

Stock Code: 6423



# **Yield Microelectronics Corporation**

## **2023 Annual Report**

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**Prepared by Yield Microelectronics Corporation**

**Printed on March 25, 2024**

### **Notice to Readers**

**This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.**

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**5. Name of CPAs, name, address and phone number of the accounting firm for the financial statements of the most recent year**

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Name of Accounting Firm: Deloitte & Touche

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**6. Name of any exchanges where the company's securities are traded offshore: None.****7. Official Website of the Company: [www.ymc.com.tw](http://www.ymc.com.tw)**

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## I. Letter to Shareholders

Dear shareholders,

Thank you for your long-term support, which have enabled Yield Microelectronics to continue growing in a highly competitive environment. On behalf of the Company, we express our deepest gratitude. Herein, we report the operational status for 2023 and future outlook of the Company as follows:

### A. Business Results for 2023

The Company's performance in 2023 compared to 2022 is as follows:

Unit: NT\$ thousands

Accounting Item	2023	2022	Change Percentage (%)
Net Operating Revenue	187,384	229,420	-18.32%
Technical Service Revenue	48,082	58,821	-18.26%
Royalty Income	139,302	170,599	-18.35%
Net Operating Profit (Loss)	35,057	78,846	-55.54%
Pre-Tax Net Profit (Loss)	38,267	81,371	-52.97%
Income Tax Expense	6,250	8,407	-25.66%
Net Profit (Loss) for the Period	32,017	72,964	-56.12%
Earnings Per Share After Tax	1.19	2.72	-56.25%

In 2023, the Company's operating revenue decreased by 18.32% compared to 2022; this was primarily due to declines in both royalty income and technical service revenue. The overall economic environment has not fully recovered this year, leading to the revenue decrease. The Company will continue to promote existing products and persist in developing new specifications to drive growth. Of the total revenue in 2023, technical service revenue and royalty income accounted for 25.66% and 74.34% of annual operating income, respectively. Overall, the decrease in revenue this year was mainly due to reduced wafer starts by customers affected by inventory destocking. For detailed revenue items, please refer to the table below:

Unit: NT\$ thousands

Item / Year	2023	% to Total Revenue	2022	% to Total Revenue
Technical Service Revenue	48,082	25.66%	58,821	25.64%
Royalty Income	139,302	74.34%	170,599	74.36%
Total	187,384	100.00%	229,420	100.00%

In terms of budget execution, the Company established internal budget targets for 2023 without publicly forecasting financials. Although profits fell short of the anticipated targets, the Company remains committed to enhancing revenue and profitability.

1. Research and Development:

The design of 5th generation cell MTP and FTP IPs have entered mass production. Due to significantly reduced IP sizes, not only has overall competitiveness been enhanced, but the product application range has also been expanded. Additionally, OTP IPs designed using the 5th generation cell have gradually moved to mass production. Many clients with small capacity requirements still prefer OTPs, and YMC's OTPs offer two major advantages over competitors: smaller size and user-friendly features, particularly with up to 10 programmable cycles.

Improving existing products to maintain competitiveness and expanding the product line are the two main focuses of recent R&D efforts. Currently, products using the 7th generation memory cell are being designed, with the advantage of the 7th generation being the continuous reduction in area size, minimizing peripheral circuits. The expansion of the product line includes development of Anti-fuse OTP, 100k write-cycle EEPROM, and 25ns/40ns eFlash, all of which are currently in the R&D verification stage.

2. IP Sales and Wafer Royalty:

In addition to IP sales and royalty collection, the Company also engages in memory component technology licensing, having negotiated or signed contracts with several IDM factories and major wafer foundries.

B. Operational Plan for 2024

1. Management Policy

Increase the number of R&D personnel, expand product lines, broaden application scopes, diversify IP offerings, and develop new technologies. Maintain long-term cooperative relationships with customers and wafer foundries to grow together. Assist both customers and foundries in improving yield and shipment quality to produce top-notch products.

2. Business Objectives

The Company already has a significant market share in the microprocessor and power management markets and will continue to expand in these areas. Additionally, it aims to penetrate the driver market and advanced process technology market, maintaining double-digit growth annually.

C. Future Company Development Strategy

1. Strengthen strategic collaborations with wafer foundries to establish a complete channel. Through joint efforts with strategic partners, continuously expand the Company's competitiveness.
2. Enhance R&D capabilities to improve write cycles, capacity specifications, and

read/write speeds, reduce die size, and lower the voltage and current required for read/write operations. Maintain technological leadership to ensure the Company's long-term and stable development.

3. Expand the range of IP to offer new types of IP to existing customer bases.

D. Expand the range of IP to offer new types of IP to existing customer bases.

1. Enhancing the Company's reputation and strengthening capabilities will significantly aid in risk reduction and development through long-term collaborations with major international partners, such as IC design houses and wafer foundries.
2. Leverage the capital markets to improve the equity ratio, and enhance financial management and risk control capabilities.
3. Invest in R&D personnel for process and product development to boost profitability.
4. Improve service and brand image, expand into international markets, and increase the flexibility of sales division to manage the risks of compressed profits when there are changes in the general economic environment.

Looking forward to 2024, the Company will continue to strengthen the advantages of new products, improve internal efficiencies, and explore new markets. The Company will adhere to principles of stability and practicality in management to further enhance business operations and profitability, striving to provide the best possible returns for shareholders through effective operational management.

## II. Company Profile

### 1. Company Profile

#### (1) Date of Incorporation

September 2001

#### (2) Company History

Year	Events
Sep. 2001	The Company was officially established.
Oct. 2001	A cash capital increase of NT\$47,000 thousand, raising the paid-in capital to NT\$52,000 thousand.
Nov. 2004	A cash capital increase of NT\$20,000 thousand, raising the paid-in capital to NT\$72,000 thousand.
Jan. 2005	A cash capital increase of NT\$19,120 thousand, raising the paid-in capital to NT\$91,120 thousand.
Nov. 2006	A cash capital increase of NT\$40,000 thousand, raising the paid-in capital to NT\$131,120 thousand.
Sep. 2008	Contract signed with United Microelectronics Corporation (UMC) for joint development of 0.35 micron and 0.25 micron YMC MTP Silicon Intellectual Property (SIP) components.
Oct. 2008	Contract signed with Nuvoton Technology for joint development of 0.6 micron, 0.5 micron, and 0.35 micron YMC MTP SIP components.
Nov. 2008	A cash capital increase of NT\$20,000 thousand, raising the paid-in capital to NT\$151,120 thousand.
Dec. 2008	Macronix International (MXIC) announced collaboration with the Company to successfully develop MTP SIP in 0.5 micron high voltage (HV) process.
Mar. 2009	Announcement of the launch of 1.5V low-voltage read MTP SIP in 0.35um process.
Mar. 2009	Contract with UMC extended to include joint development of 0.18 micron and 0.13 micron processes.
Nov. 2009	A cash capital increase of NT\$15,000 thousand and employee stock warrant capital increase of NT\$6,940 thousand, raising the paid-in capital to NT\$173,060 thousand.
Jan. 2010	Contract signed with Maxchip Electronics for joint development of 0.18 micron, 0.13 micron, and 90 nanometer YMC MTP SIP components.
Feb. 2010	Contract signed with Vanguard International Semiconductor (VIS) for joint development of 0.5 micron, 0.35 micron, 0.25 micron, and 0.18 micron YMC MTP SIP components.
Mar. 2010	Contract signed with OKI Electric Industry of Japan for joint development of 0.6 micron, 0.5 micron, and 0.35 micron YMC MTP SIP components.
Nov. 2010	Contract signed with Silterra Malaysia for joint development of 0.18 micron YMC MTP SIP components.
Nov. 2010	A cash capital increase of NT\$7,000 thousand and employee stock warrant capital increase of NT\$7,810 thousand, raising the paid-in capital to NT\$187,870 thousand.
Jul. 2011	Expanded the joint development contract with United Microelectronics Corporation (UMC) to include the 40nm process.
Sep. 2011	UMC announced the successful development collaboration with YMC on the smallest-area MTP SIP solution, with mass production of 0.18 micron process set for the second half of the year.
Dec. 2011	Employee stock warrant capital increase of NT\$11,230 thousand, raising the paid-in capital to NT\$199,100 thousand.
Jan. 2012	Contract signed with Macronix International (MXIC) for joint development of 0.5 micron, 0.45 micron, and 0.35 micron YMC MTP SIP components.
Mar. 2012	Launch of multiple MTP SIP models, entering In-cell touch and AMOLED driver



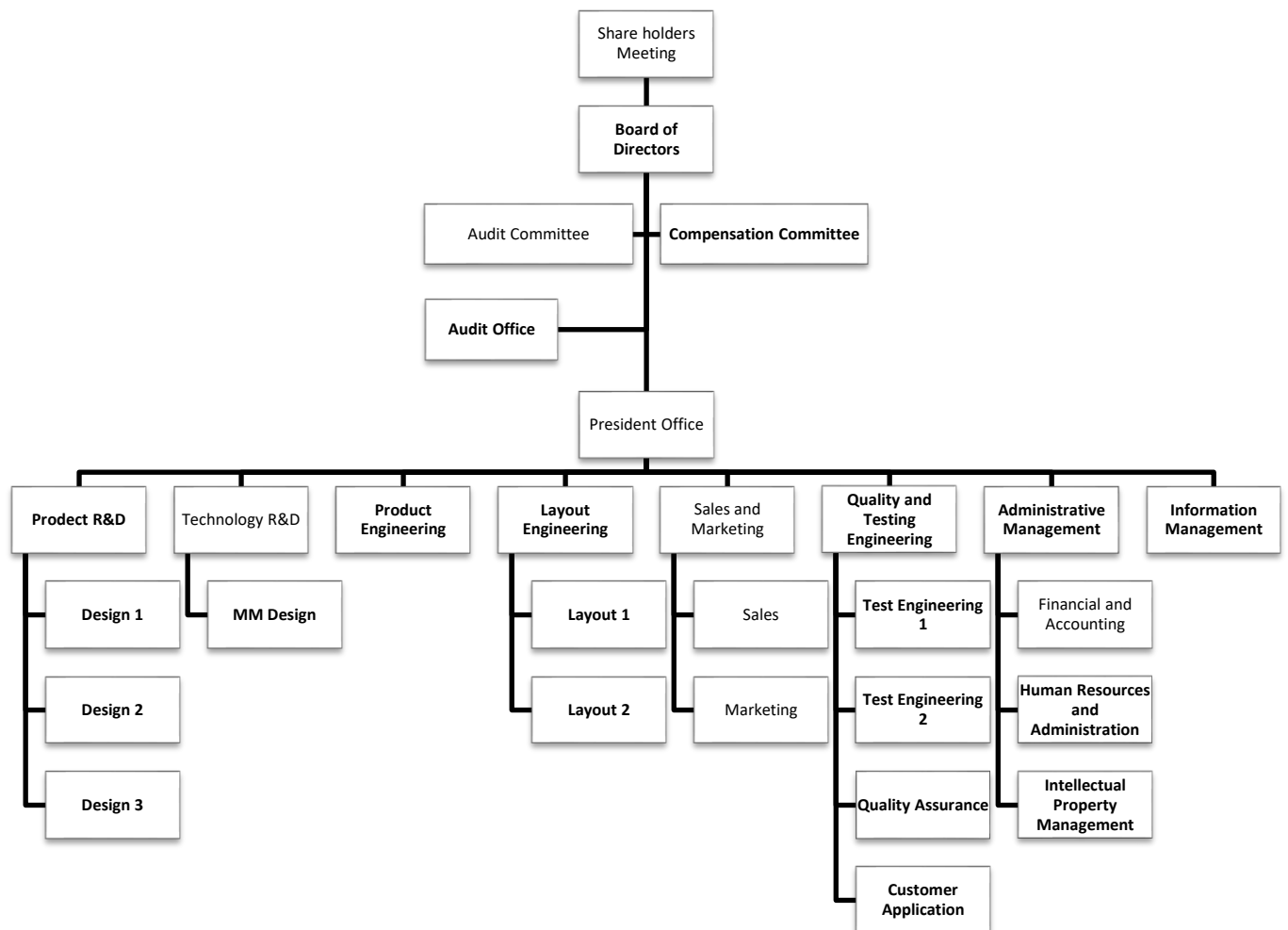
Year	Events
	applications.
Mar. 2012	Launch of high-speed, wide voltage, low photomask layer count 1M bits MTP SIP.
Mar. 2012	Announcement of the completion of 0.18um, 0.162um, 0.13um, 0.11um, 90nm, and 55nm process technology development for high-voltage 3.3V and 5V component platforms in MTP SIP.
May 2012	Contract signed with MagnaChip for joint development of 0.35 micron and 0.18 micron MTP SIP components.
Jul. 2012	Employee stock warrant capital increase of NT\$4,000 thousand, raising the paid-in capital to NT\$203,100 thousand.
Dec. 2012	A cash capital increase of NT\$10,000 thousand, raising the paid-in capital to NT\$213,100 thousand.
Dec. 2012	Contract signed with Taiwan Semiconductor Manufacturing Company (TSMC) for licensing of MTP SIP components.
Apr. 2013	Completion of the public offering rectification.
Nov. 2013	Successfully introduced mass production platforms for 0.35 micron and 0.18 micron MTP Silicon Intellectual Property (SIP) components developed with MagnaChip.
Dec. 2013	Launched the world's smallest embedded logic process MTP IP, penetrating touch chip and MCU applications.
May 2014	Signed a MTP Silicon Intellectual Property licensing agreement with Toshiba.
May 2014	Conducted a cash capital increase of NT\$20,000 thousand, increasing the paid-in capital to NT\$233,100 thousand.
Sep. 2014	Conducted a cash capital increase of NT\$15,000 thousand, increasing the paid-in capital to NT\$248,100 thousand.
Oct. 2014	Registered on the Emerging Stock Market.
May 2015	Successfully integrated MTP IP and EEPROM IP with shared circuitry.
Sep. 2015	MTP IP passed the 150°C high-temperature test, suitable for the automotive market.
Dec. 2015	Completed the design of low-current write-in MTP IP and undergoing validation for IoT market usage.
Mar. 2016	Signed a contract with Globalfoundries Singapore to develop 0.11 micron and 0.18 micron MTP IP silicon intellectual property components.
May 2016	Proposed a simple operation low-capacity alternative to Fuse IP.
Oct. 2016	Signed a patent licensing agreement with Vanguard International Semiconductor (VIS).
Jan. 2017	Taiwan Semiconductor Manufacturing Company (TSMC) has begun mass production using in-house manufactured MTP (YMC cell).
Jan. 2017	Toshiba completed development using in-house manufactured MTP (YMC cell).
Jul. 2017	Vanguard International Semiconductor (VIS) completed development using in-house manufactured MTP (YMC cell).
Jul. 2017	Conducted a cash capital increase of NT\$20,000 thousand, increasing the paid-in capital to NT\$268,100 thousand.
Oct. 2017	Collaborated with major European and American clients to announce the successful development of a Digital Trimming solution in the 0.18um BCD process.
Apr. 2018	Nexchip signed a contract to develop 0.11 micron MTP IP silicon intellectual property components.
Apr. 2018	Nexchip signed a contract to develop 0.09 micron MTP IP silicon intellectual property components.
May 2018	Globalfoundries Singapore developed 0.18 micron and 0.15 micron G(IV) MTP IP silicon intellectual property components.
Nov. 2018	Signed a contract with Hynix for the development of 0.11 micron and MTP IP silicon intellectual property components.
Jan. 2019	Cansemi in Guangzhou signed a contract for the development of 0.18 micron MTP

Year	Events
	IP silicon intellectual property components.
Jan. 2019	Hynix signed a contract for the development of 0.18 micron MTP IP silicon intellectual property components.
Feb. 2019	Signed a contract with Towerjazz Israel to develop 0.065 micron MTP IP silicon intellectual property components.
Jun. 2019	Silicon Works in Korea signed a contract for the development of 0.18 micron MTP IP silicon intellectual property components.
Aug. 2019	Signed a contract with the Industrial Technology Research Institute (ITRI) to develop RFID reading chips.
Aug. 2019	Developed automotive-grade Grade 0 MTP IP silicon intellectual property components.
Oct. 2019	TechwidU in Korea signed a contract for the development of 0.18 micron MTP IP silicon intellectual property components.
Dec. 2019	Hynix completed the development of 0.11 micron MTP IP silicon intellectual property components.
Sep. 2020	Signed a contract with Shanghai Huali Microelectronics (HLMC) to develop 0.055 micron MTP/OTP IP silicon intellectual property components.
Nov. 2020	Signed a contract with Sitronix Electronics to develop 0.11 micron MTP IP silicon intellectual property components.
Feb. 2021	Signed a contract with Celfras in Jiangxi to develop 0.18 micron MTP IP silicon intellectual property components.
Aug. 2021	Hynix signed a contract for the development of 0.11 micron MTP IP silicon intellectual property components.
Jan. 2022	Signed an industry-academic cooperation agreement with National Central University to develop the next generation of silicon intellectual property components.
Oct. 2022	Signed a contract with SK Hynix System IC (Wuxi) to develop 0.18 micron MTP IP silicon intellectual property components.
Feb. 2023	Signed an industry-academic cooperation agreement with National Central University to develop new generation silicon intellectual property components.

### III. Corporate Governance Report

#### 1. Organization

##### (1) Organization chart



(2) Operations implemented by major departments:

Department	Responsibilities
Audit Committee	<ol style="list-style-type: none"> <li>1. Formulate or amend internal control systems as per Article 14-1 of the Securities and Exchange Act.</li> <li>2. Assess the effectiveness of internal control systems.</li> <li>3. Formulate or amend procedures for significant financial activities such as acquiring or disposing of assets, engaging in derivative transactions, lending funds to others, and providing endorsements or guarantees as per Article 36-1 of the Securities and Exchange Act.</li> <li>4. Matters involving directors' conflicts of interest.</li> <li>5. Significant transactions involving assets or derivatives.</li> <li>6. Significant activities involving lending funds, endorsements, or providing guarantees.</li> <li>7. Fundraising, issuance, or private placement of securities with equity characteristics.</li> <li>8. Appointment, dismissal, or remuneration of certified public accountants.</li> <li>9. Appointment or dismissal of financial, accounting, or internal audit chiefs.</li> <li>10. Annual financial reports signed or sealed by the chairman, managers, and accounting supervisors, and quarterly financial reports audited and certified by accountants.</li> <li>11. Other significant matters stipulated by the company or regulatory authorities.</li> </ol>
Compensation Committee	Evaluate the salary and compensation policies and systems for directors and managers from a professional and objective standpoint, and provide recommendations to the board for their decision-making.
Audit Office	Assist the board and managers in inspecting and assessing the internal control systems, management regulations, and operational processes, providing analysis and recommendations to ensure the continuous and effective operation of internal controls.
President Office	<ol style="list-style-type: none"> <li>1. Formulate and revise operational goals and plans for the company's short, medium, and long-term development.</li> <li>2. Supervise various departments to execute operational plans to achieve corporate goals and pursue sustainable management.</li> <li>3. Establish external public relations.</li> </ol>

Department		Responsibilities
Product Research and Development	Design Departments 1, 2, and 3	<ol style="list-style-type: none"> <li>1. Technical development and design of products.</li> <li>2. Integrate company resources to continuously improve product performance and quality.</li> <li>3. Assist customers in resolving application issues.</li> <li>4. Production of product specifications.</li> <li>5. Production of product design kits.</li> </ol>
Technical Research and Development	MM Design Department	<ol style="list-style-type: none"> <li>1. Research and development of analog products for wireless RF transmission and reception.</li> <li>2. Research and development of digital products.</li> </ol>
Product Engineering	Product Engineering Department	<ol style="list-style-type: none"> <li>1. Drafting product specifications.</li> <li>2. Arrangement of product manufacturing processes.</li> <li>3. Verification and analysis of product characteristics.</li> <li>4. Recommendations for improving product features.</li> <li>5. Assisting customers with product usage.</li> <li>6. Communication interface for process platforms.</li> </ol>
Layout Engineering	Layout Departments 1 and 2	<ol style="list-style-type: none"> <li>1. Circuit layout design of products.</li> <li>2. Assist customers with layout embedding and integration verification.</li> </ol>
Marketing and Sales	Marketing and Sales Department	<ol style="list-style-type: none"> <li>1. Formulation and execution of annual sales targets and business plans to achieve annual marketing objectives.</li> <li>2. Development of new markets and new customers to increase market share.</li> <li>3. Addressing customer needs and handling customer complaints.</li> </ol>
Quality and Testing Engineering	Test Engineering Department I	<ol style="list-style-type: none"> <li>1. Develop and maintain test programs related to products to support debugging and verification processes.</li> <li>2. Enhance the debugging capabilities of test programs to ensure the integrity of product verification and resolve technical issues related to product verification.</li> <li>3. Provide data related to product testing and verification results.</li> <li>4. Provide mass production testing procedures related to products.</li> </ol>
	Test Engineering Department II	

Department		Responsibilities
	Quality Assurance Department	<ol style="list-style-type: none"> <li>1. Improve verification efficiency and reduce testing time.</li> <li>2. Verify the complete characteristics of products to ensure they meet specifications.</li> <li>3. Assist with product wafer die sort and packaging logistics.</li> <li>4. Provide complete reports on product characteristics verification results.</li> <li>5. Establish and implement a system for analyzing the causes of defects.</li> <li>6. Conduct product reliability testing and failure analysis.</li> <li>7. Manage laboratory instrument calibration.</li> <li>8. Assist in addressing customer-related reliability issues of products.</li> <li>9. Provide reliability verification reports for products.</li> <li>10. Develop and maintain test programs related to HTOL (High-Temperature Operating Life).</li> </ol>
	Customer Application Department	<ol style="list-style-type: none"> <li>1. Address and respond to customer application issues.</li> <li>2. Analyze customer product failures.</li> <li>3. Monitor and respond to product application statuses.</li> <li>4. Provide failure analysis reports.</li> </ol>
Administrative Management	Finance and Accounting Department	<ol style="list-style-type: none"> <li>1. Coordinate the company's finance, accounting, tax, and operational analysis matters.</li> <li>2. Prepare, aggregate, and control the annual budget.</li> <li>3. Manage and utilize various financial activities.</li> <li>4. Handle matters related to shareholder meetings, board meetings, and shareholder affairs.</li> </ol>
	Human Resources and Administration Department	<ol style="list-style-type: none"> <li>1. Manage matters related to personnel, payroll, labor, and benefits.</li> <li>2. Handle various human resource management tasks.</li> <li>3. Develop and follow up on the execution of internal management policies.</li> <li>4. Manage other personnel, administrative, and general affairs operations.</li> </ol>
	Intellectual Property Management Department	<ol style="list-style-type: none"> <li>1. Control and manage documentation and records.</li> <li>2. Inspect and confirm product and case data.</li> <li>3. Control product output and sales.</li> <li>4. Manage server data.</li> </ol>

Department		Responsibilities
Information Management	Information Management Department	<ol style="list-style-type: none"> <li>1. Plan, maintain, and execute various computerized information systems, both software and hardware.</li> <li>2. Coordinate and manage various information systems and outsourced projects.</li> <li>3. Assist departments in automating their operations with information technology.</li> <li>4. Analyze and manage information security risks.</li> </ol>

## 2. Directors, Supervisors, President, Vice President, Assistant Managers and Heads of Departments and Branch Organizations

### (1) Directors

#### 1. Information of the directors

March 23, 2024; Unit: shares

Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	ROC	HUANG, WEN-CHIEN	Male 61-70	June 23, 2022	3	March 29, 2004	980,425	3.66	1,020,425	3.81	-	-	-	-	Bachelor's degree, Department of Physics, National Tsing Hua University Sales and Marketing Manager, Winbond Electronics Corporation Director of Sales and Marketing Department, Giantplus Technology Co., Ltd.	1. President, Yield Microelectronics Corporation 2. Director, Favepc Inc. 3. Director, Erised Semiconductor (Shenzhen) Co., Ltd.	-	-	-	Note 1



Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	CHEN, HUNG-WEN	Male 61-70	June 23, 2022	3	June 23, 2010	909,575	3.39	909,575	3.39	-	-	-	-	Master's degree, Graduate Institute of Electrical Engineering, National Tsing Hua University Engineer, Taiwan Semiconductor Manufacturing Company Limited Engineer, Syntek Semiconductor Co., Ltd.	1. Chairperson, Gemtek Technology Co., Ltd. 2. Chairperson, G-Technology Investment Co., Ltd. 3. Chairperson, Browan Communications Inc. 4. Chairperson, Antek Networks Inc. 5. Chairperson, Polaris Group 6. Director, G-Technology Investment Co., Ltd. 7. Director, Witek Investment Co., Ltd. 8. Director, Ampak International Holdings, Ltd. 9. Director, Primax Communication (B.V.I.) Inc. 10. Director, Free PPWorldwide Co., Ltd. 11. Representative of juristic person director, Lionic Corporation	-	-	-	-

Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	CHEN, YUNG-HUA	Male 61-70	June 23, 2022	3	June 23, 2010	693,685	2.59	1,182,685	4.41	-	-	-	-	Bachelor's degree, Department of Physics, National Tsing Hua University Master's degree, Graduate Institute of Business Management, Tatung University President, ECS Industrial Computer Co., Ltd.	1. Chairperson, Favite Inc. 2. Chairperson, Favepc Inc.	-	-	-	-

Director	ROC	WEI, YA-AN	Male 61-70	June 23, 2022	3	May 23, 2019	687,040	2.56	561,040	2.09	-	-	-	-	Bachelor's degree, Department of Civil Engineering, Nanya Institute of Technology Chairperson, the Association of Chairpersons of Enterprises in Northern Region Industrial Park of R.O.C.	1. Vice Chairperson, the Manufactures United General Association of Industrial Park of R.O.C. 2. Political Advisor, Executive Yuan 3. Member, the Committee Reviewing the Naturalization of High-Level Professionals, Ministry of the Interior 4. Member, the Management Committee of the Safety Fund for Police Officers, Fire- fighters, Coastguards, Immigration Officers, Aircrewmen and Volunteer Forces, Ministry of the Interior 5. Member, Labor Standards Advisory Committee, Ministry of Labor 6. Member, Consultative Group on Multinational Workforce Policies, Ministry of Labor 7. Member, the Regional Workforce Development Strategy Advisory Committee, Taoyuan-Hsinchu-Miaoli Regional Branch, Workforce Development Agency, Ministry of Labor 8. Political Advisor, Keelung City Government 9. Member, Urban Planning Commission, Keelung City Government 10. Managing Director, Taiwan Intelligent Zero Carbon Building Alliance	-	-	-	-
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Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	CHENG, YUEH-SHU	Female 51-60	June 23, 2022	3	June 23, 2022	679,000	2.53	670,000	2.50	-	-	-	-	Graduated from National Open College of Commerce Senior Accountant, Microelectronics Technology Inc. Manager, Yield Microelectronics Corporation	None.	-	-	-	-
Independent Director	ROC	PAN, YEN-MIN	Male 51-60	June 23, 2022	3	May 30, 2018	-	-	-	-	8,000	0.03	-	-	Master's degree, Graduate Institute of Economics, Chinese Culture University Deputy Manager, Department of Investment, RITEK Corporation	1. Member, Compensation Committee, Yield Microelectronics Corporation 2. Member, Audit Committee, Yield Microelectronics Corporation 3. Vice President, RITEK Corporation 4. Representative of juristic person director, U-Tech Media Corporation 5. Representative of juristic person director, RiTdisplay Corporation 6. Representative of juristic person director, O-View Technology Co., Ltd. 7. Supervisor, Finesil Technology Inc. 8. Representative of director, RitFast Corporation 9. Representative of juristic	-	-	-	-

Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																person director, AimCore Technology Co., Ltd. 10. Representative of juristic person director, PlexBio Co., Ltd. 11. Representative of juristic person director, Formosa Sun Energy Corporation 12. Representative of juristic person director, Jhen Jhuan Co., Ltd. 13. Supervisor, WellTech Energy Inc. 14. Supervisor, RiTWIN Corporation 15. Supervisor, Ricare Corporation 16. President and Representative of Juristic Person Director, Arlewood International Corporation Kunshan Protek Co., Ltd. 17. Representative of Juristic Person Director, Kunshan Hutek Co., Ltd. 18. Representative of juristic person director, Arlewood International Corporation Kunshan Protek Co., Ltd. 19. Supervisor, PVNext Corporation				

Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	WU, CHING-YI	Male 61-70	June 23, 2022	3	August 3, 2018	-	-	-	-	-	-	-	-	Doctoral degree, Graduate Institute of Electrical Engineering, National Tsing Hua University Independent Director, Career Technology (MFG.) Co., Ltd.	1. Member, Compensation Committee, Yield Microelectronics Corporation 2. Member, Audit Committee, Yield Microelectronics Corporation 3. Independent Director, Career Technology (MFG.) Co., Ltd. 4. Member, Compensation Committee, Career Technology (MFG.) Co., Ltd. 5. Member, Audit Committee, Career Technology (MFG.) Co., Ltd. 6. Consultant, Novascope Diagnostics Inc.	-	-	-	-
Independent Director	ROC	LIN, YUEH-HSIA	Female 51-60	June 23, 2022	3	August 3, 2018	-	-	-	-	-	-	-	-	Bachelor's degree, Department of Accounting, Tunghai University CPA, Grant Thornton Taiwan	1. Member, Compensation Committee, Yield Microelectronics Corporation 2. Member, Audit Committee, Yield Microelectronics Corporation 3. CPA, PKF Taiwan	-	-	-	-

Title	Nationality / Country of Origin	Name	Sex Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position(s)	Other officers, directors or supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	LI, CHAN-NAN	Male 61-70	October 23, 2023	3	October 23, 2023	5,000	0.02	5,000	0.02	-	-	-	-	Master's degree, Graduate Institute of Business Administration, National Chung Hsing University Clerk, Taiwan Stock Exchange (TWSE) Deputy Section Director, Taiwan Futures Exchange (TAIFEX)	1. Member, Audit Committee, Yield Microelectronics Corporation 2. Member, Compensation Committee, Yield Microelectronics Corporation 3. Vice President, Firich Enterprises Co., Ltd. 4. Representative of juristic person director, Aqualab Inc.	-	-	-	Note 2

Note 1: The Chairperson of the Company's Board of Directors concurrently serves as the President of the Company in order to enhance operational efficiency and decision-making capability, and at the same time, to discuss and exchange views with each director (including the independent directors) on relevant major operating decisions at any time and to fully discuss the same at the Board of Directors' meetings in order to implement corporate governance. The Company has established an Audit Committee to enhance the functions of the Board of Directors and to strengthen the monitoring function, and more than half of the directors of the Company do not concurrently serve as employees or managers.

Note 2: Mr. LI, CHAN-NAN is an independent director who was co-opted at the first extraordinary shareholders' meeting in 2023 on October 23, 2023.

## 2. Professional qualifications and independence analysis of directors and supervisors:

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Status	Number of Other Public Companies Concurrently Serving as an Independent Director
Chairperson HUANG, WEN- CHIEN	Possesses over five years of work experience relevant to the company's business. Has previously held positions at Winbond Electronics Corporation and Giantplus Technology Co., Ltd., and currently serves as the Chairman and President of the Company. Does not have any of the disqualifications specified under Article 30 of the Company Act.	(1) Not a director, supervisor, or employee of another company where more than half of the directors or voting shares are controlled by the same person (except if they are independent directors appointed under the Company Act or relevant local laws in the parent, subsidiaries, or companies under the same parent company). (2) Not a professional in business, legal, financial, accounting, or similar services who has received compensation totaling over NT\$500,000 from the Company or associates within the past two years, nor a sole proprietor, partner, director, supervisor, or manager of such a professional entity, including their spouses, except members of the Compensation Committee, Public Takeover Review Committee, or M&A Special Committee who perform their duties according to the Securities and Exchange Act or Business Mergers and Acquisitions Act. (3) Does not have a spouse or relative within the second degree of kinship among other directors. (4) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.	None
Director CHEN, HUNG- WEN	Possesses over five years of work experience necessary for the company's operations. Currently serves as the Chairman of Gemtek Technology Co., Ltd., and does not have any of the disqualifications specified under Article 30 of the Company Act.	(1) Not an employee of the Company or its associates. (2) Not a manager listed under item (1). (3) Not a director, supervisor, or employee of another company where more than half of the directors or voting shares are controlled by the same person (except if they are independent directors appointed under the Company Act or relevant local laws in the parent, subsidiaries, or companies under the same parent company). (4) Not a director, supervisor, or employee of another company or institution where the chairman, president, or equivalent position of the Company is the same person or their spouse (except if serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws). (5) Not a professional in business, legal, financial, accounting, or similar services who has received compensation totaling over NT\$500,000 from the Company or associates within the past two years, nor a sole proprietor, partner, director, supervisor, or manager of such a professional entity, including	None



		<p>their spouses, except members of the Compensation Committee, Public Takeover Review Committee, or M&amp;A Special Committee who perform their duties according to the Securities and Exchange Act or Business Mergers and Acquisitions Act.</p> <p>(6) Does not have a spouse or relative within the second degree of kinship among other directors.</p> <p>(7) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.</p>	
Director CHEN, YUNG- HUA	<p>Has over five years of work experience necessary for the company's operations. Currently serves as the Chairman of Favite Inc. and Favepc Inc., and does not have any of the disqualifications specified under Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or its associates.</p> <p>(2) Not a manager listed under item (1).</p> <p>(3) Not a director, supervisor, or employee of another company where more than half of the directors or voting shares are controlled by the same person (except if they are independent directors appointed under the Company Act or relevant local laws in the parent, subsidiaries, or companies under the same parent company).</p> <p>(4) Not a director, supervisor, or employee of another company or institution where the chairman, president, or equivalent position of the Company is the same person or their spouse (except if serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws).</p> <p>(5) Not a professional in business, legal, financial, accounting, or similar services who has received compensation totaling over NT\$500,000 from the Company or associates within the past two years, nor a sole proprietor, partner, director, supervisor, or manager of such a professional entity, including their spouses, except members of the Compensation Committee, Public Takeover Review Committee, or M&amp;A Special Committee who perform their duties according to the Securities and Exchange Act or Business Mergers and Acquisitions Act.</p> <p>(6) Does not have a spouse or relative within the second degree of kinship among other directors.</p> <p>(7) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.</p>	None
Director WEI, YA- AN	<p>Has over five years of work experience necessary for the company's operations. Currently serves as the Vice Chairman of The Manufactures United General Association of Industrial Park of R.O.C., Chairman of the Keelung City Dawulun Association of Industrial Park, and does not have any of the disqualifications specified under Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or its associates.</p> <p>(2) Not a manager listed under item (1).</p> <p>(3) Not a director, supervisor, or employee of a corporate shareholder that directly holds over 5% of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under paragraphs 1 or 2 of Article 27 of the Company Act (except if serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or</p>	None

		<p>relevant local laws).</p> <p>(4) Not a director, supervisor, or employee of another company where more than half of the directors or voting shares are controlled by the same person (except if they are independent directors appointed under the Company Act or relevant local laws in the parent, subsidiaries, or companies under the same parent company).</p> <p>(5) Not a director, supervisor, or employee of another company or institution where the chairman, president, or equivalent position of the Company is the same person or their spouse (except if serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws).</p> <p>(6) Not a director, supervisor, manager, or shareholder holding more than 5% of shares in any specific company or institution that has financial or business transactions with the Company (except if the specific company or institution holds over 20% but not more than 50% of the total issued shares of the Company and is serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws).</p> <p>(7) Not a professional in business, legal, financial, accounting, or similar services who has received compensation totaling over NT\$500,000 from the Company or associates within the past two years, nor a sole proprietor, partner, director, supervisor, or manager of such a professional entity, including their spouses, except members of the Compensation Committee, Public Takeover Review Committee, or M&amp;A Special Committee who perform their duties according to the Securities and Exchange Act or Business Mergers and Acquisitions Act.</p> <p>(8) Does not have a spouse or relative within the second degree of kinship among other directors.</p> <p>(9) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.</p>	
<p>Director CHENG, YUEH-SHU</p>	<p>Has over five years of work experience necessary for the company's operations and has previously worked at Microelectronics Technology Inc. Does not have any of the disqualifications specified under Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or its associates.</p> <p>(2) Not a manager listed under item (1).</p> <p>(3) Not a director, supervisor, or employee of a corporate shareholder that directly holds over 5% of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under paragraphs 1 or 2 of Article 27 of the Company Act (except if serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws).</p>	<p>None</p>

		<p>(4) Not a director, supervisor, or employee of another company where more than half of the directors or voting shares are controlled by the same person (except if they are independent directors appointed under the Company Act or relevant local laws in the parent, subsidiaries, or companies under the same parent company).</p> <p>(5) Not a director, supervisor, or employee of another company or institution where the chairman, president, or equivalent position of the Company is the same person or their spouse (except if serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws).</p> <p>(6) Not a director, supervisor, manager, or shareholder holding more than 5% of shares in any specific company or institution that has financial or business transactions with the Company (except if the specific company or institution holds over 20% but not more than 50% of the total issued shares of the Company and is serving as an independent director concurrently for the Company and its parent, subsidiaries, or companies under the same parent company as stipulated by the Company Act or relevant local laws).</p> <p>(7) Not a professional in business, legal, financial, accounting, or similar services who has received compensation totaling over NT\$500,000 from the Company or associates within the past two years, nor a sole proprietor, partner, director, supervisor, or manager of such a professional entity, including their spouses, except members of the Compensation Committee, Public Takeover Review Committee, or M&amp;A Special Committee who perform their duties according to the Securities and Exchange Act or Business Mergers and Acquisitions Act.</p> <p>(8) Does not have a spouse or relative within the second degree of kinship among other directors.</p> <p>(9) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.</p>	
Independent Director PAN, YEN-MIN	Has over five years of work experience necessary for the company's operations, holds a master's degree from the Graduate Institute of Economics at Chinese Culture University, and currently serves as the Vice President at RITEK Corporation. Does not have any of the disqualifications specified under Article 30 of the Company Act.	<p>(1) Not an employee of the Company or its associates.</p> <p>(2) Not a director or supervisor of the Company or any of its associates.</p> <p>(3) Not a natural person shareholder who, either by oneself or one's spouse, underage children, or in another person's name, holds over 1% of the total issued shares of the Company or is among the top ten shareholders.</p> <p>(4) Not a manager listed under (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of</p>	None

Independent Director WU, CHING-YI	Has over five years of work experience necessary for the company's operations, holds a Doctoral degree from the Graduate Institute of Electrical Engineering at National Tsing Hua University, and currently serves as an Independent Director at Career Technology (MFG.) Co., Ltd. Does not have any of the disqualifications specified under Article 30 of the Company Act.	the persons listed in (2) or (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds over 5% of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under Article 27, paragraphs 1 or 2 of the Company Act. (6) Not a director, supervisor, or employee of any other company where more than half of the shares with voting rights are controlled by the same person who controls the Company. (7) Not a director, supervisor, or employee of another company or institution where the chairman, president, or equivalent position of the Company is the same person or their spouse.	1
Independent Director LIN, YUEH-HSIA	Has over five years of work experience necessary for the company's operations, has previously worked as an accountant at Grant Thornton Taiwan, and currently serves as a practicing accountant at PKF Taiwan. Does not have any of the disqualifications specified under Article 30 of the Company Act.	(8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares in any specific company or institution that has financial or business transactions with the Company. (9) Not a professional who has provided audit, legal, financial, or accounting services to the Company or its associates for compensation within the last two years, nor an owner, partner, director, supervisor, manager, or their spouse of a sole proprietorship, partnership, company, or institution that has provided such services.	None
Independent Director LI, CHAN-NAN	Has over five years of work experience necessary for the company's operations, holds a master's degree from the Graduate Institute of Business Administration at National Chung Hsing University, and currently serves as the Vice President at Firich Enterprises Co., Ltd. Does not have any of the disqualifications specified under Article 30 of the Company Act.	(10) Does not have a spouse or relative within the second degree of kinship among other directors. (11) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.	None

Note 1: In accordance with the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, our company has obtained independent director declarations confirming compliance with legal independence requirements.

### 3. Board Diversity and Independence:

#### (1) Board Diversity:

Based on a policy of diversity and strengthening corporate governance for a sound development of the board structure, our company's director nominations are made according to the company's Articles of Incorporation through a candidates nomination system. This assesses each candidate's educational and professional qualifications, integrity, relevant expertise, and other professional credentials. After approval by the board of directors, candidates are presented for election at the shareholder's meeting. The board's composition policy includes but is not limited to:

A. Basic qualifications and values: Gender, age, nationality, and culture.

B. Professional knowledge and skills: Operational judgment, accounting and financial analysis capabilities, management skills, crisis management, industry knowledge, global market perspective, leadership, and decision-making abilities.

The current board of directors consists of 9 members. The specific management goals and achievements of the board's diversity policy are as follows:

Management Goals	Achievement Status
Independent directors to constitute more than one-third of the board.	Achieved
Directors who are also company managers should not exceed one-third of the board.	Achieved
Independent directors' terms not exceeding three terms.	Achieved
Adequate diversity of professional knowledge and skills.	Achieved

Implementation status of the diversification policy for Board members:

Diversity Core  Name		Basic Composition					Professional Background			Professional Knowledge and Skills								
		Nationality	Gender	Employee of the Company	Age		Length of Service of Independent Directors	Accounting	Industry	Finance	Technology	Ability to make operational judgments	Ability to conduct management administration	Ability to lead and make policy decisions	Ability to conduct crisis management	Knowledge of the industry	International market perspective	
					51-60	61-70												
Director	HUANG, WEN-CHIEN	ROC	M	V		V			V		V	V	V	V	V	V	V	
	CHEN, HUNG-WEN		M			V			V	V	V	V	V	V	V	V	V	
	CHEN, YUNG-HUA		M			V			V		V	V	V	V	V	V	V	
	WEI, YA-AN		M			V			V		V	V	V	V	V	V	V	
	CHENG, YUEH-SHU		F		V			V		V		V	V	V	V	V	V	
Independent Director	PAN, YEN-MIN		M		V		3-6 years		V	V	V	V	V	V	V	V	V	V
	WU, CHING-YI		M			V	3-6 years		V		V	V	V	V	V	V	V	V
	LIN, YUEH-HSIA		F		V		3-6 years	V	V	V	V	V	V	V	V	V	V	V
	LI, CHAN-NAN		M			V	0-3 years		V	V	V	V	V	V	V	V	V	V

(2) Board Independence:

The current board consists of 9 members, including 5 directors (one of whom is an employee) and 4 independent directors (accounting for 55.56% and 44.44% of the board, respectively). Independent directors exceed one-third of the board. As of March 2024, all independent directors meet the regulations of the Financial Supervisory Commission's Securities and Futures Bureau concerning independent directors, and there are no conflicts of interest as specified under Article 26-3,

Paragraphs 3 and 4 of the Securities and Exchange Act among the directors. The board is independent (refer to pages 20-25 of this annual report for disclosures on the professional qualifications and independence of independent directors), and details on the directors' education, gender, and professional experience can be found on pages 12-19 of this annual report.

(2) Supervisors: Not applicable.

## (3) President, Vice President, Associate Managers, Heads of Departments and Branches

Record Date: 2024/3/23

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Stock Option Grants to Managers	Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
General Manager	ROC	HUANG, WEN-CHIEH	M	2001.08.01	1,020,425	3.81	-	-	-	-	Bachelor's degree, Department of Physics, National Tsing Hua University Winbond Electronics Corporation Sales and Marketing Manager Head of Marketing Department, Giantplus Technology Co., Ltd.	1. Director, Favepe Inc. 2. Director, Erised Semiconductor (Shenzhen) Co., Ltd.	-	-	-	-	Note 1
Vice General Manager	ROC	WU, ZHENG-YING	M	2019.09.11	45,234	0.17	52,924	0.20	-	-	Master's in Telecommunications Engineering, National Chiao Tung University Senior Engineer, Winbond Electronics Corporation	-	-	-	-	-	-
Vice General Manager	ROC	WU, QI-PEI	M	2022.12.20	-	-	-	-	-	-	Master's in Electronic Engineering, National Tsing Hua University	-	-	-	-	-	-
Associate Managers	ROC	CHEN, YING-TANG	M	2019.09.11	219,712	0.82	-	-	-	-	Master's in Environmental Engineering, National Central University Layout Engineer, Danei Technology Co., Ltd. Deputy Manager of Engineering, HsinHsin Technology Co., Ltd.	-	-	-	-	-	-
Associate Managers	ROC	JIANG, ZHENG-ZHANG	M	2019.09.11	-	-	-	-	-	-	Bachelor's in Electronic Engineering, National United University Test Engineer, ProMOS Technologies Inc.	-	-	-	-	-	-
Associate Managers	ROC	CHEN, ZHENG-YANG	M	2019.09.11	15,000	0.06	-	-	-	-	Master's in Electronics, Minghsin University of Science and Technology Senior Process Integration Engineer, Episil Technologies Inc.	-	-	-	-	-	-
Associate Managers	ROC	CHEN, HSIANG-CHI	F	2022.12.20	3,000	0.01	-	-	-	-	Bachelor's in Spanish Literature, Providence University Business Development Manager, Ruby Tech Corporation	-	-	-	-	-	-

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Stock Option Grants to Managers	Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Administrative Manager also acting as Finance and Accounting Supervisor, and Corporate Governance Officer	ROC	LAI, YING-CHUN	F	2012.10.01	14,037	0.05	-	-	-	-	Bachelor's in Financial Management, Chung Hua University Senior Manager, Gemtek Technology Co., Ltd.	-	-	-	-	-	-
Audit Supervisor	ROC	WANG, CHENG-YONG	M	2021.11.15	-	-	-	-	-	-	Executive Master of Business Administration, National Cheng Kung University Senior Audit Manager, Elitegroup Computer Systems Co., Ltd. Manager of Administrative Department, National Aerospace Fasteners Corporation Deputy Audit Manager, Mitac Digital Technology Corp.	-	-	-	-	-	-
Information Security Supervisor	ROC	LAI, XIN-GE	M	2023.08.02	-	-	1,402	0.01	-	-	Master's in Technology Management, College of Management, National Chiao Tung University Deputy Manager of Information Management Department, Giantplus Technology Co., Ltd.	-	-	-	-	-	-

Note 1: The Chairman of the Company also serves as the President to enhance operational efficiency and decision-making effectiveness. The Chairman actively discusses significant management decisions with all directors (including independent directors) and ensures thorough deliberation within the board to implement corporate governance. The Company has established an Audit Committee to enhance the functions of the Board and strengthen oversight, with more than half of the directors not holding concurrent positions as employees or managers.



### 3. Remuneration of Directors, Supervisors, President and Vice Presidents

#### (1) Compensation of Directors and Independent Directors (Disclosure of Names in Accordance with Compensation Tiers)

2023/12/31

Unit: NT\$ thousands

Title	Name	Compensation to Directors								Ratio of Total Compensation (A+B+C+D) to Net Income (%) (Note 10)		Relevant Compensation Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation from ventures other than subsidiaries or from the parent company (Note 11)
		Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Professional Practice (D) (Note 4)				Salary, Bonus, and Special Allowance (E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)			
Chairperson	HUANG, WEN-CHIH	-	-	-	-	1,557	1,557	114	114	1,671 5.22%	1,671 5.22%	3,453	3,453	-	-	258	-	258	-	5,382 16.81%	5,382 16.81%	None
Director	CHEN, HUNG-WEN																					
Director	CHEN, YUNG-HUA																					
Director	WEI, YA-AN																					
Director	CHENG, YUEH-SHU																					
Independent Director	PAN, YEN-MIN	958	958	-	-	-	-	120	120	1,078 3.36%	1,078 3.36%	-	-	-	-	-	-	-	-	1,078 3.36%	1,078 3.36%	None
Independent Director	WU, CHING-YI																					
Independent Director	LIN, YUEH-HSIA																					
Independent Director	LI, CHAN-NAN (Note)																					
1. Please describe the policy, system, criteria and structure for the payment of remuneration to independent directors, and the relevance of the amount of remuneration to the responsibilities, risks and time commitment: The Company's independent directors receive a fixed remuneration and a transportation fee (business execution fee) regardless of the Company's profit or loss. The remuneration is determined by the Board of Directors based on the director's degree of participation in operations and contributions to the Company, and in accordance with industry standards, as authorized by the Company's "Regulations Governing Compensation to Directors and Managers". 2. In addition to the disclosures above, compensation received by directors for services provided to all companies within the financial statements in the past year (such as serving as a non-employee consultant): None.																						

Note: Mr. LI, CHAN-NAN was elected as an independent director on October 23, 2023, during the Company's first extraordinary shareholders' meeting of 2023.

■The compensation distribution for directors and employees of the Company was approved by the Board of Directors on February 27, 2024.

## Compensation Scale

Range of Compensation	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the financial statements (H) (Note 9)	The Company (Note 8)	Companies in the financial statements (I) (Note 9)
Less than NT\$1,000,000	HUANG, WEN-CHIEN, CHEN, HUNG-WEN, CHEN, YUNG-HUA, WEI, YA-AN, CHENG, YUEH-SHU, PAN, YEN-MIN, WU, CHING-YI, LIN, YUEH-HSIA, LI, CHAN-NAN (Note)	HUANG, WEN-CHIEN, CHEN, HUNG-WEN, CHEN, YUNG-HUA, WEI, YA-AN, CHENG, YUEH-SHU, PAN, YEN-MIN, WU, CHING-YI, LIN, YUEH-HSIA, LI, CHAN-NAN (Note)	CHEN, HUNG-WEN, CHEN, YUNG-HUA, WEI, YA-AN, CHENG, YUEH-SHU, PAN, YEN-MIN, WU, CHING-YI, LIN, YUEH-HSIA, LI, CHAN-NAN (Note)	CHEN, HUNG-WEN, CHEN, YUNG-HUA, WEI, YA-AN, CHENG, YUEH-SHU, PAN, YEN-MIN, WU, CHING-YI, LIN, YUEH-HSIA, LI, CHAN-NAN (Note)
NT\$1,000,000~NT\$1,999,999	-	-	-	-
NT\$2,000,000~NT\$3,499,999	-	-	-	-
NT\$3,500,000~NT\$4,999,999	-	-	HUANG, WEN-CHIEN	HUANG, WEN-CHIEN
NT\$5,000,000~NT\$9,999,999	-	-	-	-
NT\$10,000,000~NT\$14,999,999	-	-	-	-
NT\$15,000,000~NT\$29,999,999	-	-	-	-
NT\$30,000,000~NT\$49,999,999	-	-	-	-
NT\$50,000,000~NT\$99,999,999	-	-	-	-
More than NT\$100,000,000	-	-	-	-
Total	9	9	9	9

Note: Mr. LI, CHAN-NAN was elected as an independent director on October 23, 2023, during the Company's first extraordinary shareholders' meeting of 2023.

■The compensation distribution for directors and employees of the Company was approved by the Board of Directors on February 27, 2024.

Note 1: The Company's net profits after taxes over the past three years have been disclosed in aggregate within respective compensation tiers.

Note 2: Refers to the most recent fiscal year's compensation for directors (including salaries, position allowances, severance payments, various bonuses, incentive payments, etc.).

Note 3: Indicates the amount of director compensation approved by the Board of Directors for distribution in the most recent fiscal year.

Note 4: Refers to the most recent fiscal year's business execution expenses for directors (including transportation and special expenses, various allowances, provision of housing, company cars, etc.). If housing, cars, and other transportation or personal expenditures are provided, the nature and cost of the assets provided, as well as the actual or fair market rental value, fuel costs, and other benefits should be disclosed. Additionally, if a driver is provided, note the compensation paid to the driver, which is not included in the total compensation.

Note 5: Refers to the most recent fiscal year's compensation received by directors who also serve as employees (including those serving as president, vice presidents,

other managers, and employees), which includes salaries, position allowances, severance payments, various bonuses, incentive payments, transportation and special expenses, various allowances, provision of housing, company cars, etc. If housing, cars, and other transportation or personal expenditures are provided, the nature and cost of the assets provided, as well as the actual or fair market rental value, fuel costs, and other benefits should be disclosed. Additionally, if a driver is provided, note the compensation paid to the driver, which is not included in the total compensation. Also, salary expenses recognized under IFRS 2 “Share-based Payment”, including acquisition of employee stock options, restricted stock units for employees, and participation in cash capital increases to purchase shares, should also be included in the compensation.

Note 6: Refers to the most recent fiscal year’s compensation received by directors who also serve as employees (including those serving as president, vice presidents, other managers, and employees), which includes both stock and cash. It should disclose the amount of employee compensation approved by the Board of Directors for distribution for the most recent fiscal year. If the amount cannot be estimated, it should be calculated based on the actual distribution amount of the previous year and proposed for this year, and should also be recorded in Table 1-3.

The Company’s employee compensation distribution was approved by the Board of Directors on February 27, 2024.

Note 7: The total amount of compensation paid to the Company’s directors by all companies (including the Company) in the consolidated report should be disclosed.

Note 8: The total amount of compensation paid to each director by the Company is disclosed under the relevant tier in which the director’s name is listed.

Note 9: The total amount of compensation paid to each director of the Company by all companies (including the Company) in the consolidated report should be disclosed under the relevant tier in which the director’s name is listed.

Note 10: Net profit after tax refers to the net profit after tax for the most recent fiscal year; for those adopting International Financial Reporting Standards, it refers to the net profit after tax in the parent company only or separate financial statements for the most recent fiscal year.

Note 11:

- a. This column should list the amount of compensation received by the Company’s directors from ventures other than subsidiaries or from the parent company (if none, then please fill in “none”).
- b. If the Company’s directors receive compensation from ventures other than subsidiaries or from the parent company, the compensation received should be included in the compensation tier table under Column I, and the column name should be changed to “Parent Company and All Ventures “.
- c. Compensation refers to the remuneration, compensation (including employee, director, and supervisor compensation), and business execution expenses received by the Company’s directors in their roles as directors, supervisors, or managers of ventures other than subsidiaries or the parent company.

\* The concept of compensation disclosed in this table differs from the income concept under the Income Tax Act, hence this table is intended for disclosure of information and is not used for taxation purposes.

(2) Compensation to Supervisor: Not applicable.

(3) Compensation to Presidents and Vice Presidents (Disclosure of Names in Accordance with Compensation Tiers)

2023/12/31

Unit: NT\$ thousands

Title	Name	Salary (A) (Note2)		Severance Pay (B)		Bonus and Special Allowance (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation from ventures other than subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
President	HUANG, WEN-CHIEN	8,322	8,322	-	-	1,429	1,429	694	-	694	-	10,445 32.62%	10,445 32.62%	None
Vice President	WU, ZHENG- YING													
Vice President	WU, QI-PEI													

### Compensation Scale

Range of Compensation	Names of Presidents and Vice Presidents	
	The Company (Note 6)	Companies in the financial statements (E) (Note 7)
Less than NT\$1,000,000	-	-
NT\$1,000,000~NT\$1,999,999	-	-
NT\$2,000,000~NT\$3,499,999	WU, ZHENG-YING	WU, ZHENG-YING
NT\$3,500,000~NT\$4,999,999	HUANG, WEN-CHIEN, WU, QI-PEI	HUANG, WEN-CHIEN, WU, QI-PEI
NT\$5,000,000~NT\$9,999,999	-	-
NT\$10,000,000~NT\$14,999,999	-	-
NT\$15,000,000~NT\$29,999,999	-	-
NT\$30,000,000~NT\$49,999,999	-	-
NT\$50,000,000~NT\$99,999,999	-	-

Range of Compensation	Names of Presidents and Vice Presidents	
	The Company (Note 6)	Companies in the financial statements (E) (Note 7)
More than NT\$100,000,000	-	-
Total	3	3

■ The Company's employee compensation distribution was approved by the Board of Directors on February 27, 2024.

Note 1: The Company's net profits after taxes over the past three years have been disclosed in aggregate within respective compensation tiers.

Note 2: Refers to the most recent fiscal year's president and vice president salaries, position allowances, and severance pay.

Note 3: Refers to the recent fiscal year's various bonuses, incentive payments, travel allowances, special allowances, various other allowances, provisions of housing, vehicles, and other compensation for the president and vice presidents. When providing housing, vehicles, or other personal expenditures, the nature and cost of the assets provided, the actual or fair market value rental, fuel costs, and other benefits should be disclosed. If a driver is provided, please note the compensation paid to the driver, but it is not included in the compensation. Also, salary expenses recognized under IFRS 2 "Share-based Payment", including the acquisition of employee stock options, restricted stock units, and participation in cash capital increases, should be included in the compensation.

Note 4: Refers to the compensation amount for the president and vice presidents (including stock and cash) distributed as approved by the Board of Directors for the most recent fiscal year. If it cannot be estimated, it is calculated based on the actual distribution amount from the previous year and proposed for this year, also to be listed in Table 1-3. Net profit after tax refers to the net profit after tax of the most recent fiscal year; for adopters of International Financial Reporting Standards, it refers to the net profit after tax of the individual or separate financial statements.

Note 5: Should disclose the total amount of compensation paid to the Company's president and vice presidents by all companies (including the Company) in the consolidated report.

Note 6: The Company discloses the total amount of compensation paid to each president and vice president under the corresponding tier where the names of the president and vice presidents are listed.

Note 7: Should disclose the total amount of compensation paid to each of the Company's president and vice presidents by all companies (including the Company) in the consolidated report under the corresponding tier where their names are listed.

Note 8: Net profit after tax refers to the net profit after tax for the most recent fiscal year; for adopters of International Financial Reporting Standards, it refers to the net profit after tax of the parent company only or separate financial statements.

Note 9:

- This column should clearly list the amount of compensation received by the Company's president and vice presidents from ventures other than subsidiaries or the parent company (if none, then please fill in "none").
- If the Company's president and vice presidents receive compensation from ventures other than subsidiaries or from the parent company, the compensation received should be included in the compensation tier table under Column E, and the column name should be changed to "Parent Company and All Ventures".
- Compensation refers to the remuneration, compensation (including employee, director, and supervisor compensation), and business execution expenses received by the Company's president and vice presidents in their roles as directors, supervisors, or managers of investment enterprises or the parent company outside of subsidiaries.

\* The concept of compensation disclosed in this table differs from the income concept under the Income Tax Act, hence this table is intended for disclosure of information and is not used for taxation purposes.

- (4) Name of the manager who distributes the employee's compensation and the distribution status:

2023/12/31

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	HUANG, WEN-CHIEN	0	1,410	1,410	4.40%
	Vice General Manager	WU, ZHENG-YING				
	Vice General Manager	WU, QI-PEI				
	Associate Manager	CHEN, YING-TANG				
	Associate Manager	JIANG, ZHENG-ZHANG				
	Associate Manager	CHEN, ZHENG-YANG				
	Associate Manager	CHEN, HSIANG-CHI				
	Associate Manager	LAI, YING-CHUN				

- The Company's Employee Compensation Distribution Proposal was approved by the Board meeting on February 27, 2024.

- (5) Comparison and explanation of the analysis of total remuneration paid to the Company's directors, supervisors, general manager and deputy general manager as a percentage of net income after tax for the most recent two years for the Company and all companies in the consolidated financial statements and the policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risks

1. Percentage of the total compensation paid to the Company's directors, supervisors, president, and vice presidents relative to the net profit after tax over the past two fiscal years:

	2023		2022	
	The Company	Parent Company Only Financial Statements	The Company	Parent Company Only Financial Statements
Directors' remuneration	8.59%	8.59%	6.78%	6.78%
Remuneration of General Manager and Deputy General Manager	32.62%	32.62%	10.02%	10.02%

Note: The Company established an Audit Committee in 2018, therefore, there is no compensation for supervisors.

2. Policy, standards, and structure for compensation payments, the process of determining compensation, and the relationship with operational performance:
- (1) The Company's director compensation policy is stipulated in the corporate charter and approved by the shareholders' meeting; the compensation for the Company's

directors, while performing their duties, is determined by the Board of Directors in accordance with domestic and international industry standards. If the annual financial settlement shows a profit, compensation is distributed according to the provisions of the Articles of Incorporation.

- (2) The compensation for the Company's president and vice presidents includes salary, bonuses, and employee benefits. The policy for paying compensation is based on their education, experience, comparable industry salary levels, and assessments of their responsibilities, achievement of objectives, contributions, and the Company's operational results for the year, to provide reasonable remuneration.
- (3) The Company has established a Compensation Committee to regularly review and assess the performance evaluations and the reasonableness of the salaries for directors and managers. The amount of compensation for directors and managers for the fiscal year 2023 was determined by the Compensation Committee and then approved by the Board of Directors.
- (4) The compensation policy for the Company's directors, president, and vice presidents takes into consideration operational performance, future industry economic fluctuations, and potential operational, transactional, and financial risks the Company may face in determining compensation.

#### 4. Implementation of Corporate Governance

##### (1) Operation of the Board of Directors

The Board meeting in 2023 were held 5 times (A) and the attendance of the directors was as follows.

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairperson	HUANG, WEN-CHIEN	5	0	100%	Re-elected on June 23, 2022.
Director	CHEN, HUNG-WEN	4	2	80%	Re-elected on June 23, 2022.
Director	CHEN, YUNG-HUA	4	0	80%	Re-elected on June 23, 2022.
Director	WEI, YA-AN	5	1	100%	Re-elected on June 23, 2022.
Director	CHENG, YUEH-SHU	5	0	100%	Re-elected on June 23, 2022.
Independent Director	PAN, YEN- MIN	5	0	100%	Re-elected on June 23, 2022.
Independent Director	WU, CHING- YI	5	0	100%	Re-elected on June 23, 2022.
Independent Director	LIN, YUEH- HSIA	5	0	100%	Re-elected on June 23, 2022.
Independent Director	LI, CHAN- NAN	2	0	100%	Newly appointed on October 23, 2023.

Other mentionable items:

A. The operation of the Board of Directors' Meeting shall state the date and period of the Board of Directors' Meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors, if any of the following circumstances apply.

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable, as the Company has established an Audit Committee and is exempt from the provisions of Article 14-3 of the Securities and Exchange Act. For details, please refer to the operation of the Audit Committee in the annual report.
- (2) Other than the matters listed above, other matters resolved by the Board of Directors at meetings of the

Board of Directors at which the independent directors objected to or reserved their opinions and for which records or written statements are available: None.

B. Execution of directors’ recusal from conflict of interest matters, including the name of the director, content of the matter, reasons for recusal, and participation in the vote:

1. The 4th meeting of the 7th Board on March 8, 2023

(1) Compensation distribution for the Company’s directors and managers for the fiscal year 2022.

Reason for recusal: HUANG, WEN-CHIEN, the chairman, also serves as the president of the Company.

Resolution: With the exception of HUANG, WEN-CHIEN, the chairman, who legally recused himself from discussion and voting, the acting chairman CHEN, YUNG-HUA, consulted with the other attending directors and passed the resolution unanimously.

2. The 6th meeting of the 7th Board on August 2, 2023

(1) Salary adjustment for the Company’s managers for the year 2023.

Reason for recusal: HUANG, WEN-CHIEN, the chairman, also serves as the president of the Company.

Resolution: With the exception of HUANG, WEN-CHIEN, the chairman, who legally recused himself from discussion and voting, the acting chairman CHEN, YUNG-HUA, consulted with the other attending directors and passed the resolution unanimously.

3. The 8th meeting of the 7th Board on December 28, 2023

(1) Year-end bonus for the Company’s managers for the year 2023.

Reason for recusal: HUANG, WEN-CHIEN, the chairman, also serves as the president of the Company.

Resolution: With the exception of HUANG, WEN-CHIEN, the chairman, who legally recused himself from discussion and voting, the acting chairman CHEN, YUNG-HUA, consulted with the other attending directors and passed the resolution unanimously.

C. Listed companies should disclose information about the evaluation cycle and period, scope, methods, and content of the Board of Directors’ self-assessment (or peer evaluation), and fill in the attached Table 2(2) detailing the implementation of the Board evaluation.

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Once per year	2023/1/1~2023/12/31	Board of Directors	Internal self-evaluation	The performance evaluation of the Board of Directors is divided into 5 main dimensions with a total of 45 items, including: Participation in company operations, enhancement of decision-making quality, composition and structure, director appointments and continuous learning, and internal controls.
		Audit Committee Compensation Committee	Internal self-evaluation	The performance evaluation of functional committees is divided into 5 main dimensions, varying from 19 to 22 items depending on the committee, including: Participation in company operations, awareness of responsibilities, enhancement of decision-making quality, composition and member appointments, and internal controls.
		Board members	Peer evaluation	Individual director performance evaluation is divided into 6 main dimensions with a total of 23 items, including Mastery of company goals and tasks, awareness of responsibilities, participation in company operations, management and communication of internal relationships, professionalism and continuous learning, and internal controls.

Evaluation Methods and Results Summary:

The evaluation is conducted by the Board’s administrative unit at the Company. At the end of the year,



internal questionnaires are used to evaluate the Board's operations, director participation, Audit Committee operations, and Compensation Committee operations. The evaluation includes directors assessing the Board's operations, directors evaluating their own participation, Audit Committee members assessing the committee's operations, and Compensation Committee members assessing the committee's operations.

The evaluation adopts a five-point rating scale: 5 points for excellent, 4 points for good, 3 points for average, 2 points for fair, and 1 point for poor. The scoring is quantified, calculated using a weighted proportion for each metric, and the average score serves as the benchmark for evaluation results. These performance evaluation outcomes are used as references for nominating or selecting directors and formulating individual compensation for directors and committee members.

After collecting all the questionnaires at the beginning of the year, the Company's Corporate Governance Officer analyzes the results according to the aforementioned methods and reports to the Board, proposing improvements based on directors' suggestions.

In February 2024, the Company completed the performance evaluations for the Board, Board members, Audit Committee, and Compensation Committee, and reported the evaluation outcomes and continuous enhancement measures at the most recent Board meeting. The evaluation results for this year are considered good.

#### 1. Board of Directors

The Board's performance self-evaluation questionnaire includes 45 items across 5 dimensions.

The Board has effective interactions with the management team, regularly reviews management performance, and invites accountants to attend meetings as necessary to ensure thorough communication and exchange.

Evaluation result: Excellent.

#### 2. Audit Committee

The functional committee performance self-evaluation for the Audit Committee includes 22 items across 5 dimensions.

Committee members positively assess the efficiency and effectiveness of the committee's operations and fulfill their duties diligently, with plans to continue improving operational efficiency.

Evaluation result: Excellent.

#### 3. Compensation Committee

The functional committee performance self-evaluation for the Compensation Committee includes 19 items across 5 dimensions.

Committee members find the communication with the management team satisfactory, benchmark against industry standards, and consider the reasonableness of individual performance, company operational results, and future risks when helping the Board review performance evaluations and compensation policies for directors and managers.

Evaluation result: Excellent.

#### 4. Board Members

The Board members' performance self-evaluation includes 23 items across 6 dimensions.

Directors possess the professional capabilities required by financial institutions, actively participate in company operations, show concern for the company's strategic direction, and effectively fulfill their roles, receiving positive evaluations.

Evaluation result: Excellent.

### D. Objectives for Strengthening Board Functions in the Current and Recent Years (e.g., establishing an Audit Committee, enhancing information transparency) and Evaluation of Implementation.

1. Enhancing Information Transparency: The Company operates transparently and prioritizes shareholder rights. Significant board resolutions are promptly announced on the public information website following board meetings.
2. The Company has established a Compensation Committee and an Audit Committee to enhance the supervisory functions of the Board and strengthen its management capabilities.

Note 1: If a director or supervisor is a legal entity, the name of the corporate shareholder and its representative must be disclosed.

Note 2:

- (1) If a director or supervisor resigns before the end of the fiscal year, the resignation date should be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings held during their tenure and their actual attendance.
- (2) If there is a re-election of directors or supervisors before the end of the fiscal year, both the outgoing and incoming directors or supervisors should be listed, with remarks indicating whether the individual is the outgoing, incoming, or re-elected director or supervisor, along with the re-election date. The actual attendance rate (%) is calculated based on the number of board meetings during their tenure and their actual attendance.

(2) Operations of Audit Committee:

Audit Committee Meeting Status

The Audit Committee held a total of five meetings (A) in 2023. The attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) [B/A] (Note)	Remarks
Independent Director	PAN, YEN-MIN	5	0	100.00%	Re-elected on June 23, 2022.
Independent Director	WU, CHING-YI	5	0	100.00%	Re-elected on June 23, 2022.
Independent Director	LIN, YUEH-HSIA	5	0	100.00%	Re-elected on June 23, 2022.
Independent Director	LI, CHAN-NAN	2	0	100.00%	Newly appointed on October 23, 2023.

To strengthen corporate governance, the Company established the Audit Committee in 2018. It consists of four independent directors, with Mr. PAN, YEN-MIN serving as the convenor. The committee is responsible for reviewing the appropriateness of the financial statements, the appointment and independence of the auditors, the effective implementation of internal controls, compliance with relevant laws and regulations, and managing existing or potential risks.

Other mentionable items:

A. If the operations of the Audit Committee include any of the following situations, the date of the board meeting, the session, the content of the resolution, the decision of the Audit Committee, and how the Company addressed the Committee's opinions should be stated:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act: Refer to note 3.

(2) Other matters not approved by the Audit Committee but passed by a two-thirds majority of the directors: None.

B. The implementation of conflict of interest recusals by independent directors should detail the names of the independent directors, the content of the proposal, reasons for recusal, and their participation in voting: None.

C. Communication between independent directors and the internal audit chief and auditors (should include significant matters regarding the Company's finances and business conditions, methods, and results of communication):

(1) Communication with the Audit Committee by the internal audit supervisor:

1. Regular: Reports on audit findings and improvements in irregular items, responds to questions raised by independent directors, and strengthens audit work as directed to ensure the effectiveness of internal controls.

2. Non-regular: Uses telephone, email, or face-to-face methods to communicate audit findings and how to continuously enhance audit value. If any significant violations are found, independent directors are immediately notified.

3. Key communications in 2023 are summarized in the table below:

Date	Contents of Communication	Communication Status
2023.3.8	1. Audit plan execution from October to December 2022 2. "Internal Control System Statement" for the year 2022	Independent directors of the Company had good communication regarding the 2022 internal control self-assessment results and the execution and effectiveness of audit activities.
2023.6.27	Audit plan execution from January to March 2023	Independent directors of the Company had good communication regarding the execution and effectiveness of audit activities for subsequent periods.
2023.8.2	Audit plan execution from April to June 2023	Independent directors of the Company had good communication regarding the execution and effectiveness of audit activities for subsequent periods.
2023.11.8	Audit plan execution from July to September 2023	Independent directors of the Company had good communication regarding the execution and effectiveness of audit activities for subsequent periods.
2023.12.28	Audit plan for the year 2024	Independent directors of the Company had good communication regarding the reviewing of audit plan for 2024.

(2) Communication between the Auditors and the Audit Committee:

1. Regular: The auditors communicate with the Audit Committee about the audit (or review) plan, execution, and results before and after reviewing quarterly reports and auditing annual reports.
2. Non-regular: If there are other operational or internal control-related cases that require immediate communication and discussion, meetings are arranged as needed.
3. Key communications for the year 2023 are summarized in the table below:

Date	Contents of Communication	Communication Status
2023.3.8	Audit of the 2022 financial statements	Independent directors of the Company had good communication regarding the audit of financial statements.
2023.8.2	Audit of the financial statements for the second quarter of 2023	Independent directors of the Company had good communication regarding the audit of financial statements.
2023.11.8	Audit of the financial statements for the third quarter of 2023	Independent directors of the Company had good communication regarding the audit of financial statements.

Note 3: Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee Term/Date	Motion Content	Independent Directors' Objections, Reservations or Major Suggestions	Audit Committee Resolution Result	The Company's handling of the Audit Committee's opinion
2023.3.8 Third Session, Third Meeting	(1) Approved the review of the execution of the internal audit plan for the fourth quarter of 2022. (2) Approved the Company's 2022 annual business report and financial statements. (3) Approved the Company's 2022 annual profit distribution proposal. (4) Approved the 2023 annual public accounting audit fee and evaluation of the independence and suitability of the certified public accountant. (5) Approved the assessment of the effectiveness of the	None	The members of the Committee unanimously approved all the resolutions.	Submitted for resolution at the 4th meeting of the 7th Board and handled in accordance with the Board's resolution.

	<p>Company's internal control system for 2022 and the internal control system statement.</p> <p>(6) Approved amendments to certain articles of the Company's Articles of Incorporation.</p> <p>(7) Approved amendments to certain articles of the Company's internal control system.</p> <p>(8) Approved amendments to certain articles of the Company's Rules of Procedure for Board of Directors Meetings.</p> <p>(9) Approved amendments to certain articles of the Company's Corporate Governance Best Practice Principles for Listed Companies.</p>			
2023.6.27 Third Session, Fourth Meeting	<p>(1) Approved the review of the execution of the internal audit plan for the first quarter of 2023.</p> <p>(2) Approved the establishment of the Company's Policy and Procedures for Enterprise Risk Management.</p> <p>(3) Approved the revision of the operational procedures for the Company's Shareholder Services.</p>	None	The members of the Committee unanimously approved all the resolutions.	Submitted for resolution at the 5th meeting of the 7th Board and handled in accordance with the Board's resolution.
2023.8.2 Third Session, Fifth Meeting	<p>(1) Approved the review of the execution of the internal audit plan for the second quarter of 2023.</p> <p>(2) Approved the review of the Company's financial report for the second quarter of 2023.</p> <p>(3) Approved the establishment of the Company's Operational Procedures for Internal Control System Self-assessment.</p> <p>(4) Approved the establishment of the Company's Internal Audit Implementation Rules.</p> <p>(5) Approved the establishment of the Company's Ethical Corporate Management Best Practice Principles.</p> <p>(6) Approved amendments to certain articles of the Company's Performance Evaluation Procedures for Directors and Managers.</p>	None	The members of the Committee unanimously approved all the resolutions.	Submitted for resolution at the 6th meeting of the 7th Board and handled in accordance with the Board's resolution.
2023.11.8 Third Session, Sixth Meeting	<p>(1) Approved the review of the execution of the internal audit plan for the third quarter of 2023.</p> <p>(2) Approved the review of the Company's financial</p>	None	The members of the Committee unanimously approved all the resolutions.	Submitted for resolution at the 7th meeting of the 7th Board and handled in accordance with

	<p>report for the third quarter of 2023.</p> <p>(3) Approved the drafting of an Internal Control System Statement necessary for application to the Innovation Board.</p> <p>(4) Approved the drafting of financial forecast information for the review period necessary for application to the Innovation Board.</p> <p>(5) Approved the authorization for a director of the Company to review audit reports.</p> <p>(6) Approved the revision of related operational procedures for the Company's Sales and Receivables Cycle.</p> <p>(7) Approved the revision of related operational procedures for the Company's Computer Cycle.</p> <p>(8) Approved amendments to certain articles of the Company's Information System Management Regulations.</p> <p>(9) Approved amendments to certain articles of the Company's Operational Procedures for Insider Trading Management.</p>			the Board's resolution.
2023.12.28 Third Session, Seventh Meeting	<p>(1) Approved the budget proposal for the Company for 2024.</p> <p>(2) Approved the internal audit plan for the Company for 2024.</p> <p>(3) Approved amendments to certain articles of the Company's Regulations Governing Compensation to Directors and Managers.</p>	None	The members of the Committee unanimously approved all the resolutions.	Submitted for resolution at the 8th meeting of the 7th Board and handled in accordance with the Board's resolution.

Note 1: If a director or supervisor resigns before the end of the fiscal year, the resignation date should be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of Board meetings held during their tenure and the number of meetings they actually attended.

Note 2: If there is a change in directors or supervisors before the end of the fiscal year, both the outgoing and incoming directors or supervisors should be listed, and the remarks column should specify whether they are outgoing, incoming, or re-elected, along with the election date. The actual attendance rate (%) is calculated based on the number of Board meetings held during their tenure and the number of meetings they actually attended.

(3) Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	√		The Company has established regulations according to the “Corporate Governance Best Practice Principles for Listed Companies,” however, the corporate governance practices have not yet been disclosed.	None.
2. Shareholding structure & shareholders’ rights				None.
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	√		(1) To protect shareholder interests, the Company has appointed spokespersons and deputy spokespersons to represent the Company in public communications, assisting with shareholder suggestions or disputes.	
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	√		(2) The major shareholders of the Company are predominantly its directors and management team, who report shareholding changes monthly as required by law.	
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	√		(3) The Company has established and implemented “Transaction Procedures with Specific Companies, Corporate Groups, and Related Parties” and “Subsidiary Supervision and Management Systems.”	
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	√		(4) The Company has established a “Operational Procedures for Insider Trading Management,” which regulates insiders from exploiting undisclosed information for profit.	

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
<p>3. Composition and responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy and specific objectives of management for the composition of its members?</p> <p>(2) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?</p> <p>(3) Does the Company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the compensation of individual directors and nominations for reelection?</p> <p>(4) Does the Company regularly evaluate the independence of CPAs?</p>	V	V	<p>(1) To enhance corporate governance and improve the effectiveness of the board’s operations, the Company has appointed four independent directors.</p> <p>(2) The Company currently has a Compensation Committee and an Audit Committee as required by law and will establish additional functional committees as needed based on legal requirements.</p> <p>(3) The Company has established relevant procedures for regular performance evaluations, the results of which are reported to the directors and used as a reference for individual director compensation and nominations for reappointment.</p> <p>(4) The Company appoints a highly reputable accounting firm to audit its accounts, ensuring no conflict of interest and strict adherence to independence, with regular assessments of the auditor’s independence.</p>	None.
<p>4. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders’ meetings, and producing minutes of board meetings and shareholders’ meetings)?</p>	V		<p>The Company has appointed the Assistant Manager of the Administrative Management Department, as designated by the Board, to be the highest executive in charge of corporate governance. This role promotes corporate governance and effectively enhances the board’s functions. The scope of responsibilities and key focus areas for the year are as follows:</p> <ol style="list-style-type: none"> <li>1. Legally managing the affairs of the board and shareholder meetings.</li> <li>2. Preparing minutes for board and shareholder meetings.</li> <li>3. Assisting directors with ongoing education.</li> <li>4. Providing directors with the necessary information for executing their duties.</li> <li>5. Assisting directors in complying with legal requirements.</li> </ol>	None.

Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The spokesperson serves as the contact point for stakeholders and stakeholder contact information is provided on the Company’s website.	None.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company’s shareholder meeting affairs are managed by Yuanta Securities’ Shareholder Services Department.	None.
7. Information disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has established a website and continuously works to enhance its content. Additionally, information related to the Company’s financial operations and corporate governance is disclosed on the Public Information Observation Station as per regulations.	None.
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has designated personnel responsible for regularly and irregularly reporting various financial operation information on the Market Observation Post System, following the regulations for information disclosure. A spokesperson system has been established and implemented as required.	None.
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(3) As an emerging stock company, the Company has not yet reported annual financial statements in advance nor announced and reported the first, second, and third quarter financial statements and monthly operational status before the regulatory deadlines.	Future adjustments to the timeline for announcing and reporting annual financial statements will be made according to regulatory guidelines.



Evaluation Item	Implementation Status (Note)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(1) The Company has always valued labor relations and treats employees with integrity, protecting their legal rights under the Labor Standards Law.</p> <p>(2) Through an employee welfare system and a sound education and training system, the Company establishes a relationship of mutual trust and reliance with its employees.</p> <p>(3) The Company has established a communication system to maintain open channels with investors, ensuring proper and good relations with investors.</p> <p>(4) The Company has always maintained good relations with suppliers.</p> <p>(5) Stakeholders may communicate with and make suggestions to the Company to maintain their legitimate rights and interests.</p> <p>(6) The directors of the Company all possess relevant professional knowledge and will participate in continuing education regularly. (Details of directors’ continuing education are presented in the following table)</p> <p>(7) The Company manages risks prudently, has a stringent internal control system to mitigate various risks, and conducts regular and irregular audits of the implementation of the internal control system. Property insurance is also in place.</p> <p>(8) The Company maintains stable and good relationships with customers and adheres to a customer-first policy to generate profits.</p> <p>(9) The Company has purchased liability insurance for directors and managers.</p> <p>(10) The Company has established a Code of Ethical Conduct and will strengthen corporate governance implementation according to relevant procedures.</p>	None.
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures (not applicable for companies not evaluated):</p> <p>The Company was not included in the evaluation and thus does not need to provide this information.</p>				

Note: Whether “Yes” or “No” is checked for Implementation Status, an explanation must be provided.

## Continuing Education/Training of Directors and Independent Directors in 2023

Title	Name	Date	Host by	Course	Hrs
Chairman	HUANG, WEN-CHIEN	2023/8/9	Accounting Research and Development Foundation	Latest updates on “Internal Control Procedures Amendments” and “Information Security” legal compliance and fraud prevention practices	6
		2023/9/28		Latest developments and internal control management practices related to “ESG Sustainability” and “Self-Compiled Financial Reporting”	6
Director	CHEN, HUNG-WEN	2023/11/7 、 2023/11/8	TWIoD	Trends and risk management in dual-axis transformation of enterprises and artificial intelligence	6
Director	CHEN, YUNG-HUA	2023/8/15	The Allied Association for Science Park Industries	Corporate Governance 3.0, Capital Market Blueprint, and Green Financing	3
		2023/11/29	Securities and Futures Institute	2023 Insider Trading Legal Compliance Promotion Seminar	3
Director	WEI, YA-AN	2023/7/31	Accounting Research and Development Foundation	Latest developments and internal control management practices related to “ESG Sustainability” and “Self-Compiled Financial Reporting”	6
		2023/9/14		Practical compliance and case analysis of labor-related regulations	6
Director	CHENG, YUEH-SHU	2023/9/14	Accounting Research and Development Foundation	Practical compliance and case analysis of labor-related regulations	6
Independent director	PAN, YEN-MIN	2023/9/21	Securities and Futures Institute	Issues and management mechanisms in post-merger integration of enterprises	3
				Latest developments and responses to international carbon tariffs	3
		2023/10/20		2023 Insider Trading Prevention Seminar	3
Independent director	WU, CHING-YI	2023/9/4	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6
Independent director	LIN, YUEH-HSIA	2023/8/30	Accounting Research and Development Foundation	Promoting sustainable corporate development through “Risk Management”	6
Independent director	LI, CHAN-NAN	2023/11/10	Accounting Research and Development Foundation	Sustainable finance and the trend towards ESG investment	3

(4) If the Company has established a Compensation Committee, the composition, responsibilities, and operational status should be disclosed:

1) Committee Member Information

Position	Criteria	Professional Qualifications and Experiences	Independence	Number of members of other public companies' Compensation Committees
	Name			
Independent Director (Convenor)	PAN, YEN-MIN	Refer to page 20, section 2, for disclosure of information regarding the professional qualifications of directors and the independence of independent directors.	(1) Not an employee of the Company or its associates. (2) Not a director or supervisor of the Company or any of its associates. (3) Not a natural person shareholder who, either by oneself or one's spouse, underage children, or in another person's name, holds over 1% of the total issued shares of the Company or is among the top ten shareholders. (4) Not a manager listed under (1), or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed in (2) or (3). (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds over 5% of the total issued shares of the Company, is among the top five shareholders, or is appointed as a director or supervisor of the Company under Article 27, paragraphs 1 or 2 of the Company Act.	0
Independent Director	WU, CHING-YI		(6) Not a director, supervisor, or employee of any other company where more than half of the shares with voting rights are controlled by the same person who controls the Company. (7) Not a director, supervisor, or employee of another company or institution where the chairman, president, or equivalent position of the Company is the same person or their spouse.	1
Independent Director	LIN, YUEH-HSIA		(8) Not a director, supervisor, manager, or shareholder holding more than 5% of shares in any specific company or institution that has financial or business transactions with the Company. (9) Not a professional who has provided audit, legal, financial, or accounting services to the Company or its associates for compensation within the last two years, nor an owner, partner, director, supervisor, manager, or their spouse of a sole proprietorship, partnership, company, or institution that has provided such services.	0
Independent Director	LI, CHAN-NAN		(10) Does not have a spouse or relative within the second degree of kinship among other directors. (11) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.	0

## 2) Information on the operation of the Compensation Committee

1. There are three 4 members of the Compensation Committee of the Company.
2. The term of office of the current members: from June 23, 2022 to June 22, 2025, the 2023

Compensation Committee met 3 times (A) with the following members present:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (B/A)	Remark
Convener	PAN, YEN-MIN	3	0	100.00%	Re-elected on June 23, 2022.
Member	WU, CHING-YI	3	0	100.00%	Re-elected on June 23, 2022.
Member	LIN, YUEH-HSIA	3	0	100.00%	Re-elected on June 23, 2022.
Member	LI, CHAN-NAN	1	0	100.00%	Newly appointed on October 23, 2023.
Other mentionable items:					
1. If the Board does not adopt or resolve to amend the recommendation of the Compensation Committee, it shall state the date of the Board meeting, the session of the meeting, the content of the motion, the Board resolution and the Company's handling of the recommendation of the Committee (if the compensation approved by the Board is higher than the recommendation of the Committee, it shall state the difference and the reasons for the difference): None.					
2. If the members of the Compensation Committee have any objections or reservations to a resolution, and such objections or reservations are recorded or stated in writing, the date and date of the resolution, the content of the resolution, the opinions of all members of the Compensation Committee and the treatment of the opinions of the members of the Compensation Committee shall be stated: None.					

Note: The scope of authority of the Company's Compensation Committee is as follows:

1. Establish and regularly review the policies, systems, standards, and structures for the performance evaluation and compensation of directors and managers.
2. Regularly assess and determine the compensation for directors and managers.

## 3) Information on the members and operational status of the Nomination Committee: Not applicable.

(5) Implementation of Sustainable Development and Deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons:

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
1. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		V	The Company has not established a dedicated unit for promoting sustainable development, but it has formulated a Sustainable Development Best Practice Principles and Ethical Corporate Management Best Practice Principles, which are followed by all employees, directors, and managers.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? (Note 3)	V		The Company adheres to the principles of “Integrity, Quality, Service, and Innovation” and the principle of materiality. In pursuit of sustainable business operations and profitability, the Company is committed to sustainable development, values the rights of stakeholders, and focuses on environmental, social, and corporate governance issues, incorporating them into the company’s management guidelines and operational activities to achieve the goal of sustainable operation.	None.
3. Environmental issues (1) Does the Company establish proper environmental management systems based on the characteristic of its industry?		V	(1) The Company has not established an environmental management system, but its primary business involves non-volatile memory IP licensing, which does not generate pollution or related environmental issues.	None.
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company is committed to resource recycling and reuse, such as setting up dedicated areas for recycling photocopy paper and encouraging employees to use emails to reduce paper use and environmental impact.	None.
(3) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to		V	(3) The primary business of the Company being non-volatile memory IP licensing, climate change currently has no significant impact, but the Company continues to	The implementation will be considered in the future based

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
counter climate change issues?			monitor related issues.	on the Company’s developmental needs and legal requirements.
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?		V	(4) Although the Company does not have statistics on greenhouse gas emissions, water usage, or total waste, it is committed to energy conservation and carbon reduction measures, such as promoting digital systems, reducing paper usage, and utilizing recycled paper and resource recycling.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.
4. Social issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company adheres to all labor laws and is committed to improving employee welfare. Under humane and rational management, employee feedback is thoroughly considered and acted upon.	None.
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		(2) The Company has established work rules and related personnel management regulations covering basic wages, working hours, vacations, pension payments, labor and health insurance benefits, and occupational accident compensation, all in accordance with the Labor Standards Act. It has a welfare committee formed through employee elections to handle various welfare matters. The Company’s compensation policy is positively correlated with individual capabilities, contributions to the Company, performance, and operational outcomes.	None.
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company provides a safe and healthy working environment for employees, ensures health and safety at work, has appointed occupational safety and health personnel, and has established relevant work codes to prevent occupational accidents. It regularly conducts health	None.

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Explanation	
(4) Does the Company provide its employees with career development and training sessions?	V		checks for all employees and complies with labor insurance, national health insurance, and group insurance laws to protect employees’ rights and support their holistic development. (4) The Company prioritizes long-term talent development and plans various internal and external training programs based on organizational needs, departmental needs, and individual employee needs to enhance and update employees’ skills and knowledge.	None.
(5) Do the Company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	V		(5) The Company maintains good communication channels with customers and provides transparent and effective complaint handling procedures for products and services. It respects customer privacy according to confidentiality agreements and personal data protection laws and has customer service units and stakeholder areas to protect consumer rights and provide complaint channels.	None.
(6) Does the Company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.		V	(6) The main business of the Company being non-volatile memory IP licensing, it currently does not have a supplier management policy, but it requires cooperating suppliers to comply with environmental, safety, and health regulations.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		V	The Company has not yet established a dedicated unit for promoting sustainable development or compiled a sustainability report. The establishment of such will be considered in the future based on the Company’s developmental needs and legal requirements.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Company has established the “Sustainable Development Best Practice Principles,” which are generally implemented in accordance with the “Sustainable Development Best Practice Principles for Listed Companies.” The relevant regulations are revised as necessary. However, a dedicated unit for promoting sustainable development has not been established. The establishment of such will be considered in the future based on the Company’s developmental needs and legal requirements.				
7. Other significant information for explaining the implementation status of sustainable development practices: The Company ensures that all employees, regardless of their race, gender, or age, have equal employment rights and opportunities for personal expression and development.				



(6) Fulfillment of Ethical Corporate Management and Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p>	V		(1) The Company upholds principles of integrity, transparency, and responsibility to establish sound corporate governance and risk management mechanisms. We comply with the Company Law, Securities and Exchange Act, Business Accounting Act, regulations related to listed and over-the-counter companies, and other commercial laws. These compliance efforts underpin the Company’s commitment to ethical management, as outlined in our Ethical Corporate Management Best Practice Principles. These principles are rigorously implemented within our internal management and external business activities.	None.
<p>2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p>	V		(2) Our Ethical Corporate Management Best Practice Principles for listed and OTC companies explicitly prohibit directors, managers, and all employees from engaging in business activities identified under Article 7, Section 2 of the principles, or other activities within our scope of business that carry a high risk of unethical behavior. This is to prevent occurrences of dishonest conduct.	None.
<p>3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	V		(3) The Company has established Ethical Corporate Management Best Practice Principles, which clearly define the scope and responsibilities for our prevention plans.	None.
<p>2. Fulfill operations integrity policy</p> <p>1) Does the company evaluate business partners’ ethical records and include ethIC-related clauses in business contracts?</p>	V		(1) The Company has established Ethical Corporate Management Best Practice Principles, which clearly set out relevant standards.	None.
<p>2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p>		V	(2) The Company has not yet established a dedicated unit for promoting ethical corporate management under the board of directors. Instead, each department implements ethical management policies within their respective roles, and we have an audit unit that conducts regular internal control audits. Any irregularities are reported to the board of directors.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.
<p>3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p>	V		(3) Our Ethical Corporate Management Best Practice Principles and the Rules of Procedure for Board of Directors Meetings specify measures to prevent conflicts of interest and to avoid related issues to ensure compliance.	None.
<p>4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise</p>	V		(4) The Company has established effective accounting systems and internal controls, with a dedicated audit unit that regularly conducts internal control audits and reports to the board of directors.	None.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		(5) The Company periodically conducts educational training and advocacy for directors, independent directors, managers, employees, and those with substantial control, inviting business counterparts to participate. This ensures they fully understand the Company’s commitment to ethical management, policies, prevention plans, and the consequences of unethical conduct.	None.
<p>3. Operation of the integrity channel</p> <p>1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	V		(1) The Company’s Ethical Corporate Management Best Practice Principles have established a whistleblowing channel. For incidents of unethical behavior that have occurred, the responsible units are tasked with reviewing the relevant internal controls and operational procedures and proposing improvements to prevent the recurrence of such behaviors. The dedicated unit should report the unethical behavior, handling methods, and subsequent review and improvement measures to the board of directors.	None.
<p>2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p>	V		(2) The Company’s Ethical Corporate Management Best Practice Principles already include related operational procedures.	None.
<p>3) Does the company provide proper whistleblower protection?</p>	V		(3) The Company has designated personnel to handle whistleblower reports, ensuring that whistleblowers are protected from inappropriate treatment as a result of their reports.	None.
<p>4. Strengthening information disclosure</p> <p>1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		The Company timely discloses information related to ethical management through the Market Observation Post System (MOPS), annual reports, and other mediums. In the future, we will enhance the investor relations content on our website to facilitate the full disclosure and accessibility of information.	None.
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:</p> <p>None.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (such as the review and revision of the Company’s Ethical Corporate Management Best Practice Principles):</p> <p>None.</p>				

(7) Where a company has a code of corporate governance and related regulations, it should disclose how to make enquiries about them:  
The Company has established governance-related regulations: Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, Sustainable Development Best Practice Principles, Audit Committee Charter, and Compensation Committee Charter, among others. These can be accessed through the Market Observation Post System (MOPS) for relevant information.

(8) Other important information regarding corporate governance: None.

(9) Disclosure of the execution status of internal control systems should include the following:

**1. Statement of Internal Control System:**

**Yield Microelectronics Corporation**  
**Statement of Internal Control System**

Date: Feb. 27, 2024

For the fiscal year 2023, the Company, based on self-assessment results, hereby declares the following regarding our internal control system:

1. The Company acknowledges that establishing, implementing, and maintaining an internal control system is the responsibility of the board of directors and management. The system has been established to provide reasonable assurance regarding the achievement of objectives in operational effectiveness and efficiency (including profitability, performance, and asset protection), reliability of financial reporting, and compliance with applicable laws.
2. Internal control systems have inherent limitations; no matter how well designed, an effective internal control system can only provide reasonable assurance regarding the achievement of the aforementioned objectives. Moreover, the effectiveness of the internal control system may change as circumstances or environments change. However, the Company's internal control system includes self-monitoring mechanisms, and corrective actions are taken once deficiencies are identified.
3. The Company assesses the effectiveness of the internal control system based on the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"), which outlines the criteria for evaluating the design and execution of internal control systems. These criteria, used in the Regulations, divide the internal control system into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring, each including several elements as detailed in the Regulations.
4. The Company has adopted the aforementioned criteria for evaluating internal control systems and has examined the effectiveness of the design and execution of these systems.
5. Based on the examination results, the Company believes that as of December 31, 2023, our internal control system (including oversight and management of subsidiaries) was effective in ensuring the achievement of objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with relevant laws.
6. This declaration will be a primary component of the Company's annual report and public disclosures. If the public content disclosed contains any falsehoods, concealments, or other illegal activities, it will involve legal responsibilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This declaration has been approved by the Company's board of directors on February 27, 2024. Out of nine directors present, zero opposed, and the rest agreed with the content of this declaration.

Yield Microelectronics Corporation

Chairman and President: HUANG, WEN-CHIEN

2. If an accountant is appointed to review the internal control system, the accountant's review report shall be disclosed:

**Deloitte & Touche**

6F, Allied Association Industries  
No. 2, Zhanye 1st Rd., Hsinchu Science Park  
East Dist., Hsinchu 300091, Taiwan

Tel: +886(3)578-0899

Fax: +886(3)405-5999

www.deloitte.com.tw

**Internal Control Review  
Auditors' Reasonable Assurance Report**

To Yield Microelectronics Corporation:

The statement issued on November 8, 2023, confirms that the design and implementation of internal control systems related to external financial reporting and asset security at Yield Microelectronics Corporation as of September 30, 2023, were effectively carried out. These internal control systems encompass significant operational cycles and management processes within Yield Microelectronics Corporation, such as the "Sales and Collection Cycle" and the "Computer Information Systems Cycle," for which our accountants have completed the necessary procedures.

**Subject Matter, Relevant Information, and Applicable Criteria for Assurance**

The subject matter and relevant information for this assurance engagement consist of the internal control systems related to significant operational cycles and management processes within Yield Microelectronics Corporation, including the "Sales and Collection Cycle" and the "Computer Information Systems Cycle," as of September 30, 2023. The effectiveness of the design and implementation of these internal control systems was confirmed by the statement issued by Yield Microelectronics Corporation on November 8, 2023, regarding their internal control systems related to external financial reporting and asset security. For detailed information, please refer to the attached document.

The criteria used to assess the subject matter and relevant information mentioned above are the criteria for determining the effectiveness of internal control systems set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies."

**Inherent Limitations**

Due to inherent limitations in any internal control system, the internal control systems of Yield Microelectronics Corporation mentioned above may not be able to prevent or detect errors or fraud that have already occurred. Additionally, future changes in the environment may reduce the extent to which the internal control systems are followed. Therefore, the effectiveness of the internal control systems during the current period does not imply their effectiveness in the future.

**Responsibility of Management**

The responsibility of management is to establish internal control systems in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and relevant laws and regulations, and to review them continuously to maintain the ongoing effectiveness of the design and implementation of internal control systems. After evaluating their effectiveness, management issues internal control system statements accordingly.

**Responsibility of Accountants**

The responsibility of the accountant is to perform necessary procedures on the subject matter and subject matter information in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" to obtain reasonable assurance, and to conclude whether the subject matter and subject matter information comply, in all material respects, with applicable criteria and whether an appropriate conclusion can be drawn.

**Independence and Quality Control Standards**

We, the accountants, and the accounting firm to which we belong adhere to the provisions regarding independence and other ethical standards in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China. The basic principles of this norm include integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Furthermore, the accounting firm follows Quality Control Standard No. 1 “Quality Control for Accounting Firms,” which requires the firm to design, implement, and execute a quality control system, including policies or procedures related to compliance with professional ethics, professional standards, and applicable legal requirements.

**Summary of Procedures Performed**

We, based on professional judgment, plan and perform necessary procedures to obtain evidence related to the subject matter and subject matter information. The procedures performed include understanding the Company’s internal control system, evaluating management’s assessment process of the overall effectiveness of the internal control system, testing and evaluating the effectiveness of the design and implementation of internal control systems related to external financial reporting and asset security, and any other assurance procedures deemed necessary by us.

**Assurance Conclusion**

In our opinion, as of September 30, 2023, the internal control systems of Yield Microelectronics Corporation related to significant operational cycles and management processes, including the “Sales and Collection Cycle” and the “Computer Information Systems Cycle,” comply in all material respects with the criteria for determining the effectiveness of internal control systems under the “Regulations Governing Establishment of Internal Control Systems by Public Companies” and can be maintained effectively. The internal control system statement issued by Yield Microelectronics Corporation on November 8, 2023, stating that the internal control system related to external financial reporting and asset security has been effectively designed and implemented, is appropriate in all material respects.

Deloitte & Touche

CPA: LIN, HSIN-TUNG

CPA: TSAI, MEI-CHEN

December 4, 2023

(10) As of the date of publication of the annual report, neither the Company nor its insiders have been penalized by law, nor has the Company imposed sanctions on its insiders for violations of the internal control system regulations that could significantly affect shareholder equity or the price of securities: None.

(11) For the most recent year and as of the date of the annual report, major resolutions of shareholders' meeting and board meetings:

#### Major Resolutions of Board Meetings

Date	Meeting Information	Major Resolutions
2023.3.8	2023 1st Board Meeting (4th meeting of the 7th Board)	<ul style="list-style-type: none"> <li>(1) Approved the Company's 2022 annual business report and financial statements.</li> <li>(2) Approved the Company's 2022 profit distribution proposal.</li> <li>(3) Approved the 2023 accounting audit fees and the assessment of independence and suitability of the auditors.</li> <li>(4) Approved the assessment of effectiveness of the Company's 2022 internal control system and the declaration of internal control system.</li> <li>(5) Approved the amendment to certain articles of the Company's Articles of Incorporation.</li> <li>(6) Approved the amendment to certain articles of the Company's Internal Control System.</li> <li>(7) Approved the amendment to certain articles of the Company's Rules of Procedure for Board of Directors Meetings.</li> <li>(8) Approved the amendment to certain articles of the Company's Corporate Governance Best Practice Principles for Listed Companies.</li> <li>(9) Approved the 2022 compensation distribution for directors and employees.</li> <li>(10) Approved the 2022 compensation distribution for directors and managers.</li> <li>(11) Approved matters related to the acceptance of shareholder proposals at the annual general meeting.</li> <li>(12) Approved the organization of the 2023 Annual General Meeting scheduled for June 6, 2023.</li> </ul>
2023.6.27	2023 2nd Board Meeting (5th meeting of the 7th Board)	<ul style="list-style-type: none"> <li>(1) Approved the establishment of the Company's Policy and Procedures for Enterprise Risk Management.</li> <li>(2) Approved the revision of the Company's Shareholder Services operational procedures.</li> </ul>
2023.8.2	2023 3rd Board Meeting (6th meeting of the 7th Board)	<ul style="list-style-type: none"> <li>(1) Approved the Company's financial report for the second quarter of 2023.</li> <li>(2) Approved the establishment of the Company's Operational Procedures for Internal Control System Self-assessment.</li> <li>(3) Approved the establishment of the Company's Internal Audit Implementation Rules.</li> <li>(4) Approved the establishment of the Company's Ethical Corporate Management Best Practice Principles.</li> <li>(5) Approved the amendment to certain articles of the Company's Directors and Managers Performance Evaluation Procedures.</li> <li>(6) Approved the annual salary adjustment for managers for the year 2023.</li> <li>(7) Approved the addition of one independent director to the Company.</li> <li>(8) Approved the lifting of non-compete restrictions for the new independent director.</li> <li>(9) Approved the nomination and review of the list of independent director candidates.</li> <li>(10) Approved matters related to the acceptance of shareholder nominations into the candidate list.</li> <li>(11) Approved the organization of the first Extraordinary General Meeting of 2023 scheduled for October 23, 2023.</li> <li>(12) Approved the appointment of a Corporate Governance Officer.</li> </ul>

Date	Meeting Information	Major Resolutions
		(13) Approved the appointment of an Information Security Officer.
2023.11.8	2023 4th Board Meeting (7th session of the 7th Board)	<ul style="list-style-type: none"> <li>(1) Approved the Company's financial report for the third quarter of 2023.</li> <li>(2) Approved the preparation of the "Declaration of Internal Control System" in response to the requirements for applying to the Innovation Board.</li> <li>(3) Approved the provision of financial forecasts during the review period for the Innovation Board application.</li> <li>(4) Approved the authorization for directors to review audit reports.</li> <li>(5) Approved the revision of the Company's "Sales and Collection Cycle" operational procedures.</li> <li>(6) Approved the revision of the Company's "Computer Cycle" operational procedures.</li> <li>(7) Approved the amendment of certain articles of the Company's "Information System Management Regulations."</li> <li>(8) Approved the amendment of certain articles of the Company's "Operational Procedures for Insider Trading Management."</li> <li>(9) Approved the appointment of members to the fourth Compensation Committee.</li> <li>(10) Approved the "over-allotment" and voluntary central custody by specific shareholders.</li> </ul>
2023.12.28	2023 5th Board Meeting (8th session of the 7th Board)	<ul style="list-style-type: none"> <li>(1) Approved the Company's budget for 2024.</li> <li>(2) Approved the Company's internal audit plan for 2024.</li> <li>(3) Approved the amendment of certain articles of the Company's "Regulations Governing Compensation to Directors and Managers."</li> <li>(4) Approved the monthly compensation adjustment for independent directors.</li> <li>(5) Approved the principles for distributing the 2023 annual bonus and the distribution to managers.</li> <li>(6) Appointed the assistant manager of the Business Department as a key operational executive (Marketing and Sales Department).</li> </ul>
2024.2.27	2024 1st Board Meeting (9th session of the 7th Board)	<ul style="list-style-type: none"> <li>(1) Approved the Company's 2023 annual business report and financial statements.</li> <li>(2) Approved the Company's 2023 profit distribution proposal.</li> <li>(3) Approved the 2024 audit fees and the assessment of independence and suitability of the auditors.</li> <li>(4) Approved the assessment of effectiveness of the Company's 2023 internal control system and the declaration of internal control system.</li> <li>(5) Approved the revision of the Company's "Procedures for Suspension and Resumption of Trading."</li> <li>(6) Approved the amendment of certain articles of the Company's "Rules of Procedure for Board of Directors Meetings."</li> <li>(7) Approved the amendment of certain articles of the Company's "Audit Committee Authority Exercise Procedures."</li> <li>(8) Approved the amendment of certain articles of the Company's "Rules of Procedure for Shareholders Meetings."</li> <li>(9) Approved the establishment of "Standard Operating Procedures for Handling Director Requests."</li> <li>(10) Approved the 2023 compensation distribution for directors and employees.</li> <li>(11) Approved the 2023 compensation distribution for directors and managers.</li> <li>(12) Approved the proposal for a cash capital increase and issuing new shares for a public offering prior to the initial listing on the Innovation Board.</li> <li>(13) This item is merged with item 14; for details, refer to item 14.</li> <li>(14) Approved the stock subscription situation of managers for the cash capital increase prior to the initial listing.</li> <li>(15) Approved matters related to the acceptance of shareholder proposals at the annual general meeting.</li> <li>(16) Approved the organization of the 2024 Annual General Meeting scheduled for May 21, 2024.</li> </ul>

### Major Resolutions of Shareholder's Meetings

Date	Major Resolutions	Implementation
2023.6.6 (Regular Meeting)	Reports: (1) The Company's 2022 Business Report. (2) The Audit Committee's review report of the 2022 financial statements. (3) Report on the distribution of compensation for directors and employees for the year 2022.	
	Proposals: (1) Approval of the Company's 2022 Business Report and Financial Statements. (2) Approval of the Company's 2022 profit distribution proposal.	All resolutions have been fully implemented according to the results of the decisions.
	Discussion: Approval of amendments to certain articles of the Company's "Articles of Incorporation."	The resolution has been implemented according to the results of the decisions.

### Major Resolutions of Special Shareholder's Meetings

Date	Major Resolutions	Implementation
October 23, 2023 (Special Meetings)	Election: Election of an additional independent director to the Company.	The resolution has been implemented according to the results of the decisions.
	Discussion: Approval of the removal of competition restrictions for the newly appointed independent director.	The resolution has been implemented according to the results of the decisions.

(12) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

(13) Resignation or Dismissal of the Company's Key Individuals, Including the Chairperson, President, and Heads of Accounting, Finance, Internal Audit and R&D: None.

## 5. Information Regarding the Company's Audit Fee and Independence

(1) Amounts paid for audit and non-audit fees to the CPAs, their firms, and related entities, and the nature of non-audit services:

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPA	Period Covered by CPAs' Audit	Audit Fee	Non-audit Fee	Total	Note
Deloitte & Touche	LIN, HSIN-TUNG TSAL, MEI-CHEN	2023.1.1~2023.12.31	2,080	1,320	3,400	Non-audit fees include NT\$200,000 for tax certification expenses and NT\$1,120,000 for specialized review and supplementary explanations for the Innovation Board submission.

(2) If the audit fee paid in the year of change of accounting firm is less than the audit fee paid in the year before the change, the amount of audit fee before and after the change and the reasons for the change should be disclosed: Not applicable.



- (3) If the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reason for the decrease should be disclosed: Not applicable.

6. Replacement of CPA: None.

7. Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPAs or at an affiliated enterprise of such accounting firm: None.

8. Any transfer of equity interests and pledge and change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than five percent. If the counterparty to the share transfer or pledge is a related party, disclose the name of the counterparty, their relationship with the Company, directors, supervisors, managers, and shareholders holding more than ten percent of the shares, and the number of shares acquired or pledged:

(1) Net Change in Shareholding by Directors, Management and Shareholders with 10% Shareholdings or More

Title	Name	2023		By March 25, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairperson and General Manager	HUANG, WEN-CHIEH	-	-	-	-
Director	CHEN, HUNG-WEN	-	-	-	-
Director	CHEN, YUNG-HUA	8,000	-	-	-
Director	WEI, YA-AN	(126,000)	-	-	-
Director	CHENG, YUEH-SHU	(9,000)	-	-	-
Independent Director	PAN, YEN-MIN	-	-	-	-
Independent Director	WU, CHING-YI	-	-	-	-
Independent Director	LIN, YUEH-HSIA	-	-	-	-
Independent Director	LI, CHAN-NAN	-	-	-	-
Vice General Manager	WU, ZHENG-YING	-	-	-	-
Vice General Manager	WU, QI-PEI	-	-	-	-
Associate Manager	CHEN, YING-TANG	-	-	-	-
Associate Manager	JIANG, ZHENG-ZHANG	-	-	-	-
Associate Manager	CHEN, ZHENG-YANG	-	-	-	-
Associate Manager	CHEN, HSIANG-CHI	-	-	-	-
Associate Manager and Financial Supervisor	LAI, YING-CHUN	-	-	-	-

(2) Information on transfer of shareholdings: None.

(3) Information on pledge of equity interest: None.

9. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company:

**Related Party Relationship among Top 10 Shareholders**

2024/3/23

Name	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
CHEN, YUNG-HUA	1,182,685	4.41	-	-	-	-	-	-	-
LI, YU-QI	1,139,021	4.25	-	-	-	-	-	-	-
HUANG, WEN-CHIEN	1,020,425	3.81	-	-	-	-	-	-	-
CHEN, HUNG-WEN	909,575	3.39	-	-	-	-	-	-	-
WANG, ZI- YUE	701,020	2.61	-	-	-	-	-	-	-
XU, SHI-JIA	699,745	2.61	-	-	-	-	-	-	-
CHENG, YUEH-SHU	670,000	2.50	-	-	-	-	-	-	-
WEI, YA-AN	561,040	2.09	-	-	-	-	-	-	-
KGI Fraser Securities Pte. Ltd. Rep. HUANG, YOU-LING	425,000	1.59	-	-	-	-	-	-	-
CHEN, HAI- YUAN	402,200	1.50	-	-	-	-	-	-	-

10. The number of shares held by the Company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the Company in the same invested business, and the calculation of the combined shareholding percentage:

**Investment Ownership**

Dec. 31, 2023

Unit: 1,000 shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Favepc Inc.	2,350	12.79	4,965	27.02	7,315	39.81

Note: Refers to financial assets measured at fair value through profit or loss - non-current financial assets.

## IV. Capital Overview

### 1. Capital and Shares

(1) Source of Capital

April 23, 2024

#### 1. Share capital formation

Unit: NT\$ thousands; 1,000 shares

Month /Year	Par-Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2001.09	10	500	5,000	500	5,000	Initial capital	None	Note Effective (Approval) Date: September 4, 2001 Jing-(90)-Zhong-Zi No.09032751380
2001.12	10	18,000	180,000	5,200	52,000	Cash capital increase of NT\$47,000	None	Effective (Approval) Date: December 10, 2001 Jing-(90)-Zhong-Zi No.09033173260
2004.11	12.5	18,000	180,000	7,200	72,000	Cash capital increase of NT\$20,000	None	Effective (Approval) Date: November 2, 2004 Jing-Shou-Zhong-Zi No.09332956400
2005.01	12.5	18,000	180,000	9,112	91,120	Cash capital increase of NT\$19,120	None	Effective (Approval) Date: January 11, 2005 Jing-Shou-Zhong-Zi No.09431519320
2006.11	13	18,000	180,000	13,112	131,120	Cash capital increase of NT\$40,000	None	Effective (Approval) Date: November 7, 2006 Jing-Shou-Zhong-Zi No.09533100370
2008.11	16	18,000	180,000	15,112	151,120	Cash capital increase of NT\$20,000	None	Effective (Approval) Date: November 24, 2008 Jing-Shou-Zhong-Zi No.09733490000
2009.11	16 10	30,000	300,000	17,306	173,060	Cash capital increase of NT\$15,000 Conversion of employee stock options: NT\$6,940,000	None	Effective (Approval) Date: November 2, 2009 Jing-Shou-Zhong-Zi No.09833329090
2010.11	50 10	30,000	300,000	18,787	187,870	Cash capital increase of NT\$7,000 Conversion of employee stock options: NT\$7,810,000	None	Effective (Approval) Date: November 30, 2010 Jing-Shou-Zhong-Zi No.09932895470
2011.12	10	30,000	300,000	19,910	199,100	Conversion of employee stock options: NT\$11,230,000	None	Effective (Approval) Date: December 19, 2011 Jing-Shou-Zhong-Zi No.10032887860

Month /Year	Par-Value	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
2012.07	10	30,000	300,000	20,310	203,100	Conversion of employee stock options: NT\$4,000,000	None	Effective (Approval) Date: July 9, 2012 Jing-Shou-Zhong-Zi No.10132224900
2012.12	30	30,000	300,000	21,310	213,100	Cash capital increase of NT\$10,000	None	Effective (Approval) Date: December 24, 2012 Jing-Shou-Zhong-Zi No.10132835580
2014.05	30	30,000	300,000	23,310	233,100	Cash capital increase of NT\$20,000	None	Effective (Approval) Date: May 19, 2014 Jing-Shou-Zhong-Zi No.10333346610
2014.09	50	30,000	300,000	24,810	248,100	Cash capital increase of NT\$15,000	None	Effective (Approval) Date: September 24, 2014 Jing-Shou-Zhong-Zi No.10333711550
2017.07	50	30,000	300,000	26,810	268,100	Cash capital increase of NT\$20,000	None	Effective (Approval) Date: July 20, 2017 Jing-Shou-Zhong-Zi No.10633411570

Note: Established with cash.

Date: March 23, 2024

2. Share Type

Unit: thousand shares

Share Type	Authorized Capital			Remark
	Outstanding Shares (Note)	Unissued Shares	Total	
Ordinary shares	26,810	3,190	30,000	-

Note: The Company's shares are not listed on any stock exchange, over-the-counter market, or management or filing stocks.

3. Shelf Registration in Taiwan: None.

(2) Structure of Shareholders

Date: March 23, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total	Government Agencies
Number of Shareholders	-	-	30	1	2,848	31	2,910
Shareholding (Note)	-	-	2,188,091	1,000	23,661,985	958,924	26,810,000
Percentage	-	-	8.16	0.00	88.26	3.58	100

(3) Shareholding Distribution Status

Common stock - par value NT\$10 per share

Date: March 23, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding	Percentage
1 - 999	598	120,212	0.45
1,000 - 5,000	1,744	3,367,339	12.55
5,001 - 10,000	258	2,045,052	7.63
10,001 - 15,000	80	1,023,597	3.82
15,001 - 20,000	44	788,289	2.94
20,001 - 30,000	51	1,302,211	4.86
30,001 - 40,000	39	1,381,970	5.15
40,001 - 50,000	17	763,905	2.85
50,001 - 100,000	41	3,053,070	11.39
100,001 - 200,000	18	2,626,392	9.80
200,001 - 400,000	10	2,627,252	9.80
400,001 - 600,000	3	1,388,240	5.18
600,001 - 800,000	3	2,070,765	7.72
800,001 - 1,000,000	1	909,575	3.39
1,000,001 or over	3	3,342,131	12.47
	2,910	26,810,000	100

(4) List of major shareholders: Shareholders holding more than 5% of total shares or ranking among the top ten shareholders by shareholding percentage.

Date: March 23, 2024

Shareholder's Name	Shareholding	Percentage (%)
CHEN, YUNG-HUA	1,182,685	4.41
LI, YU-QI	1,139,021	4.25
HUANG, WEN-CHIEN	1,020,425	3.81
CHEN, HUNG-WEN	909,575	3.39
WANG, ZI-YUE	701,020	2.61
XU, SHI-JIA	699,745	2.61
CHENG, YUEH-SHU	670,000	2.50
WEI, YA-AN	561,040	2.09
KGI Fraser Securities Pte. Ltd. Rep.: HUANG, YOU-LING	425,000	1.59
CHEN, HAI-YUAN	402,200	1.50

(5) Market Price, Net Worth, Earnings, and Dividends per Share over the last two years

Unit: NT\$ ; 1,000 shares

Item		Year		
		2022	2023	By March 25, 2023
Market Price per Share	Highest Market Price	Non-publicly traded (Note 1)	Non-publicly traded (Note 1)	Non-publicly traded (Note 1)
	Lowest Market Price	Non-publicly traded (Note 1)	Non-publicly traded (Note 1)	Non-publicly traded (Note 1)
	Average Market Price	Non-publicly traded (Note 1)	Non-publicly traded (Note 1)	Non-publicly traded (Note 1)
Net Worth per Share (Note 3)	Before Distribution	12.99	11.68	N/A
	After Distribution	10.49	10.68	N/A
Earnings per Share	Weighted Average Shares		26,810	26,810
	Earnings per Share	Before retrospection	2.72	1.19
		After retrospection	None	None
Dividends per Share	Cash Dividends		2.50	1.00
	Stock dividend distribution	Dividend distribution from retained earnings	None	None
		Dividend distribution from capital surplus	None	None
	Accumulated Undistributed Dividends		None	None
Return on Investment	Price / Earnings Ratio (Note 4)		Non-publicly traded (Note 1)	Non-publicly traded (Note 1)
	Price / Dividend Ratio (Note 5)		Non-publicly traded (Note 1)	Non-publicly traded (Note 1)
	Cash Dividend Yield Rate (Note 6)		Non-publicly traded (Note 1)	Non-publicly traded (Note 1)

Note 1: The Company has not been listed to date; there is no market price available for reference, hence related percentages cannot be calculated.

Note 2: The distribution for fiscal year 2022 is based on the resolutions of the 2023 annual general meeting; the profit distribution for fiscal year 2023 was approved by the board of directors on February 27, 2024, and reported at the 2024 annual general meeting.

Note 3: Based on the number of shares issued at the end of the year, and in accordance with the distribution determined by the board of directors or the next year's general meeting.

Note 4: Price/Earnings Ratio = Average Market Price/Diluted Earnings Per Share.

Note 5: Price/Dividend Ratio = Average Market Price/Cash Dividends Per Share.

Note 6: Cash Dividend Yield = Cash Dividends Per Share/Average Market Price.

(6) Dividend Policy and Implementation Status:

1. Dividend Policy of the Company

If the Company's annual financial statements show net profit after taxes for the current period, losses from previous periods (including adjustments to unappropriated retained earnings) must first be offset. Subsequently, ten percent should be allocated as a legal reserve; however, this is not required once the legal reserve equals or exceeds the Company's total capital. Next, special reserves are allocated or reversed as required by laws or regulatory authorities. The remaining profit, along with the unappropriated earnings from the beginning of the period (including adjustments to unappropriated retained earnings), will be proposed by the board of directors for distribution of dividends and bonuses to shareholders, subject to shareholder meeting approval.

The board of directors is authorized, by a two-thirds majority of directors present and a majority vote of those attending, to distribute all or part of the dividends and bonuses in cash, and report to the shareholder meeting.

The board is also authorized, under the same conditions, to distribute all or part of the legal reserve and capital reserve in cash, and report to the shareholder meeting.

2. Implementation Status

The board of directors approved a shareholder dividend distribution of NT\$1.0 per share on February 27, 2024; this matter will be reported at the annual general meeting on May 21, 2024, and will be processed according to relevant regulations.

3. Anticipated Changes to Future Dividend Policy: None.

(7) The effect of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable.

(8) Remuneration of Employees, Directors and Supervisors

1. Information Relating to Employee Bonus and Directors' Remuneration in the Articles of Incorporation:

If the Company is profitable for the year (where profit refers to pre-tax income before distribution of employee and director compensation), the following allocations should be made:

(1) Director compensation, not exceeding 5%.

(2) Employee compensation, between 5% and 15%.

However, if the Company still has accumulated losses (including adjustments to unappropriated retained earnings), an amount must be reserved first to offset these losses.

The aforementioned employee compensation can be distributed in stock or cash, and may include employees of subsidiaries who meet the conditions set by the board of directors. The aforementioned director compensation can only be distributed in cash.

2. The basis for estimating the amount of compensation to employees and directors, the basis for calculating the number of shares distributed as compensation to employees, and the accounting treatment if the actual amount of distribution differs from the estimated amount: None.

3. Profit Distribution for Employee Bonus and Directors' Remuneration Approved in Board of Directors Meeting

(1) Employees' and directors' remuneration distributed in cash or stock; If the amount differs from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed.

A. At the 9th meeting of the 7th Board on February 27, 2024, the distribution of employee and director compensation for 2023 was approved, with NT\$4,672,103 allocated for employee compensation and NT\$1,557,368 for director compensation.

B. The actual distribution of employee and director compensation matched the amounts recognized in the financial statements for 2023.

(2) The amount of employee compensation distributed in stock and its proportion to the aggregate amount of net income after tax and total employee compensation: None.

4. The actual allotment of employees' and directors' remuneration for the previous year (including the number, amount and price of shares distributed), the number of differences between them and the recognition of employees' and directors' remuneration, together with a description of the differences, the reasons for them and the circumstances in which they were dealt with:

	Board Resolution (March 8, 2023)	Actual distribution amount
	Amount (NT\$)	Amount (NT\$)
Employees' Remuneration	11,624,404	11,624,404
Directors' Remuneration	3,874,801	3,874,801
Total	15,499,205	15,499,205

Note: The amounts recorded for director and employee compensation match the amounts resolved by the board of directors.

(9) Buyback of Treasury Stock: None.



**2. Corporate Bonds: None.**

**3. Preferred Shares: None.**

**4. Global Depository Receipts: None.**

**5. Employee Stock Options** The following details should be provided:

- (1) Handling of employee stock options: None.
- (2) Accumulated details as of the annual report printing date, including managers who have acquired employee stock options and the top ten employees in terms of options acquired, their names, and acquisition and subscription details: None.

**6. Restricted Stock Awards:**

- (1) Disclosure is required for restricted stock awards that have not fully met the vesting conditions as of the annual report printing date, including handling status and impact on shareholders' equity: None.
- (2) Accumulated details as of the annual report printing date regarding managers who have acquired restricted stock awards and the top ten employees by number of shares acquired, their names, and acquisition status: None.

**7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.**

**8. Financing Plans and Implementation: None.**

## V. Operations Overview

### 1. Business Activities

#### 1) Scope of Business

- The Company is a leading supplier of embedded non-volatile silicon intellectual property (IP), specializing in the development of embedded non-volatile memory that is compatible with logic processes and capable of single or multiple write operations. Our core technologies focus on NVM cells and arrays as the foundational elements of our silicon IP. Key business details are as follows:

No.	Code	Business Types
1	CC01080	Electronic Parts and Components Manufacturing
2	F119010	Wholesale of Electronic Materials
3	F219010	Retail Sale of Electronic Materials
4	I501010	Product Designing
5	F401010	International Trade
6	F601010	Intellectual Property Rights
7	ZZ99999	All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

#### 2. Business Proportions

Unit: NT\$ thousand;%

Main Product Types	2023		2022	
	Revenue	Revenue Proportion	Revenue	Revenue Proportion
Technical Service Revenue	48,082	25.66	58,821	25.64
Technology Royalties	139,302	74.34	170,599	74.36
Total	187,384	100.00	229,420	100.00

#### 3. Current Product Line:

Established in September 2001, the Company is a professional design firm specializing in embedded non-volatile memory SIP (Silicon Intellectual Property) tailored for logic processes. Our services include:

##### <1> Technical Service Fees

Includes licensing fees, usage fees, and non-recurring engineering (NRE) fees for product design and development.

##### a. Licensing Fee:

Our primary licensees are foundries, typically for basic memory cells and specific process technologies. Foundries can design their own NVM SIPs using these basic memory cells and provide them to their IC design clients for use and subsequent manufacturing. Contracts are signed with phased milestones, and as each development milestone is reached, a proportionate licensing fee is due.

##### b. Usage Fees:

The Company has developed a series of standard SIP blocks (macros) at foundries and integrated device manufacturers (IDMs). Usage fees are charged based on the number of times customers use these standard SIP blocks; for example, if a standard SIP block is used in one product, a single usage fee is charged, and if used in two products, two usage fees are charged,

and so on.

c. Non-Recurring Engineering (NRE) Fees:

This fee pertains to the customization of non-standard SIP blocks (macros) according to the specifications requested by foundries, IDMs, and IC design companies. Fees are based on the complexity and difficulty of the specifications. Contracts include phased milestones, and a proportionate product design development fee is due as each milestone is reached.

<2> Royalties

Upon customer mass production of NVM SIP products verified by foundries and IDMs, the Company collects royalties based on a percentage of the wafer sales price sold by the foundry to their customers or the price of wafers produced by the IDM. This typically ranges from 2% to 5%. Foundries and IDMs must provide a quarterly production quantity report of their customer's products, from which the royalty amount is calculated.

4. Planned Development of New Products:

The Company is committed to the research and development, functional design, market application, and business marketing of logic process embedded non-volatile memory SIP products. We have established process technology platforms at over ten foundries and integrated device manufacturers with production lines for processes such as 0.5 micron, 0.4 micron, 0.35 micron, 0.3 micron, 0.25 micron, 0.18 micron, 0.16 micron, 0.15 micron, 0.13 micron, 0.11 micron, 90 nanometers, 80 nanometers, and 65 nanometers, offering customers a diverse range of choices. Our NVM SIPs have been adopted by several renowned IC design companies and have completed product verification and mass production across various process platforms. The Company's NVM SIP products are used in applications such as TFT LCD driver ICs, LED driver ICs, Power ICs, MCU ICs, automotive ICs, and IoT ICs. To meet the demand for advanced processes from our clients, we have expanded our development efforts to include 55, 40, and 28 nanometer processes.

The specific plans for new product development are as follows:

- <1> Develop more advanced technologies, including ongoing work on 55 and 40 nanometers, to meet clients' needs for diversified products in more advanced process technologies.
- <2> Construct a more comprehensive process technology platform, which currently includes LG (Logic), HV (High Voltage), BCD, and MM processes, and actively develop CIS processes.
- <3> To provide a more complete SIP product line, we will develop NVM SIP products with higher speeds and greater memory capacity on the existing process platforms.
- <4> To offer more competitive SIP products to our clients, we are actively developing smaller area SIP products. We anticipate reducing the IP area to make it the most competitive NVM IP, not only enhancing design flexibility for clients but also reducing the die area of client products, lowering production costs, and significantly expanding the market space for YMC NVM IP.
- <5> To build differentiated products, we are actively developing high-speed access, lower operating voltage, and low power consumption high-performance NVM SIP products.
- <6> Develop a variety of IPs, in addition to MTP, including expanding the OTP product line, and also researching low power IoT related IPs.

## (2) Industry Overview:

The Company is dedicated to the research, development, and sales of logic process embedded non-volatile memory SIP products, serving as a professional NVM SIP design company and supplier. Silicon Intellectual Property (SIP) refers to a concept of intellectual property rights that includes functional blocks added to IC chips to enable their operation, hence being termed SIP components. This intellectual property, utilized in the semiconductor field, is often prefixed with ‘silicon’ to distinguish it as SIP. These blocks are pre-designed, validated, and reusable functional modules. Some SIP components have fixed functions that users cannot modify, while others allow users limited individual modifications. IC designers can incorporate these SIP components into their designs to complete specific functions without the need to redesign these blocks, enabling quicker and more efficient completion of IC designs. This not only shortens the development timeline of IC products but also accelerates their market launch.

### 1. Industry Vertical Integration and Relationships:

The domestic “Two Trillion and Twin Star” industries began with the semiconductor industry. Over thirty years of development, thanks to the cluster effect promoting industrial prosperity and with government assistance and manufacturer efforts, a highly complete industrial framework and a specialized supply chain have been constructed, including upstream, midstream, and downstream vertical divisions of labor. Each sector has clear responsibilities, closely interrelated relationships, and distinct specializations, creating significant industrial development advantages. The industry can be broadly categorized into: upstream wafer manufacturing, photomask industry, and IC design (design house); midstream foundry; and downstream IC packaging, testing (package and testing), and IC sales channels. With a solid foundation in the semiconductor industry, Taiwan’s semiconductor industry holds a pivotal position globally. Analyzing the output value and performance of each sector within the industry, Taiwan ranks second globally in IC design, first in wafer foundry, and also first in IC packaging and testing, showcasing Taiwan’s leading global semiconductor strength.

The upstream semiconductor industry primarily focuses on wafer manufacturing, photomasks, and design, which can be further subdivided into:

- a. Wafer Manufacturing Plants: After crystal growth, the process involves grinding, polishing, and slicing to produce wafers, such as the Sino-American Silicon Products Inc. in Taiwan.
- b. Photomask Companies: Convert circuit patterns into reusable photomasks, such as the Taiwan Mask Corporation in Taiwan.
- c. IC Design Companies: Based on the requirements of system manufacturers and market surveys, these companies set the specifications for IC chips and follow through with the design process, such as the Novatek Microelectronics Corporation in Taiwan.
- d. SIP Suppliers: Provide IC design companies with required Silicon Intellectual Property (SIP) components, such as the Company providing its own developed logic process embedded MTP non-volatile memory SIP.
- e. IC Design Service Companies: Offer part or all of the outsourcing services, design integration services, customized special function services, Turnkey Service, and SIP solutions needed by system companies and IC design companies, such as the Faraday Technology in Taiwan.
- f. EDA Companies: Provide electronic design automation tools and software needed

by IC design companies and IC design service companies, such as the SpringSoft in Taiwan.

## 2. Various Development Trends and Competitive Situations of the Products:

The complexity of IC chip design is increasingly sophisticated, and the demand for chip integration becomes more crucial. Utilizing the advantages of Silicon Intellectual Property (SIP) can save significant manpower and material resources. Instead of designing every functional block from scratch, IC design companies can use already validated and reusable SIPs, integrating them with existing functionalities. In the efficiency-driven technology industry, this can accelerate development timelines, bring products to market sooner, and enhance competitive advantages, maximizing company profits. The importance of SIP is growing daily, and as the semiconductor industry's vertical division of labor becomes more refined, it is evident that SIP plays a critical role in the IC design process.

IC design service companies offer their own SIP products for selection, showcasing diversity and gradually expanding to front-end professional SIP suppliers who specialize in providing SIP products. Additionally, some service providers develop their own SIP products, while others obtain licenses for SIPs from major international companies to integrate into their design platforms. Initially, IC design service companies focused on providing layout, placement, and routing services. However, as the level of IC design integration increases, foundries are pushed towards developing more advanced processes, prompting IC design service companies to shift their service focus to front-end design stages such as RTL implementation and development, functional simulation, and logic synthesis, thus tightening their relationships with foundries.

The Company is dedicated to the R&D and sales of logic process embedded NVM (Non-Volatile Memory) SIP products, serving as a professional NVM SIP design company and supplier. Regarding the market for embedded non-volatile memory SIPs, there are those developed for specialized processes, like SST's Flash SIP, and those developed for logic processes, like the Company's NVM SIP."

The Company's MTP SIP has an endurance of 10 to 100K cycles, positioning it as a leader in the industry. It supports in-system programming (ISP) functionality, which does not require an additional RAM buffer nor an erase operation. This feature allows direct writing, significantly enhancing convenience when using ISP. Not only does it boost product performance, but it also increases the competitive advantage of customer products. This function is ideally suited for parameter and configuration settings, program code storage and logging, digital rights management, and security identification management, offering the most ideal and cost-effective NVM SIP option. The Company's MTP SIP technology has a better cost advantage compared to embedded Flash SIP. Embedded Flash, due to its complex process that adds an extra 7 to 11 mask layers, makes the wafer price about 30 to 50% higher than the standard processes. Now, using the Company's MTP SIP, performance comparable to embedded Flash can be achieved at the price of standard process wafers.

The Semiconductor Equipment and Materials International (SEMI) recently released the latest quarterly World Fab Forecast (WFF) report. After semiconductor capacity grew by 5.5% to 29.6 million wafers per month (WPM) in 2023, it is expected to accelerate to a 6.4% growth in 2024, surpassing 30 million wafers.

Unlike the moderate capacity expansion in 2023, primarily due to slowing market demand and inventory adjustments, 2024 forecasts an acceleration in advanced process and foundry capacity expansion driven by applications such as generative AI and high-performance computing (HPC), along with a recovery in end-

user chip demand.

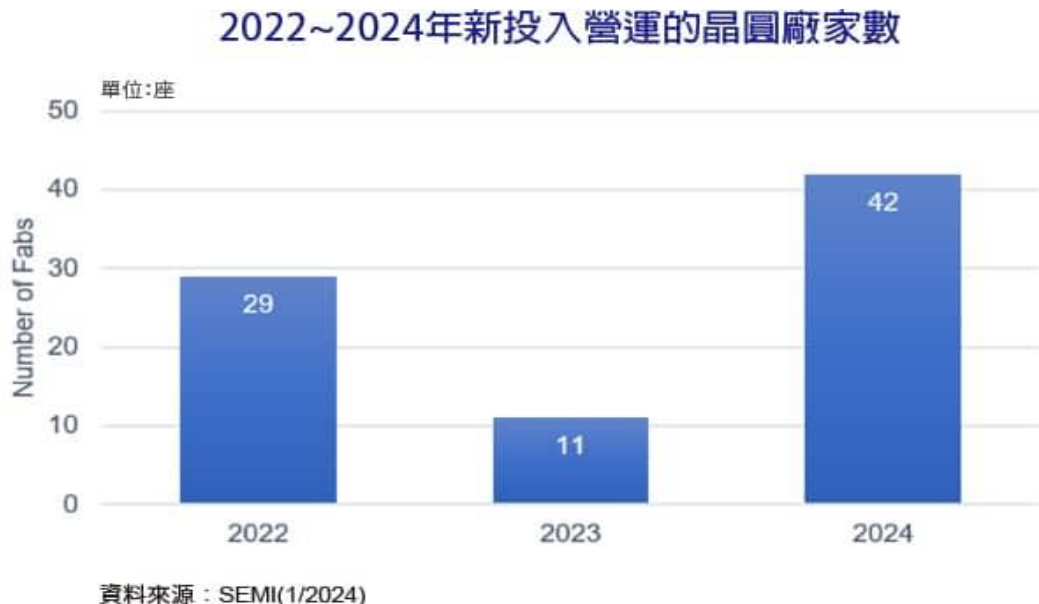
Terry Tsao, the Global Chief Marketing Officer & President of Taiwan, SEMI, stated that global market demand is on the rise, further stimulated by government incentives, leading to significant growth in wafer fab construction and equipment investment in major chip-producing regions. Additionally, the strategic importance of semiconductors in global political and economic scenarios is increasingly becoming a key catalyst for capacity growth, with an expected increase of 6.4% in global capacity in 2024.

The latest quarterly World Fab Forecast report indicates that between 2022 and 2024, the global semiconductor industry plans to commence operations in 82 new facilities, with 11 in 2023 and 42 in 2024, covering production lines from 4 inches (100mm) to 12 inches (300mm).

Number of new semiconductor wafer plants operational from 2022 to 2024

Unit: plants

Data source: SEMI (1/2024)



According to a TrendForce research report, the prices for display driver ICs (DDICs) in 2023 were mostly stable or slightly declined. In 2024, driven by increased demand for large-scale applications such as televisions, gaming LCD monitors, and business laptop replacements, panel shipments are expected to grow to some extent, along with a corresponding rise in demand for DDICs. However, due to ongoing pressure on panel prices, DDIC prices are anticipated to continue to decrease gradually in 2024.

Reflecting on the 2023 DDIC market, TrendForce noted that even though TV panel prices rebounded, the overall pressure on panel manufacturers did not alleviate, continuing to force price reductions from upstream component suppliers. Therefore, DDIC suppliers need to optimize product design to reduce costs and seek more cost-effective foundry partnerships to have room to offer price concessions.

Market share of panel driver ICs in China, Japan, and Korea

Taiwan/China/Korea

Data source: TrendForce (12/2023)



資料來源：TrendForce(12/2023)

With the advent of the information, home appliance, and personal services communication era, the market size of the IC design industry is expanding yearly. Consequently, the demand for SIPs will also grow, and the emerging market and profits will be crucial indicators for future industry development. Furthermore, SIPs establish innovative licensing business models, not directly selling products but marketing technology through licensing or royalty fees, allowing IP firms to successfully carve out new niche markets. The IP industry, with its low fixed costs and high gross margins, performs better than other stages in the semiconductor value chain. The Company has been deeply involved in MTP SIP for many years, holding a prime advantage. Currently, the Company can offer clients a variety of process platforms that have been established, allowing clients to choose from different foundries and process technologies based on their needs.

### (3) Technology and Research and Development Overview:

#### 1. Research and Development Expenditures:

Unit: NT\$ thousands

Expense \ Year	2023	2022
Amount	108,127	107,830

#### 2. Successfully Developed Technologies or Products in 2023:

February 2023	A collaboration with National Central University was signed to develop a new generation of silicon intellectual property components.
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### 3. Future Research and Development Plans

The Company is a professional supplier of embedded non-volatile memory SIPs for logic processes, focusing on the research, development, and sales of programmable NVM SIPs. We currently collaborate with more than ten domestic and international foundries and integrated device manufacturers (IDMs). Our NVM SIPs have been successfully implemented in partner processes at 0.5 microns, 0.4 microns, 0.35 microns, 0.3 microns, 0.25 microns, 0.18 microns, 0.16 microns, 0.13 microns, 0.11 microns, 90 nanometers, 80 nanometers, and 65 nanometers, catering to the diverse product needs of customers across various applications. We have established platforms for logic processes, mixed-signal processes, high-voltage processes, and BCD processes. The Company currently offers SIP products ranging from 4bit to 512kbit capacity, which have been adopted, designed, mass-produced, and shipped by numerous clients across different applications. The Company is a technology leader in the field of embedded logic process MTP SIP, with development also underway in 55 and 40 nanometer processes with partners. The Company's performance in MTP SIP technology is particularly notable. The early logic process embedded OTP SIP allowed IC designers to write parameters once but could not change the ROM code, limiting product performance. A re-writable feature would significantly enhance customer convenience and product value. To meet the diverse application requirements of customers, in addition to developing 55 and 40 nanometer processes with partners, the Company has also heavily invested in R&D for its MTP SIP products, developing lower-cost, higher-performance products that better meet customer needs. The Company's research and development directions are as follows:

#### <1> Smaller SIP Size:

Continue to reduce memory cell size to stay competitive and expand into the market for high-capacity (over 1M bits) non-volatile memory IPs that support multiple writes.

#### <2> Faster Read Access Time:

Develop high-speed, multi-write non-volatile memory SIPs that reduce the number of mask layers, lowering overall customer costs and enhancing competitiveness.

#### <3> Low Power Consumption:

As consumer products trend towards lighter, thinner, shorter, and smaller designs, power consumption is a critical specification and can be a key indicator of a product's success. Develop low voltage, low current write and read non-volatile memory SIPs (new patents obtained) to increase customer product value.

#### <4> Lower Read and Write Voltages:

Develop high-speed, low current read non-volatile memory SIPs.

### (4) Long-Term and Short-Term Business Development Plans:

To ensure the Company's stable and sustainable development, we have meticulously planned both short-term and long-term business development strategies, subdivided into three detailed sections as follows:

#### 1. Short-Term Business Development Plan

##### <1> Research, Development, and Manufacturing Plans

a. Develop various SIPs for different application areas such as MCU, Power IC, and Touch IC applications, and build a more comprehensive NVM SIP database solution for customers.



- b. Develop 55nm and 40nm process technologies with partners, offering customers a diversified platform environment.
- c. Sign cooperative contracts with foundries and integrated device manufacturers (IDMs) in Korea, Japan, and China to provide more technological platform options for customers.
- d. Improve SIP design processes and strengthen R&D capabilities to enhance design efficiency and timely product launches.

<2> Marketing Plan

- a. The Company's SIP products have been recognized by clients in Taiwan and have close cooperation with local foundries and IDMs. The short-term plan includes aggressively expanding into the Chinese market while maintaining close cooperation with foundries and IDMs there.
- b. Expand into other application markets besides existing ones and broaden the customer base.
- c. Improve service offerings and increase service efficiency for existing and potential customers.
- d. Establish global marketing channels and maintain close cooperation with foundries and IDMs regionally.

<3> Financial and Administrative Plan

Establish a sound financial environment for the Company and manage funds effectively, including planning for the Company's stock listing.

2. Long-Term Business Development Plan

<1> Research, Development, and Manufacturing Plans

- a. Develop process technologies of 55nm and below with partners to meet the diverse needs of customers, such as applications related to communication products.
- b. As IC design is a knowledge-intensive industry, continue developing NVM SIP-related patents to protect the Company's intellectual property and defend its rights.
- c. Focus on smart power, mobile screen control ICs, mobile screen drive ICs, Internet of Things (IoT), MCUs, and sensor markets with built-in multi-write non-volatile memory SIPs.

<2> Marketing Plan

- a. Actively expand into markets in the USA, Korea, Japan, and Europe, and cooperate with foundries and IDMs in Southeast Asia and Europe for technology development.
- b. Align with the Company's global development strategy to increase the market share of NVM SIPs and enhance the Company's reputation, aiming to become the top brand among global NVM SIP suppliers.
- c. Establish overseas marketing bases and channels to develop international clients and maintain stable annual revenue growth, thus enhancing the Company's profitability.

<3> Financial and Administrative Plan

Utilize the public capital markets of listing and over-the-counter trading to build a robust and sustainable financial structure for the Company.

## 2. Market and Sales Overview

### (1) Market Analysis:

#### 1. Primary Sales Regions for the Company's Products/Services:

Unit: NT\$ thousands

Sales Region	2023	2022
Taiwan	47,715	76,031
Mainland China (including Hong Kong)	78,560	84,992
Singapore	34,180	43,316
South Korea	19,788	21,957
USA	3,745	2,645
Others	3,396	479
Total	187,384	229,420

#### 2. Market Share:

In 2023, the Company's revenue was NT\$187,384,000, all of which came from technical service fees and royalties. This is significantly different from other IC design service companies, where technical service fees and royalties usually make up a smaller proportion of revenue. In Taiwan, not many companies, like ours, primarily earn their revenue from technical service fees, licensing fees, and royalties. Considering other suppliers focused on embedded non-volatile memory SIPs in logic processes, there is only one other supplier besides our Company. As the trend of using YMC SIP in various application areas gradually forms, our Company has established more successfully verified technical platforms with foundries, expanded our customer base, and seen rapid growth in revenues from technical service fees and royalties, further solidifying our leadership position in the MTP non-volatile memory SIP market.

Besides continually developing new products, the Company also maintains a close relationship with foundries to understand their future operational directions. Not only can we identify potential customers early and develop products that meet the process platform specifications, but as we continuously update specifications and capacities to match the process platforms of various foundries or customer product needs, the IP products listed by our Company also continue to increase. According to an Arsta Research Analysis report, our Company held approximately 2% of the market share from 2017 to 2022, ranking fourth in the overall eNVM market.

**Table Global Embedded NVM (eNVM) IP Market Share by Companies (2017-2022)**

	2017	2018	2019	2020	2021	2022
Microchip (SST)	46.27%	48.06%	47.78%	44.85%	43.47%	40.19%
eMemory	26.65%	24.27%	21.49%	23.87%	26.15%	26.87%
Synopsys	19.19%	18.38%	20.10%	19.49%	18.52%	20.41%
Yield Microelectronics Corp. (YMC)	2.25%	2.50%	2.62%	2.22%	2.40%	2.35%
NSCore, Inc.	0.49%	0.57%	0.68%	0.62%	0.61%	0.59%
Chengdu Analog Circuit Technology Inc. (Actt)	0.01%	0.05%	0.22%	0.82%	0.44%	0.97%
Others	5.13%	6.18%	7.11%	8.12%	8.41%	8.60%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Arsta Research Analysis

### 3. Future Market Demand and Growth:

Since 1976, when the Industrial Technology Research Institute of Taiwan sent its first elite group to the USA to learn from RCA and introduced Complementary Metal-Oxide Semiconductor (CMOS) technology, the semiconductor industry in Taiwan has celebrated a glorious history over the past 37 years. As early as 2004, Taiwan's semiconductor industry was the first to break through the NT\$1 trillion mark. The industry features a detailed vertical integration from upstream to downstream sectors, fostering a tight-knit relationship that provides a stable force for Taiwan's job market and economic growth. In fact, in the evolution of semiconductors, process technology often leads the industry forward. According to Moore's Law: with constant pricing, the number of transistors on an integrated circuit (IC) approximately doubles every 18 months, with a corresponding doubling in performance. Although Moore's Law is being challenged by the current 28 nm and 14 nm process technologies, its significance lies in the linear advancement of IC process technology over the long term, which enables continual cost reduction, performance enhancement, and functionality increase in IC products. The rapid evolution of IC process technology, coupled with the recent trend towards lighter, thinner, shorter, and smaller 3C products, has propelled System-On-Chip (SoC) design to prominence in the IC industry, finding widespread application across various IC products.

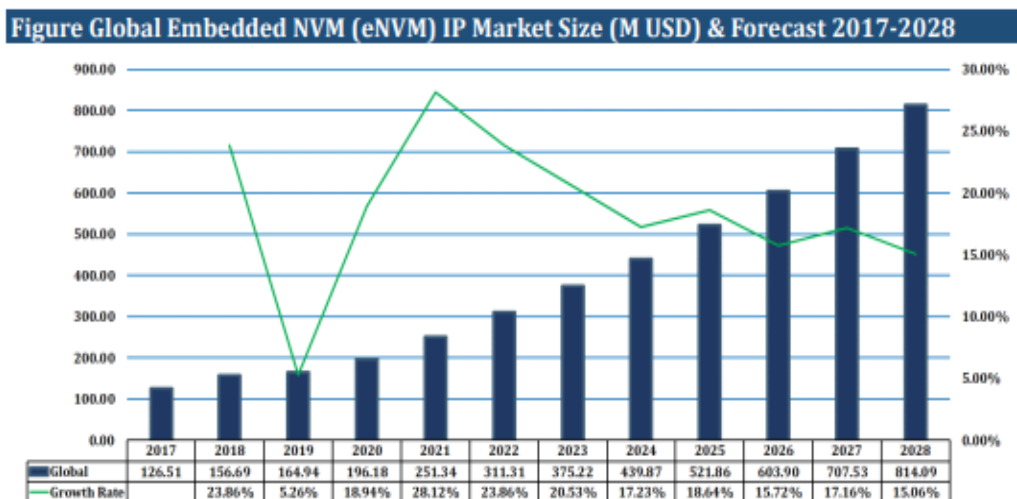
SoC has also driven the rapid rise of the Silicon Intellectual Property (SIP) industry. To address the complex designs of SoC, using reusable SIP can reduce the need for design manpower. If IC design service companies adopt developed, defined, and verified SIP, they can significantly shorten the product development period, accelerate market entry, enhance competitive advantage, and maximize profits. The booming semiconductor industry not only creates substantial business opportunities for SIP suppliers but also brings forth diverse service needs for IC design service companies. As IC design service businesses transition from layout, floor planning, and routing to the front end of the design process such as RTL execution, logic synthesis, and functional simulation, and even specification drafting to help clients plan, their relationship with foundries becomes increasingly tight. When clients develop new products using advanced process technologies, the rapid pace of process technology compared to design advancements often presents challenges in chip validation, which can be addressed by IC design service companies with close ties to foundries, helping solve integration issues between different SIPs and processes.

Demand for SIPs in the market will become increasingly crucial as the complexity of System-On-Chip (SoC) increases. Currently, besides standalone

memory ICs (such as DRAM, NOR Flash, NAND Flash, SRAM) and some power chips, nearly all other IC products in various application fields are likely to adopt SoC. This illustrates that SoC has deeply penetrated every application area, and SoCs require Reusable SIPs, highlighting the importance of SIP demand. Previously mentioned were four types of SIPs: Basic SIP, Standard SIP, Critical SIP, and Platform SIP. Basic SIP is highly process-dependent but lower in cost; Standard SIP faces intense competition and has a wide range of applications, but its product prices rapidly decline with the launch of new products; Critical SIP and Platform SIP offer higher added value, have high entry barriers, and face fewer competitors, with these types primarily supplied by major Western companies. Domestic IC design service companies mainly provide SoC or ASIC design architectures, design services, design methodologies, and turnkey services, or obtain licenses for Critical SIPs (such as ARM and MIPS core technologies) to provide SoC design platforms.

The overall semiconductor application market, as more companies invest in innovative smart devices, such as smart robots, drones, and intelligent vehicles, is moving from niche to commercial and consumer markets, driving new business opportunities in semiconductor applications.

According to the Arsta Research Analysis report, the eNVM market is expected to grow at an annual rate of over 15% from 2023 to 2028, with OTP and MTP accounting for about 30% of the overall eNVM market.



Source: Arsta Research Analysis

According to TrendForce, the first half of 2023 was not only the traditional off-season for stockpiling, but demand for consumer electronics remained weak, and companies planned to cut capital expenditures. Despite this, with the phased commissioning of Texas Instruments (TI)'s RFAB2 and LFAB for Power Management Integrated Circuits (PMIC), TrendForce estimates a 4.7% increase in

global PMIC capacity during the first half of the year. This is expected to continue to exert downward pressure on prices for consumer electronics, networking, and industrial control application products, with an anticipated price reduction of 5 to 10% in the first half of the year. Conversely, automotive products have seen stable demand, driven by the shift from fuel vehicles to electric vehicles. Despite the low economic activity causing constant disruptions in the overall vehicle market, the prices of automotive products have remained relatively stable due to long-term relationships between buyers and sellers, becoming the only stable sales momentum within the overall PMIC market.

In fact, PMICs used in laptops, tablets, TVs, and smartphones have been decreasing in price since the third quarter of 2022, with quarterly reductions of 3 to 10%. By the fourth quarter, additional reductions of 5 to 10% occurred in related applications such as AC-DC, DC-DC, LDO, Buck, Boost, PWM, and Charger ICs. There was also some loosening in demand in networking devices and industrial sectors. Currently, only a few industrial (defense) and automotive demands remain stable, with orders scheduled until the second quarter of 2023 without pressure to reduce prices. However, as over 83% of PMICs in the industrial and automotive sectors are controlled by Integrated Device Manufacturers (IDMs), it remains challenging for IC design companies to penetrate these markets. This is particularly the case as IC design companies are eager to enter these markets amidst the sluggish demand in consumer electronics, with the urgency of IC verification and ongoing progress.

According to a TrendForce survey on the current delivery status of PMICs, the average lead time for IC design companies is 12 to 28 weeks. In contrast, some models with significant inventory, such as PMICs for display panels, can be shipped immediately upon order placement. IDM companies generally still have longer lead times, with non-automotive products ranging from 20 to 40 weeks and automotive products exceeding 32 weeks. There are also a few products with more complex manufacturing, assembly, and inspection processes that remain in the allocation state.

Average selling price of general-purpose PMICs from 2018 to 2023

Unit: USD

Data source: TrendForce (1/2023)



#### 4. Competitive Niche:

The Company specializes in the development and sales of embedded NVM (Non-Volatile Memory) SIP (Silicon Intellectual Property) using logic processes. Our in-house capabilities span from basic memory cell bitcell design to the development of entire SIP functional blocks (macros). To date, the Company has secured dozens of domestic and international patents. In the knowledge-intensive SIP industry, we have built a robust patent umbrella to protect our proprietary rights. Our logic process embedded MTP (Multi-Time Programmable) SIP has been successfully implemented in our partners' processes at technology nodes including 0.5 microns, 0.4 microns, 0.35 microns, 0.3 microns, 0.25 microns, 0.18 microns, 0.16 microns, 0.15 microns, 0.13 microns, 0.11 microns, 90 nanometers, 80 nanometers, and 65 nanometers. This diversification meets the varied needs of customers' products and includes platforms for logic processes, mixed-signal processes, high-voltage processes, and BCD processes. Additionally, to meet the differentiated needs of various fields, 55 nanometer and 40 nanometer processes have also been initiated with partners. Our unique memory SIP technology has enabled customers who previously used embedded OTP (One-Time Programmable) SIP or embedded Flash SIP to switch to our embedded MTP SIP, allowing them to achieve more user-friendly performance at standard wafer prices, enhancing design flexibility and competitive advantage of their products.

#### 5. Favorable and Unfavorable Factors in Future Development and Response Strategies:

##### <1> Favorable Factors for Future Development

##### a. The SIP industry has become a key force in the semiconductor market

After more than three decades of evolution and development, the domestic semiconductor industry has established a vertically specialized model encompassing upstream, midstream, and downstream sectors, with close interrelations forming a dense network. Positioned at the upstream design sector, SIP reduces the burden on designers as chip complexity increases, accelerating the design process and bringing products to market sooner. This highlights the significance of the SIP industry in the semiconductor market's supply chain. This key force will spur more companies to invest, maturing the market further and benefiting SIP suppliers as they move toward more advanced processes and explore new business opportunities.

##### b. High entry barriers for logic process embedded MTP non-volatile memory SIPs with few competitors

The non-volatile memory SIP industry is knowledge-intensive. To master key technologies and avoid competition, one must independently develop the basic unit (cell) and secure patent protection to stay ahead of competitors and maximize benefits. The development process for non-

volatile memory SIP products is lengthy, from the research and development of the basic unit (cell) to the completion of the SIP functional block (macro). Only after successful validation by foundries and Integrated Device Manufacturers (IDMs) are SIP products added to the SIP database for customer use. If the non-volatile memory SIP product is customized, it begins with the specification development followed by validation at the foundry before it is adopted by customers for mass production. Besides the time-consuming development, non-volatile memory SIPs must be established on the process platforms of foundries and IDMs to facilitate mass production by IC design companies. Thus, it is crucial to establish close strategic partnerships with midstream foundries and IDMs to facilitate product development and smooth integration into mass production processes for mutual benefits. Due to this lengthy development process, very few are willing to invest, creating high barriers to entry. Including our Company, only three or four companies globally are currently engaged in and promoting the development in this field.

c. Changing applications favoring logic process embedded MTP non-volatile memory SIPs

Logic process embedded MTP non-volatile memory SIPs have gradually attracted the attention of IC design companies. Many clients have started to abandon traditional embedded OTP SIPs and Flash SIPs in favor of the MTP non-volatile memory SIP solution, which offers the ease of use of Flash but at the cost of standard process wafers. Embedded OTP SIPs, which can only be used once and cannot have their ROM code altered, limit product performance. Embedded Flash SIPs, due to their complex process requiring additional photomasks, make the wafers significantly more expensive than those in standard processes. Our developed logic process embedded MTP non-volatile memory SIPs have been adopted by many renowned IC design companies, with many projects developed and already in mass production. The MTP non-volatile memory SIP solutions are applied across various fields including consumer product ICs, information product ICs, communication product ICs, and home appliance ICs.

<2> Disadvantages in Future Development and Countermeasures

a. Difficulty in Finding NVM (Non-Volatile Memory) SIP Talents

The development of memory ICs in Taiwan dates back to early efforts by Winbond Electronics, United Microelectronics Corporation, and Macronix International, evolving from Mask ROM, EPROM, SRAM, to Flash, DRAM, and currently Powerchip Semiconductor's development of NAND Flash. Although the scale of DRAM in Taiwan still far surpasses that of Flash, talent in the NVM field is considerably rarer compared to those in analog ICs, logic components, and microcomponent ICs.

Countermeasures:

<i> The Company plans long-term training for less experienced employees, including in-house professional training and education at semiconductor institutions or schools.

<ii> Recruiting students who have completed semiconductor-related national service for long-term training.

<iii> Issuing employee stock options to attract and retain talent.

<iiii> Applying for public stock offerings and listings to attract and retain

employees.

b. Competitors Also Launching Multiple Logic Process Embedded NVM SIPs

The market for embedded OTP SIP is gradually declining, prompting OTP SIP suppliers to accelerate the development of MTP SIP. However, the advantages and disadvantages of logic process embedded NVM SIPs are directly related to the basic cell structure, and the experience in developing embedded OTP SIP cannot necessarily be directly applied to embedded MTP SIP. The functionality of the SIP macro also requires verification by a foundry and depends on actual customer usage. The Company currently maintains a leading position and continues to cautiously promote MTP SIP products, continually developing new SIPs to meet customer needs.

Countermeasures:

- <i> Continuously developing advanced process MTP SIP products.
- <ii> Constructing a diverse range of SIP products for different applications.
- <iii> Continuously establishing diverse technology platforms with different wafer foundries and integrated device manufacturers.
- <iiii> Building a professional technical service system to respond quickly to customer needs.
- <iiiii> Enhancing the company's visibility and developing international-level customers.

(2) Main Products: Important Uses and Manufacturing Process:

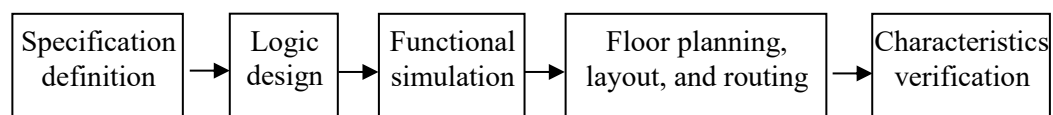
1. Main Products and Their Applications:

The Company is dedicated to the development and sales of logic process embedded MTP non-volatile memory SIPs. Our SIP products are widely used in various fields such as consumer electronics ICs, communication electronics ICs, and information technology ICs. The types of applications include:

- <1> Power Management ICs.
- <2> Microcontrollers (MCU / SoC).
- <3> LED Driver ICs.
- <4> TFT LCD Driver ICs.
- <5> Touch Controllers.
- <6> In Cell Touch controller ◦
- <7> AMOLED Driver IC ◦

2. Manufacturing Process of Main Products

The Company specializes in the research, development, and marketing of logic process embedded non-volatile memory SIPs, which are Silicon Intellectual Property products, not physical products. The development process for our SIP products includes:





(3) Supply Status of Main Raw Materials

The Company only deals directly with customer wafer product orders when the business transaction involves wafer production services. We then place orders with wafer foundries to produce the customer-required wafers containing our NVM SIP, which are then delivered to the customers. In such cases, the raw material for our products is the wafers. To date, the Company no longer offers wafer production services.

(4) Customers Accounting for More Than 10% of Total Annual Purchases (Sales) in Any of the Past Two Fiscal Years: Names, Purchase (Sales) Amounts and Proportions, and Reasons for Changes:

a. Names of customers accounting for more than 10% of total annual purchases and their purchase amounts and proportions in any of the past two fiscal years.

As a specialized logic process embedded non-volatile memory SIP (Silicon Intellectual Property) design company, The Company does not engage in production or manufacturing, thus this assessment is not applicable.

- (2) A list of any customers accounting for 10 percent or more of the Company's total sales amount in either of the most recent 2 years

Unit: NT\$ thousands

Year	2023				2022			
No.	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer	Name	Amount	Percentage of full year net purchase amount (%)	Relation with issuer
1	Customer A	33,194	17.72	None	Customer A	43,317	18.88	None
2	Customer B	25,285	13.49	None	Customer B	33,951	14.80	None
3	Customer C	19,788	10.56	None	-	-	-	-
4	Customer D	18,929	10.10	None	Customer D	23,808	10.38	None
5	Others	90,188	48.13	None	Others	128,344	55.94	None
	Net Sales Revenue	187,384	100.00		Net Sales Revenue	229,420	100.00	

Explanation of Changes: Primarily due to adjustments in inventory by IC design companies and overall weaker economic conditions.

- (5) Production value for the last two fiscal years

The Company is a professional logic process embedded non-volatile memory SIP (Silicon Intellectual Property) design company. It does not engage in production and manufacturing, hence this assessment is not applicable.

- 6) The volume of units sold for the most recent 2 fiscal years

Unit: NT\$ thousands

Year Sales Product		2023				2022			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Technical Service Revenue		-	6,601	-	41,481	-	13,213	-	45,608
Technology Royalties		-	41,114	-	98,188	-	62,818	-	107,781
Total		-	47,715	-	139,669	-	76,031	-	153,389

Note: The products designed and developed by the Company are not applicable for quantity-based calculation.

### 3. Number of Employees, Average Years of Service, Average Age, and Educational Background Distribution Ratio for the Last Two Years up to the Date of the Annual Report Publication:

Year		2022	2023	By March 25, 2024
Item	Direct Employees	-	-	-
	Indirect Employees	17	18	18

	Research and Development Staff	46	44	49
	Total	63	62	67
Average age		36	35.5	36.4
Average years of service		6.4	6.9	7.1
Percentage of employees at each education level	PhD	-	-	-
	Master	41	42	45
	Bachelor	59	58	55
	Below senior high school	-	-	-

#### 4. Environmental Protection

- 1) Describing any losses (including compensation) suffered by the Company in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report as a result of environmental pollution incidents, and the total amount of penalties imposed: None.
- 2) Future responses (including improvement measures) and possible expenses, and disclosing an estimated amount thereof (including losses, penalties and compensation that may be incurred if no response is taken). If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

#### 5. Labor Relations

- 1) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

##### 1. Employee Welfare Measures:

##### (1) Company Benefits:

In addition to complying with the Labor Standards Act and related regulations, the company specifically plans group insurance for employees to supplement the shortcomings of labor insurance. It also extends benefits to employees' families to enhance their welfare, as well as rents spaces for employees' sports activities.

##### (2) Worker Welfare:

Coordinates various welfare measures including annual domestic and international employee trips, affiliated stores, employee gatherings, year-end parties, holiday bonuses, and club activities, enhancing employees' sense of care and attention from the company.

##### 2. Continuing Education and Training System:

To respond to rapid changes in industry technology and to ensure employee skill development, the company provides opportunities and funding for employee training. This enables every employee to continuously absorb new knowledge, contribute their learning, strive for perfection, and enhance the quality and level of their work, thus creating overall profit for the company. Additionally, it aligns individual career planning with the company's overall benefits through work and training.

##### 3. Retirement System:

According to the Labor Pension Act, the company contributes monthly to the labor pension for employees, which is stored in individual pension accounts managed by the Bureau of Labor Insurance.

4. Labor-Management Agreements and Employee Rights Protection Measures:

To protect labor-management rights and coordinate labor relations, the company is committed to enhancing labor-management harmony and regularly holds labor-management administrative meetings as a communication channel between the company and employees. As a result, labor relations have always been harmonious with no major labor disputes occurring.

- 2) List any losses suffered by the Company due to labor disputes in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## **6. IT Security Management**

- (1) Information security risk management framework, information security policies, specific management plans, and resources allocated for information security management.

1. Information Security Risk Management Framework:

- (1) The Company has established a cross-departmental Information Security Committee led by the President as the chief convener.
- (2) Information security management goals and policies, as well as personal data management policies, have been formulated and are regularly reviewed and revised.
- (3) Regular management review meetings are held to examine the implementation of information security and personal data management systems.

2. Information Security Policies:

- (1) According to the internal control system, firewalls are installed and logs are regularly reviewed.
- (2) Anti-virus software is installed on personal computers, regularly updated, and the use of unauthorized software is prohibited.
- (3) The company's information security policies and regulations are regularly communicated to employees.
- (4) System logs for various information security items are regularly reviewed to track anomalies.
- (5) According to the internal control system, important information is regularly backed up and stored offsite.
- (6) A computer room is established, with access control measures in place, and personnel entries and exits are recorded in the "Computer Room Work Log".
- (7) All operations on servers and network equipment must be accurately recorded in the "System Administration Work Log".
- (8) According to the internal control system, when hardware is beyond its useful life, damaged, or unusable, it is collected and stored by the Information Management Unit, which is responsible for filling out the "Property Scrap Detail Form". After

approval by the General Manager, the “Information Equipment Destruction & Disposal Security Checklist” is filled out before destruction to carry out data destruction procedures.

- (9) According to the internal control system, regular disaster recovery drills are conducted to prevent business interruption due to accidental damage to information hardware and software.
  - (10) Regular inventory checks of information assets and personal data inventories are conducted. Risk management is performed based on information security and personal data risk assessments to implement control measures.
  - (11) According to the internal control system, employees are required to properly manage and use their accounts, passwords, and permissions, and passwords must be changed regularly.
  - (12) Internal audits are conducted annually to ensure the effectiveness of information security and personal data protection management systems.
  - (13) According to the internal control system, system development and program modifications must undergo thorough evaluation and authorization by responsible managers.
  - (14) Sensitive data access is restricted to specific personnel and specific machines, and two-factor authentication is required for identity verification.
  - (15) Information security risk assessments are regularly conducted by external third-party experts, and vulnerabilities are addressed for improvement.
3. Specific Management Plans and Resources Invested in Information Security Management:

The Company places great emphasis on information security risk control and protection, establishing controlled areas and multi-layered defense networks for information security management. We implement strict control measures, such as classification and grading of information assets, controlled transmission of data, which must be approved through applications, email system protection, control of data output from printers and fax machines, network anomaly checks, controlled entry and exit of information equipment requiring approval as per procedure, prohibition of personal storage devices, prohibition of photography or recording with personal devices, enhanced access control and entrance management, regular review of permissions, and regular information security education and training for all colleagues through physical or online courses. Moreover, announcements about information security management and significant information security events are used for awareness promotion, with security controls being upgraded as planned.

In recent years, frequent cyber attacks, particularly ransomware, have been rampant and widely impactful, causing significant damage to businesses, which cannot be taken lightly. The Company conducts in-depth analysis and discussion of major domestic and international information security incidents, strengthens protection against internal and external network attacks, promotes awareness through educational training, and strictly implements firewall policy reviews, endpoint protection for hosts, network intrusion detection, antivirus system updates, vulnerability patches for hosts and network

equipment, and computer room management. Through our information security maintenance platform, we regularly conduct system checks and improvements to create value for our clients and shareholders and fulfill our social responsibilities.

- (2) Specify any significant losses, potential impacts, and countermeasures related to major information security events for the most recent fiscal year and up to the date of publication of the annual report. If it is not possible to reasonably estimate such impacts, explain why such estimates cannot be made:

For the fiscal year 2023 and up to the date of publication of the annual report, the Company has not suffered any major information security incidents, nor have there been any related losses or impacts.

## 7. Significant Contracts:

Nature of Contracts	Counterparty	Contract Period	Main Contents	Restrictive Clauses
License to use, collaborative development	POWERCHIP	2012.10.1~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use, collaborative development	Globalfoundries	2016. 3~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	China Resources Microelectronics Limited	2016.7.15~2026.7.15	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	Vanguard International Semiconductor Corporation	2016.10.6~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	HK SOUTHC	2017.11.7~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	Wuxi I-CORE Electronics Co. , Ltd.	2018.6.25~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	NyQuest Technology Co. Ltd.	2018.8.30~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
Exclusive patent license	Favepc Inc.	2019.1.21~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
Product development	SK Hynix	2019.1.25~2024.11.29	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
Licensing services	HeJian Technology (Suzhou) Co., Ltd.	2019.7.15~2024.7.15	Technology licensing agreement	Confidentiality and adherence to intellectual property rights

Nature of Contracts	Counterparty	Contract Period	Main Contents	Restrictive Clauses
Product development/technology transfer	Nexchip Semiconductor Corporation	2019.7.19~2024.7.19	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	He Fei Jie Da Crop.	2019.7.20~	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
Cooperative development	Shanghai Huali Microelectronics Corporation	2020.9.20~2030.9.20	IP development agreement	Confidentiality and adherence to intellectual property rights
License to use	Sitronix Technology Corp.	2020.11.24~	IP development and licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	Shanghai Haishu Chuangwei Electronics Co., Ltd.	2020.12.31~2023.12.31	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
Product development	Celfras Semiconductor Inc.	2021.2.23~	IP development and licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	ConvenientPower Semiconductor	2021.8.12	Technology licensing agreement	Confidentiality and adherence to intellectual property rights
Product development	SK Hynix(Wuxi)	2022.10.13~	IP development and licensing agreement	Confidentiality and adherence to intellectual property rights
License to use	Chengdu Shuixin Electronic Technology Co., Ltd.	2023.02.17-2026.02.17	License to use agreement	Confidentiality and adherence to intellectual property rights
License to use	NuVolta Technologies	2023.03.28~	License to use agreement	Confidentiality and adherence to intellectual property rights
Product development/technology transfer	He-Fei-Xin-Jing-Ji-Cheng Crop.	2023.07.20-2028.07.20	Product development - technology transfer agreement	Confidentiality and adherence to intellectual property rights

## VI. Financial Highlights & Analysis

### 1. Five-Year Financial Summary

#### (1) Condensed Balance Sheet and Statement of Comprehensive Income

##### Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial information for the last five years (Note 1)				
		108 年	109 年	2021 年	2022 年	2023 年
Current assets		232,395	249,840	300,332	360,529	318,075
Property, plant and equipment		21,949	23,691	17,689	14,118	8,082
Right-of-use assets		14,537	10,033	6,721	1,671	207
Intangible assets		14,075	9,133	21,886	31,980	30,248
Other assets		3,643	1,212	1,439	5,886	5,968
Other non-current assets		1,000	1,000	1,000	-	-
Total assets		287,599	294,909	349,067	414,184	362,580
Current liabilities	Before distribution	26,606	26,964	40,147	57,930	44,536
	After distribution	26,606	26,964	66,957	124,955	71,346
Non-current liabilities		14,451	5,554	8,406	7,989	4,790
Total liabilities	Before distribution	41,057	32,518	48,553	65,919	49,326
	After distribution	41,057	32,518	75,363	132,944	76,136
Equity attributable to owners of the parent company		246,542	262,391	300,514	348,265	313,254
Share capital		268,100	268,100	268,100	268,100	268,100
Capital reserve		-	-	-	-	-
Retained Surplus	Before distribution	(21,558)	(5,709)	32,414	80,165	45,154
	After distribution	(21,558)	(5,709)	5,604	13,140	18,344
Other equity		-	-	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	246,542	262,391	300,514	348,265	313,254
	After distribution	246,542	262,391	273,704	281,240	286,444

Note 1: The above financial statements have been audited and certified by CPAs.

Note 2: The profit distribution for the fiscal year 2023 has been resolved by the board of directors and reported at the annual shareholders' meeting.



### Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial information for the last five years (Note)				
	2019	2020	2021	2022	2023
Operating Income	133,462	128,364	168,192	229,420	187,384
Gross profit	132,191	127,518	166,869	227,700	185,816
Operating Profit and Loss	24,887	16,960	43,338	78,846	35,057
Non-operating income and expenses	(24)	3,027	(131)	2,525	3,210
Net Income before Tax	24,863	19,987	43,207	81,371	38,267
Net profit for the period from continuing operations	19,929	15,765	38,575	72,964	32,017
Loss of closed units	-	-	-	-	-
Net income (loss) for the period	19,929	15,765	38,575	72,964	32,017
Other comprehensive income or loss for the period (Net after tax)	(247)	84	(452)	1,597	(3)
Total consolidated profit or loss for the period	19,682	15,849	38,123	74,561	32,014
Net profit attributable to owners of the parent company	19,929	15,765	38,575	72,964	32,017
Net income attributable to noncontrolling interests	-	-	-	-	-
Total consolidated profit or loss attributable to owners of the parent	19,682	15,849	38,123	74,561	32,014
Total comprehensive income or loss attributable to non-controlling interests	-	-	-	-	-
EPS	0.74	0.59	1.44	2.72	1.19

Note 1: The above financial statements have been audited and certified by CPAs.

(2) Auditors' Opinions from 2019 to 2023

1. Auditors' Names and Opinions from 2019 to 2023

Year	Firm	CPA	Opinion
2019	Deloitte & Touche	CHUNG, MING-YUAN TSAI, MEI-CHEN	An Unqualified Opinion
2020	Deloitte & Touche	CHUNG, MING-YUAN TSAI, MEI-CHEN	An Unqualified Opinion
2021	Deloitte & Touche	CHIU, YUNG-MING TSAI, MEI-CHEN	An Unqualified Opinion
2022	Deloitte & Touche	LIN, HSIN-TUNG TSAI, MEI-CHEN	An Unqualified Opinion
2023	Deloitte & Touche	LIN, HSIN-TUNG TSAI, MEI-CHEN	An Unqualified Opinion

2. If there has been a change of accountants in the last five years, the reasons for the change provided by the company, the former, and the succeeding accountants should be listed: The change of accountants for the fiscal years 2021 and 2022 was due to internal adjustments within the accounting firm.

## 2. Five-Year Financial Analysis

### Financial Analysis

#### Financial Analysis - IFRSs Adopted

Item		Year	Financial information for the last five years				
			2019	2020	2021	2022	2023
Capital Structure Analysis	Debts Ratio (%)		14.28	11.03	13.91	15.92	13.60
	Long-term Fund to Property, Plant and Equipment (%)		1189.09	1131.03	1746.38	2523.48	3935.29
Liquidity Analysis	Current Ratio (%)		873.47	926.58	748.08	622.35	714.20
	Quick Ratio (%)		859.90	920.51	741.47	620.26	708.99
	Times Interest Earned (Times)		294.81	99.25	210.81	767.34	741.18
Operating Performance Analysis	Average Collection Turnover (Times)		12.08	14.94	12.06	10.41	9.19
	Days Sales Outstanding		30.21	24.43	30.28	35.06	39.71
	Average Inventory Turnover (Times)		Note 1	Note 1	Note 1	Note 1	Note 1
	Average Payment Turnover (Times)		-	-	-	-	-
	Average Inventory Turnover (Days)		Note 1	Note 1	Note 1	Note 1	Note 1
	Property, Plant and Equipment Turnover (Times)		7.39	5.63	8.13	14.43	16.88
	Total Assets Turnover (Times)		0.50	0.44	0.52	0.60	0.48
Profitability Analysis	Return on Total Assets (%)		7.53	5.47	12.03	19.14	8.25
	Return on Equity (%)		8.42	6.20	13.71	22.49	9.68
	Pre-tax Income to Paid-in Capital Ratio (%)		9.27	7.46	16.12	30.35	14.27
	Net Margin (%)		14.93	12.28	22.94	31.80	17.09
	Earnings Per Share (NT\$)		0.74	0.59	1.44	2.72	1.19
Cash Flow	Cash Flow Ratio (%)		143.29	136.16	138.70	187.83	129.61
	Cash Flow Adequacy Ratio (%)		304.51	366.91	501.94	429	242
	Cash Flow Reinvestment Ratio (%)		14.81	13.07	17.40	22.20	(2.73)
Leverage	Operating Leverage		1.62	2.01	1.47	1.35	1.84
	Financial Leverage		1	1	1	1	1

Please explain the reasons for the changes in various financial ratios over the past two years. (Analysis is not required if the increase or decrease is less than 20%).

1. Increase in the Long-term Fund to Property, Plant and Equipment: This is mainly due to a decrease in shareholders' equity net amount caused by a reduction in annual revenue.
2. Decrease in Return on Total Assets, Return on Equity, Pre-tax Income to Paid-in Capital Ratio, and Net Margin: This is primarily due to a decrease in net profit after taxes for the year.
3. Decrease in Earnings Per Share: Mainly due to a decrease in net profit after taxes for the year.
4. Decrease in Cash Flow Ratio: Mainly because the net cash flow from operating activities for the year was less than the previous period.
5. Decrease in Cash Flow Adequacy Ratio and Cash Flow Reinvestment Ratio: Mainly due to an increase in cash dividends paid this year.
6. Increase in Operating Leverage: Mainly due to a decrease in operating income for the year.

Note 1: Inventory amounts are not applicable, hence not listed.

Note 2: The financial data for each year mentioned has been audited and certified by CPAs.

Note 3: At the end of this report, the following calculation formulas should be listed:

1. Capital Structure Analysis
  - (1) Debt Ratio = Total Liabilities / Total Assets
  - (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
  - (1) Current Ratio = Current Assets / Current Liabilities
  - (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
  - (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
  - (1) Average Collection Turnover = Net Sales / Average Trade Receivables (including Accounts Receivable and Notes Receivable originated from operation)
  - (2) Days Sales Outstanding = 365 / Average Collection Turnover
  - (3) Average Inventory Turnover = Cost of Sales / Average Inventory
  - (4) Average Payment Turnover = Cost of Sales / Average Trade Payables (including Accounts Payable and Notes Payable originated from operation)
  - (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
  - (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
  - (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
  - (1) Return on Total Assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets
  - (2) Return on Equity = Net Income / Average Equity
  - (5) Net Margin = Net Income / Net Sales
  - (6) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note 4)
5. Cash Flow
  - (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
  - (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
  - (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital) (Note 5)
6. Leverage
  - (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 6)
  - (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

### 3. Audit Committee's Report in the Most Recent Year:

## Audit Committee Review Report

The board of directors has submitted the Company's 2023 business report, annual financial statements, and profit distribution proposal. The financial statements have been audited and completed by certified public accountants from Deloitte & Touche, who have issued an audit report. The aforementioned business report, financial statements, and profit distribution table have been reviewed by the Audit Committee, and no discrepancies were found. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we have prepared this report and kindly request your review.

Yours sincerely,

The Yield Microelectronics Corporation 2024 Shareholders' Annual Meeting

Yield Microelectronics Corporation  
Convener of the Audit Committee: PAN, YEN-MIN

February 27, 2024

#### 4. Financial Statements in the Most Recent Year:

### **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders:

Yield Microelectronics Corporation

#### **Opinion**

We have audited the financial statements of Yield Microelectronics Corporation, which comprise the Statement of Financial Position as of December 31, 2023 and December 31, 2022, the Statement of Comprehensive Income from January 1 to December 31, 2023 and from January 1 to December 31, 2022, Statement of Change in Equity, Statement of Cash Flows, and Notes to Financial Statement (including a summary of significant accounting policies).

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the financial position of Yield Microelectronics Corporation as of December 2023 and 2022 and of the financial performance, changes in equity and cash flows of Yield Microelectronics Corporation from January 1 to December 31, 2023 and 2022.

#### **Basis for Opinion**

We were commissioned to conduct our audit in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Yield Microelectronics Corporation in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matter**

The key audit matter is which that, in our professional judgment, is most significant to our review of the financial statements of Yield Microelectronics Corporation for 2023. Such matter has been considered in the process of examining the financial statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

The following is the description of the key audit matter in the financial statements of Yield Microelectronics Corporation for 2023:

Recognition of Revenue from Sales

The main sources of revenue for Yield Microelectronics Corporation are technical service income and royalty income, which amounted to NT\$48,082 thousand and NT\$139,302 thousand respectively for the fiscal year 2023. For related accounting policies and information on revenue recognition, please refer to Notes 4 and 15 of the financial statements. We have identified a risk of revenue recognition authenticity in specific customers with significant growth in technical service income for Yield Microelectronics Corporation this fiscal year. Therefore, this issue has been listed as a key audit matter for this fiscal year. The following audit procedures were performed in response to the aforementioned risk for those customers:

1. Understand the main internal control design of the Yield Microelectronics Corporation's revenue process and perform related control tests.
2. Sample and examine documents pertaining to business income and receipt transactions to confirm the actual realization of sales and to detect any discrepancies between the entities involved in sales and those involved in receipts.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management's responsibility is to prepare the financial statements present fairly, in all material respects, according to Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as maintain necessary internal control related to the preparation of the financial statements in order to ensure there is no major untrue expression on the financial statements due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of Yield Microelectronics Corporation to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Yield Microelectronics Corporation or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Yield Microelectronics Corporation.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken in the basis of these financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the internal control effectiveness of Yield Microelectronics Corporation.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Yield Microelectronics Corporation to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Yield Microelectronics Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements (including the relevant notes), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including any significant deficiency in internal controls that we identify during our audit).

We have determined the key audit matter for the audit of the financial statements of Yield Microelectronics Corporation for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Tung Lin and Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. The English version have not audited by Deloitte & Touche. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Yield Microelectronics Corporation  
Balance Sheets  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Dec. 31, 2023		Dec. 31, 2022		Code	Liabilities and Equity	Dec. 31, 2023		Dec. 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current assets						Current liabilities				
1100	Cash and cash equivalents (Notes 4, 6 and 20)	\$ 294,821	81	\$ 334,922	81	2206	Remuneration payable to employees and directors (Note 16)	\$ 6,229	2	\$ 15,499	4
1170	Accounts receivable (Notes 4, 7 and 20)	16,486	5	24,304	6	2230	Current tax liabilities (Notes 4 and 17)	785	-	1,811	-
1200	Other receivables (Notes 4, 7 and 20)	4,395	1	58	-	2280	Lease liabilities - current (Notes 4, 9 and 20)	209	-	1,354	-
1470	Advance payment and other current assets (Note 11)	<u>2,373</u>	<u>1</u>	<u>1,245</u>	<u>-</u>		Other current liabilities (Notes 12 and 20)	<u>37,313</u>	<u>10</u>	<u>39,266</u>	<u>10</u>
11XX	Total current assets	<u>318,075</u>	<u>88</u>	<u>360,529</u>	<u>87</u>	2300	Total current liabilities	44,536	12	57,930	14
	Non-current assets					21XX	Non-current liabilities				
1600	Property, plant and equipment (Notes 4 and 8)	8,082	2	14,118	4		Other non-current liabilities (Notes 12 and 20)	<u>4,790</u>	<u>2</u>	<u>7,989</u>	<u>2</u>
1755	Right-of-use assets (Notes 4 and 9)	207	-	1,671	-	2670	Total liabilities	<u>49,326</u>	<u>14</u>	<u>65,919</u>	<u>16</u>
1780	Other intangible assets (Notes 4 and 10)	30,248	8	31,980	8	2XXX	Equity (Note 14)				
1920	Refundable deposits (Notes 4 and 20)	4,555	1	4,518	1		Capital stock	268,100	74	268,100	65
1975	Net defined benefit assets (Notes 4 and 13)	<u>1,413</u>	<u>1</u>	<u>1,368</u>	<u>-</u>	3110	Legal reserve	10,697	3	3,241	1
15XX	Total non-current assets	<u>44,505</u>	<u>12</u>	<u>53,655</u>	<u>13</u>	3310	Undistributed retained earnings	<u>34,457</u>	<u>9</u>	<u>76,924</u>	<u>18</u>
						3350	Total equity	<u>313,254</u>	<u>86</u>	<u>348,265</u>	<u>84</u>
						3XXX	Total liabilities and equity	<u>\$ 362,580</u>	<u>100</u>	<u>\$ 414,184</u>	<u>100</u>
1XXX	Total assets	<u>\$ 362,580</u>	<u>100</u>	<u>\$ 414,184</u>	<u>100</u>						

The accompanying notes are an integral part of the financial statements.

Yield Microelectronics Corporation  
Statements of Comprehensive Income

For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars, Except Earnings (Losses) Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Revenue (Notes 4 and 15)	\$ 187,384	100	\$ 229,420	100
5000	Operating cost (Note 16)	<u>1,568</u>	<u>1</u>	<u>1,720</u>	<u>1</u>
5900	Gross profit	<u>185,816</u>	<u>99</u>	<u>227,700</u>	<u>99</u>
	Operating expenses (Note 16)				
6100	Marketing	12,056	7	11,538	5
6200	General and administrative	30,576	16	29,486	13
6300	R&D	<u>108,127</u>	<u>58</u>	<u>107,830</u>	<u>47</u>
6000	Total operating expenses	<u>150,759</u>	<u>81</u>	<u>148,854</u>	<u>65</u>
6900	Income from operations	<u>35,057</u>	<u>18</u>	<u>78,846</u>	<u>34</u>
	Non-operating income/expense (Notes 4 and 16)				
7100	Interest income	3,190	2	1,539	1
7010	Other income	1	-	10	-
7020	Other gains and losses	70	-	1,082	-
7050	Finance costs	( <u>51</u> )	-	( <u>106</u> )	-
7000	Total non-operating income and expenses	<u>3,210</u>	<u>2</u>	<u>2,525</u>	<u>1</u>
7900	Net income before tax	38,267	20	81,371	35
7950	Tax expense (Notes 4 and 17)	<u>6,250</u>	<u>3</u>	<u>8,407</u>	<u>4</u>
8200	Net income	32,017	17	72,964	31
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan (Notes 4 and 13)	( <u>3</u> )	-	<u>1,597</u>	<u>1</u>
8500	Total comprehensive income	<u>\$ 32,014</u>	<u>17</u>	<u>\$ 74,561</u>	<u>32</u>
	Earnings per share (Note 18)				
9750	Basic earnings per share	<u>\$ 1.19</u>		<u>\$ 2.72</u>	
9850	Diluted earnings per share	<u>\$ 1.19</u>		<u>\$ 2.71</u>	

The accompanying notes are an integral part of the financial statements.

Yield Microelectronics Corporation  
Statement of Changes in Equity  
For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars, unless otherwise specified)

Code		Capital Stock - Common Stock		Undistributed retained earnings		Total equity
		Number of shares (thousand shares)	Amount	Legal reserve	Undistributed retained earnings	
A1	Balance, Jan. 1, 2022	26,810	\$ 268,100	\$ -	\$ 32,414	\$ 300,514
	2021 distribution of earnings					
B1	Legal reserve	-	-	3,241	( 3,241 )	-
B5	The company's cash dividends for shareholders - NT\$1 per share	-	-	-	( 26,810 )	( 26,810 )
D1	Net income, 2022	-	-	-	72,964	72,964
D3	Other comprehensive income (loss), net of income tax, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,597</u>	<u>1,597</u>
D5	Total comprehensive income, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,561</u>	<u>74,561</u>
Z1	Balance, Dec. 31, 2022	26,810	268,100	3,241	76,924	348,265
	2022 distribution of earnings					
B1	Legal reserve	-	-	7,456	( 7,456 )	-
B5	The company's cash dividends for shareholders - NT\$2.5 per share	-	-	-	( 67,025 )	( 67,025 )
D1	Net income, 2023	-	-	-	32,017	32,017
D3	Other comprehensive income (loss), net of income tax, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 3 )</u>	<u>( 3 )</u>
D5	Total comprehensive income, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,014</u>	<u>32,014</u>
Z1	Balance, Dec. 31, 2023	<u>26,810</u>	<u>\$ 268,100</u>	<u>\$ 10,697</u>	<u>\$ 34,457</u>	<u>\$ 313,254</u>

The accompanying notes are an integral part of the financial statements.

## Yield Microelectronics Corporation

## Statements of Cash Flows

For the Years Ended December 31, 2023, and December 31, 2022

		(In Thousands of New Taiwan Dollars)	
Code		2023	2022
	Cash flow from operating activities		
A10000	Income before tax	\$ 38,267	\$ 81,371
A20010	Adjustments for		
A20100	Depreciation expense	12,421	12,887
A20200	Amortization expense	16,953	14,731
A20900	Finance costs	51	106
A21200	Interest income	( 3,190 )	( 1,539 )
A24100	Net loss on foreign exchange	2,623	30
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	7,480	( 4,562 )
A31180	Other receivables	( 4,337 )	( 58 )
A31240	Prepayments and other current assets	( 1,128 )	1,598
A32230	Other current liabilities	( 7,234 )	10,396
A32240	Net defined benefit liabilities	( 48 )	( 163 )
A33000	Net cash generated from operations	61,858	114,797
A33100	Interest received	3,190	1,539
A33300	Interest paid	( 51 )	( 106 )
A33500	Income tax paid	( 7,276 )	( 7,420 )
AAAA	Net cash inflow from operating activities	<u>57,721</u>	<u>108,810</u>
	Cash flows from investing activities		
B02700	Purchase of property, plant and equipment	( 1,912 )	( 2,516 )
B03700	Increase in refundable deposits	( 37 )	( 3,084 )
B03800	Decrease in refundable deposits	-	5
B04500	Acquisition of intangible assets	( 22,567 )	( 12,480 )
BBBB	Net cash used in investing activities	<u>( 24,516 )</u>	<u>( 18,075 )</u>
	Cash flows from financing activities		
C04020	Repayment of lease principal	( 5,530 )	( 5,330 )
C04500	Payment of cash dividends	( 67,025 )	( 26,810 )
CCCC	Net cash used in financing activities	<u>( 72,555 )</u>	<u>( 32,140 )</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	( 751 )	( 1,404 )
EEEE	Net increase (decrease) in cash and cash equivalents	( 40,101 )	57,191
E00100	Cash and cash equivalents, beginning of year	<u>334,922</u>	<u>277,731</u>
E00200	Cash and cash equivalents, end of year	<u>\$ 294,821</u>	<u>\$ 334,922</u>

The accompanying notes are an integral part of the financial statements.

Yield Microelectronics Corporation

Notes to Financial Statements

For the Years Ended December 31, 2023, and December 31, 2022

(Unless otherwise specified, the basic unit for any amount shall be in thousands of New Taiwan Dollars.)

1. General

Yield Microelectronics Corporation (hereinafter referred to as “the Company”) was established on September 4, 2001, with approval from the Ministry of Economic Affairs. The Company primarily engages in the design, research and development, manufacturing, wholesale and retail, international trade, and intellectual property rights of electronic products.

Since October 23, 2014, the Company has been approved by the Taipei Exchange to trade on its Emerging Stock Market.

This financial report is presented in New Taiwan Dollars, which is the functional currency of the Company.

2. The Authorization of Financial Statements

This financial report was approved by the Board of Directors on February 27, 2024.

3. Application of New and Revised International Financial Reporting Standards

- (1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as “IFRSs”) approved and issued by the Financial Supervisory Commission (hereinafter referred to as “FSC”) to be effective.

The application of the revised IFRSs approved and issued by the FSC will not result in significant changes to the Company’s accounting policies.

- (2) FSC-approved IFRSs applicable in 2024 (presumably in the Taiwan calendar, which corresponds to 2023 in the Gregorian calendar)

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 16 - "Lease Liability in a Sale and Leaseback"	Jan. 1, 2024 (Note 2)
Amendments to IAS 1 - "Classification of Liabilities as Current or Non-current"	Jan. 1, 2024
Amendments to IAS 1 - "Non-current Liabilities with Covenants"	Jan. 1, 2024
Amendments to IAS 7 and IFRS 7 - "Supplier Finance Arrangements"	Jan. 1, 2024 (Note 3)

Note 1: Unless otherwise stated, the new/revised/amended standards or interpretations are effective for annual reporting periods beginning after their respective dates.

Note 2: Sellers-lessees should apply the amendment to IFRS 16 retrospectively to sale and leaseback transactions entered into after the initial application date of IFRS 16.

Note 3: Exemptions from some disclosure requirements are allowed upon the first application of the amendment.

As of the date this financial report was authorized for issue, the Company assessed that the amendments to the aforementioned standards and interpretations will not have a significant impact on the financial position and performance of the Company.

- (3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 - "Initial Application of IFRS 17 and IFRS 9 "Comparative Information"	Jan. 1, 2023
Amendments to IAS 21- "Lack of Exchangeability"	Jan. 1, 2025 (Note 2)

Note 1: Unless otherwise stated, the newly issued/amended/revised standards or interpretations become effective for annual reporting periods beginning after their respective dates.

Note 2: This amendment applies to annual reporting periods starting on or after January 1, 2025. Upon initial application of this amendment, it will impact the recognition of amounts in retained earnings as of the date of application. In cases where the Company presents its financials in a currency different from its functional currency, the adjustment will also reflect on foreign operation exchange differences under equity at the date of initial application.

As of the date this financial report was authorized for issue, the Company continues to assess the impact of these standard and interpretation amendments on the financial position and performance, with the related impacts to be disclosed upon completion of the assessment.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of Compliance

This financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and issued by the FSC.

##### (2) Basis of Preparation

Except for financial instruments measured at fair value and net defined benefit assets measured as the present value of defined benefit obligations less the fair value of plan assets, this financial report is prepared on a historical cost basis.

Fair value measurements are categorized into Level 1 to Level 3 based on the observability and significance of the inputs used.

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

##### (3) Classification of Current and Non-current Assets and Liabilities

Current assets include:

1. assets held mainly for transaction purposes;
2. assets to be realized within 12 months of the asset balance sheet; and
3. Cash and cash equivalents (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:



1. liabilities held mainly for transaction purposes;
2. liabilities due for payment within 12 months after the balance sheet date; and
3. the business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(4) Foreign Currencies

When preparing financial statements, transactions in currencies other than the functional currency of the Company (foreign currencies) are recorded at the exchange rate on the date of the transaction.

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of monetary items or the translation of monetary items are recognized in profit or loss in the period in which they occur.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates ruling at the dates of transactions and are not retranslated.

(5) Property, Plant and Equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(6) Intangible Assets

1. Separately Acquired

Intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their useful lives. The Company reviews the estimated useful lives, residual values, and amortization method at least at each financial year-end, deferring the effects of changes in accounting estimates.

2. Internally Generated - Research and Development Expenditure

Research expenditures are recognized as expenses when incurred.

3. Derecognition

When an intangible asset is derecognized, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss for the year.

(7) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

At each balance sheet date, the Company assesses whether there is any indication that property, plant and equipment, right-of-use assets and intangible assets may be impaired. If there is any indication of impairment, the recoverable amount of the asset is estimated, and if the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

When impairment losses are reversed in subsequent periods, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized in prior years (net of amortization or depreciation). The reversal of impairment loss is recognized in profit or loss.

(8) Financial Instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement Types

The financial assets held by the Company are categorized into financial assets measured at fair value through profit or loss and financial assets measured at amortized cost.

A. Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include those mandatorily measured at fair value through profit or loss and those designated at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and any gains or losses arising from remeasurement (including any dividends or interest generated by these financial assets) are recognized in profit or loss.

B. Financial assets at amortized cost

The Company's investments in financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- a. they are held within an operating model whose objective is to hold the financial assets to collect the contractual cash flows; and
- b. the contractual terms give rise to cash flows at a specific date, which are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, and refundable deposits measured at amortized cost) are measured at the amortized cost using the effective interest method, net of any impairment losses, after initial recognition. Any foreign exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the total carrying amount of the financial asset by the effective interest rate.

Cash equivalents include deposits with high liquidity, readily convertible to known amounts of cash, and subject to insignificant risk of changes in value, all within three months from the acquisition date, used to meet short-term cash commitments.

## (2) Impairment of Financial Assets

The Company assesses the impairment of financial assets measured at amortized cost (including accounts receivable) for expected credit losses at each balance sheet date.

Accounts receivable are impaired for expected credit losses over their lifetime.

Expected credit losses are measured as the weighted average of credit losses with the probability of default as the weighting factor. Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Impairment losses on all financial assets are recognized through a contra account to reduce the carrying amount.

### (3) Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

When financial assets are derecognized in their entirety at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss.

## 2. Equity Instruments

The equity instruments issued by the Company are recognized at the amount of proceeds received, net of direct issuing costs.

The repurchase of the Company's own equity instruments is recognized and deducted under equity. Purchases, sales, issuances, or cancellations of the Company's own equity instruments are not recognized in profit or loss.

## 3. Financial Liabilities

### (1) Subsequent Measurement

All financial liabilities of the Company are measured at amortized cost using the effective interest method.

### (2) Derecognition of Financial Liabilities

Any difference between the carrying amount of a financial liability at the time of derecognition and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## (9) Income Recognition

The Company allocates the transaction price to each performance obligation after the performance obligation is identified in the customer contract and recognizes revenue when each performance obligation is satisfied.

Contracts with a period of transferring goods or services and receiving consideration within one year do not adjust the transaction price for any significant financing component.

1. Income from Technical Services

Revenue is recognized when the Company fulfills its performance obligations as per the agreement for the provision of technical services.

2. Income from Royalties

Income from intellectual property that can continue to operate without renewal or technical support is recognized as royalty income. Royalties are determined based on production volume, sales amount, or other measurement bases when the customer uses the intellectual property in foundry production, and income is recognized according to the terms of the agreement.

(10) Lease

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

The Company as Lessee

Right-of-use assets and lease liabilities are recognized at the inception date of the lease, except for leases of low-value subject assets to which a recognition exemption applies and short-term leases where lease payments are recognized as an expense on a straight-line basis over the lease term.

Right-of-use assets are initially measured at cost (including the initial measurement of lease liabilities, lease payments made before the lease commencement date less any lease incentives received, initial direct costs, and estimated costs for dismantling and restoring the asset), and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for re-measurement of lease liabilities. Right-of-use assets are presented separately on the balance sheet.

Depreciation of right-of-use assets is recognized on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the lease term.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the lease's implicit interest rate is readily determinable, it is used to discount lease payments. Alternatively, if the implicit interest rate is not readily determinable, the lessee's incremental borrowing rate is applied.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized over the lease term. If lease modifications lead to changes in future lease payments, the Company re-measures the lease liability and makes a corresponding adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset diminishes to zero, any remaining re-measurement amount is recognized in profit or loss. Lease liabilities are presented separately on the balance sheet.

(11) Employee Benefits

1. Short-term employee benefits

The liability related to short-term employee benefits is measured as the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

Defined benefit pension plans are recognized as expenses over the period of service of the employees.

The defined benefit cost of the defined benefit pension plan, including service costs, net interest, and remeasurements, is calculated using the projected unit credit method. Service costs and the net interest on net defined benefit assets are recognized as employee benefit expense when incurred. Remeasurements, which include actuarial gains and losses and the return on plan assets excluding interest, are recognized in other comprehensive income at the time they occur and are included in retained earnings, with no subsequent reclassification to profit or loss.

Net defined benefit liabilities (assets) represent the shortfall (excess) of the defined benefit pension plan. Net defined benefit assets must not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

(12) Income Tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current Income Tax

Income tax on undistributed retained earnings, calculated according to the Income Tax Act of the Republic of China, is recognized in the year the shareholders' meeting resolves it.

Adjustments to income tax payable for prior years are included in the income tax of the current year.

## 2. Deferred Income Tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred income tax payable are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when it is probable that there will be taxable income available to offset the temporary differences and loss carryforwards.

The carrying amount of Deferred income tax assets is reviewed at each balance sheet date and reduced for those where it is no longer probable that there will be sufficient taxable income to allow all or part of the assets to be recovered. Deferred income tax assets not previously recognized as such are also reviewed at each balance sheet date and the carrying amount is increased for those where it is probable that taxable income will be available to recover all or part of the assets.

Deferred income tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which the Company is expected to recover or pay off the carrying amount of its assets and liabilities on the balance sheet date.

## 3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profit or loss, except for the current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity respectively.

## 5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When adopting accounting policies, management must make judgments, estimates, and assumptions about information that is not readily available from other sources, based on historical experience and other relevant factors. Actual results may differ from these estimates.

Management will continuously review these estimates and underlying assumptions. If adjustments to the estimates only affect the current year, they are recognized in the



current year; if adjustments to accounting estimates affect both the current year and future years, they are recognized in both the current year and future years.

6. Cash and cash equivalents

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Cash on hand	\$ 33	\$ 65
Demand deposits	54,388	101,257
Cash equivalents		
Time deposits with the original maturity dates of less than 3 months	<u>240,400</u>	<u>233,600</u>
	<u>\$294,821</u>	<u>\$334,922</u>

The interest rates for bank deposits as of the balance sheet date range as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Bank deposits	0%~1.45%	0%~1.05%

7. Accounts Receivable and Other Receivables

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Accounts receivable measured at amortized cost		
Total carrying amount	\$ 16,486	\$ 24,304
Less: allowance for loss	<u>-</u>	<u>-</u>
	<u>\$ 16,486</u>	<u>\$ 24,304</u>
Other receivables		
Tax refunds receivable	<u>\$ 4,395</u>	<u>\$ 58</u>

The Company has an average credit period of 30 to 60 days for service income and does not charge interest on accounts receivable. To mitigate credit risk, the Company has established credit and accounts receivable management policies to ensure that appropriate actions are taken for the recovery of overdue receivables. Furthermore, on the balance sheet date, the Company reviews the recoverable amount of each receivable to ensure that an appropriate allowance for impairment losses has been made for irrecoverable amounts. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company recognizes an allowance for impairment losses on accounts receivable based on the expected credit losses over the lifetime of the receivables. The lifetime expected credit losses are calculated using a provision matrix that considers the customer's past default history, current financial condition, the economic conditions of the industry, and also takes into account the industry outlook. Since the Company's historical experience of credit losses shows that the loss patterns across different customer groups are not significantly different, the provision matrix does not further differentiate between customer groups and is based solely on the days past due for determining the expected credit loss rates.

If there is evidence that the counterparty is in severe financial difficulty and the Company cannot reasonably expect to recover the amount, the Company writes off the related receivable directly, but continues with the collection efforts, and amounts recovered subsequently are recognized in profit or loss.

The Company measures the allowance for impairment losses on accounts receivable as follows:

Dec. 31, 2023

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
Total carrying amount	\$ 12,789	\$ 1,855	\$ -	\$ 1,842	\$ -	\$ 16,486
Allowance for loss (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 12,789</u>	<u>\$ 1,855</u>	<u>\$ -</u>	<u>\$ 1,842</u>	<u>\$ -</u>	<u>\$ 16,486</u>

Dec. 31, 2022

	Not past due	1-30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total
Total carrying amount	\$ 21,390	\$ 2,914	\$ -	\$ -	\$ -	\$ 24,304
Allowance for loss (lifetime expected credit losses)	-	-	-	-	-	-
Amortized cost	<u>\$ 21,390</u>	<u>\$ 2,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,304</u>

8. Property, Plant and Equipment

For self-use

	Equipment for R&D	Leasehold improvement	Office equipment	Total
<u>Cost</u>				
Balance on Jan. 1, 2023	\$ 51,749	\$ 740	\$ 8,362	\$ 60,851
Addition	38	-	498	536
Disposal	( 62 )	-	( 158 )	( 220 )
Balance on Dec. 31, 2023	<u>\$ 51,725</u>	<u>\$ 740</u>	<u>\$ 8,702</u>	<u>\$ 61,167</u>
<u>Accumulated depreciation</u>				
Balance on Jan. 1, 2023	\$ 42,451	\$ 275	\$ 4,007	\$ 46,733
Depreciation expense	5,030	207	1,335	6,572
Disposal	( 62 )	-	( 158 )	( 220 )
Balance on Dec. 31, 2023	<u>\$ 47,419</u>	<u>\$ 482</u>	<u>\$ 5,184</u>	<u>\$ 53,085</u>
Dec. 31, 2023-net	<u>\$ 4,306</u>	<u>\$ 258</u>	<u>\$ 3,518</u>	<u>\$ 8,082</u>
<u>Cost</u>				
Balance on Jan. 1, 2022	\$ 50,574	\$ 119	\$ 6,753	\$ 57,446
Addition	1,389	621	2,049	4,059
Disposal	( 214 )	-	( 440 )	( 654 )
Balance on Dec. 31, 2022	<u>\$ 51,749</u>	<u>\$ 740</u>	<u>\$ 8,362</u>	<u>\$ 60,851</u>
<u>Accumulated depreciation</u>				
Balance on Jan. 1, 2022	\$ 36,371	\$ 80	\$ 3,306	\$ 39,757
Depreciation expense	6,294	195	1,141	7,630
Disposal	( 214 )	-	( 440 )	( 654 )
Balance on Dec. 31, 2022	<u>\$ 42,451</u>	<u>\$ 275</u>	<u>\$ 4,007</u>	<u>\$ 46,733</u>
Dec. 31, 2022-net	<u>\$ 9,298</u>	<u>\$ 465</u>	<u>\$ 4,355</u>	<u>\$ 14,118</u>

Depreciation expense is provided on a straight-line basis over the following useful lives:

Equipment for R&D	3-5 years
Leasehold improvement	3 years
Office equipment	5 years

9. Lease Agreements

(1) Right-of-use assets

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Right-of-use assets Carrying amount		
Buildings	<u>\$ 207</u>	<u>\$ 1,671</u>
	<u>2023</u>	<u>2022</u>
Right-of-use assets added	<u>\$ 4,385</u>	<u>\$ 207</u>
Depreciation expense of right-of-use assets	<u>\$ 5,849</u>	<u>\$ 5,257</u>

(2) Lease liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Lease liabilities Carrying amount		
Current	<u>\$ 209</u>	<u>\$ 1,354</u>

The discount rate range for the lease liabilities is as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Buildings	2.99%	2.37%~2.62%

(3) Significant leasing activities and terms

The Company leases buildings for office and parking space use, with lease terms of 1 to 3 years. At the end of the lease term, the Company has no option to purchase the leased buildings and has agreed not to sublease or transfer any part of the leased property without the lessor's consent.

(4) Other leasing information

	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 279</u>	<u>\$ 240</u>
Total amount of cash outflow from lease	<u>\$ 5,860</u>	<u>\$ 5,676</u>

All lease commitments starting after the balance sheet date are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Lease commitment	<u>\$ 26,161</u>	<u>\$ -</u>

10. Other Intangible Assets

	Computer software	Patents	Total
<u>Cost</u>			
Balance on Jan. 1, 2023	\$ 65,134	\$ 2,857	\$ 67,991
Addition	15,221	-	15,221
Disposal	( 7,431 )	-	( 7,431 )
Balance on Dec. 31, 2023	<u>\$ 72,924</u>	<u>\$ 2,857</u>	<u>\$ 75,781</u>
<u>Accumulated amortization</u>			
Balance on Jan. 1, 2023	\$ 33,869	\$ 2,142	\$ 36,011
Amortization expense	16,381	572	16,953
Disposal	( 7,431 )	-	( 7,431 )
Balance on Dec. 31, 2023	<u>\$ 42,819</u>	<u>\$ 2,714</u>	<u>\$ 45,533</u>
Dec. 31, 2023-net	<u>\$ 30,105</u>	<u>\$ 143</u>	<u>\$ 30,248</u>
<u>Cost</u>			
Balance on Jan. 1, 2022	\$ 53,428	\$ 2,857	\$ 56,285
Addition	24,825	-	24,825
Disposal	( 13,119 )	-	( 13,119 )
Balance on Dec. 31, 2022	<u>\$ 65,134</u>	<u>\$ 2,857</u>	<u>\$ 67,991</u>
<u>Accumulated amortization</u>			
Balance on Jan. 1, 2022	\$ 32,828	\$ 1,571	\$ 34,399
Amortization expense	14,160	571	14,731
Disposal	( 13,119 )	-	( 13,119 )
Balance on Dec. 31, 2022	<u>\$ 33,869</u>	<u>\$ 2,142</u>	<u>\$ 36,011</u>
Dec. 31, 2022-net	<u>\$ 31,265</u>	<u>\$ 715</u>	<u>\$ 31,980</u>

Amortization expense is provided on a straight-line basis over the following useful lives:

Computer software	3 years
Patents	5 years

Amortization expenses classified by function:

	<u>2023</u>	<u>2022</u>
Administrative expense	\$ 140	\$ 204
R&D expense	<u>16,813</u>	<u>14,527</u>
	<u>\$ 16,953</u>	<u>\$ 14,731</u>

11. Other assets

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Current</u>		
Prepayment for technical services	\$ 970	\$ -
Prepayment for software	547	285
Prepayment for test materials	215	587
Prepayment for insurance premium	\$ 199	\$ 190
Others	<u>442</u>	<u>183</u>
	<u>\$ 2,373</u>	<u>\$ 1,245</u>

12. Other liabilities

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Current</u>		
Software fees payable	\$ 12,777	\$ 15,390
Salary and bonuses payable	11,509	10,814
Unused annual leave bonuses payable	5,758	4,828
Labor costs payable	2,747	1,450
Equipment costs payable	167	1,543
Insurance premiums payable	1,262	1,170
Technical service fees payable	1,073	1,730
Others	<u>2,020</u>	<u>2,341</u>
	<u>\$ 37,313</u>	<u>\$ 39,266</u>
<u>Non-current</u>		
Software fees payable	<u>\$ 4,790</u>	<u>\$ 7,989</u>

### 13. Post-Employment Benefit Plans

#### (1) Defined Contribution Plans

The retirement benefit scheme applicable to the Company under the “Labor Pension Act” is a government-managed defined contribution retirement plan. Contributions to the retirement fund are made by allocating 6% of each employee’s monthly salary to individual accounts managed by the Bureau of Labor Insurance.

#### (2) Defined Benefit Plans

The retirement benefit scheme conducted by the Company under the “Labor Standards Act” is a government-managed defined benefit retirement plan. The payment of retirement benefits is based on the employee’s years of service and the average wage in the six months preceding the approved retirement date. The Company contributes 2% of the total monthly salary of its employees to the retirement reserve, which is deposited into a special account at the Bank of Taiwan in the name of the Supervisory Committee of Business Entities’ Labor Retirement Reserve. Before the end of each year, if it is estimated that the balance in the special account is insufficient to cover the workers who are expected to meet the retirement criteria within the next year, the difference will be contributed in a lump sum before the end of March of the following year. This special account is managed by the Bureau of Labor Funds, MOL, and the Company has no right to influence the investment management strategy.

The amounts related to defined benefit plans recognized in the balance sheet are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Present value of defined benefit obligations	\$ 1,189	\$ 1,150
Fair value of plan assets	( <u>2,602</u> )	( <u>2,518</u> )
Net defined benefit assets	( <u>\$ 1,413</u> )	( <u>\$ 1,368</u> )

The changes in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Jan. 1, 2023	<u>\$ 1,150</u>	<u>( \$ 2,518 )</u>	<u>( \$ 1,368 )</u>
Interest expense (income)	<u>16</u>	<u>( 36 )</u>	<u>( 20 )</u>
Recognized in profit or loss	<u>16</u>	<u>( 36 )</u>	<u>( 20 )</u>
Remeasurements			
Return on plan assets (except the part included in net interest)	-	( 20 )	( 20 )
Actuarial loss - Changes in financial assumptions	8	-	8
Actuarial loss - experience adjustments	<u>15</u>	<u>-</u>	<u>15</u>
Recognized in other comprehensive income	<u>23</u>	<u>( 20 )</u>	<u>3</u>
Contribution made by the employer	<u>-</u>	<u>( 28 )</u>	<u>( 28 )</u>
Payment of benefits	<u>-</u>	<u>-</u>	<u>-</u>
Dec. 31, 2023	<u><u>\$ 1,189</u></u>	<u><u>( \$ 2,602 )</u></u>	<u><u>( \$ 1,413 )</u></u>
Jan. 1, 2022	<u>\$ 3,327</u>	<u>( \$ 2,935 )</u>	<u>\$ 392</u>
Interest expense (income)	<u>22</u>	<u>( 20 )</u>	<u>2</u>
Recognized in profit or loss	<u>22</u>	<u>( 20 )</u>	<u>2</u>
Remeasurements			
Return on plan assets (except the part included in net interest)	-	( 219 )	( 219 )
Actuarial loss - Changes in financial assumptions	( 52 )	-	( 52 )
Actuarial loss - experience adjustments	<u>( 1,326 )</u>	<u>-</u>	<u>( 1,326 )</u>
Recognized in other comprehensive income	<u>( 1,378 )</u>	<u>( 219 )</u>	<u>( 1,597 )</u>
Contribution made by the employer	<u>-</u>	<u>( 165 )</u>	<u>( 165 )</u>
Payment of benefits	<u>( 821 )</u>	<u>821</u>	<u>-</u>
Dec. 31, 2022	<u><u>\$ 1,150</u></u>	<u><u>( \$ 2,518 )</u></u>	<u><u>( \$ 1,368 )</u></u>



The Company is exposed to the following risks due to the retirement benefit scheme under the “Labor Standards Act”:

1. Investment Risk: The Bureau of Labor Funds operates and outsources the management of the labor retirement fund, investing in domestic and foreign equity securities, debt securities, and bank deposits among others. However, the allocated amount of the plan assets is expected to earn a return not less than the interest rate of a two-year fixed deposit at local banks.
2. Interest Rate Risk: A decline in the interest rates of government bonds increases the present value of the defined benefit obligations, although the returns on debt investments of plan assets may also increase, partially offsetting the impact on net defined benefit liabilities.
3. Salary Risk: The present value of the defined benefit obligations is calculated considering the future salaries of plan members. Therefore, an increase in the salaries of plan members will increase the present value of the defined benefit obligations.

The present value of the defined benefit obligations of the Company is calculated by qualified actuaries, and the significant assumptions as of the measurement date are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Discount rate	1.30%	1.40%
Increase rate of salary expectation	3.50%	3.50%

If significant actuarial assumptions undergo reasonably possible changes, with all other assumptions remaining constant, the amounts by which the present value of the defined benefit obligations would increase (decrease) are as follows:

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Discount rate		
Increased by 0.25%	( \$ <u>21</u> )	( \$ <u>21</u> )
Decreased by 0.25%	<u>\$ 21</u>	<u>\$ 21</u>
Increase rate of salary expectation		
Increased by 0.25%	<u>\$ 20</u>	<u>\$ 20</u>
Decreased by 0.25%	( <u>\$ 20</u> )	( <u>\$ 20</u> )

Given that actuarial assumptions may be interrelated, it's unlikely that only one assumption would change at a time. Therefore, the sensitivity analysis above might not fully reflect the actual variations in the present value of the defined benefit obligations.

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Amount to be contributed within 1 year	<u>\$ -</u>	<u>\$ 165</u>
Average duration of defined benefit obligations	8 years	9years

#### 14. Equity

##### (1) Capital Stock

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Number of shares (1,000 shares)	<u>30,000</u>	<u>30,000</u>
Authorized share capital	<u>\$300,000</u>	<u>\$300,000</u>
Number of issued and fully paid shares (1,000 shares)	<u>26,810</u>	<u>26,810</u>
Share capital of issued shares	<u>\$268,100</u>	<u>\$268,100</u>

##### (2) Retained Earnings and Dividend Policy

The Company, following the amendment to its articles of incorporation approved at the shareholders' meeting on June 6, 2023, adheres to the revised earnings distribution policy. If there are net profits after tax for the period, prior losses must be covered first (including the amount of adjusted undistributed retained earnings), followed by a mandatory allocation of 10% to the legal reserve; however, this is not required if the legal reserve has already reached the total capital amount of the Company. Subsequently, special reserves are allocated or reversed according to laws or regulations. The remaining profits, along with the beginning undistributed retained earnings (including the amount of adjusted undistributed retained earnings), are proposed by the board of directors for shareholders' dividend distribution. If the Company decides to distribute dividends and bonuses or to allocate or partially distribute the legal reserve and capital reserve in cash, such decisions are authorized by a two-thirds majority of directors present at the board meeting, with more than half in agreement, and subsequently reported to the shareholders' meeting.

According to the Company's previous earnings distribution policy, after covering prior losses and allocating 10% to the legal reserve (not required if the legal reserve meets the total capital amount), special reserves are allocated or reversed as required.

The remaining profits, along with the beginning undistributed retained earnings, are proposed for shareholder dividends by the board.

The employee and director compensation distribution policy outlined in the Company's articles of incorporation can be found in Note 16(7) on "Compensation to Employees and Directors".

The board is authorized to propose distributions ranging from 0% to 100% of available profits, taking into account factors such as the prevailing and prospective investment landscape, funding requirements, domestic and international competition, and capital budgeting, all while striking a balance between shareholder interests and long-term financial planning. Furthermore, the cash dividend percentage should not fall below 10% of the total cash and stock dividends distributed for the year.

The legal reserve must be allocated until it reaches the total paid-in capital amount. It can be used to cover losses. If there are no losses, the part of the legal reserve exceeding 25% of the total paid-in capital can be allocated to increase capital or distributed in cash.

The Company held its annual shareholders' meetings on June 6, 2023, and June 23, 2022, during which the profit distribution plans and dividends per share for 2022 and 2021 were respectively ratified as outlined below:

	2022	2021
Legal reserve	<u>\$ 7,456</u>	<u>\$ 3,241</u>
Cash dividends	<u>\$ 67,025</u>	<u>\$ 26,810</u>
Cash dividend per share (NT\$)	\$ 2.50	\$ 1.00

The Company's profit distribution plan and dividends per share for the year 2023, as resolved by the Board of Directors on February 27, 2024, are as follows:

	2023
Legal reserve	<u>\$ 3,201</u>
Cash dividends	<u>\$ 26,810</u>
Cash dividend per share (NT\$)	\$ 1.00

The amount to be allocated to the legal reserve for 2023 is subject to approval at the shareholders' meeting scheduled for May 21, 2024.

15. Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from customer contracts		
Income from technical services	\$ 48,082	\$ 58,821
Income from royalties	<u>139,302</u>	<u>170,599</u>
	<u>\$187,384</u>	<u>\$229,420</u>

(1) Description of Customer Contracts

1. Income from Technical Services

Income from technical services is recognized for providing customers with silicon intellectual property (IP) design services for integrated circuits upon the delivery of services or silicon IP to the customers.

2. Income from Royalties

Income from royalties arises from licensing standardized silicon IP for integrated circuits to customers. Royalties are collected based on the contract terms after the customer commences mass production using the licensed silicon IP.

(2) Contract balances

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>	<u>Jan. 1, 2022</u>
Accounts receivable (Note 7)	<u>\$ 16,486</u>	<u>\$ 24,304</u>	<u>\$ 19,758</u>

(3) Breakdown of customer contract revenue

<u>Main Markets</u>	<u>2023</u>	<u>2022</u>
Mainland China (including Hong Kong)	\$ 78,560	\$ 84,992
Taiwan	47,715	76,031
Singapore	34,180	43,316
Korea	19,788	21,957
USA	3,745	2,645
Others	<u>3,396</u>	<u>479</u>
	<u>\$187,384</u>	<u>\$229,420</u>

16. Net revenue

(1) Income from interests

	<u>2023</u>	<u>2022</u>
Bank deposits	\$ 3,126	\$ 1,511
Others	<u>64</u>	<u>28</u>
	<u>\$ 3,190</u>	<u>\$ 1,539</u>

(2)	Other income		
		<u>2023</u>	<u>2022</u>
	Others	<u>\$ 1</u>	<u>\$ 10</u>
(3)	Other profits and losses		
		<u>2023</u>	<u>2022</u>
	Net foreign currency translation gains and losses	<u>\$ 70</u>	<u>\$ 1,082</u>
(4)	Finance costs		
		<u>2023</u>	<u>2022</u>
	Interest on Lease liabilities	<u>\$ 51</u>	<u>\$ 106</u>
(5)	Depreciation and Amortization		
		<u>2023</u>	<u>2022</u>
	Depreciation expense classified by function		
	Operating expenses	<u>\$ 12,421</u>	<u>\$ 12,887</u>
	Amortization expense classified by function		
	Operating expenses	<u>\$ 16,953</u>	<u>\$ 14,731</u>
Amortization expense of intangible assets is allocated to the respective line items in the financial statements, as detailed in Note 10.			
(6)	Employee benefits expenses		
		<u>2023</u>	<u>2022</u>
	Short-term employee benefits	<u>\$ 96,345</u>	<u>\$ 96,841</u>
	Benefits after retirement		
	Defined contribution plan	3,737	3,436
	Defined benefit plan (Note 13)	( 20 )	2
	Total of employee benefit expenses	<u>\$100,062</u>	<u>\$100,279</u>
	Classified by function		
	Operating cost	\$ 1,153	\$ 624
	Operating expenses	<u>98,909</u>	<u>99,655</u>
		<u>\$100,062</u>	<u>\$100,279</u>

(7) Compensation to Employees and Directors

The Company allocates employee and director compensation in accordance with its articles of incorporation, ranging from 5% to 15% of the pre-tax profits (before distributing employee and director compensation) and up to 5% for director compensation. The resolutions for employee and director compensation for 2023 and 2022 were made by the board of directors on February 27, 2024, and March 8, 2023, respectively, as follows:

Estimated Proportion

	<u>2023</u>	<u>2022</u>
Compensation to employees	10.5%	12%
Compensation to directors	3.5%	4%

Amount

	<u>2023</u>	<u>2022</u>
Compensation to employees	\$ 4,672	\$ 11,624
Compensation to directors	1,557	3,875

If the amounts change after the date the financial statements are authorized for issue, they will be treated as changes in accounting estimates and adjusted in the subsequent year.

The actual amounts distributed for employee and director compensation in 2022 and 2021 were consistent with the amounts recognized in the financial statements for those years.

For information on the resolutions of employee and director compensation by the Company's board, please refer to the Market Observation Post System of the Taiwan Stock Exchange.

(8) Foreign currency exchange gains (losses)

	<u>2023</u>	<u>2022</u>
Total foreign currency exchange gains	\$ 2,488	\$ 5,908
Total foreign currency exchange losses	( <u>2,418</u> )	( <u>4,826</u> )
Net foreign currency exchange gain	<u>\$ 70</u>	<u>\$ 1,082</u>

17. Income Tax

(1) Income tax expense recognized in profit or loss

The major components of income tax expense (benefit) are as follows:

	<u>2023</u>	<u>2022</u>
Income tax		
Currently Generated	\$ <u>6,250</u>	\$ <u>8,407</u>
Income tax expense recognized in profit or loss	\$ <u>6,250</u>	\$ <u>8,407</u>

The reconciliation of accounting income to current income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net income before income taxes	\$ <u>38,267</u>	\$ <u>81,371</u>
Income tax expense (benefit) at statutory tax rate on net income before income tax	\$ 7,653	\$ 16,274
Generation and reversal of temporary differences	( 370 )	572
Tax deduction for income from foreign sources	( 6,211 )	( 8,331 )
Use of unrecognized loss deductions/deductible temporary differences	( 1,072 )	( 8,515 )
Income tax in foreign countries	<u>6,250</u>	<u>8,407</u>
Income tax expense recognized in profit or loss	\$ <u>6,250</u>	\$ <u>8,407</u>

(2) Deductible temporary differences and unused loss carryforwards not recognized as deferred tax assets in the balance sheet

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
Loss deduction		
Maturing in 2024	\$ 13,410	\$ 19,308
Maturing in 2025	<u>13,079</u>	<u>13,079</u>
	\$ <u>26,489</u>	\$ <u>32,387</u>
Deductible temporary differences	\$ <u>26,553</u>	\$ <u>28,402</u>

(3) Income tax assessments

The Company's income tax filings up to 2021 have been approved by the tax authorities.

18. Earnings Per Share

Unit: NT\$ per share

	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 1.19</u>	<u>\$ 2.72</u>
Diluted earnings per share	<u>\$ 1.19</u>	<u>\$ 2.71</u>

The net profit for the current year and the weighted average number of ordinary shares used in the earnings per share calculation are as follows:

Net income in the fiscal year

	<u>2023</u>	<u>2022</u>
Net income	<u>\$ 32,017</u>	<u>\$ 72,964</u>
Net income for the calculation of basic and diluted earnings per share	<u>\$ 32,017</u>	<u>\$ 72,964</u>

Number of shares

Unit: Thousands of shares

	<u>2023</u>	<u>2022</u>
Weighted average number of common shares for the calculation of basic earnings per share	26,810	26,810
Influence of potential common shares with dilutive effect	<u>55</u>	<u>150</u>
Weighted average number of common shares for the calculation of diluted earnings per share	<u>26,865</u>	<u>26,960</u>

If the Company opts to distribute employee compensation in the form of stocks or cash, the diluted earnings per share are calculated assuming the employee compensation is issued in stocks and included in the weighted average number of shares outstanding for the dilution effect when such potential ordinary shares have a diluting effect. This consideration of the dilution effect of such potential ordinary shares continues until the number of shares to be issued for employee compensation is determined in the following year.



19. Capital Risk Management

The company conducts capital management to ensure that, under the premise of continuing operations, the debt and equity amounts are optimized to maximize shareholder equity.

The overall strategy of the Company has not changed.

The capital structure of the Company consists of equity (i.e., share capital and retained earnings).

The Company is not subject to any external capital requirements.

The Company's senior management regularly reviews the capital structure, including the cost and associated risks of various forms of capital. Based on the recommendations of senior management, the Company aims to balance its overall capital structure through dividend payments, issuing new shares, repurchasing shares, and issuing new debt or repaying existing debt.

20. Financial Instruments

(1) Fair value of financial instruments that are not at fair value

The Company's management believes that the carrying amounts of financial assets and liabilities not measured at fair value approximate their fair values.

(2) Categories of financial instruments

	<u>Dec. 31, 2023</u>	<u>Dec. 31, 2022</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$320,257	\$363,802
<u>Financial liability</u>		
At amortized cost (Note 2)	24,836	31,613

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, accounts receivable, other receivables, and refundable deposits.

Note 2: The balance consists of other liabilities, excluding financial liabilities measured at amortized cost such as salaries and bonuses payable, and unpaid leave bonuses.

(3) Financial Risk Management Objectives and Policies

The Company's primary financial instruments include equity investments and accounts receivable. The financial management department of the Company provides services to business units, coordinating access to domestic and international financial markets, and managing the Company's financial risks related to its operations through internal risk reports that analyze exposures by level and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk, and liquidity risk.

1. Market Risk

The Company's operating activities expose it to the primary financial risks of changes in foreign exchange rates (see below (1)) and interest rates (see below (2)).

There has been no change in the company's exposure to market risks related to financial instruments and the ways in which it manages and measures such exposures.

(1) Exchange Rate Risk

The Company engages in transactions denominated in foreign currencies, thus exposing it to exchange rate fluctuations.

The Company's monetary assets and liabilities denominated in non-functional currencies as of the balance sheet date are detailed in Note 22.

Sensitivity Analysis

The company is mainly affected by fluctuations in the US dollar exchange rate.

The following table illustrates the sensitivity analysis when the New Taiwan Dollar (functional currency) appreciates or depreciates by 1% against the relevant foreign currencies. The 1% sensitivity rate is used internally by the Company to report exchange rate risks to senior management and represents management's assessment of the reasonably possible range of changes in foreign exchange rates. The sensitivity analysis only includes foreign currency monetary items outstanding and adjusts their year-end conversion by a 1% change in exchange rates. Positive figures in the table indicate an increase in pre-tax profit when the New Taiwan Dollar depreciates by 1% relative to the relevant currencies;

a 1% appreciation of the New Taiwan Dollar against these currencies would have the opposite effect on pre-tax profit by the same amount.

	USD Impact	
	2023	2022
Gain and loss	<u>\$ 215</u>	<u>\$ 316</u>

The Company's sensitivity to exchange rate changes decreased this year, primarily due to a decrease in net assets denominated in USD.

## (2) Interest Rate Risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	Dec. 31, 2023	Dec. 31, 2022
Fair value interest rate risk		
— Financial assets	\$135,400	\$128,600
— Financial liability	209	1,354
Cash flow rate risk		
— Financial assets	159,388	206,257

### Sensitivity Analysis

The following sensitivity analysis is determined based on the interest rate exposure of non-derivative financial instruments at the balance sheet date. For floating-rate assets, the analysis assumes that the amount of assets outstanding at the balance sheet date was outstanding for the entire reporting period.

If the annual interest rate increased by 1%, with all other variables held constant, the Company's pre-tax profit for 2023 and 2022 would increase by NT\$1,594 thousand and NT\$2,063 thousand, respectively.

The sensitivity of the Company to interest rates decreased this year, primarily due to a decrease in floating-rate financial assets.

## 2. Credit Risk

Credit risk refers to the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. As of the balance sheet date, the maximum exposure to credit risk resulting from the non-performance of its counterparts is primarily from the carrying amounts of financial assets recognized on the balance sheet.

The Company's accounts receivable are diversified across numerous clients, industries, and geographical regions. The Company continually assesses the financial condition of its clients with accounts receivable.

The Company's credit risk is mainly concentrated in its top five clients. As of December 31, 2023, and 2022, the percentage of total accounts receivable from these clients was 52% and 75%, respectively.

## 3. Liquidity Risk

The Company manages and mitigates the impact of fluctuations in cash flow by maintaining sufficient levels of cash and cash equivalents to support its operations.

The maturity analysis of non-derivative financial liabilities is prepared based on the repayment dates agreed upon.

### Dec. 31, 2023

	Request pay-as-you- go or Less than 1 month	1-3 months	3 months to 1 year	More than 1 year	Total
Non-derivative financial liability					
No interest-bearing liabilities	\$ 10,252	\$ 11,477	\$ 15,584	\$ 4,790	\$ 42,103
Lease liabilities	<u>70</u>	<u>140</u>	<u>-</u>	<u>-</u>	<u>210</u>
	<u>\$ 10,322</u>	<u>\$ 11,617</u>	<u>\$ 15,584</u>	<u>\$ 4,790</u>	<u>\$ 42,313</u>

### Dec. 31, 2022

	Request pay-as-you- go or Less than 1 month	1-3 months	3 months to 1 year	More than 1 year	Total
Non-derivative financial liability					
No interest-bearing liabilities	\$ 14,236	\$ 6,217	\$ 18,813	\$ 7,989	\$ 47,255
Lease liabilities	<u>453</u>	<u>906</u>	<u>-</u>	<u>-</u>	<u>1,359</u>
	<u>\$ 14,406</u>	<u>\$ 5,863</u>	<u>\$ 18,813</u>	<u>\$ 7,989</u>	<u>\$ 47,071</u>

21. Related Party Transactions

Compensation to executive management

	2023	2022
Short-term employee benefits	<u>\$ 13,194</u>	<u>\$ 12,254</u>

Compensation for directors and other key management personnel is determined by the compensation committee based on individual performance and market trends.

22. Information on Foreign Currency Assets with Significant Effects

The information below is expressed in a foreign currency other than the company's functional currency, and the disclosed exchange rate refers to the exchange rate at which the foreign currency is converted into the functional currency. Significant foreign currency assets are as follows:

Unit: In thousands of different foreign currencies

	Dec. 31, 2023		Dec. 31, 2022	
	Foreign currency	Exchange Rate	Foreign currency	Exchange Rate
Foreign currency assets				
<u>Monetary items</u>				
USD	<u>\$ 1,271</u>	30.705	<u>\$ 1,813</u>	30.71
Foreign currency liabilities				
<u>Monetary items</u>				
USD	<u>\$ 572</u>	30.705	<u>\$ 783</u>	30.71

Significant realized and unrealized foreign exchange gains and losses are as follows:

Foreign Currency	2023		2022	
	Exchange Rate	Net Exchange Profit	Exchange Rate	Net Exchange Loss
USD	31.155 (USD:TWD)	<u>\$ 70</u>	29.805 (USD:TWD)	<u>\$ 1,082</u>

23. Additional Disclosures

Other than the items listed below, the Company has no other significant transactions, re-investments, or investment information in Mainland China that need to be disclosed.

Marketable securities held:

Held Company Name	Marketable Securities Type	Marketable Securities Name	Relationship with the Company	Financial Statement Account	At the End of Period				Note
					Shares (thousand)	Carrying Value	Percentage of Ownership (%)	Net Value of Equity/Market Price/Book Value	
The Company	Stock	Favepc Inc.	The chairman of the company is a director of that company	Financial assets mandatorily measured at the fair value through profit or loss - non-current	2,350	\$ -	13	\$ -	Note

Note: As of the end of December 2023, the listed securities did not provide any guarantees, collateral for loans, or other restrictions as per agreements.

24. Operating Segments Information

The operating decision-makers of the Company allocate resources and assess the performance of segments based on different regulatory environments. All operating segments that meet the definition have similar economic characteristics; therefore, the Company is reported as a single operating segment. Furthermore, the segment information provided for review by the operating decision-makers is measured on the same basis as the financial statements. Hence, the segment revenue and operating results that should be reported for 2023 and 2022 can be referred to in the Statements of Comprehensive Income for 2023 and 2022; the segment assets that should be reported as of December 31, 2023, and 2022, can be referred to in the Balance Sheets as of December 31, 2023, and 2022.

- (1) Revenue from Major Products and Services: Refer to Note 15.

(2) Geographical Information:

Revenue from continuing operations from external customers and non-current assets, divided by the operating location and by the location of the assets, are presented as follows:

	Revenue from external customers		Non-current assets	
	2023	2022	Dec. 31, 2023	Dec. 31, 2022
Mainland (including Hong Kong)	\$ 78,560	\$ 84,992	\$ -	\$ -
Taiwan	47,715	76,031	38,537	47,769
Singapore	34,180	43,316	-	-
Korea	19,788	21,957	-	-
USA	3,745	2,645	-	-
Others	3,396	479	-	-
	<u>\$ 187,384</u>	<u>\$ 229,420</u>	<u>\$ 38,537</u>	<u>\$ 47,769</u>

Non-current assets do not include financial instruments, refundable deposits and net defined benefit assets.

(3) Major Customer Information

Revenue from a single customer that accounts for more than 10% of the Company's total revenue is as follows:

Name of Related Party	2023		2022	
	Amount	%	Amount	%
Customer A	\$ 33,194	18	\$ 43,317	19
Customer B	25,285	13	33,951	15
Customer C	19,788	11	NA (Note)	-
Customer D	18,929	10	23,808	10

Note: Revenue amount did not reach 10% of the Company's total revenue.

# SCHEDULE OF SIGNIFICANT ACCOUNTS

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Yield Microelectronics Corporation  
Statement of Cash and Cash Equivalents  
Dec. 31, 2023

Table 1

(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Bank deposits		
Demand deposits		\$ 31,340
Foreign currency deposits	US\$734 thousand and CNY\$119 thousand (exchange rate: US\$1 = NT\$30.705 and CNY\$1 = NT\$4.327)	23,048
Time deposits	Interest rates of 1.1%~1.25%, maturing progressively before the end of March 2024	240,400
Cash on hand		<u>33</u>
		<u>\$294,821</u>

Yield Microelectronics Corporation  
Statement of Accounts Receivables

Dec. 31, 2023

Table 2 (In Thousands of New Taiwan Dollars)

Customer Names	Amount
A Company	\$ 5,458
B Company	1,842
C Company	1,535
D Company	1,535
E Company	1,290
F Company	1,161
Others (Note 1)	<u>3,665</u>
Total	<u>\$ 16,486</u>

Note 1: Each account balance does not exceed 5% of the total balance of this account.

Note 2: There are no overdue amounts for more than one year.

Yield Microelectronics Corporation  
Statement of Changes in the Cost and Accumulated Depreciation of Right-of-use Assets  
For the Years Ended December 31, 2023

Table 3 (In Thousands of New Taiwan Dollars)

Name	Buildings and Premises
Cost	
Balance as of Jan. 1, 2023	\$ 20,113
Addition	<u>4,385</u>
Balance as of Dec. 31, 2023	<u>24,498</u>
Accumulated Depreciation	
Balance as of Jan. 1, 2023	18,442
Depreciation	<u>5,849</u>
Balance as of Dec. 31, 2023	<u>24,291</u>
Net Value as of Dec. 31, 2023	<u>\$ 207</u>

Yield Microelectronics Corporation

Statement of Lease Obligations

Dec. 31, 2023

Table 4

(In Thousands of New Taiwan Dollars)

<u>Name</u>	<u>Lease Term</u>	<u>Discount Rate</u>	<u>Amount</u>
Buildings	Apr 2020~Mar 2024	2.99%	\$ 209
Less: Current lease liabilities			( <u>209</u> )
Non-current lease liabilities			<u>\$ -</u>

Yield Microelectronics Corporation  
Statement of Operating Expenses  
For the Years Ended December 31, 2023

Table 5 (In Thousands of New Taiwan Dollars)

Items	Sales Expenses	Management Expenses	Research and Development Expenses
Salary expenses	\$ 6,042	\$ 18,009	\$ 61,834
Depreciation expenses	1,462	2,898	8,061
Amortization expenses	-	140	16,813
Technical service fees	-	-	5,794
Travel expenses	982	40	194
Insurance premiums	525	1,386	5,265
Labor fees	-	3,547	137
Others (Note)	<u>3,045</u>	<u>4,556</u>	<u>10,029</u>
	<u>\$ 12,056</u>	<u>\$ 30,576</u>	<u>\$ 108,127</u>

Note: None of the amounts for each item exceed 5% of the respective account balances.

Yield Microelectronics Corporation

Summary Statement of Current Period Employee Benefits, Depreciation and Amortization Expenses by Function

For the Years Ended December 31, 2023, and December 31, 2022

(In Thousands of New Taiwan Dollars)

Table 6

	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salary expenses	\$ 1,153	\$ 83,136	\$ 84,289	\$ 624	\$ 82,792	\$ 83,416
Employee insurance expenses	-	7,055	7,055	-	6,300	6,300
Pension costs	-	3,717	3,717	-	3,438	3,438
Directors' compensation	-	2,749	2,749	-	4,943	4,943
Other employee benefits expenses	-	2,252	2,252	-	2,182	2,182
Total	<u>\$ 1,153</u>	<u>\$ 98,909</u>	<u>\$ 100,062</u>	<u>\$ 624</u>	<u>\$ 99,655</u>	<u>\$ 100,279</u>
Depreciation expense	<u>\$ -</u>	<u>\$ 12,421</u>	<u>\$ 12,421</u>	<u>\$ -</u>	<u>\$ 12,887</u>	<u>\$ 12,887</u>
Amortization expense	<u>\$ -</u>	<u>\$ 16,953</u>	<u>\$ 16,953</u>	<u>\$ -</u>	<u>\$ 14,731</u>	<u>\$ 14,731</u>

Note 1: The average number of employees per month in 2023 and 2022 was 72 and 71, respectively, including 7 directors not acting as employees in both years.

Note 2: For companies listed on the TWSE or traded OTC at the TPEx, the following information shall be disclosed:

- (1) The average employee benefit expense in 2023 was NT\$1,497 thousand ("2023 total employee benefit expenses – total compensation to directors" / "2023 number of employees – the number of directors not acting as employees").

The average employee benefit expense in 2022 was NT\$1,490 thousand ("2022 total employee benefit expenses – total compensation to directors" / "2022 number of employees – the number of directors not acting as employees").

- (2) The average employee salary expense in 2023 was NT\$1,297 thousand ("2023 total salary expenses" / "2023 number of employees – the number of directors not acting as employees").

The average employee salary expense in 2022 was NT\$1,303 thousand ("2022 total salary expenses" / "2022 number of employees – the number of directors not acting as employees").

- (3) The change in average employee salary expense was (0.46)% ("2023 average employee salary expense – 2022 average employee salary expense" / 2022 average employee salary expense).

Note 3: The Company no longer has supervisors and has replaced the supervisory duties with an audit committee according to legal regulations.

Note 4: The Company's Compensation Policy (including directors, managers, and employees):

- (1) Directors: According to Article 20 of the Company's articles of incorporation, if the Company is profitable for the year (profit being defined as pre-tax profit before the distribution of compensation to employee and directors), allocations should be made as follows: up to 5% for compensation to directors and 5% to 15% for compensation to employees. However, if the Company still has accumulated losses (including the amount of adjusted undistributed retained earnings), it should first reserve an amount for covering those

losses. The above allocation ratios are to be decided by the board of directors and reported to the shareholders' meeting. Additionally, the Company's "Rules for Performance Evaluation of Board of Directors" serves as a reference for determining compensation to directors.

- (2) General Manager: The compensation level for the Company's managers must be competitive within the industry to attract external talents and retain internal ones. Individual compensation levels for managers vary based on responsibilities and performance to encourage them to fulfill their duties and achieve results. Managers are accountable for operational performance, and incentives should reflect both the Company's short-term and long-term performance.
- (3) Employees: The overall compensation for the Company's employees is based on principles that consider internal fairness and external competitiveness. As stipulated in the Company's articles of incorporation, the Company should allocate between 5% to 15% of the Company's annual pre-tax profit before deductions for compensation to employees and directors as compensation to employees.; individual employee compensation is based on job responsibilities and professional skills, with bonuses and employee benefits awarded based on individual work performance and contributions.

## V. Recent Annual Consolidated Financial Statements Audited and Certified by an Auditor for Parent and Subsidiary Companies:

The Company does not have any subsidiaries, therefore only parent company only financial statements have been prepared.

## VI. Financial Difficulties Encountered by the Company and Its Associates in the Recent Fiscal Year Up to the Date of Publication of the Annual Report, and Their Impact on the Company's Financial Condition: None.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

### 1. Review and Analysis of Financial Condition:

#### (1) Comparative Analysis of Financial Condition

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference		Explanation
			Amount	%	
Current Assets	318,075	360,529	(42,454)	(11.78)	-
Property, plant and equipment	8,082	14,118	(6,036)	(42.75)	-
Right-of-use assets	207	1,671	(1,464)	(87.61)	-
Intangible assets	30,248	31,980	(1,732)	(5.42)	-
Other Assets	5,968	5,886	82	1.39	-
Total Assets	362,580	414,184	(51,604)	(12.46)	-
Current liabilities	44,536	57,930	(13,394)	(23.12)	Note 1
Non-current liabilities	4,790	7,989	(3,199)	(40.04)	-
Total liabilities	49,326	65,919	(16,593)	(25.17)	Note 1
Share capital	268,100	268,100	-	-	-
Retained earnings	45,154	80,165	(35,011)	(43.67)	Note 2
Total equity	313,254	348,265	(35,011)	(10.05)	-
The main reasons and impact analysis for changes exceeding 20 percent and an amount of over NT\$10 million are as follows:					
Note 1: Decrease in current liabilities and total liabilities: Mainly due to the distribution of the 2022 annual cash dividends to shareholders.					
Note 2: Decrease in retained earnings: Mainly due to a decrease in net profit for 2023.					



## 2. Review and Analysis of Financial Performance:

### (2) Comparative Analysis of Operating Results

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	%	Explanation
Operating Income	187,384	229,420	(42,036)	(18.32)	-
Operating Costs	1,568	1,720	(152)	(8.84)	-
Gross profit	185,816	227,700	(41,884)	(18.39)	-
Operating Expenses	150,759	148,854	1,905	1.28	-
Net profit (loss)	35,057	78,846	(43,789)	(55.54)	Note 1
Non-operating income and expenses	3,210	2,525	685	27.13	-
Net profit (loss) before tax	38,267	81,371	(43,104)	(52.97)	Note 1
Income tax benefit (expense)	6,250	8,407	(2,157)	(25.66)	-
Net profit (loss) for the period	32,017	72,964	(40,947)	(56.12)	Note 1
Total comprehensive income or loss for the period	32,014	74,561	(42,547)	(57.06)	Note 1
Analysis explanation for changes exceeding 20 percent and an amount of NT\$10 million: Note 1: Due to a decrease in business revenue for 2023.					

### (3) Expected Sales Volume for the Next Fiscal Year and Its Basis, Potential Impact on the Company's Future Financial and Business Operations, and Contingency Plans:

The Company is a professional designer of embedded non-volatile memory SIPs (Silicon Intellectual Property) using a logic process. Our products are not quantifiable in terms of units. Based on industry conditions, customer product demands, market supply and demand, market share, and industry forecasts, the Company expects to maintain stable growth in sales compared to the previous year, which will positively influence the Company's future finances.

## 3. Cash Flow

### (1) Analysis of recent annual cash flow movements

Unit: NT\$ thousands

Item \ Year	Net Cash Flow		Difference
	2023	2022	
Operating Activities	57,721	108,810	(51,089)
Investing Activities	(24,516)	(18,075)	(6,441)
Financing Activities	(72,555)	(32,140)	(40,415)
Effect of Exchange Rate Changes on	(751)	(1,404)	653

Cash and Cash Equivalents			
<b>Analysis of Cash Flow Changes:</b> 1. Decrease in net cash inflow from operating activities: Due to the decrease in pre-tax net profit in 2023. 2. Increase in net cash outflow from investing activities: Mainly used for the purchase of additional R&D testing equipment and software. 3. Increase in net cash outflow from financing activities: Due to the distribution of the 2022 annual cash dividends in 2023. 4. Impact of exchange rate changes on cash and cash equivalents: Mainly due to the depreciation of the New Taiwan Dollar against the U.S. Dollar, resulting in a revaluation of foreign currency cash holdings.			

(2) Plan for Improving Insufficient Cash Amounts: Based on the current cash position of the Company, there are no issues related to liquidity or cash shortages.

(3) Cash Liquidity Analysis for the Next Year:

Unit: NT\$ thousands

Beginning Cash Balance	Estimated Net Cash Flow from Operating Activities for the Year	Estimated Net Cash Flow from Investing Activities for the Year	Estimated Net Cash Flow from Financing Activities for the Year	Remaining Cash Balance	Remedial Measures for Cash Shortages	
					Investment Plans	Financial Management Plans
294,821	53,377	(64,075)	161,002	445,125	—	—
1. Analysis of Expected Cash Flow Changes for the Next Year: (1) Net Cash Inflow from Operating Activities: Mainly derived from the revenue of 2024. (2) Net Cash Outflow from Investing Activities: Mainly expected for the purchase of office equipment, R&D testing equipment, and software. (3) Net Cash Inflow from Financing Activities: Mainly expected from cash capital increase prior to the initial listing on the Innovation Board. 2. Remedial Measures for Expected Cash Shortages and Liquidity Analysis: Not applicable.						

4. Recent Years Major Capital Expenditures and Impact on Financial and Business:

(1) Usage of Major Capital Expenditures and Sources of Capital: None.

(2) Impact on Financial and Business Operations: None.

5. Long-term Equity Investment Policy and Results: None.

## 6. Risk Management:

- (1) The impact of interest rate changes, exchange rate fluctuations, and inflation on the Company's profits and future response measures:

1. Impact on the Company's profits:

Item	2023 (NT\$ thousands; %)
Net amount of interest received (paid)	3,139
Net exchange (loss) gain	70
Net amount of interest received (paid) as a percentage of net revenue	1.68%
Net amount of interest received (paid) as a percentage of pre-tax net profit	8.20%
Net exchange (loss) gain as a percentage of net revenue	0.04%
Net exchange (loss) gain as a percentage of pre-tax net profit	0.18%

a. Interest rate changes: In 2023, with sufficient operating capital, interest income was generated. The Company currently has no bank loans, but still regularly monitors changes in bank interest rates and maintains good relationships with banks to obtain favorable rates and minimize the impact of interest rate fluctuations on the Company's profits.

b. Exchange rate fluctuations: The Company's products are sold not only domestically but also exported to the United States and various Asian countries, with most foreign transactions denominated in U.S. dollars. As shown in the table above, an exchange gain of NT\$70,000 was realized in 2023, mainly due to the depreciation of the New Taiwan Dollar.

The Company manages foreign exchange with a principle of risk aversion, not for speculative trading. Financial staff continuously monitor financial news and foreign exchange market changes to fully grasp exchange rate trends. Additionally, the Company strengthens relationships with banks and considers advice from foreign exchange banks to make foreign exchange hedging more flexible.

c. Inflation has no significant impact on the Company.

2. Future response measures: Not applicable.

- (2) Policies on engaging in high-risk, high-leverage investments, lending funds to others, endorsements and guarantees, and trading in derivative products, as well as the main reasons for profits or losses and future countermeasures:

The Company focuses on its core business and has not engaged in high-risk, high-

leverage investments, lending funds to others, endorsements, guarantees, or trading in derivative products in the most recent fiscal year and up to the date of the annual report's publication. The Company has established "Procedures for Acquisition or Disposal of Assets," "Procedures for Endorsement and Guarantee," and "Procedures for Lending Funds to Other Parties," which have been approved by the shareholders' meeting. If the Company engages in related operations in the future, it will proceed according to the relevant operational procedures and will announce the information promptly and accurately in accordance with legal regulations.

(3) Future research and development plans and anticipated R&D expenses:

The Company's future R&D plans are to meet customers' diverse product needs by developing various application-specific integrated circuits (SIPs) for applications such as MCU, power IC, and touch control IC uses, building more complete MTP SIP database solutions for customers; and developing 55 nm and 40 nm process technologies with partners, focusing on applications such as communication products, smart power, mobile screen control ICs, mobile screen driver ICs, IoT, MCUs, and sensor markets with built-in multi-write non-volatile memory SIP.

The Company's R&D expenses are mainly invested in product development, which may not necessarily correlate proportionally with annual sales. The Company believes that active investment in R&D is essential to maintaining its competitive edge and existing advantages. Therefore, the Company's investment in various R&D expenses will not be affected by external conditions, and there are currently no anticipated significant R&D expenses.

(4) Impact of significant domestic and international policy and legal changes on the Company's financial operations and countermeasures:

The Company will continue to monitor relevant domestic and international policy and legal changes and respond promptly to any impacts arising from these changes. As of the most recent fiscal year and up to the date of publication of the annual report, there have been no significant domestic or international policy or legal changes that have had a major impact on the Company's financial operations.

(5) Impact of technological changes (including information security risks) and industry changes on the Company's financial operations and countermeasures:

The Company places great importance on investing in and developing R&D talent and product technology, continuously monitoring domestic and international technological or industry changes, and assessing the impacts of new trends. The management has a firm grasp on future market directions or technology development strategies and will respond appropriately to any impacts. The Company has established information system management procedures and computer operation cycles to implement internal control systems and maintain information security policies, ensuring data integrity and security. Thus, as of the

most recent fiscal year and up to the date of publication of the annual report, technological changes (including information security risks) and industry changes have not had any significant adverse effects on the Company's financial operations.

(6) Impact of changes in corporate image on crisis management and countermeasures:

In recent years, the Company has continually strengthened corporate governance to respond to various potential corporate crises. It has rapidly developed processes for handling crises and provides immediate responses to protect the Company's corporate image. As of the most recent fiscal year and up to the date of publication of the annual report, there have been no significant impacts on the Company due to changes in corporate image.

(7) Expected benefits, potential risks, and countermeasures for mergers and acquisitions:

As of the most recent fiscal year and up to the date of publication of the annual report, the Company has had no plans to merge with or acquire other companies. Should there be plans for mergers and acquisitions in the future, the Company will adopt a cautious evaluation approach, fully considering the synergies of the merger to effectively protect shareholders' rights.

(8) Expected benefits, potential risks, and countermeasures for expanding factory facilities:

As of the most recent fiscal year and up to the date of publication of the annual report, the Company has had no plans to expand its factory facilities.

(9) Risks associated with concentration in procurement or sales and countermeasures:

1. Procurement: The Company is a professional design company specializing in embedded non-volatile memory SIPs (Silicon Intellectual Property) in logic processes and does not engage in production and manufacturing, so this assessment does not apply.
2. Sales: Although some of the Company's existing sales customers account for more than 10% of sales revenue, all are reputable international companies. The relationship with these companies remains good, and payment collections are normal, so such risks are minor.

(10) Impact, risk, and countermeasures related to significant transfers of shares or changes in shareholders holding more than 10% of the shares among directors, supervisors, or major shareholders:

As of the most recent fiscal year and up to the date of publication of the annual report, there have been no significant transfers of shares among directors, supervisors, or shareholders holding more than 10% of the shares.

(11) Impact, risk, and countermeasures related to changes in management rights:

As of the most recent fiscal year and up to the date of publication of the annual report, there have been no changes in management rights.

(12) Litigation or non-litigation events that may significantly affect shareholders' rights or the price of securities should disclose the facts of the dispute, the amount involved, the start date of the litigation, the main parties involved in the litigation, and the situation up to the date of publication of the annual report: None.

(13) Other significant risks and countermeasures: None.

7. Other Important Matters: None.

## **VIII. SPECIAL DISCLOSURE**

1. Summary of Associates: None.
2. Private Placement Securities in the Most Recent Years: None.
3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.
4. Other items of description which needs to be supplemented: None.
5. Any event that had a material impact on the rights of shareholders or the prices of securities provided in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act occurred: None.

Yield Microelectronics Corporation

Chairman: HUANG, WEN-CHIEN