[IR/JAMES CHEN]:Good afternoon to all of you from the investment industry and the media.

Welcome to join us for the Q2 2024 Quarterly Operating Report and Conference call.

I'm James Chen.

I'll be hosting today's meeting.

The first is the Safe Harbor Notice, for your perusal.

Today's agenda is as follows

First of all, I would like to report

Season 2, 2024

Financial Report

We will now report on the financial results for the first half of this year.

Immediately following the third part is an Overview of Fitipower.

Last, our Chairman and CEO, Mr. Young Lin, will bring you the industry's

message, as well as medium- and long-term key growth driver.

The last part of the program is a Q&A session.

Let's start by looking at a financial result for Q2 2024

In the income statement section, our revenue for the second quarter was NT$5,022

million, an increase of 34.92% quarter-over-quarter compared to the previous quarter.

Compared to NT$4.34 billion a year ago, this is an annual increase of 15.71%.

In the second quarter, our gross margin

The level is 30.71%.

29.93% in the previous quarter

Quarterly increase of 0.78%

A year ago

GM is 32.03%

1.32% year-on-year reduction

In terms of expenses

Total expenses were

NT$838 million

This is an increase from NT$731 million in the previous quarter, but it is due to a larger increase in our revenue.

So the overall rate is down almost 3% compared to the previous quarter.

Our operating margin component was 14.03% compared to 10.28% in the previous quarter, a 3.75% increase quarter-over-quarter.

It was about 14.35% a year ago, which is an annual reduction of 0.32%.

We are at

Net Income Margin is 14.61%.

Last quarter was 12.07%

Quarterly increase of 2.54%, compared to 15.17% a year ago, is an annual decrease of 0.55%.

EPS was $4.91 in Q2, $3.17 in Q1, and $3.13 in the same period last year

Our ROE attributable to the parent company was 3.42%, compared to 2.19% in the prior quarter

A year ago it was 3.36%

This is the figure mentioned just now, which includes our gross margin and operating margin.

Lastly, the net income margin and ROE.

Same with the first season, which was a bottom.

In the second quarter, in the balance sheet section

We've got cash, and a financial asset in the second from the left.

Most of this was invested in money funds, amounting to NT$10.2 billion.

In addition, the portion of large certificates of deposit is about NT$5.8

billion, and the three cash equivalents add up to about NT$18.2 billion.

All of our assets were NT$27.138 billion in the second quarter.

Our debt ratio

Total liabilities were NT$6,046 million, of which NT$1,288 million was due to

dividend provision.

So for this quarter, our debt ratio of 22.3% was 6% higher than the previous

quarter due to dividends.

At the bottom we have 58.51 AR turnover days, down from 66 days in the previous quarter.

In our DOI, that's 62.97 days of inventory.

This is also down from 72.31 days in the previous quarter.

Our operating cash flow was a net inflow of NT$46 million.

Our free cash flow was an outflow of NT$53 million.

Here are some of the figures mentioned just now, in graphical form, in the upper

right-hand corner are

The entire inventory as a percentage of all our assets

In the second quarter, it rose slightly to 9.67%.

This page shows revenue and inventory for the past eight quarters.

There are also changes in inventory and a graphical representation of the DOI data.

We can see a chart on the left.

The blue bar chart is revenue, and this revenue of NT$5 billion is an

eight-quarter high.

The red bar chart is the absolute amount of our inventory, which is also

following the slight increase in revenue.

We are at

The change in the absolute amount of inventories is an increase of 16.83

On the right-hand side

We can see the blue line graph on the right.

Same as revenue, the red bar graph is our DOI, DOI is decreasing, the green bar

graph is an increase/decrease in DOI.

For your reference

This is a change in our product mix in the second quarter of this year 2024, we

have four major product lines, the first is the medium-sized and large-sized

Display Driver ICs

This section includes TV, Notebook, Monitor, as well as medium-sized automotive

and industrial applications.

Driver ICs

In the second quarter

It's down 3.58% from the previous quarter to 32.44%.

The second segment is power management ICs

Power management ICs were 11.27% in Q2, a decrease of 1.35% from the previous quarter.

The third segment, Mobile IC, was 30.99% in the second quarter, an increase of

1.15% compared to the previous quarter.

Finally, other related semiconductors

It's the other semi.

In the second quarter, it was 25.25%, an increase of 3.88% compared to the previous quarter.

Our revenue and gross margin for the past five quarters.

A trend like the chart on the left you can refer to.

The figures in the chart have already been mentioned.

In the second quarter of 2024

It's QOQ is up 34.92 percent

YOY is an increase of 15.71 percent

It's a record high in the past eight quarters.

In QOQ, the most important growth driver is other related semiconductor ICs, and

the second one is Mobile ICs.

The third one is the display driver IC, and the last one is the power management IC.

All four of them are growing positively.

In YOY, the main growth drivers were other related semiconductors and mobile

ICs, in that order.

Gross Margin We continue to seek an optimal balance between customers,

manufacturers and suppliers, and inventory.

The main factor contributing to the increase in gross margins in the second

quarter was the addition of a new product

and changes in product mix.

In display driver ICs, i.e., large and mid-size, our revenue was NT$1,629

million in the second quarter.

QOQ was up by 21.54% and YOY was down by 29.36%.

Among the consolidated revenue QOQ, the most important growth driver is TV, in

that order,

Notebook and mid-size

Among the YOY, Monitor is the weaker performer.

Overall large and medium-sized market in Q2 due to new product shipments

and inventory replenishment by customers, all of which are growing.

We continue to work hard to increase the market share of each item.

In the power management ICs, Power ICs segment

Revenue for the second quarter was NT$566 million.

QOQ is up 20.48%, YOY is down 11.46%

The most important growth driver in consolidated revenue QOQ is EPD's PMIC, in

that order.

The second one is Mobile's PMIC.

The third one is the Regulator.

Regulator is noted below and includes LVBUCK, LDO and Boost.

The most important growth driver for YOY is EPD's PMIC in order of magnitude.

The second one is Regulator.

We continue to expand our customer base and markets for our existing products,

including looking for new opportunities in emerging countries such as India and Brazil.

At Mobile IC, Q2 revenue came in at NT$1.556 billion.

QOQ grew by 40.1% and YOY grew by 73.2%.

In terms of consolidated revenue

QOQ's growth drivers are, in order, OLEDs Wear.

The second one is TDDI TAB.

The third one is TFT Wear

TDDI's TAB is the most important source of growth in YOY, in order of importance.

The second one is

OLED Wear, the third is TFT Wear.

Each product line is doing its best to increase market share

and contribute to the revenue

In the other SEMI section

Other Related Semiconductors Q2 Revenue was NT$1.268 Billion

QOQ grew by 59.53% and YOY grew by 159.42%.

The most important growth drivers of our consolidated revenue QOQ are, in order, ESL

EPD

and TCON

Among the consolidated YOY, ESL, EPD and TCON are the major growth drivers.

TCON in the first quarter of this year, that is, the last quarter, NB's a TCON

product mass production, Sensor is also

Continuing to contribute to the revenue, the volume is also gradually enlarged

In the next few quarters, if the new product line will also be included in this segment.

This is the last of the four categories.

This page shows some of the more important financial figures for the past five quarters.

R&D expenses of NT$631 million is a new high for the last few quarters.

However, because of the rapid growth in revenue, the R&D ratio has dropped to 12.58%.

Our EPS is NT$4.91.

Our share capital is 1.2 billion unchanged

Our book value per share is NT$140.78.

The debt ratio increased to 22.28% due to dividends.

Here are some figures that I have just mentioned for your reference.

For the first half of the year, our revenue was NT$8,745 million, a slight

increase of 5.66% compared to the previous quarter's NT$8,277 million.

Our gross margin for the first half of the year was 30.38% compared to

31.29% a year ago

Our operating margin is 12.43%, compared to 13.46% a year ago.

Our net income margin was 13.53%, compared to 13.22% in the prior period, EPS

was NT$8.08, compared to NT$5.39 in the prior year, and our ROE was 5.69% in the

first half of the year.

The same period last year was 5.87%

Our head office is still located on Duxing Road in Hsinchu Science Park. The

number of employees is still 900.

Our main product categories are Display ICs, Power ICs and other Semi products.

This chart is a breakdown of

In the first half of this year, a graph of the distribution of the four major

product lines was made into a ring diagram

We can see in the upper left corner of the left side of the ring, is a schematic

of the first half of the year

The only difference is that our driver ICs for small, medium and large sizes

have dropped to 65%.

As reported in the first quarter, the figure was 73% in 2023.

At 81% in 2019

The bar chart on the right shows the distribution of the four most important

product lines for the first half of the year, and the four bars on the left show

the distribution for the whole year.

When we distributed last year's EPS this year, the Payout Ratio came to a new

high of 80.06%.

Our ESG

Segment

Our Corporate Governance Rating in 2023 has risen to Level 2, which was

mentioned to you last quarter, and has come to a range of 6% to 20%.

Obtain international certification of environmental and health safety by 2023.

Also known as ISO14001, ISO45001 and ISO27001.

We have also issued a Code of Conduct for our suppliers, which requires our

suppliers to comply with

Regular sustainability assessments will be conducted for the purpose of cooperation.

Last but not least, to further enhance carbon management

This year, 2024, perfecting the Climate Risk Financial Access Dew is TCFD

Expected to publish a report on the results in 2025 and to commence a corporate

GHG inventory, with verification expected to take place in the first quarter of 2025

Also known as ISO 14064

We will continue to assess the carbon emissions of our major products, namely ISO14067.

Achieve net zero carbon emissions by 2050 through a complete inventory of carbon

emissions data and risk management.

This is a list of some of FITIPOWER's honors from 2022 to 2024, and I won't go

into the previous parts again

The new part is that in 2024, we were again selected as one of the Top 100

companies in the Foreign Investment Institutions Selection.

The second part is

Harvard Business Review HBR Taiwan

Harvard Business Review HBR Taiwan, a CEO and Chairman of the Board.

The Chairman of the Board of Directors was again honored with a Top 100 award.

A summary of recent important events is that we completed a board of director

re-election on 5/31.

This is the part of my report that follows.

Our Chairman and CEO, Mr. Young Lin, will help you to understand the situation

of the industry as well as the medium and long term business performance.

[CHAIRMAN/YOUNG LIN]:Hello, I am Young Lin, as you know, our company's products are divided into

three main sections

Driver ICs

There are also Power IC and Other Semi, that drive IC we will explain to you

about two parts of the large and medium-sized and small-sized respectively.

Key growth drivers for the whole

Power IC and Other Semi are the other two

Category

In terms of large and medium-sized displays

This season, season three in 2024.

We will have a series of Panel related, like Level Shifter, like PMIC, some cost

optimized ICs will start to be released.

Then in the next season, with the 2024

In the fourth quarter, we will have more P2P interfaces for customers' new

project development, and we will have more interfaces for the ISPs that have

been mass-produced before, and then we will have more interfaces for customers' new projects.

They are using panels with High Frame Rates in increasing proportions, up to

120Hz, or even 144Hz, or even higher in Notebooks, in Monitors,

In TV, there is this phenomenon, so we start next quarter with the development

of some of these driver ICs I will follow the volume production

In terms of small size, Mobile

We're growing pretty well, and we'll be moving up or down in this product line.

Market Segment to expand the depth and breadth of products

In this season

In terms of low resolution, we'll be mass-producing TDDI for Mobile's small QHD handsets.

We will also mass produce QQVGA for Wearable.

Then we also found these two, in addition to mobile phones and wearable applications

In fact, he also has a good application in the industrial control market, which

is why we strongly hope that this product will be expanded to different markets,

such as industrial control,

Like some

The market for industrial-control-like products is closer to industrial-control

than consumer, but he is not a consumer, such as projectors, which is a special

consumer market.

Then in the upper side, to the high resolution of WUXGA HD, 144HZ with a pen of

this Stylus tablet IC will also be mass production.

The HD mobile ICs will also move to higher resolution.

Refresh Rate up to 144HZ will be produced.

Following this development step, we will have more of these products in the coming season.

As the customer demands, we will increase his cost optimization

Then Feature will be added.

Then we will continue to launch

The third product line is

Power IC

In this quarter, the power ICs related to electronic papers

Like Level Shifter PMIC, LED Driver will have steady incremental growth, and

then in PD, Power Delivery, USB PD we will have

New Generation of Multi-Protocol Controller ICs in Mass Production

This new generation is to turn most of the functions that require MCU to

regulate into hardware.

Therefore, the cost is reduced significantly.

The same IC

We also support larger wattages, up to 140 watts.

Or with our other product lines, like HVBUCK

Doing some combinations to form a multi-port solution allows the customer to

make his peripheral components can become very small, because it is Multi-Chip

into a Module.

Then in terms of VCM, this quarter we had better results with our Close-Loop OIS.

The cell phone has been officially launched, we will also buy it and share it

with our staff.

Next quarter, we will have some

Just along the way of expanding the product line, so we have some e-Marker, or a new generation of Close-Loop can be more power-saving and more resistant to interference, we later found that this type of Close-Loop ICs.

There will be some interference with the lens, so there is some technology developing now, and the company has found some nice features.

It will be in the next generation of product launches, which could happen as soon as next quarter.

And then on the Other Semi side, I just mentioned the customer panels.

Resolution has been improving 120, 144, 165, 180HZ, different products, different resolution is improving, with the changes, Timing Controller also has a good development, so we are in this season.

T-Con with Monitor FHD120HZ support will have a chance to release the volume.

In the next few seasons, there is a chance that QHD or higher-end TV144HZ support will start to be released, and this is in the area of Timing Controllers.

In terms of Sensor,

We've been working on the sweeper, lawn mower, and so on.

It's like

For these first-line customers doing obstacle avoidance or detection, our Sensor has also been released, and we have found that in the smart home market, we have been able to achieve the same result.

The application is also more and more extensive, so we have found some customers in the smart home, shipments are growing steadily!

And the AI chips we developed before are now in the hands of our customers.

I'll report back if we have actual revenue.

That's all I have to say about the key growth drivers today, thank you.

[IR/JAMES CHEN]: Thank you.

Next, let's move on to the Q&A session.

The Q&A is divided into three parts

The first part is that you can utilize

This WebEx platform, you can use the function of raising your hand.

You press a button on your hand

I'll send you an unblocking message. Just press accept.

Start asking questions

The second part is that you can use the way to send a message.

Write down your questions and send them directly to me.

The third part is for those corporations who have asked some questions during

the registration process.

I will put this part at the end

First of all

Anthony of Yuanta

You can talk.

Anthony, press accept and you can speak.

Okay, it's okay.

Anthony, do you want to raise your hand again?

Or if the other investor have questions.

You can ask questions.

Thank you

[Yuanta/Anthony]: Hello, James, chairman, can you hear me?

Yes, I can.

Hello. - Hello.

I'm an analyst at Yuanta Investment Consulting, and I'd like to ask a question

here, because we're in the first half of the year, and that's in this e-paper

segment of the product line.

The performance is relatively strong, but at the same time, we also see that the

company in both Mobile

PMIC or Other Semi

It's all about new products being released.

The first question is, what do we think about the operation in the second half

of the year, will it show a growing trend compared to the first half of the year?

What product lines will drive growth in the second half of the year?

The second issue is that at present

We were just talking about something like this.

Like Other Semi this side, T-Con or Sensor these business is compared to our new

product line this year, so how would we look at this?

T-Con and Sensor, this side may later be in the

What does the company think about this year's growth and next year's growth?

[CHAIRMAN/YOUNG LIN]:OK

To answer your first question, we are confident that the second half of the year

will be better than the first half.

As for which products contributed to the revenue, it may be too detailed to comment.

But I think we can all see that.

TV products should be relatively flat.

In terms of the economic outlook, as the sports events are also about to end, we have to look at the economic situation.

Large-size TVs should be relatively flat

That Notebook or IT.

Or maybe it's similarly flat, and that's just those segments that we grew in the second quarter.

I think there's still a chance to grow.

The third question is, what other Semi you say will grow?

What are your expectations?

Because these are still relatively new products, such as T-Con is of course, we have been cultivating for many years, because of the changes in the industry these Hybrid area began to become a better entry point for us, so it is a high hope that Sensor, because we have only entered the not so long!

In fact, it is in the business model combined with our AI chip how to provide customers with an affordable but also valuable program.

Nowadays, AI products are often thought to be worthless because they can't land on the ground.

It's just cool, but it's worthless.

This is what we are

Let's take a look at these

What difference can the combination of the two bring to our company?

For Customers

value

This is what we

We'll work on that, too.

Thank you.

[IR/JAMES CHEN]: Is there any other investor who would like to ask a question?

You can use WebEx's handraiser feature to press the handraiser and then I'll

press to unlock the sound.

so that you can ask your questions.

Anthony from Yuanta, do you have any more questions?

yes

Okay.

You can talk now.

[Yuanta/Anthony]: Okay, Thank you, James.

What I'm trying to get at is that just now Other Semi mentioned that

In this product line, T-Con, Sensor if back to a higher performance, ESL we also

have a relatively bright performance in the first half of the year, that will be

how to look forward to 2025, the Other Semi product line inside!

The growth of ESL and EPD, especially ESL.

It is because we mentioned last time that the weighting of the four colors has

actually been

To a relatively high percentage, that is, we are now in this entire

In ESL, what is the current share of E5 shipments?

And then next year.

What do you think about the growth of ESL?

In addition to revenue, can we expect to see an improvement in overall profitability?

[CHAIRMAN/YOUNG LIN]:It's not easy to comment on the share of the four colors of this E5, but in the case of Fitipower

E5 accounts for 70% of ESL shipments.

The proportion of our own shipments

I think next year

This type of electronic price tag is actually a good application and should

continue to grow.

Because there are relatively large customers who continue to use it in the

retail field.

In fact, what we want to work on is the next Generation, E6.

So we are also working with our partners

I'm very interested in exploring what features of this E6 can make it more

appealing to end customers, and I have some related ICs under development.

[IR/JAMES CHEN]: I Okay, thank you all for utilizing the raise your hand feature, there are

currently some people online who are sending messages asking questions.

Kathmandu capital question, what is the weightage of ESL related goods in other SEMIs?

What is the current market share of four-color ESLs under the competition from

various vendors?

[CHAIRMAN/YOUNG LIN]:I should have answered this earlier.

Neither of these weights are appropriate for comment here.

Thank you,

[IR/JAMES CHEN]:Okay. Thank you.

Do you have any more questions?

The hand-raising feature can be utilized to ask questions online, or to

You can send a message directly.

Thank you,

So,

When we were registering, there were some

The investor has already asked questions online.

The first question is

When will e-books for U.S. customers come out in color

and the overall market situation of e-books at present

[CHAIRMAN/YOUNG LIN]:We do not comment on individual customers.

I think the market penetration rate of e-paper application

will definitely increase year by year.

Thank you for your time.

[IR/JAMES CHEN]:Can the growth of other semi be sustained in the third quarter of this year?

What is the percentage of T-Con and Sensor in the revenue?

Large and Medium Size Driver IC Business

Later this year and

First half of next year

Or will the second half of this year be the same as the first half of this year

or will it decline?

[CHAIRMAN/YOUNG LIN]:These three questions

The first one is OTHER SEMI

Is it possible to sustain quarterly growth, I just

In reply to anthony's question.

We should have a chance.

The second one is the proportion of new T-Con and Sensor products in the revenue, which cannot be answered.

The third one is large and mid-size. The business seems to be flat or declining,

and it seems to be flat at the moment.

[IR/JAMES CHEN]:Okay, thank you. Next question.

What is the outlook for 2025

[CHAIRMAN/YOUNG LIN]:We hope

It should also be able to grow more than the 2024 level.

[IR/JAMES CHEN]:What is the trend of gross margin in Q3? What are the changes in the product mix

of driver and non-driver ICs?

And the market outlook for the e-paper industry

[CHAIRMAN/YOUNG LIN]:Since the company does not make financial forecasts, it is not convenient to

disclose the details.

But our revenue

There should be a slight increase compared to Q2, but there is no definite

figure to tell you.

Non-driven ICs will continue to grow

The e-paper industry, as mentioned earlier, is doing well and will continue to grow.

[IR/JAMES CHEN]:Did you authorize the Board of Directors to conduct a private placement this

year as originally planned?

[CHAIRMAN/YOUNG LIN]:In the announcement, we state that whenever we meet a strategic partner who is

mutually helpful

And we're going to go ahead with the private placement program.

[IR/JAMES CHEN]:Okay. Thank you.

The next question is on the e-paper sector in the second half of this year and next year.

What is the product shipment outlook?

[CHAIRMAN/YOUNG LIN]:I've already answered it. Everyone is more interested in it.

We expect it to gradually increase in penetration as it

We will continue our efforts to increase market share

There should be a chance of good growth

[IR/JAMES CHEN]:Okay, thank you for the above.

The above is at the time of enrollment

Questions

I'll ask one last time.

If you want to ask a question, you can use the "raise your hand" function or

send me a direct message online.

You can ask a question.

We'll give you an instant answer online.

Okay, it's Anthony from Yuanta.

Anthony, you can talk now.

[Yuanta/Anthony]: Chairman, James, I'm sorry to ask another question.

Because now this Driver IC price pressure is still there!

There is still a lot of noise in the market, can you share with us the current

situation of large-size Driver IC, TDDI, OLED DDIC?

Price Pressure

Is there an improvement in the situation?

[CHAIRMAN/YOUNG LIN]:Price pressure will not be improved, this market competition is so always there, We will continue to find ways to do cost optimization ourselves.

That's the only way I feel right now, because our customers

Some of them are really hard to run.

[IR/JAMES CHEN]:Okay.

Thank you.

Okay, do you guys have any more

questions?

If not, this will be the end of today's conference. Thank you.

Please join us in the next quarter.

for the third quarter investor conference of Fitipower.

Thank you,