

Stock Code: 6423



Yield Microelectronics Corporation

2024 Annual Report

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Prepared by Yield Microelectronics Corporation

Published on March 25, 2025

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.

1. Spokesman

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Title: Associate Manager

Tel: (03)552-6035

Email: ir@ymc.com.tw

2. Acting spokesman

Name: LAI, YING-CHUN

Title: Associate Manager

Tel: (03)552-6035

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3. Address and telephone number of the Company's headquarters, branch offices, and factories

Head Office: 11 F.-2, No. 12, Taiyuan 2nd St., Zhubei City, Hsinchu County 302082

Tel: (03)552-6035

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4. Agency handling shares transfer

Name: Stock Affairs Agency Department of Yuanta Securities Co., Ltd.

Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106045

Tel: (02)2586-5859

Website: www.yuanta.com

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

CPA Names: LIN,HSIN-TUNG and LIN,CHENG-CHIH

Accounting Firm: Deloitte & Touche

Address: 2F., No.6, Prosperity 1st Road, Hsinchu Science Park 30078

Website: www.deloitte.com.tw

Tel: (03)578-0899

6. Name of any exchanges where the company's securities are traded offshore: None.

7. Official Website of the Company: www.ymc.com.tw

TABLE OF CONTENTS

	<u>Page</u>
I. Letter to Shareholders	1
II. Corporate Governance Report	4
1. Directors, Supervisors, President, Vice President, and Management Team	4
2. Remuneration Paid to Directors, Supervisors, the President, and Vice Presidents in the Most Recent Year	20
3. Implementation of Corporate Governance.....	26
4. Information Regarding the Company's Audit Fee and Independence.....	58
5. Replacement of CPA: None.	58
7. 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:.....	59
8. 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:	60
9. 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:	60
III. Capital Overview	61
1. Capital and Shares.....	61
2. Corporate Bonds: None.....	66
3. Preferred Shares: None.	66
4. Global Depository Receipts: None.	66
5. Employee Stock Options The following details should be provided:.....	66
6. Restricted Stock Awards:	66
7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.	66
8. Financing Plans and Implementation:.....	66
IV. Operations Overview	68
1. Business Activities	68
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:	85
4. Environmental Protection	86
5. Labor Relations	86
6. IT Security Management.....	87

7. Significant Contracts:.....	89
V. Review of Financial Conditions, Operating Results, and Risk Management	91
1. Review and Analysis of Financial Condition:	91
2. Review and Analysis of Financial Performance:	92
3. Cash Flow	92
4. Recent Years Major Capital Expenditures and Impact on Financial and Business:	93
5. Long-term Equity Investment Policy and Results: None.....	93
6. Risk Management:	93
7. Other Important Matters: None.....	97
VI. SPECIAL DISCLOSURE	98
1. Summary of Associates: None.	98
2. Private Placement Securities in the Most Recent Years: None.....	98
3. Other items of description which needs to be supplemented: None.....	98
4. 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.....	98

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 2024 and future outlook of the Company as follows:

A. Business Results for 2024

The Company's performance in 2024 compared to 2023 is as follows:

Unit: NT\$ thousands

Accounting Item	2024	2023	Change Percentage (%)
Net Operating Revenue	224,706	187,384	19.92%
Technical Service Revenue	50,724	48,082	5.49%
Royalty Income	173,982	139,302	24.90%
Net Operating Profit (Loss)	30,700	35,057	-12.43%
Pre-Tax Net Profit (Loss)	34,600	38,267	-9.58%
Income Tax Expense	6,824	6,250	9.18%
Net Profit (Loss) for the Period	27,776	32,017	-13.25%
Earnings Per Share After Tax	0.98	1.19	-17.65%

In 2024, the Company's operating revenue increased by 19.92% compared to 2023. The growth in revenue for the year was primarily driven by an increase in royalty income and technical service income. The Company will continue to promote its existing products and invest in the development of new product specifications as key drivers for future revenue growth. In 2024, technical service income and royalty income accounted for 22.57% and 77.43% of the Company's total operating revenue, respectively. Overall, the year-over-year growth in operating revenue was mainly due to an increase in customer wafer input volume. Please refer to the table below for the revenue figures for the year:

Unit: NT\$ thousands

Item / Year	2024	% to Total Revenue	2023	% to Total Revenue
Technical Service Revenue	50,724	22.57%	48,082	25.66%
Royalty Income	173,982	77.43%	139,302	74.34%
Total	224,706	100.00%	187,384	100.00%

Regarding budget execution, the Company set internal budget targets for 2024 but did not publicly disclose any financial forecasts. Although the Company's profit for the year

was lower than the internal target, it remains committed to pursuing growth in both revenue and profitability.

1. Research and Development:

The Company continued its R&D efforts to scale down floating gate memory cells. The fifth-generation floating gate memory cell-based MTP, FTP, OTP Plus IP, and EEPROM have entered mass production. Development of high-capacity, low-voltage, power-efficient, high-speed eFlash IP is currently underway and has entered the verification stage.

The second-generation Anti-Fuse OTP IP has completed functional verification and is expected to be taped out to various process nodes for further validation by the end of the year.

2. IP Licensing and Wafer Royalties:

The Company continued to expand its collaborations with new foundries and added new process nodes with existing partners. These efforts aim to increase IP sales volume and royalty income through the expansion of manufacturing partners and process offerings.

B. Business Plan for 2025

1. Management Policy

The Company will continue strengthening its R&D capabilities, expanding its product lines, and broadening application fields. By diversifying its IP portfolio and advancing new technologies, the Company aims to create greater value for its partners. It remains committed to fostering long-term collaborations with both customers and foundries, working closely to drive mutual growth. In addition, the Company will support its partners in improving yield rates and shipment quality, striving together to deliver world-class products.

2. Business Objectives

The Company currently holds a certain market share in the microprocessor and power management sectors and has made progress in developing the driver IC market. Going forward, it will continue expanding in these three application markets and further develop the advanced process market to sustain annual growth.

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. Impact of External Competitive Environment, Regulatory Environment, and General Business Conditions

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 2025, 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. Corporate Governance Report

1. Directors, Supervisors, President, Vice President, and Management Team

(1) Directors

1. Information of the directors

Mar. 15, 2025; 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	
Chairman	ROC	HUANG, WEN-CHIEN	Male 61-70	2022.06.23	3	2004.03.29	980,425	3.66	1,060,425	3.60	-	-	-	-	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	2022.06.23	3	2010.06.23	909,575	3.39	909,575	3.09	-	-	-	-	Master's degree, Graduate Institute of Electrical Engineering, National Tsing Hua University Engineer, Taiwan Semiconductor Manufacturing Company Limited Engineer, Syntek Semiconductor Co., Ltd.	1. Chairman, GemTek Technology Co., Ltd. 2. Chairman, BROWAN COMMUNICATIONS INCORPORATION 3. Chairman, ANTEK NETWORKS INC. 4. Polaris GroupChairman 5. Director, G-Technology Investment Co., Ltd 6. Director, Witek Investment Co.,Ltd 7. Director, Ampak International Holdings Ltd 8. Director, Primax Communication (B.V.I.)Inc. 9. Director, Free PP Worldwide Co.,Ltd 10. Representative of juristic person director, LIONIC CORP. 11. Representative of juristic person director, INTOWELL BIOMEDICAL TECHNOLOGY, INC.	-	-	-	-

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	2022.06.23	3	2010.06.23	693,685	2.59	1,775,685	6.03	-	-	-	-	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. Chairman, Favite Inc. 2. Chairman, Favepc Inc.	-	-	-	-
Director	ROC	WEI, YUAN	Male 61-70	2022.06.23	3	2019.05.23	687,040	2.56	569,040	1.93	-	-	-	-	Bachelor's degree, Department of Civil Engineering, Nanya Institute of Technology Chairman, the Association of Chairmen of Enterprises in Northern Region Industrial Park of R.O.C.	1. Vice Chairman, The Manufactures United General Association of Industrial Park of R.O.C. 2. Policy Advisor, Executive Yuan 3. Member, Labor Standards Advisory Committee, Ministry of Labor 4. Member, Cross-Border Workforce Affairs Center, Workforce Development Agency, Ministry of Labor 5. Municipal Advisor, Keelung City Government 6. Member, Urban Planning Committee, Keelung City Government	-	-	-	-

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	2022.06.23	3	2022.06.23	679,000	2.53	680,000	2.31	-	-	-	-	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	2022.06.23	3	2018.05.30	-	-	-	-	-	-	-	-	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	2022.06.23	3	2018.08.03	-	-	-	-	-	-	-	-	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 61-70	2022.06.23	3	2018.08.03	-	-	-	-	-	-	-	-	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	2023.10.23	3	2023.10.23	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 1: The Chairman 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.

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
Chairman 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.	<p>(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).</p> <p>(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.</p> <p>(3) Does not have a spouse or relative within the second degree of kinship among other directors.</p> <p>(4) Not elected as a director under Article 27 of the Company Act by the government, a legal entity, or their representatives.</p>	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.	<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</p>	None

		<p>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.</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&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&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&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:

To promote sound corporate governance and enhance the structure and development of the Board, the Company has adopted a candidate nomination system for director appointments in accordance with the Articles of Incorporation. Candidates are evaluated based on their academic and professional qualifications, integrity, and relevant expertise. Upon approval by the Board of Directors, the list of nominees is submitted to the shareholders' meeting for election. In addition to ensuring that the number of directors concurrently serving as company managers does not exceed one-third of the total board seats, the Company also establishes appropriate diversity policies based on its operations and development needs. These include, but are not limited to:

- A. Basic Attributes and Values: Gender, age, nationality, and cultural background.
- B. Professional Knowledge and Skills: Business judgment, accounting and financial analysis, management experience, crisis response capabilities, industry expertise, international market perspective, leadership, and decision-making

ability.

The current Board is composed of 9 directors. The Company's specific diversity management goals and their achievement status 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
At least one-third of the directors shall be of a different gender.	Not Achieved
Independent directors' terms not exceeding three terms.	Achieved
Adequate diversity of professional knowledge and skills.	Achieved

Explanation for not achieving the gender diversity goal and measures to improve:

- Reason: In accordance with the Articles of Incorporation, the Company has appointed 9 directors as of the shareholders' meeting on May 23, 2022. Two of them are female, which, although compliant with the relevant laws at that time, does not reach the one-third target due to industry characteristics and the difficulty of sourcing suitable talent in the short term.
- Measures: The Company will seek talent recommendations through various channels, including from industry and academia, to enhance corporate governance and implement its board diversity policy.

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
					61-70	51-60											
Director	HUANG, WEN-CHIEN	ROC	M	V	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, YUNG-WEI		F		V			V	V	V	V	V	V	V	V	V	V

	YUEH-SHU																
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 also an employee) and 4 independent directors, accounting for 55.56% and 44.44% of the board respectively. The number of independent directors exceeds one-third of the board. As of March 2025, all independent directors meet the requirements stipulated by the Securities and Futures Bureau of the Financial Supervisory Commission. There are no familial relationships between any of the directors and independent directors, in compliance with Article 26-3, Paragraphs 3 and 4 of the Securities and Exchange Act.

(2) Supervisors: Not applicable.

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

Record Date: Mar. 15, 2025

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	Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
President	ROC	HUANG, WEN-CHIEN	Male	2001.08.01	1,060,425	3.60	-	-	-	-	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 President	ROC	WU, CHI-PEI	Male	2022.12.20	20,000	0.07	-	-	-	-	Master's in Electronic Engineering, National Tsing Hua University	-	-	-	-	-	-
Associate Managers	ROC	CHEN, YING-TANG	Male	2019.09.11	219,712	0.75	-	-	-	-	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	CHIANG, CHENG-CHANG	Male	2019.09.11	15,000	0.05	-	-	-	-	Bachelor's in Electronic Engineering, National United University Test Engineer, ProMOS Technologies Inc.	-	-	-	-	-	-
Associate Managers	ROC	CHEN, CHENG-YANG	Male	2019.09.11	30,000	0.10	-	-	-	-	Master's in Electronics, Minghsin University of Science and Technology Senior Process Integration Engineer, Episil Technologies Inc.	-	-	-	-	-	-
Associate Managers	ROC	CHEN, HSIA-NG-CHI	Female	2022.12.20	18,000	0.06	-	-	-	-	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	Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Administrative Manager also acting as Finance and Accounting Supervisor, and Corporate Governance Officer	ROC	LAI, YING-CHUN	Female	2012.10.01	29,037	0.10	-	-	-	-	Bachelor's in Financial Management, Chung Hua University Senior Manager, Gemtek Technology Co., Ltd.	Independent Director, Member of the Remuneration Committee, and Member of the Audit Committee, WELLYSUN INC.	-	-	-	-	-
Audit Supervisor	ROC	WANG, CHENG-YUNG	Male	2021.11.15	2,000	0.01	-	-	-	-	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, HSIN-KE	Male	2023.08.02	7,000	0.02	6,402	0.02	-	-	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.

2. Remuneration Paid to Directors, Supervisors, the President, and Vice Presidents in the Most Recent Year

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

Dec. 31, 2024

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)	Cash	Stock	Cash	Stock	The Company	All companies in the financial statements (Note 7)	
Chairman	HUANG, WEN-CHII	-	-	-	-	2,162	2,162	96	96	2,258 8.13%	2,258 8.13%	3,837	3,837	-	-	346	-	346	-	6,441 23.19%	6,441 23.19%	None
Director	CHEN, HUNG-WEN																					
Director	CHEN, YUNG-HUA																					
Director	WEI, YA-AN																					
Director	CHENG, YUEH-SHU																					
Independent Director	PAN, YEN-MIN	1,680	1,680	-	-	-	-	108	108	1,788 6.44%	1,788 6.44%	-	-	-	-	-	-	-	-	1,788 6.44%	1,788 6.44%	None
Independent Director	WU, CHING-YI																					
Independent Director	LIN, YUEH-HSIA																					
Independent Director	LI, CHAN-NAN																					
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.																						

■The compensation distribution for directors and employees of the Company was approved by the Board of Directors on February 25, 2025.

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	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	CHEN, HUNG-WEN, CHEN, YUNG-HUA, WEI, YA-AN, CHENG, YUEH-SHU, PAN, YEN-MIN, WU, CHING-YI, LIN, YUEH-HSIA, LI, CHAN-NAN	CHEN, HUNG-WEN, CHEN, YUNG-HUA, WEI, YA-AN, CHENG, YUEH-SHU, PAN, YEN-MIN, WU, CHING-YI, LIN, YUEH-HSIA, LI, CHAN-NAN
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

■The compensation distribution for directors and employees of the Company was approved by the Board of Directors on February 25, 2025.

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 25, 2025.

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)

Dec. 31, 2024

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-CHIEH	7,989	7,989	-	-	1,233	1,233	682	-	682	-	9,904 35.66%	9,904 35.66%	None
Vice President	WU,CHENG-YING (Note)													
Vice President	WU,CHI-PEI													

Note: Vice President WU, ZHENG-YING was transferred to the position of Special Assistant to the President on August 1, 2024.

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	WU, CHENG-YING	WU, CHENG-YING
NT\$2,000,000~NT\$3,499,999	-	-
NT\$3,500,000~NT\$4,999,999	HUANG, WEN-CHIEH, WU, CHI-PEI	HUANG, WEN-CHIEH, WU, CHI-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 25, 2025.

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:

Dec. 31, 2024

Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	President	HUANG, WEN-CHIEH	0	1,658	1,658	5.97%
	Vice President	WU, CHI-PEI				
	Associate Manager	CHEN, YING-TANG				
	Associate Manager	CHIANG, CHENG-CHANG				
	Associate Manager	CHEN, CHENG-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 25, 2025.

- (5) Comparative analysis of the total remuneration paid to the Company's directors, supervisors, President, and Vice Presidents over the past two years, expressed as a percentage of net income after tax in the parent company only and consolidated financial statements, and explanation of the Company's remuneration policies, standards, composition, determination procedures, and the correlation between remuneration, business performance, and future risks:

1. Percentage of the total remuneration paid to the Company's directors, supervisors, President, and Vice Presidents over the past two years against the net income after tax:

	2024		2023	
	The Company	Parent Company Only Financial Statements	The Company	Parent Company Only Financial Statements
Directors' remuneration	14.57%	14.57%	8.59%	8.59%
Remuneration of President and Deputy President	35.66%	35.66%	32.62%	32.62%

*Note: The Company established the Audit Committee in 2018, hence there is no remuneration for supervisors.

2. Policies, standards, and composition of remuneration, procedures for determining remuneration, and its correlation with business performance

- (1) The Company's director remuneration policy is stipulated in the Articles of Incorporation and approved by the shareholders' meeting. Directors' compensation for fulfilling their duties is determined by the Board of Directors

based on the compensation levels of domestic and international peers. If there is a profit in the annual financial results, remuneration will be allocated in accordance with the Articles of Incorporation.

- (2) The remuneration of the Company's President and Vice Presidents includes salary, bonuses, and employee remuneration. The Company's policy on remuneration is based on academic and professional background, benchmarking against industry salary standards, and assessed according to job responsibilities, performance, contributions, and the Company's operating results for the year, to ensure reasonable compensation.
- (3) The Company has established a Remuneration Committee. The performance evaluation and the reasonableness of the remuneration of directors and managerial officers are reviewed and assessed regularly by the Committee, and adjustments are made according to operating conditions and relevant regulations. The remuneration distribution for directors and managerial officers in 2024 was submitted to and resolved by the Board of Directors after review by the Remuneration Committee.
- (4) The Company's remuneration policy for directors, President, and Vice Presidents takes into account operational performance, future industry fluctuations, and potential operational, transactional, and financial risks that the Company may face.

3. Implementation of Corporate Governance

(1) Operation of the Board of Directors

The Board meeting in 2024 were held 4 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
Chairman	HUANG, WEN-CHIEN	4	0	100.00%	Re-elected on June 23, 2022.
Director	CHEN, HUNG-WEN	2	1	50.00%	Re-elected on June 23, 2022.
Director	CHEN, YUNG-HUA	4	0	100.00%	Re-elected on June 23, 2022.
Director	WEI, YA-AN	3	1	75.00%	Re-elected on June 23, 2022.
Director	CHENG, YUEH-SHU	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	PAN, YEN- MIN	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	WU, CHING- YI	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	LIN, YUEH- HSIA	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	LI, CHAN- NAN	4	0	100.00%	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 9th Meeting of the 7th Board of Directors on February 27, 2024				
(1) Proposal: Distribution of the 2023 Directors' and Employees' Remuneration of the Company.				
Reason for Recusal: Chairman HUANG, WEN-CHIEN also serves as the President of the Company.				
Resolution: Except for Chairman HUANG, WEN-CHIEN, who recused himself from discussion and voting in accordance with regulations, the proposal was approved without objection upon consultation by Acting Chairman Director CHEN, YUNG-HUA with the remaining directors present.				
(2) Proposal: Distribution of the 2023 Directors' and Managerial Officers' Remuneration of the Company.				
Reason for Recusal: Chairman HUANG, WEN-CHIEN also serves as the President of the Company.				
Resolution: Except for Chairman HUANG, WEN-CHIEN, who recused himself from discussion and voting in accordance with regulations, the proposal was approved without objection upon consultation by Acting Chairman Director CHEN, YUNG-HUA with the remaining directors present.				
2. The 11th Meeting of the 7th Board of Directors on August 7, 2024				
(1) Proposal: 2024 Salary Adjustment for the Company's Managerial Officers.				
Reason for Recusal: Chairman HUANG, WEN-CHIEN also serves as the President of the Company.				
Resolution: Except for Chairman HUANG, WEN-CHIEN, who recused himself from discussion and voting in accordance with regulations, the proposal was approved without objection upon consultation by Acting Chairman Director CHEN, YUNG-HUA with the remaining directors present.				
3. The 12th Meeting of the 7th Board of Directors on November 7, 2024				
(1) Proposal: 2024 Year-End Bonus for the Company's Managerial Officers.				
Reason for Recusal: Chairman HUANG, WEN-CHIEN also serves as the President of the Company.				
Resolution: Except for Chairman HUANG, WEN-CHIEN, who recused himself from discussion and voting in accordance with regulations, the proposal was approved without objection upon consultation by Acting Chairman Independent Director PAN, YEN-MIN with the remaining directors present.				
C. TWSE/TPEX Listed Companies shall disclose information regarding the Board of Directors' self (or peer) evaluation, including evaluation cycle and period, evaluation scope, method, and content. The Board performance evaluation was conducted as follows:				
Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Content of Evaluation
Once per year	2024/1/1~2024/12/31	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.
<p>Evaluation Methods and Results Summary:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>In January 2025, the Company completed performance evaluations for the Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee. The results and proposed improvements were submitted to the most recent Board meeting. The overall results for the year were rated as excellent.</p> <p>1. Board of Directors The Board self-evaluation questionnaire covered five main dimensions and 45 indicators. The Board maintained good interaction with the management team, regularly reviewed management performance, and invited accountants to attend meetings to explain significant accounting and financial issues when necessary, facilitating sufficient communication. Evaluation Result: Good.</p> <p>2. Audit Committee The self-evaluation questionnaire for functional committees covered five main dimensions and 22 indicators for the Audit Committee. The members positively evaluated the efficiency and effectiveness of the committee's operations and fulfilled their fiduciary duties. Further improvement in operational effectiveness will continue. Evaluation Result: Good.</p> <p>3. Remuneration Committee The self-evaluation questionnaire for functional committees covered five main dimensions and 19 indicators for the Remuneration Committee. Members affirmed the communication between the management team and the committee. Benchmarking industry standards and considering individual performance, company operational results, and risk relevance, the committee assisted the Board in reviewing the policies, systems, standards, and structure of performance evaluation and remuneration of directors and managers. Evaluation Result: Good.</p> <p>4. Individual Directors The self-evaluation questionnaire for directors covered six main dimensions and 23 indicators. All directors possess the professional expertise required for financial institutions, actively participate in company operations, and demonstrate strong commitment to strategic development. Their performance was affirmed with positive evaluations. Evaluation Result: Good.</p>				
<p>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.</p> <p>1. Enhancing Information Transparency: The Company operates transparently and prioritizes shareholder rights.</p>				

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 4 meetings (A) in 2024. 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	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	WU, CHING-YI	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	LIN, YUEH-HSIA	4	0	100.00%	Re-elected on June 23, 2022.
Independent Director	LI, CHAN-NAN	4	0	100.00%	Newly appointed on October 23, 2023.

Annual Focus and Operation of the Audit Committee:

The Company's Audit Committee consists of four Independent Directors and is established to assist the Board of Directors in overseeing the quality and integrity of the Company's accounting, auditing, financial reporting processes, and financial controls. The main duties and responsibilities of the Audit Committee are as follows:

- (1) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (2) Evaluate the effectiveness of the internal control system.
- (3) Establish or amend procedures for major financial operations such as the acquisition or disposal of assets, derivative transactions, lending of funds to others, and endorsements or guarantees, as required under Article 36-1 of the Securities and Exchange Act.
- (4) Review matters involving directors' conflicts of interest.
- (5) Review major asset or derivative transactions.
- (6) Review major lending of funds, endorsements, or guarantees.
- (7) Review the offering, issuance, or private placement of equity-type securities.
- (8) Review the appointment, dismissal, or compensation of the attesting CPAs.
- (9) Review the appointment or dismissal of financial, accounting, or internal audit officers.
- (10) Review annual financial reports signed or sealed by the Chairman, President, and accounting officer, as well as second quarter financial reports that require CPA attestation.
- (11) Review other major matters as stipulated by the Company or competent authorities.

● **Review of Financial Reports**

The Board of Directors prepared the 2024 business report, financial statements, and earnings distribution proposal, with the financial statements audited and certified by Deloitte & Touche. After review by the Audit Committee, no discrepancies were found in the business report and financial statements.

● **Assessment of CPA Independence**

To ensure the independence of the attesting CPAs, the Audit Committee, at its 12th meeting of the 3rd term held on February 25, 2025, reviewed the "Declaration of Independence of CPA" and confirmed that Deloitte & Touche CPAs LIN, HSIN-TUNG and LIN, ZHENG-ZHI met the independence criteria.

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 convener. 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 2024 are summarized in the table below:

Date	Contents of Communication	Communication Status
2024.2.27	1. Execution status of the 2023 Q4 audit plan (Oct–Dec) 2. “Internal Control System Statement” for 2023	The Independent Directors communicated effectively regarding the results of internal control self-assessment and the execution and effectiveness of audit activities.
2024.5.8	Execution status of the 2024 Q1 audit plan (Jan–Mar)	The Independent Directors communicated effectively regarding the execution and effectiveness of audit activities.
2024.8.7	Execution status of the 2024 Q2 audit plan (Apr–Jun)	The Independent Directors communicated effectively regarding the execution and effectiveness of audit activities.
2024.11.7	1. Execution status of the 2024 Q3 audit plan (Jul–Sep) 2. 2025 annual audit plan	The Independent Directors communicated effectively regarding the execution and effectiveness of audit activities and the review of the 2025 audit plan.

(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 2024 are summarized in the table below:

Date	Contents of Communication	Communication Status
2024.2.27	Audit of the 2023 financial statements	Independent directors of the Company had good communication regarding the audit of financial statements.

	2024.5.8	Audit of the financial statements for the first quarter of 2024	Independent directors of the Company had good communication regarding the audit of financial statements.
	2024.8.7	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.
	2024.11.7	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
2024.2.27 Third Session, Eighth Meeting	<ul style="list-style-type: none"> (1) Approval of the execution status of the 2023 Q4 Internal Audit Plan. (2) Approval of the Company's 2023 Business Report and Financial Statements. (3) Approval of the Company's 2023 Earnings Distribution Proposal. (4) Approval of the 2024 audit fees and the assessment of the independence and competence of the certifying CPAs. (5) Approval of the assessment of the effectiveness of the Company's internal control system for 2023 and the "Internal Control System Statement." (6) Approval of the amendment to the "Operating Procedures for Suspension and Resumption of Trading" of the Company. (7) Approval of the partial amendments to the "Rules of Procedure for Board of Directors Meetings." (8) Approval of the partial amendments to the "Audit Committee Charter." (9) Approval of the partial amendments to the "Rules of Procedure for Shareholders' Meetings." (10) Approval of the "Standard Operating Procedures for Handling Directors' Requests." (11) Approval to conduct a public offering of new shares prior to the initial application for listing on the Taiwan Innovation Board. (12) Approval of the change of certifying CPAs starting from Q1 2024. 	None	All attending committee members agreed unanimously upon inquiry by the chairman.	Submitted to the 9th meeting of the 7th Board of Directors for resolution and handled in accordance with the board's decision.
2024.5.8 Third Session, Ninth Meeting	<ul style="list-style-type: none"> (1) Approval of the execution status of the 2024 Q1 Internal Audit Plan. (2) Approval of the Company's 2024 Q1 Financial Report. 	None	All attending committee members agreed unanimously upon inquiry by the chairman.	Submitted to the 10th meeting of the 7th Board of Directors for resolution and handled in accordance with the board's decision.
2024.8.7 Third Session, Tenth Meeting	<ul style="list-style-type: none"> (1) Approval of the execution status of the 2024 Q2 Internal Audit Plan. (2) Approval of the Company's 2024 Q2 	None	All attending committee members agreed unanimously upon inquiry by the	Submitted to the 11th meeting of the 7th Board of Directors for resolution and

	Financial Report. (3) Approval of the “Operating Procedures for Preparation and Assurance of the Sustainability Report.” (4) Approval of the partial amendments to the Company’s “Internal Control System.” (5) Approval of the partial amendments to the Company’s “Internal Audit System.” (6) Approval of the partial amendments to the “Accounting Professional Judgment Procedures and the Process for Changes in Accounting Policies and Estimates.”		chairman.	handled in accordance with the board’s decision.
2024.11.7 Third Session, Eleventh Meeting	(1) Approval of the execution status of the 2024 Q3 Internal Audit Plan. (2) Approval of the Company’s 2024 Q3 Financial Report. (3) Approval of the Company’s 2025 Annual Budget Proposal. (4) Approval of the Company’s 2025 Audit Plan. (5) Approval of the “Regulations for Sustainability Information Management.” (6) Approval of the revision to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.” (7) Approval of the revision to the “Audit Committee Organizational Charter.” (8) Approval of the revision to the “Approval Authority Guidelines.”	None	All attending committee members agreed unanimously upon inquiry by the chairman.	Submitted to the 12th meeting of the 7th Board of Directors for resolution and handled in accordance with the board’s decision.

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”?	V		Formulated in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and publicly disclosed on the Company’s corporate website and the Market Observation Post System (MOPS) following approval by the Board of Directors.	None.
2. Shareholding structure & shareholders’ rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(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.	None.
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(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?	V		(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?	V		(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. Each member of the Board of Directors possesses professional backgrounds in industries such as manufacturing and accounting. For details, please refer to the “Board Diversity” section of this Annual Report.</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 evaluates the independence of the certifying CPAs on a regular basis each year through the Audit Committee and the Board of Directors, approves the appointment of the CPAs, and obtains a declaration of independence from the accounting firm.</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"> 1. Legally managing the affairs of the board and shareholder meetings. 2. Preparing minutes for board and shareholder meetings. 3. Assisting directors with ongoing education. 4. Providing directors with the necessary information for executing their duties. 5. Assisting directors in complying with legal requirements. 	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 Company has designated spokespersons and acting spokespersons to handle relevant matters. On the Company’s corporate website, an “Stakeholders” section has been set up under the Investor Relations page to disclose management objectives, identification, key concerns, communication status, and contact information for stakeholders (including investors, customers, employees, suppliers, and government agencies), enabling the Company to better understand and respond to the concerns of stakeholders.	None.
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company has commissioned the Stock Affairs Agency Department of Yuanta Securities Co., Ltd. to handle matters related to shareholder meetings and stock affairs.	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. 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.	Adjustments to the announcement and filing deadlines for annual financial reports and quarterly financial reports (Q1 to Q3) are made in accordance with regulatory requirements.
(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) The Company was previously an Emerging Stock company and, in May 2024, applied and was approved to be listed on the Taiwan Innovation Board. Therefore, there have been no cases of early declaration of annual financial reports or advance announcements and filings of the first, second, and third quarter financial reports and monthly operating results within the statutory deadlines.	

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 Note 1)</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 applied and was approved for listing on the Taiwan Innovation Board in May 2024 and has not yet been included in the list of evaluated companies. Therefore, this item is not applicable.</p>				

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

Note 1: Continuing Education/Training of Directors and Independent Directors in 2024

Title	Name	Date	Host by	Course	Hrs
Chairman	HUANG, WEN-CHIEN	2024/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3
		2024/11/22		2024 Legal Compliance Seminar on Insider Shareholding Transactions	3
Director	CHEN, HUNG-WEN	2024/11/05	Taiwan Corporate Governance Association	Legal Planning and Structuring for Business Succession	3
		2024/11/08		Prevention and Response to Insider Trading	3
Director	CHEN, YUNG-HUA	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit Forum	6
		2024/08/09	Taiwan Corporate Governance Association	Establishing a Friendly Workplace Under the Labor Standards Act – Introduction to Latest Gender Equality Laws and Case Studies on Unlawful Infringement	3
Director	WEI, YA-AN	2024/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Awareness Seminar	3
		2024/11/06	Accounting Research and Development Foundation	Practical Investigations and Case Analysis of Corporate Fraud	6
Director	CHENG, YUEH-SHU	2024/08/17	Accounting Research and Development Foundation	Legal Responsibilities and Case Studies Related to Corporate Control Disputes	3
		2024/09/20	Securities and Futures Institute	2024 Insider Trading Prevention Seminar	3
Independent Director	PAN, YEN-MIN	2024/09/26	Securities and Futures Institute	AI Boom: How ChatGPT is Transforming Industry Trends	3
				How Directors and Supervisors Should Oversee Corporate Risk Management and Crisis Handling	3
Independent Director	WU, CHING-YI	2024/11/06	Securities and Futures Institute	NVIDIA's Trillion-Dollar Miracle: A New Perspective on the Semiconductor Revolution Behind AI	3
				Carbon Trading Mechanisms and Applications in Carbon Management	3
Independent Director	LIN, YUEH-HSIA	2024/11/22	Accounting Research and Development Foundation	Common Deficiencies in "Financial Report Reviews" and Practical Analysis of Key Internal Control Regulations	6
Independent Director	LI, CHAN-NAN	2024/06/19	Accounting Research and Development Foundation	Latest ESG Sustainability Policy Regulations Related to "Annual Report Preparation" and Practical Analysis of Net-Zero Carbon Emission Impacts on Financial Reports	6
		2024/10/08	Taiwan Stock Exchange	2024 WIW Forum Special Lecture – "The Digital and Sustainable Finance Symphony Under the AI Wave"	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 9, 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 2024 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	3	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.

(5) Information on the members and operational status of the Nomination Committee: Not applicable.

(6) 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 established a part-time unit responsible for promoting sustainable development, with the President serving as the convener. The Company has adopted the Sustainable Development Best Practice Principles and Ethical Corporate Management Best Practice Principles as guidelines for all employees, directors, and managerial officers, and reports regularly to the Board of Directors on the implementation plans and progress.	None.
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?	V		Upholding the core values of integrity, quality, service, and innovation and the principle of materiality, the Company is committed to sustainable development while pursuing long-term business success and profitability. We respect the rights and interests of stakeholders and emphasize environmental, social, and governance (ESG) issues. The Company has also formulated a corporate risk management policy and procedures, incorporating them into business strategies and daily operations to achieve the goal of sustainable operations.	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 counter climate change issues?		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 monitor related issues.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.
(4) Does the company take inventory of its greenhouse gas emissions, water		V	(4) Although the Company does not have statistics on greenhouse gas emissions,	The

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
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?			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.	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 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.	None.
(4) Does the Company provide its employees with career development and training sessions?	V		(4) The Company prioritizes long-term talent development and plans various internal and external training programs based on organizational needs, departmental needs,	None.

Promotional Items	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	Abstract Explanation	
<p>(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?</p> <p>(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.</p>	V	V	<p>and individual employee needs to enhance and update employees’ skills and knowledge.</p> <p>(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.</p> <p>(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.</p>	<p>None.</p> <p>The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.</p>
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 established a part-time unit to promote sustainable development and, in compliance with regulations, compiled its first 2024 Sustainability Report. However, the report has not yet been assured or verified by a third-party assurance provider. The Company will consider obtaining third-party assurance in the future based on its development needs and regulatory requirements.	The implementation will be considered in the future based on the Company’s developmental needs and legal requirements.
<p>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:</p> <p>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. A dedicated unit for promoting sustainable development has been established. The establishment of such will be considered in the future based on the Company’s developmental needs and legal requirements.</p>				
<p>7. Other significant information for explaining the implementation status of sustainable development practices:</p> <ol style="list-style-type: none"> 1. The Company holds regular investor conferences to timely disclose relevant issues and maintain effective communication with investors. 2. Continuous improvement of product energy efficiency to reduce power consumption. 3. In response to environmental protection, the Company encourages employees to use electronic files in place of paper and reuse the blank sides of discarded documents. 4. The Company ensures that all employees, regardless of their race, gender, or age, have equal employment rights and opportunities for personal expression and development. 				

(VII) Climate-Related Information for TWSE/TPEX Listed Companies:

1. Status of Climate-Related Information Implementation

Item	Implementation Status			
1. Description of the Board of Directors and management's oversight and governance regarding climate-related risks and opportunities.	The Company has established the Sustainable Development Best Practice Principles, with a dedicated Sustainable Development Task Force led by the President as convener. The task force is responsible for setting sustainable development policies, systems, or relevant management guidelines and concrete implementation plans. It identifies the risks and opportunities associated with sustainable development to determine responsive strategies and related investments, and regularly reviews the goals and performance, reporting the implementation status to the Board of Directors.			
2. Description of how identified climate-related risks and opportunities impact the Company's business, strategy, and financial planning (short-, medium-, and long-term).	Climate Risks	Potential Impact/ Timeline	Opportunities and Mitigation Measures	Impacts on Business, Strategy, and Finance
	Water shortages	Short-term: Unexpected water outages or restrictions may reduce operational efficiency	Promote water conservation.	The Company's water usage is limited to domestic use, thus the impact is minor.
	Power outages	Short-term: Sudden power failures could disrupt operations, damage equipment, or cause hazardous situations, resulting in company losses.	Regularly maintain and replace aging electrical equipment, such as UPS systems, to allow for quicker response during incidents.	Regular equipment maintenance and the adoption of energy-saving devices minimize the risk of power disruptions.
	Climate change	Mid-/long-term: Market structures and consumer behavior may shift.	Reassess technology investments and market positioning, including continuous development of low-	Additional expenditures may be needed due to climate-induced cost

			power, energy-saving IP and allocating additional capital for risk management evaluations.	increases and other negative effects.
3. Description of the financial impact of extreme weather events and transition actions.	<p>Transition Actions: The Company annually insures its buildings and equipment against fire to transfer property damage risk. It conducts regular disaster drills and awareness campaigns to ensure staff are prepared for emergencies. In line with its sustainability roadmap, the Company has completed GHG inventories and baseline verification and aims to achieve net zero through equipment upgrades and operational efficiency improvements.</p> <p>Financial Impact: Disaster preparedness activities can effectively reduce financial losses caused by unexpected events. Insurance helps transfer property damage risks, thus minimizing financial impact. However, extreme climate events could damage property (e.g., offices, equipment), and the need for third-party consulting and external verification for GHG reporting may increase operational costs.</p>			
4. Description of how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management framework.	The Company has established a Corporate Risk Management Policy and Procedures to fulfill its corporate governance responsibilities and maintain sustainable operations. It identifies potential internal and external economic, social, and environmental risks, monitors emerging risks, and implements preventive measures to strengthen risk management, enhance systematic responsiveness, protect shareholder interests, and build a solid foundation for corporate sustainability and competitiveness.			
5. If scenario analysis is used to assess climate change resilience, please describe the scenarios, parameters, assumptions, analysis factors, and major financial impacts.	The Company has not yet conducted further analysis using scenario analysis. Future consideration will depend on the extent of climate change impact on the Company's operations.			
6. If there are transition plans to manage climate-related risks, describe the plan and the indicators	The Company has assessed that current climate-related risks do not pose material threats to its business. Therefore, no transition plans have been developed at this stage.			

and targets used to identify and manage physical and transition risks.	
7. If internal carbon pricing is used as a planning tool, please explain the basis for setting the carbon price.	The Company does not currently use internal carbon pricing as a planning tool.
8. If climate-related targets have been set, please explain the activities covered, the GHG emission scopes, the planning timeframe, and annual progress. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet the targets, please specify the source and amount of carbon reduction or RECs.	The Company follows a designated sustainable development roadmap and relevant regulations. The base year is planned to be set as 2025, with greenhouse gas inventory for that year to be disclosed in 2026. Third-party assurance is scheduled for completion in 2027, and verified data for 2026 will be disclosed in 2028.
9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and specific action plans (to be reported separately in Sections 1-1 and 1-2).	The Company is not currently classified as a regulated entity required to complete a greenhouse gas inventory report. However, in accordance with relevant regulations, the Company plans to complete its greenhouse gas inventory for the 2025 reporting year.

(8) 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
	Y	N	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs 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?	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.
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?	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.
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?	V		(3) The Company has established Ethical Corporate Management Best Practice Principles, which clearly define the scope and responsibilities for our prevention plans.	None.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Explanation	
2. Fulfill operations integrity policy				
1) Does the company evaluate business partners’ ethical records and include ethIC-related clauses in business contracts?	V		(1) The Company has established Ethical Corporate Management Best Practice Principles, which clearly set out relevant standards.	None.
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?		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.
3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	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.
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 audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	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.
5) Does the company regularly hold internal and external educational trainings on operational integrity?		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.

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Abstract Explanation	
3. Operation of the integrity channel				
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?	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.
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?	V		(2) The Company’s Ethical Corporate Management Best Practice Principles already include related operational procedures.	None.
3) Does the company provide proper whistleblower protection?	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.
4. Strengthening information disclosure				
1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company timely discloses information related to ethical management through the Market Observation Post System (MOPS), annual reports, and other mediums. In addition, we enhance the investor relations content on our website to facilitate the full disclosure and accessibility of information.	None.
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: None.				
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): None.				

(7) Inquiry Method for the Corporate Governance Best Practice Principles and Related Regulations Established by the Company:

The Company’s Corporate Governance Best Practice Principles and related regulations are available on the Market Observation Post System (MOPS) or the Company’s corporate website.

(8) Other Significant Information That Enhances Understanding of the Company's Corporate

Governance Practices:

Information regarding the Company's corporate governance practices can be accessed via the Market Observation Post System (MOPS) or the Company's corporate website.

(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: February 25, 2025

Based on the results of the self-assessment of the internal control system for the year 2024, the Company hereby states the following:

1. The Company acknowledges that establishing, implementing, and maintaining an internal control system is the responsibility of the Board of Directors and management. The Company has established such a system to reasonably ensure the achievement of objectives in operational effectiveness and efficiency (including profitability, performance, and asset safeguarding), reporting reliability, timeliness, transparency, and compliance with applicable rules, regulations, and laws.
2. The internal control system has inherent limitations. No matter how well it is designed, an effective internal control system can only provide reasonable assurance for the achievement of the aforementioned objectives. Furthermore, the effectiveness of the internal control system may change as conditions and circumstances change. However, the Company's internal control system includes a self-monitoring mechanism, and corrective actions are promptly taken upon the identification of any deficiencies.
3. The Company has adopted the criteria for evaluating the effectiveness of internal control system design and implementation as prescribed in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). These criteria classify internal control into five components: (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information and Communication, and (5) Monitoring Activities. Each component contains several items as specified in the Regulations.
4. The Company has evaluated the design and operating effectiveness of its internal control system based on the aforementioned criteria.
5. Based on the evaluation results described above, the Company concludes that as of December 31, 2024, its internal control system (including the supervision and management of subsidiaries)—covering the achievement of operational effectiveness and efficiency, the reliability, timeliness, and transparency of reporting, and compliance with relevant rules and laws—is effectively designed and operating, providing reasonable assurance regarding the achievement of these objectives.
6. In accordance with Article 25 of the Regulations and for the continued requirement of Innovation Board listing status, the Company has engaged certified public accountants to conduct a special review of the internal control system related to the reliability of externally reported financial information and the safeguarding of assets (to prevent unauthorized acquisition, use, or disposal). As noted above, the design and execution of the system were found effective, with no material deficiencies affecting the reliability of financial information recording, processing, summarization, and reporting, nor any material deficiencies in safeguarding assets against unauthorized acquisition, use, or disposal.
7. This Statement will be disclosed as a key section of the Company's annual report and public prospectus. If there is any falsehood or concealment in the disclosed content, the Company shall be held legally liable under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
8. This Statement was approved by the Board of Directors on February 25, 2025, with all nine directors in attendance consenting to its contents. This Statement is hereby declared accordingly.

Yield Microelectronics Corporation

Chairman & President: HUANG, WEN-CHIEN

2. If CPA Was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report:

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Internal Control Review
Auditors' Reasonable Assurance Report

To Yield Microelectronics Corporation:

The statement issued on February 25, 2025, confirms that the design and implementation of internal control systems related to external financial reporting and asset security at Yield Microelectronics Corporation as of December 31, 2024, 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 December 31, 2024. The effectiveness of the design and implementation of these internal control systems was confirmed by the statement issued by Yield Microelectronics Corporation on February 25, 2025, 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 December 31, 2024, 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 February 25, 2025, 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: LIN, CHENG-CHIH

March 17, 2025

(X) Major Resolutions of the Shareholders' Meeting and the Board of Directors in the Most Recent Year and up to the Date of Printing of the Annual Report:

Important Resolutions of the Board of Directors

Date	Meeting Information	Major Resolutions
2024.02.27	1st Meeting in 2024 (7th Term, 9th Meeting)	<ul style="list-style-type: none"> (1) Approved the 2023 business report and financial statements. (2) Approved the 2023 earnings distribution proposal. (3) Approved the 2024 audit fees and the independence and suitability assessment of the certifying accountants. (4) Approved the assessment of the effectiveness of the internal control system and the Internal Control System Statement for 2023. (5) Approved the amendment to the “Procedures for Applying for Suspension and Resumption of Trading.” (6) Approved the partial amendments to the “Board Meeting Rules.” (7) Approved the partial amendments to the “Audit Committee Charter.” (8) Approved the partial amendments to the “Rules of Procedure for Shareholders' Meetings.” (9) Approved the establishment of the “Standard Operating Procedures for Handling Requests from Directors.” (10) Approved the remuneration distribution for directors and employees for 2023. (11) Approved the remuneration distribution for directors and managerial officers for 2023. (12) Approved the proposal to raise capital via a cash offering and public underwriting before the initial Innovation Board listing. (13) Merged with proposal 14; please refer to proposal 14 for details. (14) Approved the subscription status of managers for new shares issued prior to the initial public offering. (15) Approved matters related to the exercise of shareholder proposal rights. (16) Approved the convening of the 2024 Annual Shareholders' Meeting on May 21, 2024. (17) Approved the replacement of the certifying accountant starting from Q1 2024.

Date	Meeting Information	Major Resolutions
2024.05.08	2nd Meeting in 2024 (7th Term, 10th Meeting)	<ul style="list-style-type: none"> (1) Approved the Q1 2024 financial report. (2) Approved the change of business address.
2024.08.07	3rd Meeting in 2024 (7th Term, 11th Meeting)	<ul style="list-style-type: none"> (1) Approved the Q2 2024 financial report. (2) Approved the establishment of the “Sustainability Report Compilation and Assurance Procedures.” (3) Approved the partial amendments to the “Internal Control System.” (4) Approved the partial amendments to the “Internal Audit System.” (5) Approved the partial amendments to the “Procedures for Accounting Judgments, Accounting Policy, and Estimates Changes.” (6) Approved the 2024 salary adjustment for managerial officers.
2024.11.07	4th Meeting in 2024 (7th Term, 12th Meeting)	<ul style="list-style-type: none"> (1) Approved the Q3 2024 financial report. (2) Approved the Company’s 2025 annual budget. (3) Approved the Company’s 2025 audit plan. (4) Approved the “Sustainability Information Management Procedures.” (5) Approved the amendment to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.” (6) Approved the amendment to the “Audit Committee Charter.” (7) Approved the amendment to the “Delegation of Authority Guidelines.” (8) Approved the year-end bonus payment policy and managerial officer bonus distribution for 2024.
2025.02.25	1st Meeting in 2025 (7th Term, 13th Meeting)	<ul style="list-style-type: none"> (1) Approved the 2024 business report and financial statements. (2) Approved the 2024 earnings distribution proposal. (3) Approved the 2025 audit fees and the independence and suitability assessment of the certifying accountants. (4) Approved the assessment of the effectiveness of the internal control system and the Internal Control System Statement for 2024. (5) Approved a capital increase through capital surplus and issuance of new shares.

Date	Meeting Information	Major Resolutions
		<p>(6) Approved the Company’s application to transfer listing to the Main Board.</p> <p>(7) Approved the proposal to raise capital via a cash offering and public underwriting for the Main Board listing and shareholders’ waiver of preemptive rights.</p> <p>(8) Approved the definition of “entry-level employees” in accordance with Article 14-6 of the amended Securities and Exchange Act.</p> <p>(9) Approved the remuneration distribution for directors and employees for 2024.</p> <p>(10) Approved the remuneration distribution for directors and managerial officers for 2024.</p> <p>(11) Approved the partial amendments to the Company’s Articles of Incorporation.</p> <p>(12) Approved the full re-election of the Company’s Board of Directors.</p> <p>(13) Approved the release of non-competition restrictions for newly elected directors.</p> <p>(14) Approved the nomination and review of candidates for directors (including independent directors).</p> <p>(15) Approved matters related to the exercise of shareholder proposal rights.</p> <p>(16) Approved the inclusion of valid nominations from shareholders into the list of director candidates.</p> <p>(17) Approved the convening of the 2025 Annual Shareholders’ Meeting on May 13, 2025.</p>

Major Resolutions of Shareholder's Meetings

Date	Major Resolutions	Implementation
2024.5.21 (Regular Meeting)	Reports: (1) 2023 Business Report. (2) Audit Committee's review report on the 2023 financial statements. (3) Report on the distribution of employee and director remuneration for 2023. (4) Report on the distribution of cash dividends for 2023.	
	Matters for Approval: (1) Approved the 2023 Business Report and Financial Statements. (2) Approved the 2023 Earnings Distribution Proposal.	All resolutions have been fully implemented according to the results of the decisions.
	Matters for Discussion: Approved the partial amendments to the "Rules of Procedure for Shareholders' Meetings."	The resolution has been implemented according to the results of the decisions.

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

4. 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 LIN, CHENG-CHIH	2024.1.1~ 2024.12.31	1,820	880	2,700	The non-audit fee includes NT\$280 thousand for tax certification and NT\$600 thousand for the special internal control audit for the Innovation Board.

(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: The audit fee for 2024 was NT\$1,820 thousand, representing a decrease of NT\$260 thousand (12.5%) compared to NT\$2,080 thousand in 2023. The decrease was primarily due to the one-time audit review of prior-year financial statements conducted in 2023 in preparation for the Company's Innovation Board listing application.

5. Replacement of CPA: None.

6. Where the company's Chairman, 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.
7. 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	2024		By March 15, 2025	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and President	HUANG, WEN-CHIEH	37,000	-	3,000	-
Director	CHEN, HUNG-WEN	-	-	-	-
Director	CHEN, YUNG-HUA	570,000	-	17,000	-
Director	WEI, YA-AN	8,000	-	-	-
Director	CHENG, YUEH-SHU	10,000	-	-	-
Independent Director	PAN, YEN-MIN	-	-	-	-
Independent Director	WU, CHING-YI	-	-	-	-
Independent Director	LIN, YUEH-HSIA	-	-	-	-
Independent Director	LI, CHAN-NAN	-	-	-	-
Vice President	WU, CHI-PEI	20,000	-	-	-
Associate Manager	CHEN, YING-TANG	-	-	-	-
Associate Manager	CHIANG, CHENG-CHANG	15,000	-	-	-
Associate Manager	CHEN, CHENG-YANG	15,000	-	-	-
Associate Manager	CHEN, HSIANG-CHI	15,000	-	-	-
Associate Manager and Financial Supervisor	LAI, YING-CHUN	15,000	-	-	-

(2) Information on transfer of shareholdings: None.

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

8. 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

Mar. 15, 2025

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	1,775,685	6.03	-	-	-	-	-	-	-
LIN, SHIH- CHENG	1,409,000	4.79	11,692	0.04	-	-	-	-	-
HUANG, WEN- CHIEN	1,060,425	3.60	-	-	-	-	-	-	-
CHEN, HUNG- WEN	909,575	3.09	-	-	-	-	-	-	-
LI, YU-QI	799,021	2.72	-	-	-	-	-	-	-
XU, SHI- JIA	703,745	2.39	-	-	-	-	-	-	-
WANG, ZI- YUE	701,020	2.38	-	-	-	-	-	-	-
CHENG, YUEH- SHU	680,000	2.31	-	-	-	-	-	-	-
CHEN, HAI- YUAN	670,100	2.28	-	-	-	-	-	-	-
WEI, YA- AN	569,040	1.93	-	-	-	-	-	-	-

9. 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, 2024

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.

III. Capital Overview

1. Capital and Shares

(1) Source of Capital

Date: Mar. 15, 2025

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 (Note)	None	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	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	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	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	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
2024.05	75	30,000	300,000	29,426	294,260	Cash capital increase of NT\$26,160	None	Effective (Approval) Date: May 27, 2024 Jing-Shou-Zhong-Zi No.11330586590

Note: Established with cash.

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

Date: Mar. 15, 2025

Shareholder's Name	Shareholding	Percentage (%)
CHEN, YUNG-HUA	1,775,685	6.03
LIN, SHIH-CHENG	1,409,000	4.79
HUANG, WEN-CHIEN	1,060,425	3.60
CHEN, HUNG-WEN	909,575	3.09
LI, YU-QI	799,021	2.72
XU, SHI-JIA	703,745	2.39
WANG, ZI-YUE	701,020	2.38
CHENG, YUEH-SHU	680,000	2.31
CHEN, HAI-YUAN	670,100	2.28
WEI, YA-AN	569,040	1.93

(3) Dividend Policy and Implementation Status:

1. The Company's Dividend Policy

If there is a net profit after tax upon the Company's final annual accounting, the profit shall first be used to offset prior years' losses (including adjustments to undistributed earnings). Ten percent of the remaining earnings shall be appropriated as legal reserve; however, if the legal reserve has accumulated to an amount equal to the Company's total capital, this requirement may be waived. Thereafter, special reserves shall be appropriated or reversed in accordance with relevant laws or regulatory requirements. The remaining earnings, together with undistributed earnings at the beginning of the period (including adjustments), shall be proposed by the Board of Directors as a distribution plan and submitted to the shareholders' meeting for approval of dividend distribution.

The Board of Directors is authorized, with the attendance of more than two-thirds of directors and approval by more than half of the attending directors, to distribute all or part of dividends and bonuses in the form of cash dividends, and such distribution shall be reported to the shareholders' meeting.

The Board of Directors is also authorized, with the attendance of more than two-thirds of directors and approval by more than half of the attending directors, to distribute all or part of the legal reserve and capital reserve in the form of cash, and such distribution shall be reported to the shareholders' meeting.

2. Implementation Status

(1) Common Share Cash Dividend:

On February 25, 2025, the Board of Directors resolved to distribute a cash dividend of NT\$0.99 per common share. This proposal will be reported at the 2025 Annual General Shareholders' Meeting on May 13, 2025 and processed in accordance with applicable regulations.

(2) The Company plans to appropriate NT\$5,885,200 from the capital surplus generated from the issuance of common shares at a premium to distribute stock dividends at a ratio of 20 shares per 1,000 shares without consideration. Shareholders holding fractional shares (less than one full share) may, within five days starting from the suspension of share transfer, request the Company's stock transfer agent to consolidate such fractional shares into whole shares. For any remaining fractional shares not consolidated into whole shares, the Company will distribute cash based on Article 240 of the Company Act (amounts less than one NT dollar will be discarded). The Chairman is authorized to negotiate with specific parties for subscription of unsubscribed shares at par value. Should any changes in capital or regulatory factors result in an adjustment of the number of issued shares and thus affect the distribution ratio, the Chairman shall be authorized to handle related changes accordingly.

3. Expected Changes to Future Dividend Policy: None.

(4) Impact of This Share Distribution Without Consideration on Company Operating Performance and EPS:

The Company has not published financial forecasts; therefore, this item is not applicable.

(5) Remuneration of Employees, Directors, and Supervisors:

1. Percentage or Range of Remuneration for Employees, Directors, and Supervisors as Specified in the Articles of Incorporation:

If the Company has earnings in a given fiscal year (defined as profit before tax and before deducting employee and director remuneration), it shall allocate:

(1) No more than 5% for directors' remuneration.

(2) 5% to 15% for employees' remuneration.

However, if the Company has accumulated losses (including adjustments to undistributed earnings), such losses shall be covered first.

Employee remuneration may be distributed in the form of shares or cash, and may include employees of the Company's subsidiaries who meet criteria established by the Board of Directors. Directors' remuneration shall only be distributed in cash.

2. Basis for Accrual of Employee, Director, and Supervisor Remuneration for the Current Period; Basis for Calculating the Number of Shares for Stock Dividend Distribution; and Accounting Treatment in Case of Discrepancy Between Accrued and Actual Amounts: Not applicable.

3. Board Resolution on Distribution of Remuneration:

(1) Distribution of remuneration to employees in the form of cash or shares, and directors/supervisors in the form of cash. If there is any difference between the amount recognized as expense in the financial statements and the actual distributed amount, the variance, reasons, and accounting treatment shall be disclosed:

A. On February 25, 2025, the Board of Directors (13th meeting of the 7th term) approved the distribution of 2024 employee and director remuneration. The amount

of employee remuneration was NT\$6,487,453, and the amount of directors' remuneration was NT\$2,162,484.

B. The actual distribution of employee and director remuneration matched the amounts recognized in the 2024 financial statements, with no discrepancies.

(2) Proportion of employee remuneration distributed in shares as a percentage of total net income after tax and total employee remuneration: Not applicable.

4. Actual distribution of employee, director, and supervisor remuneration in the previous year (2023), including number of shares distributed, amount, and share price; and any differences from the amounts recognized in the financial statements, with explanations of the differences and their treatment:

	Board Resolution (February 27, 2024)	Actual distribution amount
	Amount (NT\$)	Amount (NT\$)
Employees' Remuneration	4,672,103	4,672,103
Directors' Remuneration	1,557,368	1,557,368
Total	6,229,471	6,229,471

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

(6) 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:

(1) 2024 Cash Capital Increase:

1. Plan Details:

(1) Approval Date and Document Number for the Capital Increase:

March 26, 2024, Document No. Tai-Cheng-Shang-Erh-Tzu-1131701219.

(2) Total Funding Requirement: NT\$196,200 thousand.

(3) Source of Funds: A total of 2,616 thousand new shares were issued at a par value of NT\$10 per share via cash capital increase. The shares were issued at a premium, with an actual fundraising price of NT\$89.83988 per share. The total funds raised amounted to NT\$235,120 thousand.

(4) Project and Scheduled Fund Utilization:

Project Item	Completion Date	Total Required Funds (NT\$ thousand)	Planned Utilization Schedule
			Q2 2024
To strengthen working capital	Q2 2024	235,120	235,120

(5) Expected Benefits:

The entire proceeds from this capital increase are intended to strengthen the Company's working capital. Considering the Company's long-term development and future growth potential, the funds will be used to support the expansion of business operations. This will significantly enhance the Company's liquidity and have a positive impact on business development and financial structure.

(6) Changes to the Plan, Reasons for Changes, Comparison of Benefits Before and After, and Shareholders' Meeting Reporting Date: Not applicable.

(7) Date of Reporting to the FSC-Designated MOPS Website: March 26, 2024.

2. Execution Status and Benefit Analysis:

(1) Execution Status: The plan was fully executed in Q2 2024 as scheduled.

(2) Benefit Analysis:

Year		2024 Q2	2024 Q1
Item		(Post-Financing)	(Pre-Financing)
Current Assets		528,076	322,426
Current Liabilities		54,661	66,847
Total Liabilities		79,759	71,839
Interest Expenses		249	1
Operating Revenue		104,895	59,889
Earnings (Loss) per Share (NT\$)		0.39	0.56
Capital Structure	Debts Ratio (%)	12.96	19.25
	Long-term Fund to Property, Plant and Equipment (%)	1981.20	4306.75
Liquidity Analysis	Current Ratio (%)	966.09	482.33
	Quick Ratio (%)	959.81	479.71

Note: The Company's financial structure and debt-paying ability improved following the capital increase. The ratio of long-term funds to property, plant, and equipment decreased primarily due to office relocation, which increased the value of fixed assets. Interest expenses rose due to the Company's adoption of IFRS 16 lease accounting standards. However, the capital injection helped reduce the debt-to-asset ratio and improve both the current and quick ratios. Overall, this capital increase positively contributed to enhancing the Company's financial health and competitiveness.

IV. 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	2024		2023	
	Revenue	Revenue Proportion	Revenue	Revenue Proportion
Technical Service Revenue	50,724	22.57	48,082	25.66
Technology Royalty	173,982	77.43	139,302	74.34
Total	224,706	100.00	187,384	100.00

3. Current Product Line:

The Company was established in September 2001 and is a professional design house specializing in logic process embedded non-volatile memory (NVM) silicon intellectual property (SIP). The Company's product offerings and services include the following:

(1) Technical Service Fees

This includes License Fees, Usage Fees, and Non-Recurring Engineering (NRE) fees.

a. License Fee:

The Company mainly licenses its technologies to semiconductor foundries. These licenses typically cover basic memory cells and individual process technologies. Foundries are authorized to use the licensed basic memory cells to independently design NVM SIPs, which can then be provided to their IC design clients for subsequent production. Upon contract signing, both parties agree to

milestone-based payments. When development reaches certain milestones, a proportionate license fee is payable.

b. Usage Fee:

The Company has pre-developed a series of standard SIP macros with foundries and integrated device manufacturers (IDMs). A usage fee is charged when a foundry, IDM, or IC design house adopts a standard SIP macro. The fee is based on the number of uses—i.e., if a SIP macro is used in one product, a usage fee is paid once; if used in two products, the fee is paid twice, and so on.

c. Non-Recurring Engineering (NRE):

NRE fees are charged when the Company customizes non-standard SIP macros based on specifications requested by foundries, IDMs, or IC design houses. The fees vary depending on the complexity and difficulty of the specifications. Contracts also include milestone-based payment structures, with a percentage of the NRE fee payable upon the achievement of each development milestone.

(2) Royalty

For NVM SIP products that have been validated by foundries or IDMs and entered mass production, the Company charges a royalty based on either the wafer selling price from the foundry to its customers, or the internal wafer production cost at the IDM. The royalty rate typically ranges from 2% to 5%. Foundries and IDMs are required to provide the Company with a quarterly quantity report detailing the production volume of customer products, which is then used to calculate the royalty amount payable.

4. Planned Product Development:

The Company is dedicated to the research and development, functional design, market application, and business marketing of logic process embedded non-volatile memory (NVM) SIP products. We have established process technology platforms at more than ten semiconductor foundries and integrated device manufacturers (IDMs), covering 0.5 μ m, 0.4 μ m, 0.35 μ m, 0.3 μ m, 0.25 μ m, 0.18 μ m, 0.16 μ m, 0.15 μ m, 0.13 μ m, 0.11 μ m, 90nm, 80nm, and 65nm technologies to provide customers with a wide range of choices. Our NVM SIP products have been adopted by numerous renowned IC design companies. These products have completed validation across various process platforms and are currently in mass production for customer applications. The NVM SIPs developed by the Company are used in a variety of application fields, including TFT LCD driver ICs, LED driver ICs, Power ICs, MCU ICs, automotive ICs, and IoT ICs. The Company continues to invest in R&D to further scale down floating gate memory cells. Fifth-generation floating gate-based memory designs, including MTP, FTP, OTP plus IP, and EEPROM, have already entered mass production. Currently, we are developing large-capacity, low-voltage, energy-efficient, and high-speed eFlash IP.

The detailed roadmap for new product development includes:

- (1) Advanced Technology Development: In addition to current developments at the 55nm and 40nm nodes, the Company will continue to advance into more sophisticated

process technologies in response to the diversified needs of customers.

- (2) Expansion of Process Technology Platforms: Existing platforms include LG (Logic), HV (High Voltage), BCD, and MM processes. The Company is also actively developing capabilities for the CIS process.
- (3) Enhanced SIP Product Line: We aim to develop NVM SIP products with higher speeds and greater memory density on existing process platforms, to offer a more complete SIP product line.
- (4) Smaller SIP Area for Competitive Advantage: To provide more competitive SIP products, we are actively developing smaller-area SIPs. The projected reduction in IP footprint will make our NVM IP the most competitive in the market. In addition to offering customers greater design flexibility and reduced die size, this also helps lower production costs and significantly expands the market potential for YMC's NVM IP.
- (5) Differentiated Product Development: The Company is proactively developing high-performance NVM SIP products with faster access times, lower operating voltages, and reduced power consumption.
- (6) Diverse IP Portfolio: In addition to MTP, the Company is expanding its OTP product line and also developing low-power IPs for IoT-related applications.

(2) Industry Overview:

The Company is dedicated to the development and sales of logic process embedded non-volatile memory (NVM) SIP products, and is a professional NVM SIP design company and supplier. So-called Silicon Intellectual Property (SIP) refers to a type of intellectual property consisting of functional blocks that can be integrated into IC chips to enable proper operation. When used in the semiconductor industry, this form of IP is often referred to as "Silicon IP" to distinguish it. These functional blocks are pre-designed, pre-verified, and reusable modules. Some SIP components have fixed functions and cannot be modified by users, while others allow limited customization. IC designers can use SIP blocks to implement specific functions without having to redesign them from scratch, which significantly accelerates the IC design process, shortens the product development timeline, and speeds up time-to-market.

1. Upstream, Midstream, and Downstream Industry Relationships:

Among Taiwan's "Two Trillion Twin Star Industries," the semiconductor industry was the earliest to take off. After more than three decades of development, and through the clustering effect, government support, and concerted efforts from companies, Taiwan has built a comprehensive industrial structure and a highly specialized supply chain with clear vertical divisions of labor in the upstream, midstream, and downstream sectors. These segments operate in close coordination and possess deep expertise, giving Taiwan a significant competitive edge in industry development. According to the segmentation

of the semiconductor supply chain, the industry is categorized into three major sectors: upstream, which includes wafer manufacturing, photomask production, and IC design (design houses); midstream, which consists of wafer foundries; and downstream, which covers IC packaging, testing, and sales channels. Given the solid foundation of the semiconductor ecosystem, Taiwan holds a key position in the global semiconductor industry. Taiwan ranks second globally in IC design output, first in wafer foundry services, and also first in IC packaging and testing—highlighting the global competitiveness of Taiwan’s semiconductor sector.

The upstream segment focuses on wafer fabrication, photomasks, and design, and can be further broken down as follows:

- (1) Wafer Manufacturers: After crystal growth, the silicon is ground, polished, and sliced into wafers, e.g., Sino-American Silicon Products Inc. (SAS).
- (2) Photomask Companies: These companies convert circuit patterns into reusable photomasks, e.g., Taiwan Mask Corporation.
- (3) IC Design Companies: Based on customer system requirements and market research, they define chip specifications and execute the subsequent design process, e.g., Novatek Microelectronics Corp.
- (4) SIP Suppliers: Provide SIP components needed by IC design houses, e.g., our Company, which offers self-developed logic-process embedded MTP NVM SIP products.
- (5) IC Design Service Providers: Offer partial or complete outsourcing services for system companies and IC design firms, including design integration, customized functional services, turnkey services, and SIP solutions, e.g., Faraday Technology Corporation.
- (6) EDA (Electronic Design Automation) Companies: Provide IC design companies and design service firms with essential EDA tools, e.g., SpringSoft, Inc.

2. Development Trends and Competitive Landscape of Products:

As IC chip designs grow increasingly complex, the need for high levels of chip integration becomes more critical. Leveraging the advantages of Silicon Intellectual Property (SIP) allows IC design companies to reduce significant manpower and resource expenditures by eliminating the need to design every functional block from scratch. By using verified and reusable SIPs and integrating them with existing functions, design timelines can be accelerated, time-to-market shortened, and product competitiveness enhanced—ultimately maximizing corporate profits. The importance of SIP continues to rise, and its role in the semiconductor industry is growing more prominent, especially as vertical specialization in the industry becomes more refined. This underscores SIP’s pivotal role in the IC design process.

IC design service providers offer their own SIP products for customer selection and are expanding their services to include front-end design capabilities. Some providers have developed proprietary SIP products, while others license SIPs from international firms and integrate them into their design platforms. Initially, IC design service providers

focused on layout, floor planning, and routing. However, as IC integration density has increased and foundries push for more advanced process nodes, service providers have shifted toward earlier stages of the design flow, including RTL execution, functional simulation, and logic synthesis, resulting in stronger collaboration with wafer foundries.

The Company specializes in the development and sales of embedded non-volatile memory (NVM) SIP products based on logic process technology and is a professional NVM SIP design company and supplier. Within the embedded NVM SIP market, there are two primary segments: one that develops SIPs on specialized processes (e.g., SST's Flash SIP) and another that focuses on logic processes, such as the NVM SIP developed by the Company.

The Company's MTP (Multiple Time Programmable) SIP boasts an industry-leading endurance of 10,000 to 100,000 erase/write cycles and supports in-system programming without the need for additional RAM buffers or prior erase operations. This significantly enhances convenience and performance, giving customers a competitive edge. It is an ideal and cost-effective NVM SIP solution for applications such as parameter and configuration settings, program code storage, digital rights management, and secure identification. Compared to embedded Flash SIPs, the Company's MTP SIP technology offers better cost advantages. Embedded Flash requires a more complex process, adding 7 to 11 additional photomasks, which increases wafer costs by 30% to 50% compared to standard processes. In contrast, the Company's MTP SIP delivers superior ease of use at the cost of standard process wafers, offering both performance and affordability.

According to the latest survey by TrendForce, in 2024, due to weak demand for consumer products and conservative inventory stocking by component suppliers, the average capacity utilization rate of wafer foundries has dropped below 80%. Only advanced processes such as 5nm, 4nm, and 3nm—used in high-performance computing (HPC) products and flagship smartphone processors—have maintained full capacity. This situation is expected to continue into 2025. While visibility in the consumer market remains low, inventory levels in the automotive and industrial control supply chains have gradually bottomed out since the second half of 2024. In 2025, restocking is expected to resume gradually. In addition, demand for edge AI applications will increase wafer consumption per device, and cloud AI deployment will continue. As a result, the wafer foundry market value in 2025 is projected to grow by 20% year-over-year, outperforming the 16% growth expected in 2024.

Analyzing the performance of wafer foundries, TSMC is expected to see a revenue growth rate in 2025 that exceeds the industry average, driven by advanced process technology and advanced packaging. Although non-TSMC foundries still face pressure from subdued consumer demand, they are expected to achieve a revenue growth rate of nearly 12% in 2025, better than the previous year. This is attributed to healthy component inventory levels among IDM and fabless customers across various sectors, growing demand for power devices driven by cloud and edge AI, and a lower base in 2024.

In terms of mature processes, TrendForce believes that due to low visibility in

consumer demand, the wafer foundry orders in 2025 will continue to follow the same spot and rush order pattern seen in 2024, with supply chains maintaining a conservative inventory-building stance. However, inventories of components for automotive, industrial control, and general-purpose servers have gradually returned to healthy levels in 2024, and restocking is expected to resume in 2025. As a result, capacity utilization for mature processes is forecasted to increase by 10 percentage points, surpassing 70%. Nevertheless, after two consecutive years of subdued demand and slowed capacity expansion, wafer foundries are expected to bring previously delayed capacity online in 2025—primarily in the 28nm, 40nm, and 55nm nodes. Given the dual pressure of low demand visibility and increased supply, pricing for mature processes is likely to remain under downward pressure.



With the growing era of information, home electronics, and personal communication services, the IC design industry has seen continual expansion in market scale. Correspondingly, demand for SIPs is also expected to grow. The market and profitability derived from SIPs will become key indicators for future industry development. Moreover, SIPs have created an innovative licensing business model that avoids direct product sales by generating revenue through licensing fees and royalties. This model has enabled IP providers to successfully tap into new niche markets. The IP industry—characterized by low fixed costs and high gross margins—outperforms other segments along the semiconductor value chain. The Company has cultivated its MTP SIP technology for many years and possesses significant competitive advantages. At present, the Company offers clients the widest range of process platforms, allowing them to select from various wafer foundries and process technologies according to their specific needs.

(3) Technology and Research and Development Overview:

1. Research and Development Expenditures:

Unit: NT\$ thousands

Expense	Year	2024	2023

Amount	135,611	108,127
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2. Successfully Developed Technologies or Products in 2024:

April 2024	Signed an industry-academia collaboration agreement with National Central University for the development of neural networks
April 2024	Completed the design of 7th-generation MTP IP
September 2024	Completed the design of high-speed MTP IP
November 2024	Completed the design of 2nd-generation Anti-Fuse IP

3. Future R&D Development Plans:

The Company is a professional supplier specializing in embedded non-volatile memory (NVM) silicon intellectual property (SIP) based on logic processes. It focuses on the research, development, and sales of programmable embedded NVM SIP for logic processes. The Company currently collaborates with more than ten domestic and international wafer foundries (foundry) and integrated device manufacturers (IDM). Its NVM SIP products have been successfully implemented in the 0.5μm, 0.4μm, 0.35μm, 0.3μm, 0.25μm, 0.18μm, 0.16μm, 0.13μm, 0.11μm, 90nm, 80nm, and 65nm process technologies of its partners. To meet diverse customer application requirements, the Company has established platforms in logic processes, mixed-mode processes, high-voltage processes, and BCD processes. The Company currently offers SIP products with capacities ranging from 4-bit to 512kbit, which have been adopted by numerous customers across different applications, and are now in mass production and shipment. As a technology-leading supplier in the embedded logic process MTP SIP field, the Company is also developing products for 55nm and 40nm processes in collaboration with partners. The Company has achieved outstanding performance in MTP SIP technology. In the early days, embedded OTP SIPs for logic processes allowed IC designers to program parameters only once, without the ability to modify the ROM code—thus limiting product capabilities. With the addition of multiple-write functionalities, customer convenience and product value can be greatly enhanced. To respond to the growing diversification in customer applications, the Company is not only collaborating with partners to develop 55nm and 40nm process technologies but also investing heavily in R&D for its MTP SIP products—aiming to deliver lower-cost, higher-performance solutions that better meet customer needs. The Company's R&D directions are as follows:

(1) Smaller SIP Size:

Continually reducing the size of memory cells to maintain competitiveness, while also expanding into the high-capacity (over 1M bits), multiple-write NVM IP market.

(2) Faster Read Access Time:

Developing high-speed, multiple-write, low-mask-layer-count NVM SIPs to

reduce overall customer costs and enhance competitiveness.

(3) Lower Power Consumption:

With the trend of lightweight and compact consumer electronics, power efficiency has become a critical specification and even a key success factor. The Company is developing low-voltage, low-current read/write NVM SIPs (new patents already granted) to enhance the value of customer products.

(4) Lower Read and Write Voltage:

Developing high-speed, low-current-read NVM SIPs.

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

To ensure the Company's stable and sustainable development, both short-term and long-term business development strategies have been formulated. Given the broad scope of operations, the short- and long-term plans are further divided into the following three aspects:

1. Short-Term Business Development Plans

(1) R&D and Manufacturing Plans

- a. In response to the diversified demands of customer products, the Company will develop various SIPs for different application fields, such as MCU, power ICs, and touch ICs, to provide more comprehensive NVM SIP database solutions for customers.
- b. The Company will continue to miniaturize floating-gate memory cells. The fifth-generation floating-gate memory cells designed for MTP, FTP, OTP Plus IP, and EEPROM have entered mass production. The next step is to develop high-capacity, low-voltage, power-efficient, high-speed eFlash IP.
- c. The Company will sign partnership agreements with wafer foundries and integrated device manufacturers (IDMs) in Korea, Japan, and Mainland China to offer more process technology platform options to customers.
- d. The Company aims to improve the SIP design flow, strengthen R&D capabilities, and enhance design efficiency to ensure timely product launches.

(2) Marketing and Sales Plans

- a. The Company's SIP products have been well received by clients in Taiwan and have strong partnerships with local foundries and IDMs. In the short term, the Company will actively expand into the China market while strengthening collaboration with foundries and IDMs in the region.
- b. In addition to existing application fields, the Company will explore new markets and expand its customer base.
- c. The Company will improve service offerings and enhance service efficiency for both existing and potential customers.
- d. The Company will establish global marketing channels by region while maintaining close cooperation with foundries and IDMs.

(3) Financial and Administrative Plans

The Company will establish a sound financial environment and manage funds efficiently to support business operations.

2. Long-Term Business Development Plans

(1) R&D and Manufacturing Plans

- a. In response to the increasing diversification of customer products, the Company will work with partners to develop sub-55nm and 40nm process technologies, particularly for applications such as communication-related products.
- b. As IC design is a knowledge-intensive industry, the Company will continue developing NVM SIP-related patents to build a strong intellectual property portfolio, protect IP rights, and safeguard its interests.
- c. The Company will focus on embedded multi-time programmable non-volatile memory SIPs for smart power, mobile display control ICs, mobile display driver ICs, IoT, MCUs, and sensor markets.

(2) Marketing and Sales Plans

- a. The Company will actively expand into markets in the United States, Korea, Japan, and Europe while working with foundries and IDMs in Southeast Asia and Europe for technology development.
- b. In line with its global development strategy, the Company aims to increase its market share in the NVM SIP space and enhance its brand recognition, aspiring to become the leading NVM SIP supplier globally.
- c. The Company will establish overseas marketing offices and distribution channels, develop international clients, and maintain stable annual revenue growth to enhance profitability.

(3) Financial and Administrative Plans

The Company will utilize the capital market through its listing on the exchange to build a sound and long-term financial structure.

2. Market and Sales Overview

(1) Market Analysis:

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

Unit: NT\$ thousands

Sales Region	2024	2023
Mainland China (including Hong Kong)	98,635	78,560
Taiwan	49,048	47,715
South Korea	39,011	19,788
Singapore	30,131	34,180
USA	4,171	3,745
Others	3,710	3,396
Total	224,706	187,384

2. Market Share:

The Company recorded revenue of NT\$224,706 thousand in 2024, entirely derived from technology service fees and royalties. This differs significantly from the business models of typical IC design service companies, where technology service fees and royalties generally represent only a small portion of total revenue. In Taiwan, there are very few companies like the Company that primarily generate operating income from technology service fees, license fees, and royalties. Moreover, when considering suppliers that specialize in logic-process embedded non-volatile memory SIPs, the Company stands as one of only two providers. As the trend of using YMC SIPs across different application domains continues to grow, the Company has successfully established and validated more technology platforms at wafer foundries, which has led to an expanding customer base. Consequently, revenue from technology service fees and royalties is expected to grow rapidly, solidifying the Company's leading position in the MTP non-volatile memory SIP market.

In addition to independently developing new products, the Company maintains close relationships with wafer foundries to stay aligned with their future operational strategies. This allows the Company to identify potential clients early and develop products tailored to specific process platforms. As the Company continues to update its IP product specifications and memory capacities to meet the evolving needs of foundry platforms and customer applications, the number of IP products available through the Company continues to increase.

According to the ArstaResearch Global Embedded NVM (eNVM) IP Market Research Report, the market size of embedded NVM (eNVM) IP in 2024 is estimated to be approximately USD 360 million, with an expected annual growth rate of about 10% from 2025 to 2031. In 2024, the Company held an estimated market share of 2%, ranking fourth globally in the overall eNVM market.

3. Future Market Supply and Demand Outlook and Growth Potential:

Since 1976, when the Industrial Technology Research Institute (ITRI) sent its first group of elite engineers to RCA in the United States to acquire and introduce CMOS (Complementary Metal-Oxide-Semiconductor) technology, Taiwan's semiconductor industry has entered a glorious chapter. Over the past 37 years, the industry has grown to become one of Taiwan's most significant economic pillars. As early as 2004, the semiconductor industry was already the first in Taiwan to surpass NT\$1 trillion in output value. The upstream, midstream, and downstream segments of the industry are highly specialized, vertically integrated, and closely interconnected, making the industry a vital and stabilizing force in Taiwan's job market and economic growth. In the evolution of semiconductors, advancements in process technology have often driven the industry forward. Moore's Law states that at a constant cost, the number of transistors on an integrated circuit (IC) doubles approximately every 18 months, leading to a doubling in performance. Although Moore's Law has been challenged by today's 28nm and 14nm process nodes, its long-term implication remains: IC process technologies continue to advance linearly, reducing costs, improving performance, and increasing functionality. Rapid advancements in IC fabrication, coupled with the growing demand for compact 3C (computer, communication, and consumer electronics) products, have accelerated the rise of System-on-Chip (SoC) design. SoCs are now the mainstream in IC development, with broad applications across various fields.

This trend has also fueled the rapid rise of the SIP (Silicon Intellectual Property) industry. To meet the complexity of SoC designs, the use of reusable SIPs has become essential to reduce the demand for design manpower. IC design service providers who adopt pre-defined, verified SIPs can significantly shorten development time, accelerate time-to-market, improve product competitiveness, and maximize profitability. The booming semiconductor industry has not only created substantial opportunities for SIP providers but has also generated new service demands for IC design service firms. These companies have gradually shifted their focus from layout, floorplanning, and routing to frontend design processes such as RTL implementation, logic synthesis, and functional simulation. Some even assist customers with specification planning. As IC design services and wafer foundries form increasingly close relationships, these firms play a critical role in solving SIP and process integration issues during advanced process development. This is especially crucial as process advancements often outpace design improvements, making close collaboration between IC design service providers and wafer foundries indispensable in resolving chip verification challenges.

The market demand for SIPs (Silicon Intellectual Property) has become increasingly significant in line with the growing complexity of System-on-Chip (SoC) designs. Today, aside from standalone memory ICs (such as DRAM, NOR Flash, NAND Flash, SRAM) and some power chips, most IC products across various application fields are adopting SoC architectures. This underscores the pervasive role of SoCs across all applications, and consequently, the rising importance of reusable SIPs. Previously, four SIP types were mentioned: Basic SIPs, Standard SIPs, Key SIPs, and Platform SIPs. Basic SIPs are

closely related to process nodes but generally have lower pricing; Standard SIPs are widely used and highly competitive, but their value tends to decline rapidly as newer products enter the market. In contrast, Key SIPs and Platform SIPs offer higher added value, present higher barriers to entry, and face less competition. These higher-end SIPs are primarily supplied by major U.S. and European vendors, while most domestic IC design service providers focus on delivering SoC or ASIC design architecture, services, methodologies, and turnkey solutions, or obtain licenses for key SIPs (such as ARM and MIPS core technologies) to support SoC design platforms.

According to the latest survey by TrendForce, driven by China's semiconductor localization policies, Chinese foundries are expected to lead the increase in mature process capacity by 2025. It is projected that the combined capacity of the world's top ten mature-process foundries will grow by 6% in 2025, though pricing will remain under pressure.

TrendForce reports that demand in advanced and mature process nodes continues to diverge. Advanced nodes such as 5/4nm and 3nm are running at full capacity through the end of 2024, driven by demand for AI servers, high-performance computing (HPC) chips for PCs/laptops, and flagship smartphone SoCs. In contrast, mature nodes at 28nm and above are seeing only moderate recovery, with average utilization rates in the second half of 2024 rising by 5% to 10% compared to the first half.

Because most end applications still rely on mature process nodes to produce peripheral ICs—and due to supply chain diversification driven by geopolitical factors—ensuring regional production capacity has become a key issue, catalyzing global expansion of mature-node foundry capacity. On the demand side, shipments of smartphones, PCs/laptops, and servers (including both general-purpose and AI servers) are expected to return to year-over-year growth in 2025. Meanwhile, automotive and industrial control sectors, after undergoing a full year of inventory correction in 2024, are likely to see replenishment demand. These trends will be the primary drivers supporting higher utilization rates of mature process nodes.

However, global economic conditions and the uncertain recovery of China's economy present downside risks. Cautious ordering behavior among end-product brands and upstream customers means that visibility for mature-node foundry orders remains limited to about one quarter. Therefore, the 2025 outlook remains uncertain. In light of these factors, TrendForce forecasts that the capacity utilization rate for mature process nodes among the world's top ten foundries will slightly increase to above 75% in 2025.

4Q'24~4Q'25重大成熟製程擴產計畫

單位:%

公司	晶圓廠	製程節點
台積電	JASM	28/22-16/12nm
中芯國際	中芯京城(北京)	40~28nm
	中芯東方(上海)	110~28nm
華虹集團	Fab9	55/40nm
	Fab10	28/22nm
晶合	N1A3	55~28nm

資料來源:TrendForce(10/2024)

Market research firm Counterpoint Research recently stated that the foundry industry is expected to achieve 20% revenue growth in 2025, driven by continued strong demand for AI, which will significantly benefit major players such as TSMC. In addition, the rebound in demand for non-AI semiconductor applications—such as consumer electronics, networking equipment, and cellular IoT—will also support market growth and further strengthen the industry's long-term potential.

Counterpoint Research predicts that inventory adjustments for automotive semiconductors will extend into the first half of 2025, further delaying market recovery. Moreover, integrated device manufacturers (IDMs) such as Infineon and NXP may scale back outsourcing orders to mature-process foundries due to elevated inventory levels, thereby increasing pressure on mature-node capacity utilization. Overall, the recovery in utilization rates for mature-process foundries in 2025 is expected to lag behind that of TSMC.

Commenting on the 2025 outlook, Counterpoint Research analyst Adam Chang stated that the global foundry industry is projected to maintain steady growth, with a compound annual growth rate (CAGR) of 13–15% from 2025 to 2028. This growth will be primarily driven by advanced nodes such as 3nm and 2nm and below, alongside the accelerated adoption of advanced packaging technologies like CoWoS and 3D packaging. As demand for high-performance computing (HPC) and AI applications continues to climb, these technologies will become the core growth drivers over the next three to five years. TSMC, with its technological leadership, is expected to continue spearheading industry advancement and further solidify its market competitiveness.



According to the latest quarterly SEMI World Fab Forecast report released by the international semiconductor industry association SEMI, 18 new wafer fabs are scheduled to begin construction globally in 2025. These include three 8-inch and fifteen 12-inch fabs, with most expected to commence production between 2026 and 2027.

SEMI Global Chief Marketing Officer and Taiwan President Terry Tsao noted that the semiconductor industry is at a pivotal moment, with capacity expansion investments driving the development of both advanced and mainstream technologies to meet the evolving needs of global industries. Generative AI and high-performance computing are advancing logic and memory technologies, while mainstream nodes continue to support key applications such as automotive, IoT, and power electronics. The 18 new fabs set to break ground in 2025 further demonstrate the industry's commitment to fostering innovation and driving significant economic growth.

According to the Q4 2024 World Fab Forecast report (covering 2023 to 2025), the global semiconductor industry is expected to bring a total of 97 new high-capacity fabs online during this period, including 48 that began operation in 2024 and 32 expected to come online in 2025, with wafer sizes ranging from 12 inches to 2 inches.

4. Competitive Advantages:

The Company specializes in the development and sale of embedded non-volatile memory (NVM) SIPs based on logic processes. From the fundamental memory bitcell design to the development of the complete SIP macro block, all technologies have been independently developed in-house. To date, the Company has obtained dozens of relevant domestic and international patents, establishing a robust intellectual property protection network in the knowledge-intensive SIP industry to safeguard its proprietary technologies. The Company's logic-process embedded MTP SIP has been successfully implemented on partners' wafer fabrication platforms ranging from 0.5 μ m, 0.4 μ m, 0.35 μ m, 0.3 μ m, 0.25 μ m, 0.18 μ m, 0.16 μ m, 0.15 μ m, 0.13 μ m, 0.11 μ m, 90nm, 80nm to 65nm. To meet customers' diverse application needs, the Company has established process platforms including Logic, Mixed Mode, High Voltage, and BCD. In addition, to address

differentiated needs across multiple domains, development has also been initiated with partners for the 55nm and 40nm processes. Thanks to the Company's proprietary memory SIP technology, many customers who previously used embedded OTP SIP or embedded Flash SIP have transitioned to the Company's embedded MTP SIP. With MTP SIP, customers can achieve superior performance compared to embedded Flash, all at standard wafer pricing. This provides greater design flexibility and enhances product competitiveness.

5. Favorable and Unfavorable Factors for Future Development and Corresponding Strategies:

(1) Favorable Factors for Future Development

- a. The Silicon Intellectual Property (SIP) industry has become a key force in the semiconductor market

Taiwan's semiconductor industry has developed over the past three decades into a vertically specialized supply chain covering upstream, midstream, and downstream segments, with tightly connected and interdependent relationships. As part of the upstream design sector, the SIP industry plays a critical role—especially as chip design complexity increases. SIP helps reduce the workload for designers, shortens product development cycles, and accelerates time-to-market. This clearly demonstrates SIP's importance within the semiconductor value chain. As a key industry force, SIP will attract more players into the market, driving further maturity, enabling SIP vendors to pursue more advanced process technologies, and opening up opportunities in diversified applications.

- b. High entry barriers and limited competition in logic-process embedded MTP non-volatile memory SIP

The NVM SIP industry is knowledge-intensive. To remain competitive, developers must independently create foundational cell technologies and secure patent protection to gain a technological edge and maximize profits. The product development cycle is lengthy—from cell design to SIP macro integration—and requires successful verification by wafer foundries and IDMs before being included in a SIP library for customer use. For custom NVM SIPs, development begins with specification design and proceeds through foundry validation before customers will adopt the product and begin mass production. Additionally, these SIPs must be implemented within the foundry or IDM's process platform for IC designers to mass-produce and ship their products. This necessitates building close strategic partnerships with midstream foundries and IDMs to ensure product development can move into volume production. Given the time and cost involved, few companies are willing to enter this field, resulting in significant entry barriers. Currently, only three or four companies globally, including the Company, are developing and promoting logic-process embedded MTP NVM SIP technology.

- c. Evolving applications are increasingly adopting logic-process embedded MTP NVM SIP

Logic-process embedded MTP NVM SIPs are gradually gaining attention from IC design companies. Many customers are shifting away from traditional embedded OTP SIPs and embedded Flash SIPs toward MTP NVM SIP solutions. MTP SIPs offer superior ease of use and performance at standard process wafer costs. OTP SIPs are limited by one-time programmability, restricting ROM code flexibility and thus product capabilities. Meanwhile, Flash SIPs require complex processes and additional photomasks, making them significantly more expensive than standard processes. The Company's logic-process embedded MTP NVM SIPs have already been adopted by numerous well-known IC design firms, with many projects already completed and in volume production. MTP NVM SIP solutions have a broad range of applications across consumer electronics ICs, information and communication products, and home appliance ICs.

(2) Unfavorable Factors for Future Development and Countermeasures

a. Difficulty in Recruiting Talent in the NVM (Non-Volatile Memory) SIP Field

In Taiwan, memory IC development can be traced back to early companies such as Winbond Electronics, UMC, and Macronix, starting with Mask ROM, EPROM, and SRAM, later evolving into Flash and DRAM. Although Inotera Memories has been developing NAND Flash, Taiwan's overall DRAM scale still exceeds that of Flash. Compared to talent in analog ICs, logic components, and microcomponent ICs, professionals specialized in the NVM field remain relatively scarce.

Countermeasures:

- (i) Since experienced professionals are difficult to find, the Company has a long-term plan to train junior staff through internal technical training and by sponsoring external education programs at semiconductor training institutions or universities.
- (ii) Recruit alternative military service students who graduated from semiconductor-related departments for long-term development.
- (iii) Issue employee stock options to attract and retain talent.
- (iiii) Apply for public stock offering and listing to further enhance employee incentives and retention.

b. Competitors Also Launching Logic-Process Embedded Multi-Time Programmable (MTP) NVM SIP

As the embedded OTP SIP market gradually declines, OTP SIP suppliers are accelerating their MTP SIP development. However, the advantages and disadvantages of logic-process embedded NVM SIP are closely tied to the architecture of its fundamental cell. Experience in developing embedded OTP SIPs does not necessarily translate to developing MTP SIPs. In addition, SIP macros must pass wafer foundry validation and be proven through actual

customer usage. The Company has already established a leading position in the market and will continue to cautiously promote its MTP SIP products, developing new SIPs to meet customer needs.

Countermeasures:

- (i) Continue developing advanced-node MTP SIP products.
- (ii) Build a diverse portfolio of SIP products tailored to various applications.
- (iii) Expand technology platforms across different wafer foundries and IDMs.
- (iiii) Establish a professional technical support system to respond quickly to customer needs.
- (iiiii) Raise corporate visibility and expand adoption among international clients.

(2) Main Applications and Manufacturing Process of Core Products:

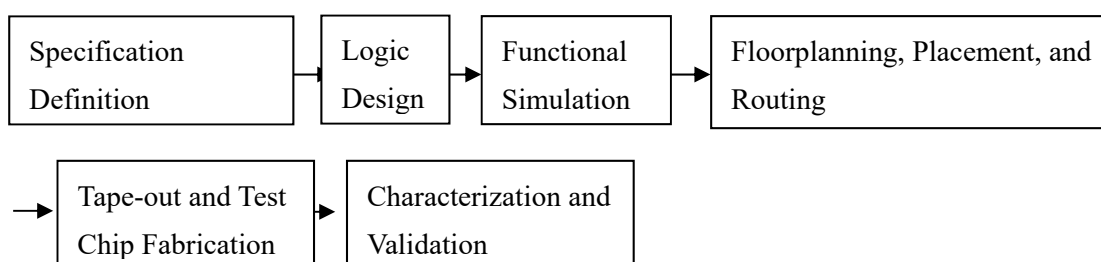
1. Key Products and Their Applications:

The Company specializes in the development and sales of logic-process embedded MTP non-volatile memory SIPs. These SIPs are widely applicable across various domains such as consumer electronics ICs, communication ICs, and computer and information ICs. Product applications include:

- (1) Power Management ICs (PMICs)
- (2) Microcontrollers (MCU / SoC)
- (3) LED Driver ICs
- (4) TFT LCD Driver ICs
- (5) Touch Controllers
- (6) In-Cell Touch Controllers
- (7) AMOLED Driver ICs

2. Main Product Manufacturing Process

The Company specializes in the research, development, and marketing of logic-process embedded non-volatile memory (NVM) SIPs. As SIPs are silicon intellectual property products rather than physical items, the development process of the Company's SIP products is as follows:



(3) Supply Status of Main Raw Materials

The Company only uses raw materials when engaged in wafer production services. In

such cases, the Company directly accepts customer orders for wafer products, places orders with wafer foundries for the production of wafers embedded with the Company's NVM SIP, and delivers the finished wafers to customers. In these cases, the wafer is considered the raw material. As of now, the Company no longer provides wafer production services.

(4) Names, Transaction Amounts, and Ratios of Customers Accounting for More Than 10% of Total Purchases or Sales in Either of the Past Two Years, and Explanation of Changes

1. Names, purchase amounts, and ratios of customers accounting for more than 10% of total purchases in either of the past two years:

The Company is a professional design house for logic-process embedded non-volatile memory SIPs (Silicon Intellectual Property) and does not engage in physical manufacturing. Therefore, this evaluation item 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	2024				2023			
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	39,984	17.79	None	Customer A	18,929	10.10	None
2	Customer B	38,213	17.01	None	Customer B	19,788	10.56	None
3	Customer C	28,810	12.82	None	Customer C	33,194	17.72	None
4	Customer D	24,459	10.88	None	Customer D	25,285	13.49	None
5	Others	93,240	41.50	None	Others	90,188	48.13	None
	Net Sales Revenue	224,706	100.00		Net Sales Revenue	187,384	100.00	

Explanation of Changes: Primarily due to the increase in mass production by IC design companies and wafer fabs.

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		2023	2024	By March 15, 2025
Item				
Number of employees	Direct Employees	-	-	-
	Indirect Employees	18	23	24
	Research and Development Staff	44	50	48
	Total	62	73	72
Average age		35.5	35.4	35
Average years of service		6.9	7.0	7.1
Percentage of	PhD	-	-	-
	Master	42	42	43

employees at each education level	Bachelor	58	58	57
	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) Description of the Company's Employee Welfare Programs, Continuing Education, Training, Retirement System, Implementation Status, Labor-Management Agreements, and Measures to Protect Employee Rights:

1. Employee Welfare Measures:

- (1) Company Welfare:

In addition to implementing the Labor Standards Act and relevant regulations, the Company has arranged group insurance coverage for employees to supplement labor insurance, extending benefits to employees' dependents for more comprehensive protection. The Company also provides subsidies for fitness activities and allows time during work hours for physical exercise.

- (2) Employee Benefits:

The Company coordinates a range of welfare activities, including annual domestic and overseas trips, partnerships with designated stores, staff gatherings, year-end parties, holiday bonuses, and club events, ensuring that employees feel valued and supported.

2. Continuing Education and Training System:

In response to rapid technological advancements in the industry and to promote employee development, the Company provides employees with training opportunities and related expenses. This ensures that every employee can continue learning, refine their skills, and improve work quality, thereby contributing to company profitability. Training also supports career development in alignment with corporate goals.

3. Retirement System:

In accordance with the Labor Pension Act (New Pension Scheme), the Company makes monthly contributions to employees' individual pension accounts established with the Bureau of Labor Insurance.

4. Labor-Management Agreements and Measures to Protect Employee Rights:

To safeguard labor-management rights and maintain harmonious relations, the Company actively promotes open communication between labor and management,

regularly convening labor-management administrative meetings. To date, the Company has maintained positive and stable labor relations without any major labor disputes.

- (2) Losses Incurred Due to Labor Disputes in the Most Recent Year and as of the Annual Report Printing Date, Including Estimated Current and Future Costs and Response Measures (or an Explanation if Estimates Cannot Be Made): None.

6. IT Security Management

- (1) Description of the Information Security Risk Management Framework, Information Security Policies, Specific Management Measures, and Resources Allocated for IT Security Management

1. Information Security Risk Management Framework:

- (1) The Company has established a cross-departmental Information Security Committee, chaired by the President as the chief convener.
- (2) Information security management objectives and policies, along with personal data management policies, have been formulated and are regularly reviewed and updated.
- (3) Periodic management review meetings are held to assess the implementation of the information security and personal data management systems.

2. Information Security Policies:

- (1) In accordance with the internal control system, firewalls are installed and logs are reviewed regularly.
- (2) All personal computers are equipped with antivirus software, which is regularly updated. The use of unauthorized software is prohibited.
- (3) The Company's information security policies and regulations are regularly communicated to employees.
- (4) System logs of various information security items are regularly reviewed to monitor for abnormalities.
- (5) Important data is regularly backed up according to internal control requirements, including off-site backup.
- (6) A secure computer server room has been established with access control. All entries and exits must be recorded in the "Server Room Work Log."
- (7) All operations on servers and network equipment must be accurately recorded in the "System Administration Work Log."
- (8) In accordance with the internal control system, hardware that is obsolete, damaged, or no longer usable must be collected and stored by the IT management department. The IT department is responsible for completing the "Asset Disposal Detail Sheet," and with the President's approval, completing the "IT Equipment Destruction Security Checklist" before data destruction.
- (9) Regular disaster recovery drills are conducted to prevent business interruptions due to damage to information systems caused by accidents.
- (10) Regular inventory of information assets and personal data registries is conducted. Risk assessments related to information security and personal data are used to implement appropriate control measures.
- (11) User accounts, passwords, and access permissions must be properly maintained and

used by employees, with passwords updated regularly, per internal control requirements.

- (12) Annual internal audits are conducted to ensure the effectiveness of the information security and personal data protection management systems.
- (13) System development and program modifications must undergo thorough evaluation and be approved by responsible supervisors according to internal control procedures.
- (14) Access to sensitive data is limited to designated personnel and specific devices, with two-factor authentication required for identity verification.
- (15) Periodic information security risk assessments are conducted by external third-party experts, and identified vulnerabilities are addressed and improved.
- (16) Social engineering drills are conducted regularly. These simulations mimic real cyberattack scenarios to test employee awareness of suspicious emails, links, or attachments. The results are used to strengthen cybersecurity training and enhance the Company's overall defense capabilities. Employees are encouraged to actively participate and jointly safeguard the Company's information security.

3. Specific Management Measures and Resources Invested in IT Security Management:

The Company places great emphasis on controlling and safeguarding information security risks. A restricted area has been established, and a multi-layered, in-depth defense framework has been implemented to form a robust cybersecurity protection network. Strict control measures are enforced, including the classification and grading of information assets, outbound data transfer controls (subject to application and approval), email system protection, output control for printing, copying, and faxing, network anomaly audits, access approval procedures for information equipment, a prohibition on personal storage devices, restrictions on unauthorized photo or video capture with personal devices, strengthened access control and entry restrictions, periodic review of user access permissions, and regular cybersecurity education and training through physical or online courses for all employees. Additionally, the Company regularly announces cybersecurity control protocols and raises awareness of major cybersecurity incidents. The Company's cybersecurity controls are continuously upgraded according to pre-established plans.

In recent years, cyberattacks have become increasingly frequent, particularly ransomware, which has caused widespread damage and posed significant threats to businesses. The Company conducts in-depth analyses of major domestic and international cybersecurity incidents to strengthen internal and external cyberattack defenses, raise awareness through training, and strictly implement firewall policy reviews, endpoint protection, intrusion detection systems, antivirus updates, patch management for hosts and network equipment, and data center management. System audits and improvements are regularly conducted through the Company's cybersecurity operations platform, aiming to create value for customers and shareholders while fulfilling social responsibility.

(2) Losses, Potential Impacts, and Response Measures Related to Major Cybersecurity Incidents in the Most Recent Fiscal Year and up to the Annual Report Publication Date:

As of the end of 2024 and up to the date of publication of this annual report, the Company has not experienced any major cybersecurity incidents, nor has it incurred 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
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
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

Nature of Contracts	Counterparty	Contract Period	Main Contents	Restrictive Clauses
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
Lease agreement	Winsome Development Company Limited	2024.04.01~2026.03.31	Real estate lease agreement	None
Joint development	Globalfoundries	2024.04.10~	Product development	Confidentiality and adherence to intellectual property rights
Product development / technology transfer	Nexchip Semiconductor Corporation	2024.06.20-2034.06.20	Product development – technology transfer agreement	Confidentiality and adherence to intellectual property rights
Joint development	Globalfoundries	2024.12.30~	Product development	Confidentiality and adherence to intellectual property rights

V. 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	2024	2023	Difference		Explanation
			Amount	%	
Current Assets	531,306	318,075	213,231	67.04	Note 1
Property, plant and equipment	39,231	8,082	31,149	385.41	Note 2
Right-of-use assets	25,270	207	25,063	12,107.73	Note 3
Intangible assets	43,164	30,248	12,916	42.70	Note 3
Other Assets	4,543	5,968	(1,425)	(23.88)	
Total Assets	643,514	362,580	280,934	77.48	Note 1
Current liabilities	64,061	44,536	19,525	43.84	Note 3
Non-current liabilities	26,938	4,790	22,148	462.38	Note 3
Total liabilities	90,999	49,326	41,673	84.48	Note 3
Share capital	294,260	268,100	26,160	9.76	
Capital surplus	212,168	0	212,168	100.00	Note 1
Retained earnings	46,087	45,154	933	2.07	
Total equity	552,515	313,254	239,261	76.38	Note 1
Explanation of changes exceeding 20% in proportion and NT\$10 million in amount:					
Note 1. Increase in current assets, total assets, capital surplus, and total equity:					
Primarily due to the cash capital increase in 2024 in connection with the Company's listing on the Innovation Board.					
Note 2. Increase in property, plant, and equipment:					
Mainly attributable to new office renovations in 2024					
Note 3. Increase in right-of-use assets, other intangible assets, current liabilities, non-current liabilities, and total liabilities:					
Primarily due to the adoption of IFRS 16 lease accounting and the purchase of R&D software in 2024.					

2. Review and Analysis of Financial Performance:

(1) Comparative Analysis of Operating Results

Unit: NT\$ thousands

Year Item	2024	2023	Difference	%	Explanation
Operating Income	224,706	187,384	37,322	19.92	
Operating Costs	1,182	1,568	(386)	(24.62)	
Gross profit	223,524	185,816	37,708	20.29	Note 1
Operating Expenses	192,824	150,759	42,065	27.90	Note 2
Net profit (loss)	30,700	35,057	(4,357)	(12.43)	
Non-operating income and expenses	3,900	3,210	690	21.50	
Net profit (loss) before tax	34,600	38,267	(3,667)	(9.58)	
Income tax expense	6,824	6,250	574	9.18	
Net profit (loss) for the period	27,776	32,017	(4,241)	(13.25)	
Total comprehensive income or loss for the period	27,743	32,014	(4,271)	(13.34)	

Analysis of Changes Exceeding 20% and NT\$10 Million:

Note 1. Increase in gross profit: Attributable to the increase in operating revenue in 2024.

Note 2. Increase in operating expenses: Due to higher office relocation-related expenses in 2024.

(2) Projected Sales Volume for the Coming Year and Its Basis, Possible Impact on the Company's Future Financial and Business Operations, and Response Plans:

As the Company is a professional logic-process embedded non-volatile memory (NVM) Silicon Intellectual Property (SIP) design house, its products are not measured in unit quantities. The Company, based on industry trends, customer product demand, market supply and demand, market share, and industry forecast data, expects a stable growth in sales compared to the previous year. This is expected to have a positive impact on the Company's future financial performance.

3. Cash Flow

(1) Analysis of recent annual cash flow movements

Unit: NT\$ thousands

Year Item	Net Cash Flow		Difference
	2024	2023	
Operating Activities	71,137	57,721	13,416
Investing Activities	(60,830)	(24,516)	(36,314)
Financing Activities	196,871	(72,555)	269,426

Effect of Exchange Rate Changes on Cash and Cash Equivalents	948	(751)	1,699
Analysis of Cash Flow Changes: 1. Increase in net cash inflow from operating activities: Primarily due to higher depreciation and amortization expenses in 2024. 2. Increase in net cash outflow from investing activities: Mainly used for new office renovations and the purchase of additional R&D testing equipment and software. 3. Increase in net cash inflow from financing activities: Due to the execution of a cash capital increase in 2024. 4. Effect of exchange rate changes on cash and cash equivalents: Primarily due to NT dollar depreciation against the US dollar, resulting in foreign currency cash revaluation.			

(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
502,947	77,249	(62,189)	(40,272)	477,735	—	—
1. Analysis of Expected Cash Flow Changes for the Next Year: (1) Net cash flow from operating activities: Mainly derived from expected revenue in 2025. (2) Net cash flow used in investing activities: Primarily for the planned acquisition of R&D testing equipment and software. (3) Net cash flow from financing activities: Primarily due to lease liability principal repayments under IFRS 16 and the planned distribution of NT\$29,132 thousand in cash dividends. 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	2024 (NT\$ thousands; %)
Net amount of interest received (paid)	4,075
Net exchange (loss) gain	(140)
Net amount of interest received (paid) as a percentage of net revenue	1.81%
Net amount of interest received (paid) as a percentage of pre-tax net profit	11.78%
Net exchange (loss) gain as a percentage of net revenue	(0.06)%
Net exchange (loss) gain as a percentage of pre-tax net profit	(0.40)%

a. Interest rate changes: In 2024, due to sufficient operating capital, the Company generated interest income. As of now, the Company has no outstanding bank borrowings. However, the Company continues to monitor changes in bank lending rates and maintains good relationships with financial institutions to secure more favorable interest rates, thereby mitigating the impact of rate fluctuations on the Company's financial performance.

b. Exchange rate fluctuations: In addition to domestic sales, the Company exports its products to the United States and various Asian countries. Most export transactions are denominated in U.S. dollars. As shown in the table above, the Company recorded an exchange loss of NT\$140 thousand in 2024, mainly due to the depreciation of the New Taiwan Dollar, which affected the valuation of accounts payable for software purchases denominated in foreign currencies.

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 focused on addressing customer demands for diversified applications by developing SIP products for various fields such as MCU applications, power ICs, and touch controller ICs, thereby building a more comprehensive MTP SIP library. The Company will continue its efforts to miniaturize floating-gate memory cells. The fifth-generation floating-gate memory cell designs for MTP, FTP, OTP plus IP, and EEPROM have already entered mass production. Subsequently, the Company will develop high-capacity, low-voltage, energy-efficient, high-speed eFlash IP.

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.

VI. SPECIAL DISCLOSURE

1. Summary of Associates: None.
2. Private Placement Securities in the Most Recent Years: None.
3. Other items of description which needs to be supplemented: None.
4. 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