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

I'm IR James from Fitipower.

Thank you for joining us today for the Q1 2025 conference call.

The executives attending today's meeting are

Mr. Young Lin, Chairman

and Chief Financial Officer

Mr. P.C. Chen.

I will chair today's meeting.

This page is the Safe Harbor Notice for your reference.

Today's agenda is as follows

First, I will report on the first quarter 2025

operating results

The second part is an Overview of Fitipower.

The third part is for the Chairman to report some key messages to you, including short, medium and long term key growth driver.

The fourth session is a Q & A session.

First, we will talk about the operating results of the first quarter.

Our revenue in Q1 was NT$4,661 million.

QOQ decreased by 9.43% and YOY increased by 25.2%.

Our gross margin was 29.31% for the first quarter.

It grew by 3.15% compared to the previous quarter and was almost flat compared to the same period last year.

Our expenses were NT$878 million in the first quarter.

Last quarter it was NT$848 million.

Our Operating Margin, is 10.47%.

We were at 9.66% last quarter, up 0.81%.

At the same time last year, it was 10.28%, an increase of 0.19%.

Our Net Income Margin is 11.68%

In the previous quarter it was 12.12%, a decrease of 0.44%.

We were at 12.07% a year ago.

our Q1 EPS was NT$3.26 per share, compared to NT$3.80 in the prior quarter and NT$3.17 in the year-ago quarter

Our ROE attributable to the parent company was 2.27%, compared to 2.6% in the prior quarter

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

On our balance sheet

We have about NT$1.776 billion in cash on hand.

Next, there are different accounting items, including the part on our investments in currency-based funds and other readily realizable financial assets,

Add it all up.

That's about NT$18 billion.

Our inventory for the first quarter of 2025 was NT$2,832 million, a slight increase from NT$2,480 million in the previous quarter

Our total assets are NT$27 billion, just mentioned a cash and cash-like part, NT$18 billion about 66.68% of our total assets.

On the debt side, we've paid out NT$1.56 billion in dividends this quarter.

The debt ratio is 20.1%, so the entire debt has increased to NT$5.4 billion.

We can see in some key indicators that our days to cash is the number of AR days, which is 66.6 days compared to the previous quarter.

It's up to 74.9 days.

In our DOI segment, inventory days were 72.56 days up from 58.12 days in the previous quarter.

Our cash flow from operations was a net inflow of NT$388 million.

Free cash flow was a net inflow of NT$316 million.

Here are some of the figures mentioned just now for your reference In the upper right hand corner is our inventory as a percentage of all assets.

Up to 10.47%

This page just mentioned the revenue for the last eight quarters.

To see a change in inventory and DOI, let's look at the graph on the left.

The blue bar is revenue, the red bar is the absolute amount of inventory, and the green line is the amount of

The green line is the QOQ of the inventory.

Increase/Decrease

We can see that the absolute amount of our inventory increased by 14.2% in the latest quarter.

This increase is to be accounted for by a provision in future revenue, which includes items such as electronic paper,

and Mobile IC aspects

If we talk about this side on the right, we can see that the blue fold is also the revenue, the red fold is the number of DOI days, and the green bar graph is the number of days.

It is an increase or decrease in DO I.

We can see that the DOI has increased or decreased by 14.4 days in the latest quarter.

This page is to tell you that in the first quarter of 2025

Our four product lines

It's revenue share

Display IC, which includes medium and large sizes, declined 2.3% in the first quarter.

That's 25.48% from the previous quarter.

Power IC was 10.44%, a decline of 0.58% from the previous quarter.

On Mobile IC's side, there was a 7.8% decline to 32.38%.

In the other semi segment, there was an increase of 10.88% to 31.69%.

Our revenue for the latest quarter, which we have just reported to you, and our gross margins are also

The main growth driver in this quarter was driven by other related semiconductors.

The most important source of growth in YOY, if you sort it out.

The first is other related semiconductors, the second is Mobile IC, and the third is Power IC.

In the face of tariff and geopolitical uncertainties, we will continue our efforts to develop new products to enhance our competitiveness.

Pull up a moat of our technology and decentralize the sale of product lines.

in order to achieve the most stable and steady growth.

The gross margin side of the equation continues to be a combination of customer, manufacturer, supplier, and inventory factors and seeks to strike an optimal balance.

Our display driver ICs include large and medium size

Revenue for the latest quarter, the first quarter of this year, was NT$1,187 million.

Quarter-over-quarter decline of 17.3%, year-over-year decline of 11.4%

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

We will continue to increase the market share of the P2P interface to increase competition and sales.

In the mid-size segment, we will increase our efforts in the industrial control market.

As for the traditional large-size market, given the expected geopolitical impact and the fact that demand is still relatively uncertain, I would say that the market is still very much in a state of flux, The performance is relatively neutral

In Power Management ICs, our latest quarterly revenue was NT$486 million.

Year-on-year growth was 3.5%, while quarter-on-quarter recession was 14.6%.

The main growth driver in the quarter-to-quarter period

Mostly driven by the EPD's PMIC

The top growth drivers year-over-year are, in order, EPD's PMICs.

The second one is VCM

The third is the Regulator.

The Regulator is noted below, most notably LVBUCK, LDO and Boost.

We will continue to expand our customer base and market diversification in existing products.

As we have reported before, we will continue to explore new markets such as India and other countries.

Mobile IC revenue for the new quarter was NT$1.509 billion.

YOY is up 35.8%, QOQ is down 27.3

The main quarter-over-quarter growth driver was driven by TDDI's PAD.

Year-over-year, the most important growth driver was TDDI's PAD.

TFT Wear

It is a driver IC for wearable and TFT small size.

In the first quarter, due to the seasonal off-season, including the Lunar New Year, although the product lines were a little bit lighter, they were not as popular as they should have been.

However, we are still working hard to increase our market share in order to contribute to our revenue.

In the second half of this year, our OLED products will start to contribute to revenue.

In the Other Related Semiconductors segment, revenue was NT$1,476 million in the latest quarter.

Its quarter-to-quarter growth was 37.2% and year-to-year growth was 85.7%.

Single-quarter revenue was an all-time high for other related semiconductors.

Quarter to quarter it's the number one growth driver, ESL.

The second is EPD

The top growth drivers year-over-year are ESL, followed by EPD.

E-paper-related shipments continue to grow at a high rate.

In the case of the Edge AI chip, we will start contributing revenue from the third quarter onwards.

We will continue to look for niche ICs and deploy them early.

Enabling the company to grow steadily

On this page are some of the numbers just mentioned.

This is an overview of some of the financial figures for the past five quarters.

Our R&D expenses in the new quarter amounted to NT$644 million.

Its expense ratio increased to 13. 83%, EPS was $3. 26, and its equity remained at 1.212 billion.

Our book value per share is NT$139.36 per share.

The debt ratio is up to 20.06%, as just reported.

Because of the dividend

Here are some figures mentioned just now for your reference

In the next section, I will give you a report on Fitipower's Overview.

Our Head quarter is still in Hsinchu, Taiwan.

At present, the number of people is still maintained at 900, our Core-Business are Driver IC, Power IC, and other SEMI

In the latest quarter, if we use small, medium and large sizes as the basis of expression, driver IC accounted for about 57% of the total.

This is a further decline from the previous quarter, meaning that the non-driven IC portion has risen further to 43%, Driver IC's share in 2019 will be around 81%.

We have previously resolved in our board of directors meeting to distribute 80% of last year's earnings as dividend payback.

The amount per share for this portion for shareholders is $12.87.

The distribution rate came to 80.04%.

This is the second consecutive year that our payout ratio has remained above 80%.

Next are some recent reports on ESG.

First, we completed a comprehensive climate risk and opportunity identification process.

Developing a strategy for financial impact assessment

and officially released the first independent TCFD report, marking a new milestone in climate governance.

And for the first time, we have completed a greenhouse gas inventory and verification, which is part of ISO 14064-1.

The scope has covered three to six categories.

Laying a foundation for our company, the Carbon Reduction Pathway of Fitipower.

We aim to achieve one carbon neutral category I and II by 2035 and one carbon neutral category by 2050.

In terms of green products, we continue to comply 100% with international green regulations such as ROHS at the procurement stage.

Effective operation of product energy-saving design platforms during the design stage

In 2024, we have further established a carbon emission platform for product transportation and improved an assessment of carbon emissions during the transportation phase.

Enhanced management of carbon footprints throughout the product life cycle

With an international focus on ecological conservation

We have also formally announced a policy commitment to achieve zero net loss by 2040 under the Fitipower TSANG Biodiversity and Non-Deforestation Policy.

It is NNL and zero net deforestation, it is Z ND, and it is through avoidance, minimization, compensation, and creative conservation strategies.

Moving towards positive impact is a stage of NPI

Fitipower's Environmental Sustainability Foundation has recently joined hands with a team of professionals from various sectors to continue to expand the influence of our entire enterprise.

Includes the National Library and Taichung Opera House.

We have also organized a series of activities such as the Fitipower AI Green Technology Sustainability Competition and other events at the NationNational Museum of Marine Science & Technology and the Fu Jen Catholic University Hospital.

Combined Industries

Professionals in various fields, such as the academia, the medical profession and national public cultural organizations, have been further promoted from family life in schools to every remote corner of the countryside.

Sustainable development of the whole environment and social cohesion

These are some of the recent honors of Fitipower.

Including the third place of our top 50 operational performance in 2022, which is judged by CommonWealth magazines.

HBR Top 100 CEOs, obtained by the Chairman of the Board of Directors was in 2022, Ranked 2nd on HBR's (Female) Top Executives in the Publicly Listed Companies as the General Manager in 2023.

we will be 2023-Taiwan Best-in-Class 100, and in 2024 , we gain 7th Taiwan Mittelstand award by MOEA.

The 2024 Chairman of the Board has been recognized with another honor in this Top CEO 100 list.

2024 is also a top 100 company selected by foreign investors.

Some of our ESG related honors include

We are rated in the latest SustainAlytics as a Low Risk business for ESG risk.

At the TCSA Taiwan Corporate Sustainability Awards, we received the Gold Level in the Sustainability Reporting Award.

We have also been awarded an A grade in the Sinopac+ ESG rating.

We are also recognized as an A-rated stock in the Taiwan Sustainability Rating and a constituent of the Taiwan High Payroll 100 Index.

Also in the section on Corporate Governance Assessment of Listed Companies 2024

At Level 2, which is between 6% and 20%, our score increased by 3.7% to 101.35.

In addition, we have ranked the electronics category with a market capitalization of more than NT$10 billion, alongside many well-known companies in the Taiwan 50.

This is also at Level 2, which is between 6% and 20%.

These are some of the recent important resolutions and events in Fitipower.

Includes on March 31st.

The Board of Directors has resolved to issue ordinary shares by way of a private placement of cash, which will only be implemented after a definite partner has been identified.

The second is that the Board of Directors decided on a cash dividend of $12.87 per share.

The third thing that was just reported is that this year's shareholders' meeting will be on May 26th.

The above is my report, and the next part of the report will be presented by our Chairman, Mr. Young Lin .

Short-, medium- and long-term growth driver. Thank you.

[CHAIRMAN/YOUNG LIN]: Hello everyone, let me tell you about the key growth drivers for Fitipower Technology in this quarter and the second half of 2025.

We still follow the four product lines Display, Power, Mobile and Other Semi to explain to you.

In Display, this quarter

In TV applications regarding the ISP interface

Higher frequency products, greater than 4G, will be introduced to support high-speed video data transmission.

Monitor is also high frequency up to 600MHz and can keep the low temperature of the sample in the sample delivery.

Through this technology, the problem of overheating of IC can be greatly improved.

It also reduces the cost of the system.

In terms of notebooks, we have developed a customer-specific Driver for CHPI, which is also the first of its kind in this field.

Also supports high-resolution laptop display

Expanding the customer base of our panel makers

In the second half of the year, we will continue the Display product line in the different interfaces of CHPI for TV,

ISP allows these high-frequency products to be mass-produced in response to high resolution, such as UD 165 Hz.

In Panel Power

Notebook

For LTPS panels.

The above PMICs, as well as the Level Shifter, will begin to be shipped in volume to support the demand for thin and lightweight notebook designs.

Then, in terms of TV, HD will be developed,

Full HD will be developed.

Mass production of economical PMICs locks in high price-performance market.

Then, for high-brush and high-analysis TVs, there will be dedicated PICs in mass production, which can enhance system stability.

And the efficiency of the power supply

That Power Line is going to mass produce high PSRR LDOs in this season which is used in Notebook Camera.

It reduces the impact of power noise on the image.

In terms of USB-PD

Since this charger is gradually developing into a high wattage multiport, we will introduce a new protocol IC.

and our own HVBUCK

High-voltage power converter consisting of a multi-port solution is now shipping.

Then there are some reference design LDOs for Wi-Fi 6, which will be shipped in volume that month, and then used in EPD PMICs.

Tier1 Reader customers will also begin mass production.

In the second half of the year, PD and E-Marker will be in the large wattage category.

E-Marker, which is used in charging cables with a current of 3A or more, will also start mass production.

Then we will start mass production of some protocol ICs for multi-port designs such as high wattage 100W and 140W.

Then we have another product line, VCM, which will have a new type in the second half of the year.

We have a new product line of VCM in the second half of the year, which supports new VCMs such as ball bearings,

The mass production of this drive IC for single-layer ball motors will greatly improve the performance of the OIS motor and reduce the noise of the ball motor's shaking.

Then on the PD side, the 3.1 Lite version of IC

It was just mentioned that there are larger wattages there are some comparable to 20 watts, 30 watts

In fact, it needs to be more compact and cost-effective.

And then we're going to introduce a solution that supports only Type-C, which is a single-port solution, and we're going to introduce a solution that's going to be significantly lower in cost.

It's in PowerLine, then Mobile Line this season.

FWVGA display driver IC for industrial control, it will have RGB and QSPI and then support 0D0C.

The version without inductors and without capacitors will be mass-produced.

AMOLED DDIC Single-RAM will also be mass produced in this quarter.

Second half of the year

AMOLED DDIC Dual-RAM will be mass-produced in the second half of the year.

Then other more resolution about industrial control class

TDDI like HD, FWGA, QVGA will also be mass produced in the second half of the year.

This is on the Mobile side, on the Other Semi side.

In terms of Timing Controller

We have developed some color enhancement techniques, which we have developed in-house and will be put into the IC of the Timing Controller as a differentiation.

This enhances the image and then saves energy and power.

The new generation of EPDs will be designed with COF ICs and we will start mass production in this quarter.

Then EDP T-Con 1.2 in the second half of the year.

And the newly developed 1.4

There may be opportunities for sampling volume, that Monitor 120Hz, 144Hz T-con

Will be in the top tier of international brands

will be adopted in high refresh rate displays of top tier international brands.

And then in Q3, the ESL E5

3-Bit

We will introduce a new E5 3-Bit IC to support the next generation of electronic paper display technology.

Then in the second half of the year, T-Con will have a higher resolution to support 165Hz.

The T-Con will also be launching such high refresh rate TVs and even high-end gaming monitors.

The Edge AI chip will start mass production in white goods this year.

AI that supports both audio and video, and then the Sensor product will be used in floor sweepers, and we are promoting the top three brands to our customers.

Here's my explanation of the key growth drivers for this quarter and the second half of the year.

[IR/JAMES CHEN]: Thank you, Mr. Chairman. Let's move on to the last part of our Q&A session.

This section consists of three parts, the first one is that you can use the function of WEBEX to raise your hands, I will unmute it so that you can ask questions.

The second part is that the investor corporation concerned asked some questions during the registration process.

The third part is that you can use online messaging to let me know, and I will follow this sequence

I'm here to answer your questions. Thank you.

Anthony from Yuanta, you can ask the question now.

Hey, did you hear that?

Okay, you can raise your hand again. It's okay.

Then we would like to answer the questions raised by some lawyers during the registration process. The first question is about the expected market situation in the second half of the year.

Okay, Anton, you can raise your hand again. I'll unmute you later.

Okay, you press accept and you should be able to ask the question.

[YUANTA/ANTHONY LAU]: Can the management hear me?

[IR/JAMES CHEN]: Yes, I can hear you.

[YUANTA/ANTHONY LAU]: I would like to inquire about our first season's gross profit margin, which actually exceeded expectations by far. This indicates that the product is doing well.

There are optimizations here, how do we see it, because this market conditions are more variable this year, we are focusing on profit margin for this year.

Or is there a target for this rate?

[CHAIRMAN/YOUNG LIN]: This year, there have been a lot of changes because the appreciation of the Taiwan dollar alone will have a certain impact on the gross profit margin.

The goal is that we hope to maintain our first quarter gross margins.

[YUANTA/ANTHONY LAU]: I understand.

That I would like to ask is that we have done sensitivity analysis that is to say, the appreciation of the Taiwan dollar by one percentage point on our gross profit margin or profit margin

What is this effect on the net interest rate?

It's to give us some color.

[CHAIRMAN/YOUNG LIN]: It may be similar to other IC design companies, there will be an impact, but in the long run I believe that we can come up with ways to Off set

That influence

[YUANTA/ANTHONY LAU]: Understand understand, that would like to ask is because the first season we have a very strong momentum of this other semi

What we're going to see here is maybe two to three quarters in the future.

ESL and EPD are the two customers who are pulling the goods from these two customers.

What happens when there's a difference in orientation?

[CHAIRMAN/YOUNG LIN]: I think it's all right. ESL and EPD are all right.

[YUANTA/ANTHONY LAU]: Understand

Another thing I would like to ask is to say that this is because the notebook we had in last year

Tcon also have pushed products, and then then DDI this side has been new products have been launched, that this year we are in the notebook DDI this side.

The first question I would like to ask is that the customer's current momentum of pulling goods, the second point is that we have a projected market share for this year.

I'm going to get this margin compared to last year.

Will it be more or less?

[CHAIRMAN/YOUNG LIN]: That customer's pulling goods I think affected by this tariff, may notebook brand customer pulling goods

I heard that there should be some delay, so when will the effect be deferred to the panel board factories or to us?

What about Driver IC companies? So far, we have not seen any.

Then you say that because of the launch of our T-con, we are certainly expected to

T-CON's products can be paired with our driver ICs to achieve better market share.

[YUANTA/ANTHONY LAU]: Understanding that, that currently we have this year's notebook

In terms of these OEMs, has the market share accelerated? Compared to last year, yes.

Increase?

Is the number of manufacturers that we are currently focusing on for this notebook all available, or are they just starting to penetrate?

[CHAIRMAN/YOUNG LIN]: The end customers should all be supplied, there are not many Notebook brands in the world, and I think basically through our direct customers, these few brand factories, we have a lot of customers.

model should be clearer to our direct customers, we are responding to our faceplate customers.

What about getting which model.

Perhaps they know better, but as far as they are concerned, they have no idea about our situation.

For this project number.

I feel like there's an increase.

[YUANTA/ANTHONY LAU]: Understand the understanding, that in addition I would like to ask this OLED this area

Because this year is the OLED market, this OEM uses ram-less

The attitude is also a little more clear, that we are in this OLED this product, because in the past we in wearable has already had

At least three or four years of this kind of foundation, where that we in the smartphone OLED DDI this side

After we started from the repair market, do we have a plan to officially enter the branded market this year?

[CHAIRMAN/YOUNG LIN]: Of course, that's why we're going to mass produce Dual Ram in the second half of the year in addition to the Single Ram, and we're moving towards a full product line.

[YUANTA/ANTHONY LAU]: Understand understand, that now looks like the customer is on the price side of the consideration, the

Are you still concerned? Or is it possible that you're aware of it for the second half of the year?

There's a chance that the OLED price reduction part is a little bit more mitigated

[CHAIRMAN/YOUNG LIN]: Because we are considered newcomers, I have always felt that in fact the price pressure of the OLED product is also quite big.

[YUANTA/ANTHONY LAU]: Understand

Then so overall to see, is that you think this year's this first half of the target

Will it be much different than last year?

Or do you think it's a good idea to say

This should be viewed in the context of the Product Line.

that is

Will it be the same as in previous years, or will the second half of the year be better than the first half, or do you think it's still hard to say what will happen in the first half of the year?

[CHAIRMAN/YOUNG LIN]: As far as the healthiness of our products is concerned, I am very confident, but the world environment is really changing too much.

So this may be the general environment will

Decide more proportion

[YUANTA/ANTHONY LAU]: Understood. Thank you.

[IR/JAMES CHEN]: Thank you. Thank you, Anton.

I'm going to change the order of things, so we'll start by answering the questions that are being asked on this thread.

The first investor asked about EPDs.

The revenue share of PMIC

And EPD's share in the revenue of other SEMI and ESL Other Semi, please.

May I ask the company to comment on the revision of EPD by foreign capital in the second half of this year, please?

[CHAIRMAN/YOUNG LIN]: This ratio may not have been analyzed by us, and it should not be possible for us to com ment the revision of EPD under foreign investment.

It should be the foreign investor who is interested in the manufacturer he analyzed.

He's the one who can comment.

[IR/JAMES CHEN]: The second question is, thank you for the management's sharing, may I ask about the impact of the appreciation of the Taiwan dollar on the company, may I ask how many percent of the company's revenue and costs are denominated in U.S. dollars?

In addition, how many percent of the company's revenue and costs are denominated in U.S. dollars?

There will be a few percent impact on the company's profitability.

[CHAIRMAN/YOUNG LIN]: But I just answered that it should be similar to other subsidiaries.

So most of our revenue and costs are denominated in US dollars.

[IR/JAMES CHEN]:   Thank you, Mr. Chairman, for your answer.

Then I'd like to ask you about the questions that this corporation asked during the application process.

The first question is about the expectation of the market in the second half of the year and whether the tariffs will put pressure on prices.

I would also like to ask whether we have seen any impact of the tariffs on demand and profitability.

and profitability.

[CHAIRMAN/YOUNG LIN]: It is a bit similar to what I have just said, and I may have said it before, that is, in the second half of the year, because of the uncertainties caused by the tariff situation, we are still moving forward in accordance with our original objectives.

We are still moving forward according to our original goal, and we feel that we are getting better, but the pressure on prices has not yet reached our stage, but I believe it's just a matter of time, but this is not a matter of time.

The tariffs

But this tariff has already affected the speed of our customers' shipments.

Then we have to

What we have to do is

We should try to solve this problem by increasing our market share.

[IR/JAMES CHEN]: The second question is about what is the out look of Q2?

The second question is about the same investor, and the second question is about the impact of the implementation of the tariff on the company.

[CHAIRMAN/YOUNG LIN]: We are very happy with the progress we have made, and we have a good chance that we will continue to grow in Q2, and the tariff will affect our customers.

The motive of pulling goods, as I mentioned just now, is to improve the competitiveness of our products.

Then, we can increase our market share and overcome it by mass production of new products.

[IR/JAMES CHEN]: Thank you, Mr. Chairman.

If you have any questions online, please feel free to ask them.

If you have any questions online, you can use the "raise your hand" function or send a message directly.

Ask your questions online.

If you have no questions, then this is the end of today's press conference, and we ask that you continue to come back in the next quarter.

I would like to thank investors for participation in the second quarter of conference call with Fitipower today.

[CHAIRMAN/YOUNG LIN]: Thank you for your participation.