

## About DAVICOM Semiconductor

DAVICOM Semiconductor Inc. was founded in 1996 by a networking/communication team under United Microelectronics (UMC) and US-based networking/communication experts.

Since being founded in 1996, with the foundation of Ethernet along with the industry trend, we developed Ethernet controller ICs firstly and then, in line with industrial development trends, has developed and produced networking ICs used in embedded systems and engaged in innovation and R&D of software technology, with products widely used in broadcasting equipment for Internet connection and telecom set-top boxes. We began R&D of ICs used in smart medical care in 2013, development of EPD (E-Paper Display) driver ICs for innovative application to electronic shelf labels in 2014. Furthermore, we have focused on integration of AI with our Ethernet technology and development of innovative products since 2018. In 2020, we stepped into UHF RFID and then began to provide most competitive ICs and chip solutions to help clients keep abreast of the latest trend of AIoT development and thereby shorten time to market.

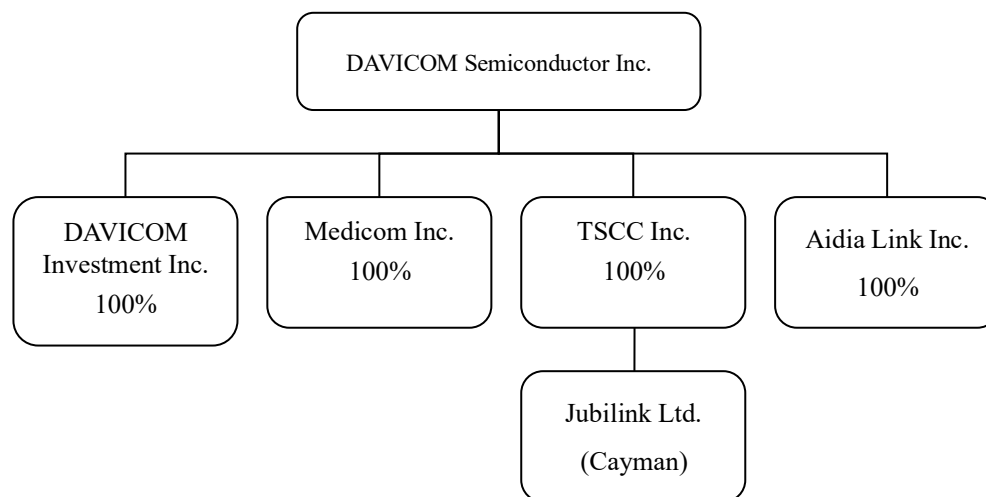
“Connectivity Beyond Limits” is our sustainability-related vision, “development and promotion of environmentally friendly technologies” is our mission, “forward looking, steadiness” is our gene, and “customer satisfaction and reasonable return” is our insistence. Based on the belief of “walk steadily for long-distance destinations”, we are moving toward corporate sustainability goals. With spiritual cohesion of all employees, we keep creating sustainability value that is balanced among social harmony, economic sustainability and environmental sustainability.

### Organizational profile

#### Profile of DAVICOM Semiconductor

Full corporate name	DAVICOM Semiconductor, Inc.
Capital amount	NT\$831 million
Total number of employees	75 (100 globally)
Date of establishment	August 16, 1996
Stock listed	Our stock shares were initially listed on the Taiwan Stock Exchange on August 6, 2007 (stock code: 3094)
Chairman	Ting Hao
President	Nien-tai Chen
Operational headquarters	No. 6, Li-Hsin VI Road, Hsinchu Science Park, Hsinchu City 30078, Taiwan,
Location of operation	Taiwan, China, Europe, and the U.S.

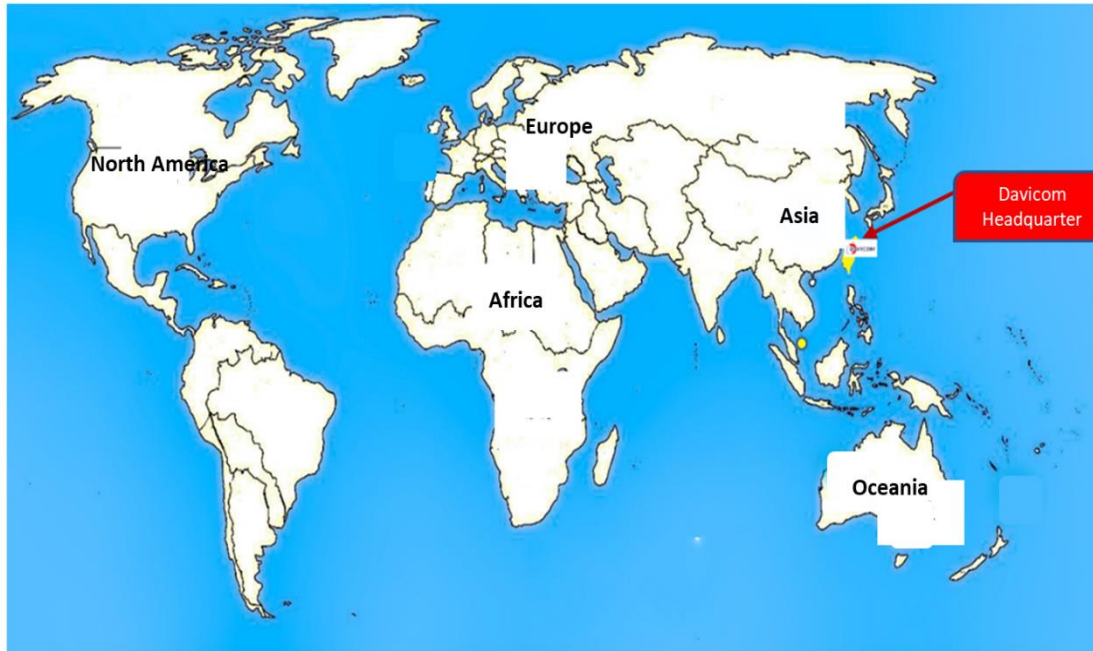
#### Organizational chart of affiliates



■ **Basic data on affiliates**

Name of enterprise	Time of being established/invested	Address	Paid-in capital	Main items of business operation
DAVICOM Investment Inc.	April 2006	2nd Floor, No. 1, Lane 53, Xinzhuang Street, Hsinchu City	NT\$212 million	General investment business
Medicom Corp.	July 2010	2nd Floor, No. 1, Lane 53, Xinzhuang Street, Hsinchu City	NT\$50.0 million	IC design and manufacturing industry
Aidia Link Inc.	October 2016	Unit 3, 15th Floor, No. 60-3, Chien-Hsin Road, Hsinchu City	NT\$80.0 million	Manufacturing of mechanical equipment used in wireless communication
TSCC Inc.	January 2002	TrustNet Chambers, Lotemau P.O. Box 1225, Apia, Samoa.	US\$4.4 million	Non-operating investment
Jubilink Ltd.	January 2002	P.O. Box 219, Grand Cayman	US\$2.5 million	General trading business

Sales agents around the world (for information on sales agents, please refer to Contact Us at our website)



**Europe**

- France
- The Netherlands/Belgium/Italy/Spain
- Israel/Russia/Ukraine
- Germany/Switzerland/Austria
- Norway/Finland/Poland/Denmark/Sweden
- UK/Ireland/Turkey

**Africa**

- South Africa

**Asia**

- Japan
- South Korea
- India
- Southeast Asia
- China

**Oceania**

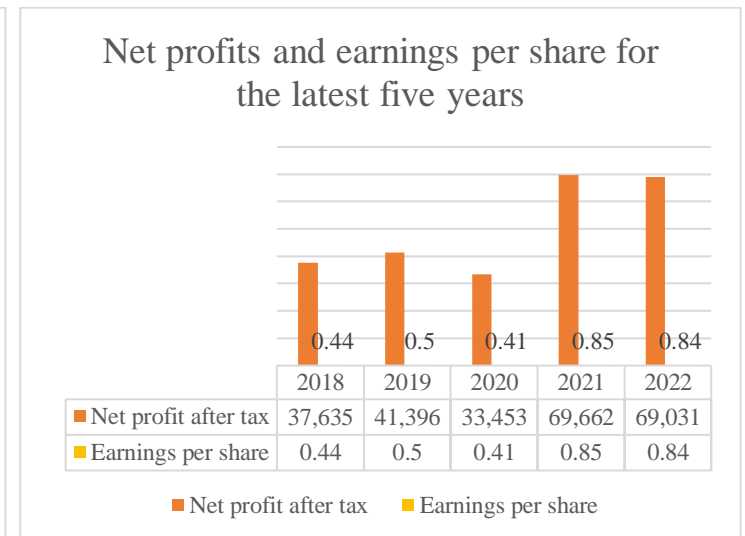
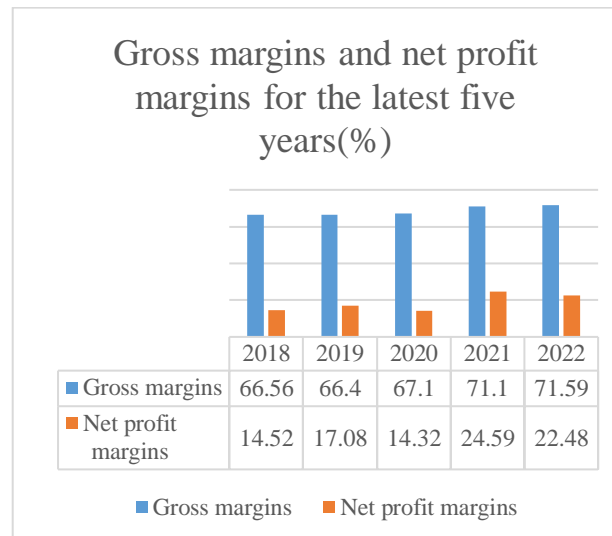
- New Zealand
- Australia

■ **Summary of business operation (operational performance)**

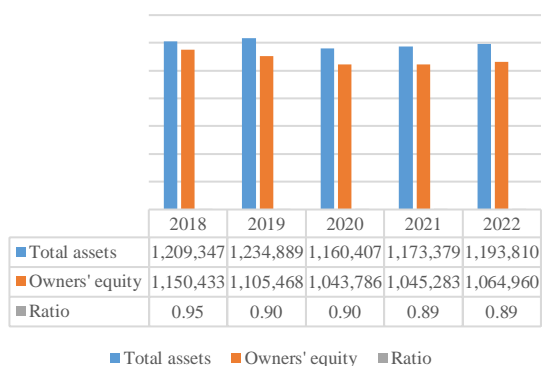
**DAVICOM Semiconductor Inc. together with its subsidiaries recorded consolidated revenues of NT\$307.09 million and pre-tax profit of NT\$86.63 million for 2022, reaching the goal of profitability for 68 consecutive quarters (17 years).**

In 2022, we had four main product lines: Ethernet ICs, EPD (E-Paper Display) driver ICs, Video Decoder ICs, and AI SoC. Negative impact of COVID-19 pandemic prevailed globally in 2022, especially in China where economic activities were severely impacted by lockdown in many cities although China began to give up clear (zero COVID-19 cases) policy at the end of the year. Besides, trade and high-tech wars between the US and China have become fiercer than in Trump’s administration and Russia-Ukraine war seems unlikely to end in a short period, resulting in international impact. Consequently, global supply chains have faced crises and global inflation has been aggravated. While tight supply of wafer foundry capacity in Taiwan in the second half of 2022 seemed to ease off as compared with 2021, a portion of the capacity for mature manufacturing processes was still short of market demand and corresponding prices remained at high levels. Because of the situation, IC production cost is expected not to drop in a short period. For use, unfavorable market conditions in 2022 were similar to those in 2021.

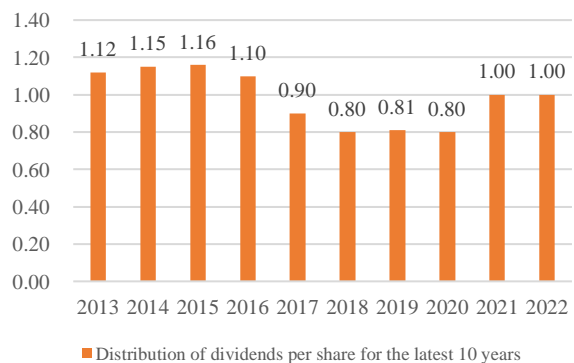
Although the total capacity provided by main wafer foundry makers was not enough to sufficiently satisfy our demand, we still fared well by virtue of the operational resilience we established before and additionally slightly benefited from COVID-19 pandemic conditions. Based on the concept of value sharing, we actively cooperated with most clients to accurately know their actual demand. In addition, we fully and efficiently utilized limited wafer foundry capacity available for use to reach the goal of “customer satisfaction and reasonable return” for sustainable operation.



Total assets/shareholders' equity



Distribution of dividends per share for the latest 10 years



## Tax governance

As our headquarters is in Taiwan, tax payment is pursuant to Taiwan's regulations concerned. 2022 income tax is revealed as follows:

1. Income tax expense		
(1) Breakdown of income tax:		
	2022	2021
Current income tax:		
Tax generated from current income	\$ 13,951	\$ 12,352
Additional income tax due to undistributed surplus	1	2
Overestimated income tax for previous years	( 520)	( 150)
Total amount of current income tax	<u>13,432</u>	<u>12,204</u>
Deferred income tax:		
Income tax resulting from temporary difference and rollback income tax	4,165	( 951)
Income tax expense	<u>\$ 17,597</u>	<u>\$ 11,253</u>
(2) Income tax related to other items of income and cost/expense		
	2022	2021
Remeasurement of defined benefit obligation	(\$ 451)	\$ 47
2. Income tax expense in relation to accounting profit:		
	2022	2021
Income tax generated from pre-tax profit at legally specified tax rates	17,326	16,183
Adjustment in income tax due to deletion of taxable items according to tax laws concerned	6,201	( 130)
Unrecognized deferred income tax asset due to temporary difference	( 251)	( 83)
Decrease in income tax due to Investment tax credit	( 5,160)	( 4,569)
Additional income tax due to undistributed surplus	1	2
Underestimated (overestimated) income tax for previous years	( 520)	( 150)
Income tax expense	<u>17,597</u>	<u>11,253</u>