

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

Welcome to the Q4 2024 investor conference today.

I'm James Chen, I'm holding today's meeting.

This page is Safe Harbor Notice, please refer to it.

The following is today's agenda

First, I will explain unaudited financial statements for the 4th quarter of 2024.

The following is an explanation of the unaudited financial statements for the full year 2024

The third session is an overview of Fitipower.

The fourth session is with Chairman and CEO, Mr. Young Lin.

will give an overview of the

key message

the last session is a Q&A session.

The first is an unaudited financial for Q4 2024

Our revenue for the fourth quarter

Revenue was NT\$5,146 million.

Quarter-on-quarter decrease of 3.03%, year-on-year increase of 36.61%

Our gross margin was 26.16% in the fourth quarter, a decline from 28.07% in the

previous quarter and 33.78% a year ago.

The operating margin was 9.66%, compared to 11.66% in the previous quarter.

It was 15.43% a year ago, and also declining

Our net income margin, is 12.12%.

12.9% last quarter, 16.25% a year ago

EPS was NT\$3.80 per share in the fourth quarter, compared to NT\$4.19 last quarter and NT\$4.43 a year ago

Our ROE attributable to the parent company is 2.6%.

These are some of the figures we just mentioned

Please refer to it.

In our balance sheet

As you can see we're in season four.

The first figure is the cash portion, which is about NT\$1.779 billion, and underneath that, there are a few so-called financial assets due to the accounting classification, and the total amount is about NT\$18 billion, which is about 67% of our total assets.

Our inventory was NT\$2,480 million, up from NT\$2,428 million in the previous quarter.

Our total assets ended up being NT\$26.67 billion.

In terms of debt, it is NT\$4.253 billion, with a debt ratio of about 16%.

Our key indicators, including AR turn over days, were 66.6 days, compared to 62.5 days in the previous quarter.

Our DOI

is down to 58.12 days

Operating cash flow was a net inflow of NT\$1,079 million and free cash flow was a net inflow of NT\$905 million.

Here are some of the figures just mentioned, for your own reference, in the upper right section.

Inventories declined slightly to 9.3% of total assets

This is the absolute amount of revenue, inventory and changes in DOI over the past eight quarters. First of all, on the left side of this bar chart, we can see that the blue bar is our revenue, the red bar is our inventory, and the green line is the quarter-to-quarter increase/decrease in inventory.

The absolute amount of our inventory increased slightly by 2.15% during the quarter.

On the right, the blue line is revenue, the red line is DOI, and the green bar chart is the increase/decrease in DOI, which was 58.12 days in the fourth quarter, a decrease of 1.43 days.

This is the percentage of our revenue in Q4 2024

We can see that in the medium-large part, that is display IC

This segment accounted for 27.78% of revenue, an increase of 1.7% compared to the previous quarter.

The second segment is our Power IC, which was 11.02% in Q4, an increase of 0.72% compared to the previous quarter.

The third segment is Mobile IC

40.18% in the fourth quarter, a decrease of 2.7% compared to the previous quarter.

The last segment is the other related semiconductor.

20.81% in the fourth quarter, an increase of 0.12% compared to the previous quarter.

Revenue of NT\$5.146 billion, quarter-over-quarter decreased by 3%, year-over-year increased by 36%, as mentioned earlier.

Quarter-over-quarter, the most significant growth driver is our Power ICs, followed by display ICs, and year-over-year, the most significant growth driver is other related semiconductors.

The second is Mobile IC and the third is Power IC.

Gross margins are continuously balanced between customers, suppliers and inventories.

In the first segment, Display IC includes medium-size and large-size.

Our revenue for the fourth quarter was NT\$1,436 million.

Quarter-on-quarter increase of 3.81%, year-on-year decrease of 1.19%

On a quarter-to-quarter basis, the main growth driver is the mid-size segment, which consists of our industrial products and automotive products.

The second revenue growth was mainly due to TV.

Year-over-year, the main growth driver is Notebook.

The overall large and medium-sized market was affected by geopolitics and the expected demand for early shipments.

Overall demand remains uncertain

In the Power Management IC section

Revenue for the fourth quarter was NT\$569 million.

Quarter-on-quarter growth was 4.29% and year-on-year growth was 10.38%.

The most important growth drivers in quarter-over-quarter were, in order, VCMs

The second one is Battery, which is our fast charging category, and the third one is HVBUCK.

Year-over-year, the most important growth drivers are, in order, EPD's PMIC.

The second is Panel Power and the third is Mobile's PMIC.

We continue to grow our market share with existing customers and expand our existing and future business in emerging markets such as India.

In the Mobile IC segment

Revenue for the fourth quarter was NT\$2.078 billion.

The year-on-year growth rate is 57.57%.

Quarter-over-quarter, there was a decrease of 8.69%.

One of the main quarter-to-quarter growth drivers is TDDI's Pad, followed by TFT's Wearable.

The third one is the Driver IC for small size TFTs used in cell phones.

Year-to-year

The growth drivers are, in order, TDDI's Pad.

The second is a TFT wearable, and the third is a small size TFT driver IC for cell phones.

We continue to expand our market share and revenue contribution in Mobile IC.

The fourth segment

Other related semiconductors revenue was NT\$1,076 million in the fourth quarter.

Year-on-year growth was 146.23%, while quarter-on-quarter growth was 1.99%.

Quarter-over-quarter, the top growth drivers were, in descending order, ESL

Followed by TCON

Year-on-year, the most important growth drivers are ESL, followed by EPD.

Next is TCON.

E-paper related shipments have remained at a peak.

If there are new products in the coming quarters, we will also add them to other related semiconductor segments.

This is the page that just mentioned some figures.

With revenue of NT\$5.146 billion, our R&D expense ratio increased slightly to 12.68% in the fourth quarter.

EPS for the fourth quarter was NT\$3.8 per share, equity capital remained at NT\$1.212 billion, NAV per share came in at NT\$148, and our debt ratio was about 15.95%.

Here are some of the numbers I just mentioned for your reference.

Final Financial Figures Summarized in 2024

Our revenue in 2024 is NT\$19.199 billion.

Year over Year was up 17.89% and Gross Margin for the year averaged 28.61%, down 3.82%.

In the Operating Margin segment there was a decrease of 2.92% to 11.48%.

In terms of fees, we have also seen a decrease, with the fee rate dropping by 0.9%.

We at Net Income Margin

12.98%, a decrease of 1.55% compared to the previous year.

EPS was NT\$16.08 per share, compared to NT\$13.29 per share in the previous year, and ROE for the year was 11.05%.

Next is the Overview of Fitipower, and the number of our employees is still maintained at 900.

Our focus is still on Driver IC, PMIC and other related semiconductors.

We have a full year in 2024, and we can see a ring diagram on the left

Driver ICs for large, medium and small sizes together accounted for 67% of revenue, a significant drop from 81% five years ago.

On the right is a bar chart of the composition of revenue, and we can see that the annual distribution of Mobile IC and other related semiconductors is expanding.

Our Dividend and Payout Ratio

A Payout Ratio of 80% was assigned last year.

I think we will still maintain a high level of dividend payout this year, and the final decision will be made by the Board of Directors and the Chairman of the Board.

This is one of our ESG objectives and corporate governance assessment objectives, which we are still refining, and which we have mentioned in previous quarters, so I won't go into that here.

This is the second one we've organized in December of 2024

Fitipower AI Technology Innovation Competition.

This competition is to promote green and sustainable innovation and technology, as well as to cultivate AI talents in Taiwan.

Fitipower continues to focus on the use of technology and loss of energy resources.

This time, we have teamed up with National Taiwan University's College of Science and Technology to jointly organize an AI Green Technology Sustainable Innovation Competition in 2024.

This competition had enthusiastic participation from 11 colleges and universities in Taiwan, with a total of 15 teams applying for the competition, and finally National Yang Ming Chiao Tung University was awarded the title of champion.

Here are some of our past honors for your reference.

This is one of the more important events in the recent past.

The above is

my highlight of the financial figures and some important points for you to know.

In the next part, I would like to give the time to our CEO and Chairman, Mr. Young Lin, to explain some key messages to you, thank you!

[CHAIRMAN/YOUNG LIN]: Hello, my name is Young Lin, and I'm here to talk to you about some of the key growth drivers for this quarter and the next.

We still start from the company's several product categories, the first product category is Display, in this quarter TV, P2P Driver IC, such as ISP, CHPI began to release, Q2 and Q3 is expected to continue to grow.

In the next quarter, Q2 2025, Notebook Driver, including Level Shifter integrated Driver, in different sizes of the new case also began to release, as well as Mini-LED Driver, Mini-LVDS Driver for high-end monitor, such as 240HZ FHD comparison. Large sizes will also start to be released in Q2.

And some power-saving ones, some Mini-LED Drivers.

Just mentioned the higher-end Monitor frequency is getting higher and higher, but customers do not want to increase costs, so in some organizations want to be able to put some heat dissipation stickers, heat sinks removed, we correspondingly developed some power saving, less heat generation, you do not need to stick heat sinks of some driver ICs, is also expected in Q2 can begin to release the amount of contribution to revenue!

Then the panel side of the PMIC, integrated PMIC

For high end TV-UD, like 144HZ, 165HZ this 2-in-1 with P-Gamma, 3-in-1 with Level Shifter.

It is also expected to contribute revenue in Q2, which is on the Display side. And then on the Power IC side.

This season we have introduced some new High PSRR LDOs, which will be useful in applications where power noise is a concern, such as Notebook Camera, and a new generation of VCM OS Driver, which can dramatically improve the effect of OS and

reduce the interference of motor power noise.

Will also introduce some new protocol ICs, there are some with the high-voltage Buck Converter, and then can be formed into a multi-port program, used in USB chargers, because USB chargers gradually to the high wattage multi-port development trend, these ICs can meet such a trend!

What about next quarter? We have developed MCU-based High Performance BLDC ICs and started to promote them for fan applications in response to India's energy-saving policy goals.

And then the USB protocol IC I just mentioned.

We are expanding a new field, put the eMark IC inside the cable, in the second quarter will start mass production shipments, because with the rapid increase in everyone's charging wattage, if now as long as the current is greater than three amps on the charging cable, probably need to have an eMark IC inside, so we follow the trend of this timely introduction of cost-effective eMark IC, and then just mentioned the large wattage, originally MCU-based, because the technology is becoming more mature and more understanding of the application environment, we have also made it hardware, even if the large-wattage also make it hardware, can support single port at the same time. Large wattage, originally MCU-based, because the technology is getting more and more mature to understand the application environment, we also

make it hardware, even if it is a large wattage to make it hardware, can support both single-port and multi-port design, but also can significantly reduce the design of these originally large wattage charger difficulty and the cost of its mass production! In VCM, our original OIS began mass production, but now VCM OIS has a new trend, began to ball type OIS motor in the evolution, because the production cost is reduced a lot, but that would be relative to a lot of shaking noise, but also the performance needs to be overcome, we will be launched in the second quarter to support this new type of ball type VCM motor driver ICs!

This is for Power ICs.

And then on the Mobile IC side this quarter

TDDI photomask cost reduction version will be mass-produced.

Then the corresponding original industrial control class, like FWVGA does not need to put the capacitor does not need to put the inductor, so the 0D0C version will also be mass-produced.

Then next quarter

We will launch AMOLED Dual RAM samples, we originally do Single RAM, found that the market (Dual RAM) is still quite big demand, so we will launch Dual RAM samples in the next quarter.

Meanwhile, next quarter

I just mentioned HD's TDDI in addition to the photomask cost reduction version.

There is also another demand for higher Refresh Rate, which is more advanced, and this will also be launched in the next quarter and then mass production.

And then the other semi.

The ESL 4 color market continues to grow at a high rate, and we think it will continue to reach new highs in Q1 and Q2.

According to those DDIC need to support higher frequency 120, 144HZ, T-Con also need to correspond with these support high resolution high Refresh Rate T-Con, in Q1 will start mass production, we also expect Q2, Q3 can have a high growth.

Then our Edge AI chip will start mass production in Q2 in some white goods because we have added sound recognition in addition to image recognition, so it has been well received by customers in some home appliance applications, so we will start mass production of Sensor products in Q2, and we are slowly starting to start mass production in floor sweeping robot applications, and we are starting to start mass production in the three major brand customers. Production

These are some of the key growth drivers for Fitipower in these two quarters.

Thank you, everyone.

[IR/JAMES CHEN]: Thank you.

We will now move on to the last session, which is the Q&A session.

You can use the WebEx platform to raise your hand.

After you press this button, I'll send an unmute button, and you can press accept to ask a question.

Or you can use the online messaging function to send a message to me, and then I will read out this question and ask the Chairman to answer it.

The last part of the program is the part where some corporations ask questions during the registration process, and we put it in the last session. First of all, if you have any questions, please press the button with your hand raised.

I'll unmute you and let you ask your questions. Thank you.

Or if you have any questions, you can use the online question form to send a message to me directly, and I will bring up the issue.

I'll ask the question and the chairman of the board will answer it.

If there are no questions or no messages, I will first ask the Chairman to answer the part of the question on legal persons first.

The first investor asked about the outlook for each product line and gross margins for the first quarter of 2025.

And the subject of U.S. regulation and taxation.

What are the impacts of geopolitical factors in China and other countries and how to cope with them?

[CHAIRMAN/YOUNG LIN]: Regarding the outlook and gross margins for each product line, I think Other Semi and Power will be good, followed by Mobile.

For the U.S. tax system, I think the impact of these geopolitical relations is getting more and more complicated, so we should focus on the performance of our own business.

To overcome the uncertainty of the future.

[IR/JAMES CHEN]: Thank you. The second question asked during the corporate registration was about the current price trend of DRIVER ICs and the outlook for future gross margins.

[CHAIRMAN/YOUNG LIN]: Price pressures are constant.

It is also common for this industry to face price competition.

I believe that the first quarter of the gross profit margin should be the bottom of the valley. Although we are facing competition, we will negotiate with suppliers to optimize the cost and hope that the gross profit margin can be maintained or increased.

[IR/JAMES CHEN]: Thank you.

Next, another organization asked during registration, what is the outlook for ESL?

[CHAIRMAN/YOUNG LIN]: ESL's outlook looks pretty good to us.

[IR/JAMES CHEN]: Thank you.

Just had a question from an investor on line.

What are our Other Semi revenues?

What will be the percentage of revenue of ESL and TCON in 2024? How much is it expected to increase in 2025? Thank you for your time.

[CHAIRMAN/YOUNG LIN]: We hope to continue to improve OtherSemi as a whole, but it may not be convenient to disclose the percentage of ESL and T-Con.

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

I would like to ask if there are any other advanced investors who need to ask questions.

You can use a raise hand button to ask questions online and I will unmute you, you can ask directly or use online messaging.

Another investor asked about February and March revenues, how did they compare to January?

[CHAIRMAN/YOUNG LIN]: In January, because of the Chinese new year, many companies and factories did not go to work and did not start, so the revenue in

February and March should be better than in January.

Okay, thank you.

[IR/JAMES CHEN]: Okay, another question, Daniel asked about a new product that was just mentioned more often, can you quantify the contribution or sort of the contribution level?

[CHAIRMAN/YOUNG LIN]: There are many new products mentioned, but I think the ones that have made more contribution are

Driver IC for TV's P2P

There's also a series of TDDIs in Mobile, some of the industrial control category.

And the high refresh rate

T-CON

ESL may not be a new product, and you just asked about a new product, so this is a short answer.

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

The next question is: What are the areas of the ball POWER ICs that were mentioned earlier?

[CHAIRMAN/YOUNG LIN]: Ball motor, this is the VCM Driver, and then used in the ball motor above, this is a part of the

Driver IC for CAMERA Module

[IR/JAMES CHEN]: Next question, you just mentioned that many products will be released in the second quarter, how to evaluate the growth rate in the second quarter?

[CHAIRMAN/YOUNG LIN]: We don't make financial projections.

It will grow, but the rate of growth

Maybe it's too soon to tell.

[IR/JAMES CHEN]: Thank you. Next question, how will the boycott of testing and packaging factories in China affect us and how will we cope with it?

[CHAIRMAN/YOUNG LIN]: I don't really know what it means to be boycotted by a packaging and testing plant, but what I know now is that fabs are being restricted. There are some restrictions like SMIC, and the testing and packaging plants don't seem to be boycotted.

As far as I know.

[IR/JAMES CHEN]: Thank you.

The next question is

Gross margin declined to 26.16% in the fourth quarter of 2024, which just means that the

Q1 2025 is the trough

Does it mean that the gross margin will go down further?

Also, I'd like to ask

Why is the gross margin of the company's 4Q so much lower than that of the leading manufacturers? Any special reason?

I feel like I've made a mistake just now.

[CHAIRMAN/YOUNG LIN]: Q4 has a little bit of connectivity with Q1, just for this period of time.

I think gross margins should start going up.

I think the product mix is a very important factor for such a large drop in gross margin.

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

These are the questions that have been asked just now

I'd like to ask everyone online.

Anything else you'd like to ask? There are two ways to do this.

One is to raise your hand and ask a question directly, or to send a message to this dialog platform.

We'll answer them all. Thank you.

Next question, what is the view on EPDs?

[CHAIRMAN/YOUNG LIN]: Do you mean the e-book market?

I think because there is no way to Audio, so this way

I'm going to assume that I understand what you're saying, and I think this market will continue to grow.

Okay, thank you.

[IR/JAMES CHEN]: Okay. Next question, did you see any stimulus to TV demand this quarter from China's subsidy policy?

How should continuity be assessed?

[CHAIRMAN/YOUNG LIN]: The subsidy policy started last year, so there was an impact on the demand for TVs last year, and the subsidy is still ongoing this year, but it's actually a whole year of subsidies.

It'll level out in 2025.

It won't be as obvious as it was in season four.

But the subsidy policy still has the effect of stimulating demand.

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

Thank you, Mr. Chairman.

Do you have any more questions?

Okay, next question, can you tell us the current proportion of ESL and color e-book supply and the competition situation?

[CHAIRMAN/YOUNG LIN]: Our market share in ESL is pretty good.

It is not appropriate to comment on the competitors' status.

[IR/JAMES CHEN]: OK, thank you.

Next question, how do you expect a cost reduction this year?

Is there a chance that the price will drop quarter by quarter?

[CHAIRMAN/YOUNG LIN]: We're hoping for a quicker and quicker turnaround.

Being able to reduce prices quarter by quarter means

Depends on the supply and demand situation in the market.

Thank you.

[IR/JAMES CHEN]: Then we'll open it up again because of the time.

One last question.

Well, if there are no questions, this is the end of today's corporate briefing, thank you very much.

Thank you for your participation today.

Thank you. Thank you all.