security, medical, green energy generation and transmission systems



1QFY23 Performance

Revenue

\$467.2M

 3.1% year-year


GAAP Gross Profit

\$194.5M

 1.1% year-year

GAAP Gross Margin

41.6%

 80 bps year-year

GAAP EPS

\$1.54

 3.1% year-year

Non-GAAP
Net Income

\$73.4M

 8.6% year-year

EBITDA

\$121.8M

26.1% of Revenue

Cash Flow from Ops

\$99.8M

Net Cash Flow

- \$15.2M

including the pay down of \$60.8 million of total debt



Gross margin has remained over 41% for the past four quarters and above our target model of 40%



Achieved record 29% of product revenue in the Industrial market



Automotive revenue reached record 18% of product revenue



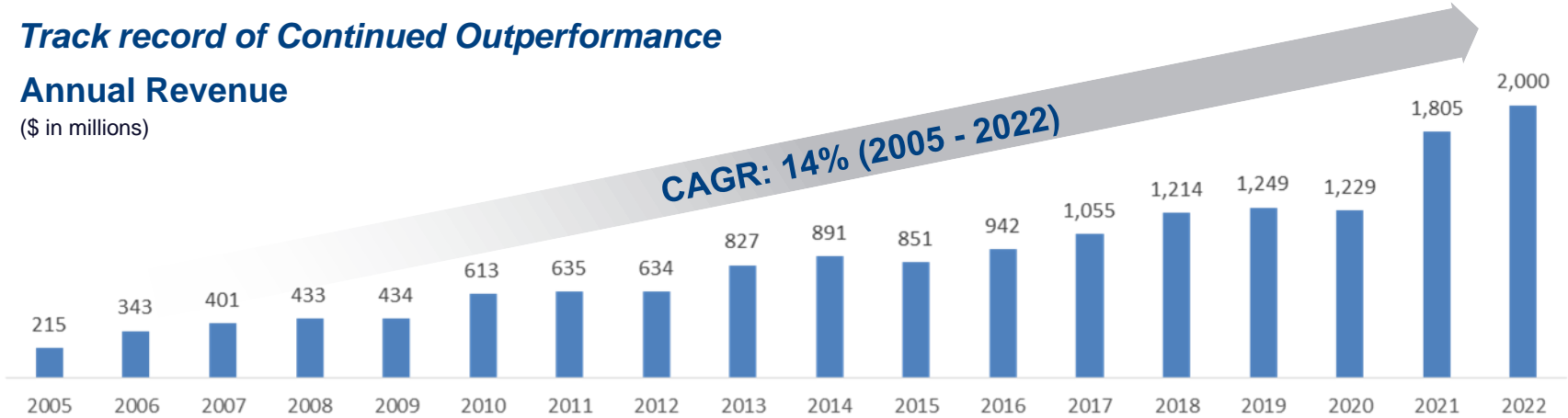
Automotive and Industrial totaled 47% of product revenue, exceeding 2025 target of 40%

Expanding Profitability Growth

Track record of Continued Outperformance

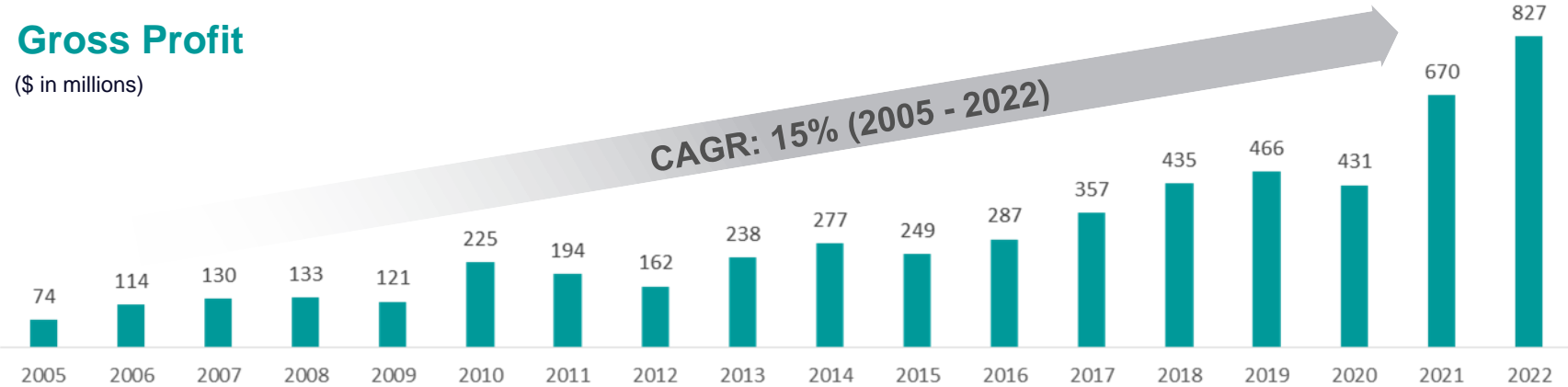
Annual Revenue

(\$ in millions)



Gross Profit

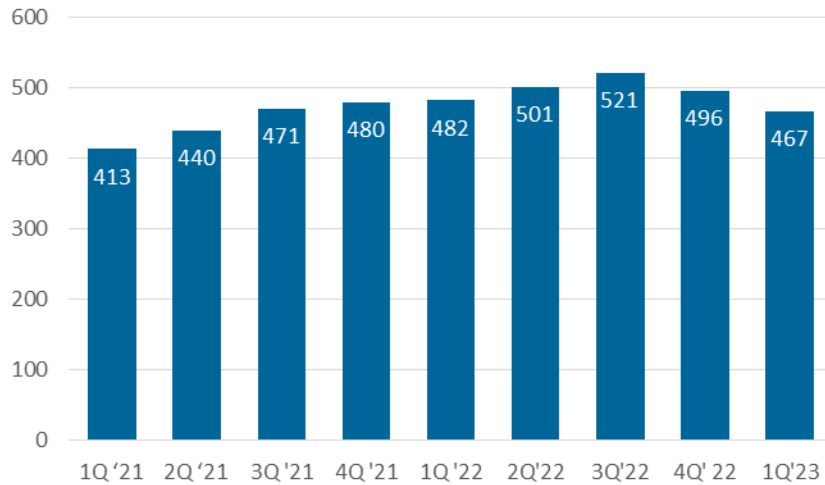
(\$ in millions)



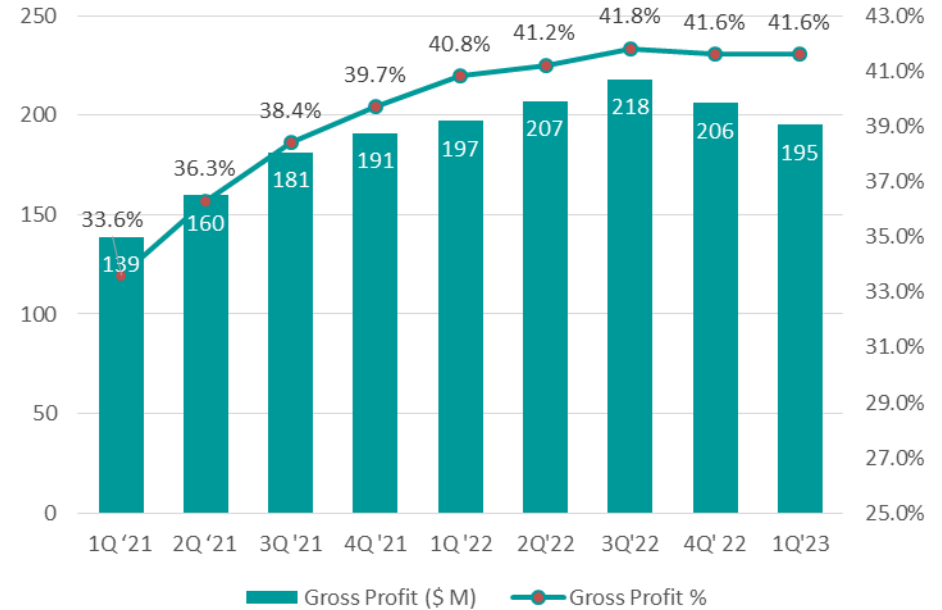
DISCRETE
ANALOG
LOGIC
MIXED-SIGNAL

Consistent Quarterly Performance

Quarterly Revenue (\$ Millions)

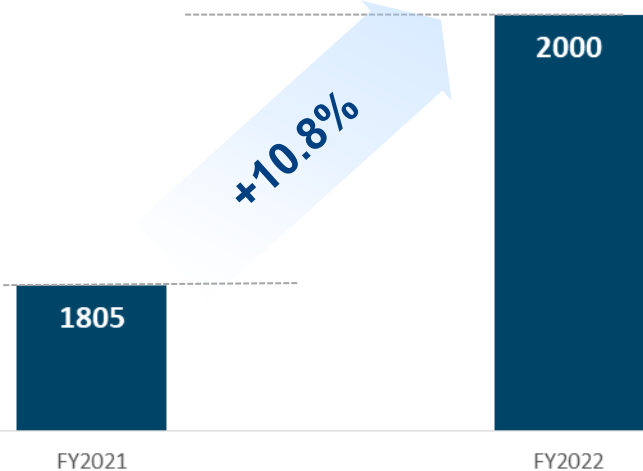


Quarterly Gross Profit (\$ Millions)

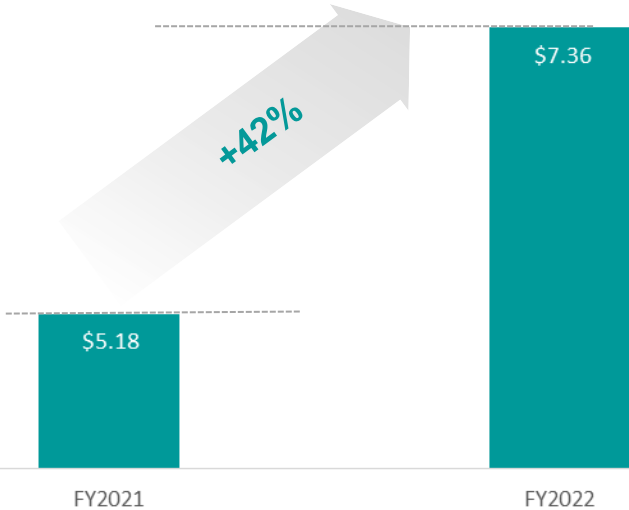


Driving Significant Operating Leverage

Revenue (\$ Millions)

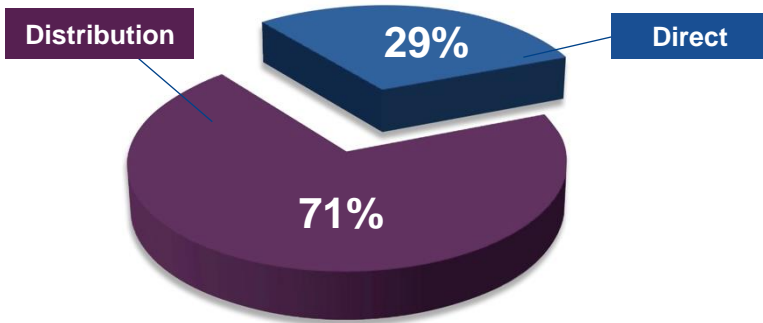


Non-GAAP EPS

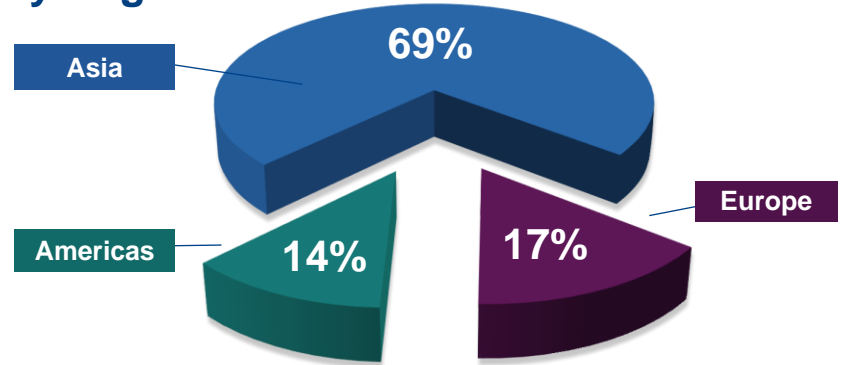


Revenue Profile for First Quarter 2023

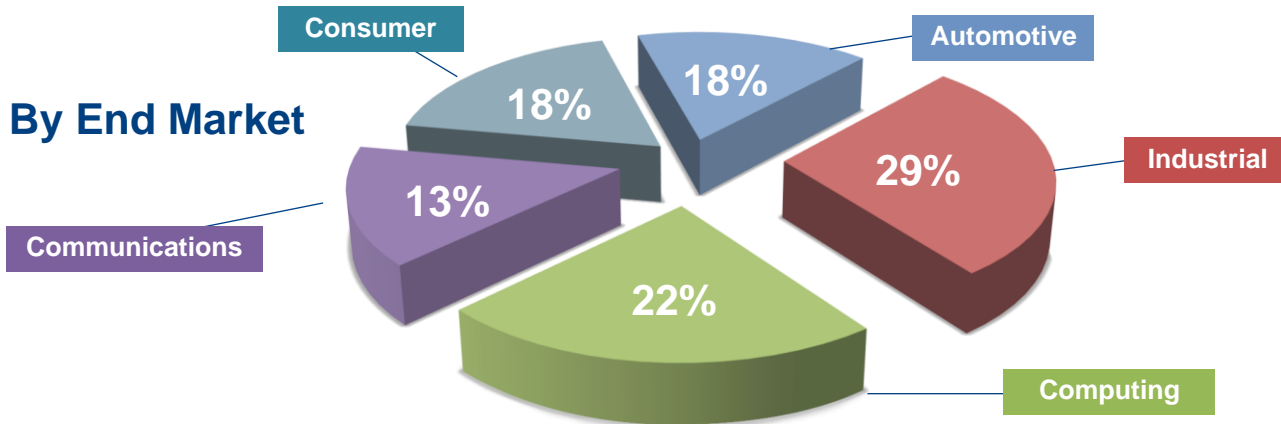
By Channel



By Region



By End Market



Income Statement – First Quarter 2023

(\$ in millions, except per share amounts)	1Q22	4Q22	1Q23
Net sales	482.1	496.2	467.2
Gross profit (GAAP)	196.7	206.2	194.5
Gross profit margin % (GAAP)	40.8%	41.6%	41.6%
Net income (GAAP)	72.7	92.1	71.2
Net income (non-GAAP)	80.3	79.6	73.4
Diluted EPS (non-GAAP)	1.75	1.73	1.59
Cash flow from operations	72.3	102.9	99.8
EBITDA (non-GAAP)	118.2	129.6	121.8

Balance Sheet

(\$ in millions)	Dec 31, 2021	Dec 31, 2022	Mar 31, 2023
Cash*	373	348	335
Inventory	349	360	342
Current Assets	1,188	1,162	1,122
Total Assets	2,194	2,288	2,286
Total Debt	301	185	125
Total Liabilities	892	705	620
Total Equity	1,303	1,583	1,666

* Cash, Restricted Cash and Short-term investments

- Revenue to be ~\$467 million, +/- 3.0%
- GAAP gross margin of 41.8%, +/- 1%
- Non-GAAP operating expenses 22.0% of revenue, +/- 1%, which are GAAP operating expenses adjusted for amortization of acquisition-related intangible assets
- Net Interest expense of ~\$1.0 million
- Income tax rate to be 20%, +/- 3%
- Shares used to calculate diluted EPS approximately **46.5 million**
- Amortization of acquisitions-related intangible assets of **\$3.1 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



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Thank you



www.diodes.com

Reconciliation of Net Income to Adjusted Net Income

For the three months ended March 31, 2023:

(in thousands, except per share data)

(unaudited)

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				<u>\$ 71,150</u>
Diluted earnings per share (Per-GAAP)				<u>\$ 1.54</u>
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,852		(707)	3,145
Officer retirement	2,845		(583)	2,262
LSC investment related		(3,889)	778	(3,111)
Non-GAAP				<u>\$ 73,446</u>
Diluted shares used in computing earnings per share				<u>46,161</u>
Non-GAAP diluted earnings per share				<u>\$ 1.59</u>

Note: Included in GAAP and non-GAAP net income was approximately \$7.7 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 \$0.17 per share.

GAAP to Non-GAAP Reconciliation

For the three months ended March 31, 2022:

(in thousands, except per share data)
(unaudited)

	Operating Expenses	Other Income (Expense)	Income Tax Provision	Net Income
Per-GAAP				<u>\$ 72,691</u>
Diluted earnings per share (Per-GAAP)				<u>1.59</u>
Adjustments to reconcile net income to non-GAAP net income:				
Amortization of acquisition-related intangible assets	3,862		(706)	3,156
Acquisition-related costs	275		(57)	218
Non-cash mark-to-market investment adjustments		5,548	(1,303)	4,245
Non-GAAP				<u>\$ 80,310</u>
Diluted shares used in computing earnings per share				<u>45,844</u>
Non-GAAP diluted earnings per share				<u>\$ 1.75</u>

Note: Included in GAAP and non-GAAP adjusted net income was approximately \$6.4 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 \$0.14 per share.