



ChipMOS TECHNOLOGIES INC. Q3 2025 Earnings Conference Call
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Company Participants

S.J. Cheng – Chairman and President

Silvia Su – Vice President-Finance and Accounting Management Center

Jesse Huang – Spokesperson and Senior Vice President-Strategy and Investor Relations

G.S. Shen – Technical Deputy Director-Strategy and Investor Relations

Operator

Greetings, and welcome to the ChipMOS Third Quarter 2025 Results Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. I would now like to turn the conference over to Dr. GS Shen, of ChipMOS TECHNOLOGIES Strategy and Investor Relations team to introduce the management team of the Company in Conference. Dr. Shen, you may begin.

GS Shen, Technical Deputy Director-Strategy and Investor Relations

Thank you, operator. Welcome everyone to ChipMOS' third quarter 2025 results conference call. Joining us today from the company are Mr. S.J. Cheng, Chairman and President; and Ms. Silvia Su, Vice President of Finance and Accounting Management Center. We are also joined on the call today by Mr. Jesse Huang, Spokesperson and Senior Vice President of Strategy and Investor Relations. S.J. will chair the meeting and review business highlights and provide more color on the operating environment. After Silvia's review of the Company's key financial results, SJ will provide our current business outlook. All Company executives will then participate in an open Q&A session.

Please note, we have posted a presentation on the MOPS and also on the ChipMOS' website www.chipmos.com to accompany today's conference call. Before we begin the prepared comments, we remind you to review our forward-looking statements disclaimer, which is noted as the "Safe Harbor Notice" on the second page of today's presentation and in the results press release we issued. As a reminder, today's conference call is being recorded and a replay will be made available later today on the Company's website.

At this time, I'd like to now turn the call over to our company's Chairman and President, Mr. S.J. Cheng. Please go ahead, sir.

S.J. Cheng, Chairman and President

Thank you, GS. We appreciate everyone joining our call today. This was a strong quarter for us. Results benefited from strong memory product demand. We continue to leverage our leadership position to drive growth and build long-term value for shareholders. And we remain strategic in our CapEx investments as we prioritize keeping our balance sheet strong while supporting our growth programs. This core approach has enabled us to build shareholder value in both up and down markets. And while our business is strong we are focused on delivering further growth and executing on our business strategy. We are prioritizing supporting our customers, increasing market share, expanding profitability and building shareholder value.

In terms of Q3 highlights....

- Our revenue increased 7.1% compared to Q2. This is the highest revenue level since Q3 2022 reflecting the strength of our business.
- Q3 Gross Margin was 12.4%, which increased 580 basis point compared to Q2.
- Q3 Net Earnings were NT\$ 0.5, and with accumulated Net Earnings for the first nine months roughly even.

In terms of the details, our overall utilization rate was 66% in Q3, with an improvement in Memory products led by strong demand in support of AI, computing and datacenters. The Assembly UT was up to 68% and the average Test utilization was also up to 70% in Q3. Regarding DDIC was 67% and Bumping was 57%.

Regarding our manufacturing business, assembly represented about 30% of Q3 revenue led by a recovery in our Memory products. Mixed-signal and memory Testing represented about 25% and wafer bumping represented about 22% of Q3 revenue. On a product basis, DDIC represented about 22% of total revenue in Q3, with gold bumping representing about 20% of Q3 revenue. Revenue from DRAM and SRAM together represented about 19% of Q3 revenue. Our Mixed-signal products represented about 10% of Q3 revenue.

As additional color, our memory products represented about 49% of Q3 revenue. Memory product revenue increased 16% compared to Q2, and increased about 35% on a year-over-year basis. We benefited from pricing and volume, and our position with leading customers. DRAM represented about 18% of Q3 revenue. This was up significantly, increasing about 22% compared to Q2. Niche DRAM was also up, increasing 12% compared to Q2. Flash revenue represented about 30% of Q3 revenue, which was up about 13% compared to Q2 and was up about 35% on a year-over-year basis. NAND Flash represented about 38% of our Q3 Flash revenue. This is up over 7% compared to Q2 and up about 60% on a year-over-year basis. NOR Flash increased 13% compared to Q2 and increased 25% on a year-over-year basis.

Moving onto Driver IC and gold bump revenue, we benefitted from a favorable product mix, which offset some industry-wide pockets of soft end market demand. This represented about 41% of Q3 revenue, which was about flat with Q2 but down about 22% on a year-over-year basis. Gold bump revenue was down less than 1% compared to Q2 and was down about 3% on a year-over-year basis. Our DDIC revenue was also down under 1% compared to Q2. Demand related to Auto panels contributed more than 37% of our Q3 DDIC revenue, which increased about 15% compared to Q2. Regarding OLED, this represented about 23% of our Q3 DDIC revenue and it was down about 7% compared to Q2.

On an end-market basis, total revenue from Automotive and Industrial represented about 25% of Q3 revenue. This was about 4% higher than Q2 delivering stronger growth than the broader industry due to our customer mix and strategic position within those customers. Smartphone revenue represented about 36% of Q3 revenue, and was up 3% compared to Q2. TV panel demand represented 11% of Q3 revenue, which was flat compared to Q2. Both Consumer and Computing significantly increased compared to Q2 led by strong customer demand and new products released to production. Related revenue represented about 22% and 6% of Q3 revenue, respectively.

Now let me turn the call to Ms. Silvia Su, to review the third quarter 2025 financial results. Silvia, please go ahead.

Silvia Su, Vice President-Finance and Accounting Management Center

Thank you S.J. All dollar amounts cited in our presentation are in NT dollars. The following numbers are based on the exchange rates of NT\$ 30.46 against US\$1 as of September 30, 2025. All the figures were prepared in accordance with Taiwan-International Financial Reporting Standards.

Referencing presentation Page 12 Consolidated Operating Results Summary

For the third quarter of 2025, total revenue was NT\$ 6,144 million.

Net profit attributable to the Company was NT\$ 352 million in Q3.

Net earnings for the third quarter of 2025 were NT\$ 0.50 per basic common share or US\$ 0.33 per basic ADS.

Return on equity in Q3 was 6.0%.

Referencing presentation Page 13 Consolidated Statements of Comprehensive Income

Compared to Q2 2025:

Total Q3 2025 revenue increased 7.1% compared to Q2 2025.

Q3 2025 Gross profit was NT\$ 760 million, with gross margin at 12.4% compared to 6.6% in Q2 2025.

Our operating expenses in Q3 2025 were NT\$ 410 million, or 6.7% of total revenue, which decreased 3.3% compared to Q2 2025.

Operating profit for Q3 2025 was NT\$ 370 million, with operating profit margin at 6.0% compared to 0.4% in Q2 2025.

Net non-operating income in Q3 2025 was NT\$ 69 million compared to net non-operating expenses in Q2 2025 was NT\$ 682 million. The difference is mainly due to the positive impact on the foreign exchange of NT\$ 774 million from the foreign exchange losses of NT\$ 690 million in Q2 2025 to the foreign exchange gains of NT\$ 84 million in Q3 2025.

Profit attributable to the Company in Q3 2025 was NT\$ 352 million compared to loss attributable to the Company in Q2 2025 was NT\$ 533 million. The difference is mainly due to an increase of net non-operating income of NT\$ 751 million and the operating profit of NT\$ 349 million, which was offset by the income tax change of NT\$ 214 million from the income tax benefit of NT\$ 128 million in Q2 2025 to income tax expense of NT\$ 86 million in Q3 2025.

Basic weighted average outstanding shares were 707 million shares.



Compared to Q3 2024:

Total revenue for Q3 2025 increased 1.2% compared to Q3 2024.

Gross margin at 12.4% decreased 1.5ppts compared to Q3 2024.

Operating expenses decreased 8.6% compared to Q3 2024.

Operating profit margin at 6.0% decreased 0.9ppts compared to Q3 2024.

Net non-operating income in Q3 2025 was NT\$ 69 million compared to net non-operating expenses in Q3 2024 was NT\$ 65 million. The difference is mainly due to the positive impact on the foreign exchange of NT\$ 157 million from the foreign exchange losses of NT\$ 73 million in Q3 2024 to the foreign exchange gains of NT\$ 84 million in Q3 2025 and partially offset by the increase of interest expense of NT\$ 13 million and impairment loss on investments accounted for using equity method of NT\$ 10 million.

Profit attributable to the Company increased 17.6% compared to Q3 2024. The difference is mainly due to an increase of net non-operating income of NT\$ 134 million and partially offset by the decrease of operating profit of NT\$ 50 million and the increase of income tax expense of NT\$ 31 million.

Referencing presentation Page 14 Consolidated Statements of Financial Position & Key Indices

Total assets at the end of Q3 2025 were NT\$ 42,946 million.

Total liabilities at the end of Q3 2025 were NT\$ 19,575 million.

Total equity at the end of Q3 2025 was NT\$ 23,371 million.

Accounts receivable turnover days in Q3 2025 were 88 days.

Inventory turnover days was 55 days in Q3 2025.

Referencing presentation Page 15 Consolidated Statements of Cash Flows

As of September 30, 2025, our balance of cash and cash equivalents was NT\$ 12,977 million, which represents a decrease of NT\$ 2,242 million compared to the beginning of the year. The decrease is in support of our CapEx, dividend to shareholder and share repurchase program.

Net free cash inflow for the first nine months of 2025 was NT\$ 1,521 million compared to net free cash outflow NT\$ 401 million for the same period in 2024. The difference is due to a reduction in CapEx of NT\$ 1,625 million, a cash dividend paid of NT\$ 436 million, and increases in depreciation expenses of NT\$ 271 million. This also reflects an income tax change of NT\$ 208 million from the income tax expense of NT\$ 188 million in the first nine months of 2024 to income tax benefit of NT\$ 20 million in the first nine months of 2025, which was partially offset by the decrease of operating profit of NT\$ 650 million. We continue to balance our capital allocation strategy by investing in the long-term capacity and revenue generation areas that will drive our success, while returning value to shareholders through the distribution of dividends.

Free cash flow was calculated by adding depreciation, amortization, interest income together with operating profit and then subtracting CapEx, interest expense, income tax expense and dividend from the sum.

Referencing presentation Page 16 Capital Expenditures and Depreciation

We invested NT\$ 797 million in CapEx in Q3.

The breakdown of CapEx in Q3 was 5.6% for bumping, 22.2% for LCD Driver, 14.1% for assembly and 58.1% for testing.



Depreciation expenses were NT\$ 1,267 million in Q3.

As of October 31, 2025 the Company's outstanding ADS number was approximately 3.5 million units, which represents around 9.7% of the Company's issued common shares.

That concludes the financial review. I will now turn the call back to our Chairman Mr. S.J. Cheng for our outlook. Please go ahead, sir.

SJ Cheng, Chairman and President

Thank you, Silvia.

As we look ahead to Q4, there is a lot of enthusiasm around the memory market with reports of increased demand, capacity and pricing. Recent reports from public companies and analyst comments suggest we are in a sustained upcycle tied to the explosive AI growth. We have managed through many periods of prolonged growth and contraction. It is too early to tell how long and how strong the current period of growth will be. But for ChipMOS we are focused on supporting our customers both now and over the long-term. This approach has served us well over the past few decades and is our guiding strategy in the current period.

Despite the excitement, we are taking a conservative view toward end-consumer demand in Q4 given the global economic uncertainty around trade, tariffs, jobs and inflation. However, we are encouraged by the strong demand from DRAM and enterprise NAND, which is being led by the DDR generational change and eSSD demand from AI cloud datacenter. Meanwhile, Edge AI and lower cost AI solutions are expected to significantly increase memory demand led by the need to support various new end devices. Based on the reports I just mentioned and our discussions with customers, we expect the current memory momentum will remain solid over the coming quarters.

In addition, solid memory products momentum growth is expected to help improve related UT levels of assembly and test. DRAM momentum is also expected to maintain solid driven by customers' strong demand for DDR4 and DDR5 release to production. Flash momentum is slightly slow down, impacted by customers' stock adjustments. Therefore, we expect memory momentum will be better than DDIC in Q4.

In our DDIC product business, the demand of TV and smartphone is expected to be soft in Q4, which inline with the broader industry and reflects the end of China's subsidy policies which were helping to drive restocking. However, automotive panel momentum and OLED demand for US smartphone are relatively stable compared to other DDIC products. We are positive about this business over the long term but understand it is a fluid environment.

Regarding to our future business strategy, we continue to focus our investments on supporting of higher growth, higher margin product areas. This has been a constant focus for us and area we have made major progress on over the years. And by aligning with our strategic customers' product roadmaps, we plan to expand our logic and mixed-signal product portfolio from MEMS and TV SOC products to include PMIC of DDR5 modules, logic product for smart devices serving high-tech and healthcare. We also plan to support ASIC for AI related application products to enhance the long-term



growth momentum of our logic and mixed-signal product line. This represents a significant new market expansion opportunity for us and has the potential to be a meaningful revenue growth opportunity.

We will continue to closely monitor end-market trends and adjust product strategies based on industry developments to capture growing business opportunities, while monetizing idle assets to support the bottleneck capacity expansion of DRAM and Flash products, and the development demand of customer's new DRAM project. We also continue our cost reductions, quality improvement and operating strength actions to further improve profit and maintain business growth momentum and competition advantage. This is a fundamental practice for us that is ongoing and never done.

I am also pleased to report that we distributed our latest dividend to shareholders in July. This has been part of our overall capital allocation strategy along with share repurchases, CapEx investments and other levers. Although the company faced headwinds in the first half of the year along with the broader industry, our focus and operational strength put us in a great position with accumulated unappropriated retained earnings, which were sufficient to support a stable dividend payout. Our Management is working in order to be in a position to declare another dividend next year on the same level as this year. And we will execute the related capital allocation programs to improve shareholders' equity, based on the global economic environment and industrial situation.

Finally, we would like to announce that after a period of internal review, we have decided to move to semiannual conference calls from quarterly conference calls. Financial reporting of operation results per regulation will remain reviewed by our Accountant quarterly, approved by our Board and then published. As of now, we plan to host a conference call for the fourth quarter of 2025 with the next call to be held for the first 6 months results of 2026. Although the timing of our calls is changing, we will remain very accessible to investors and analysts. We plan to continue participating in investment forums and conferences, and other various investor and analyst meetings to enhance communication with investors and ensure a more complete understanding of our operating environment and financial results.

Operator, that concludes our formal remarks, we can now take questions.

Question and Answer Session

Operator

Thank you. At this time, we will be conducting a question and answer session.

Our first question comes from Michael Hsu from Yuanta. You may begin.

Michael Hsu, Analyst, Yuanta

Could you break down 3Q cost details, and what the benefit will be in Q4 or further out as you increased memory OSAT prices in 3Q?

Silvia Su, Vice President-Finance and Accounting Management Center

The electricity charge increased NT\$78 million compared to 2Q due to the higher summer electricity rate charged since May/16. This increased NT\$52 million on a year-over-year basis. Depreciation decreased NT\$16 million compared to 2Q, and but was up NT\$46 million on a year-over-year basis.



SJ Cheng, Chairman and President

The material cost increased NT\$13 million compared to 2Q, and increased NT\$255 million, while assembly increased NT\$268 million, on a year-over-year basis. Meanwhile, we increased memory products OSAT prices from about 5% to 18% in Q3 to offset the material cost increases and we will reflect material cost changes over time.

While the price of gold continues to increase along with supply shortages of BT substrate, customers understand the situation, and accept the OSAT price increase due to the higher material cost.

Michael Hsu, Analyst, Yuanta

Follow up question, could you share the UT level or capacity outlook for 4Q25 or 1H26?

SJ Cheng, Chairman and President

Based on my personal viewpoint, the memory market outlook for next year would be good, including HBM, DDR5/4, NAND flash and also NOR flash. It also echoes our industry peers and customers' comments in their recent earnings call. Under this situation, we would expand assembly and test capacity for those processes with bottlenecks. Should it require higher CapEx in order to expand more capacity, we would ask customers to sign take or pay contract in order to protect our investment. The price would also be renegotiated.

Regarding DDIC product, we plan monetize idle assets to support the bottleneck capacity expansion of DRAM and Flash products, and high-end logic test capacity. We plan to expand our logic and mixed-signal product portfolio from MEMS and TV SOC products to include PMIC of DDR5 modules, and logic product for smart devices serving high-tech and healthcare. We also plan to support ASIC for AI related application products to enhance the long-term growth momentum of our logic and mixed-signal product line. We also utilize the clean room space of the related monetized DDIC capacity for related new investment of assembly and test.

Operator

Thank you. And I am not showing any further questions in the queue. I would like to turn the call back over to GS Shen.

GS Shen, Technical Deputy Director of Strategy and Investor Relations

That concludes our question and answer session. Thank you for participating. I'll turn the floor back to Mr. S.J. Cheng for any closing comments.

S.J. Cheng, Chairman and President

Thank you everyone for joining our conference call. Please email our IR Team if you have any more questions. We appreciate your support. Goodbye.

Operator

Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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