

DAVICOM Semiconductor, Inc.

2024 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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None

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I. Letter to Shareholders

Annual Report for the year 2024

Dear Shareholders,

As of the end of December – 2024, DAVICOM generated pre-tax net income of NT \$15.88 million on consolidated revenue over NT \$165.86 million. Our company has been consecutively posting profits for 76 quarters.

In 2024, our company's product line is focused on four main axes: ethernet chip, E-paper driver chip, video decoder chip, and AI chip. Due to the prolonged conflict in Ukraine, Israel-Palestine war in the Middle East, ongoing tensions in the U.S.-China trade war and geopolitical uncertainties, coupled with the lingering impact of the pandemic on the global economy, a rapid recovery has proven elusive. Additionally, the recovery of the manufacturing industry in China, the world's factory, has fallen short of expectations, and excess inventory accumulated by client factories could not be swiftly liquidated. These caused our product sales, resulting in lower-than-expected annual revenue and profit.

In 2024, the integration of generative AI and edge AI in device applications has become increasingly prevalent, with industries throughout accelerating efforts in the research, development, and implementation of related products. As inflation pressures ease and the U.S. and Europe enter a rate-cutting cycle, optimism grows; however, persistent uncertainties—such as geopolitical risks, trade tariffs, and the ongoing restructuring of global supply chains—continue to pose new challenges for industries worldwide. Despite the unfavorable market conditions, our company committed to proactive development, vigorously pursuing new markets and enhancing product R&D. We secured a substantial order for electronic paper display driver chips from a leading international pioneer in electronic verification financial cards and completed the development of low-power single-pair Ethernet chips in 2023.

Although there may exist some uncertainty in mature market conditions of traditional application domains, the evolution of markets our company has focused on over the years, such as industrial control, finance, and retail payment systems into smart manufacturing systems (smart factories) and secure payments, suggests new opportunities for Ethernet chips and electronic paper display driver chips. According to forecasts from several reputable market research agencies, the market size of smart manufacturing systems is projected to increase at an annual compound growth rate of 10% to 15% from 2024 to 2029. Notably, many of our long-term customers, among the world's major system suppliers, should contribute boosting our revenue in the coming years. Furthermore, financial technology (Fintech) has emerged as a significant economic industry, placing higher demands on the security and reliability of associated payment systems. As a result, various financial secure payment instruments and terminal devices constitute a niche emerging market with promising prospects. The electronic paper display driver chips, a core source of revenue for DAVICOM, were successfully adopted in a new type of secure payment device in 2023, and the accrued experience and achievements are expected to facilitate the subsequent market promotion of our products.

Seizing the growth opportunities driven by rising demand for Industrial IoT (IIoT) and AIoT application devices, Davicom remains committed to passion and innovation, execution, and expertise. Leveraging its operational resilience, proactively addressing the challenges posed by rapidly evolving

global business dynamics. Looking ahead, 2025 will be a year full of opportunities and growth, DAVICOM will focus our resources on the following key areas in 2025:

1. Full efforts to maintain the main sources of revenue from major customers to stabilize basic revenue.
2. Optimize and upgrade the performance of key products while reducing production costs to cope with increasingly intense market competition.
3. Developing Ethernet chips closely related to industrial Internet of Things (IIoT) and AIoT application devices, enabling our products to be more widely used in the field of AI smart grid and commercial retail applications.

In response to global trends in climate change and net-zero emissions, Davicom has formulated a phased emission reduction roadmap and is systematically implementing short-, medium-, and long-term reduction initiatives supported by established policies and operational procedures. ESG (Environmental, Social, and Governance) issues have also emerged as important indexes of corporate performance in recent years. Based on guidelines proposed by major international ESG initiative organizations and regulations from our country's Financial Supervisory Commission, our company has accordingly established and implemented relevant systems and operational standards. Particularly emphasis on and strengthening of various risk management, establishment of green product supply chains, and valuation of biodiversity issues to ensure that company products meet the decarbonization standards of European and American countries. Fostering robust company operations and advancing towards sustainable development.

1. 2024 performance:

(1) Sales Performance:

Revenue for 2024 is NT \$165.86 million, and the pre-tax net income is NT\$ 15.88 million.

(2) Research and development achievements:

- Industrial embedded Ethernet Giga-PHY controller chip
- Industrial control Ethernet transceiver chip
- High resolution Video decoder chips
- EPD driver IC's for card-type products
- Microcontroller chip series for measuring health and physiological signals.
- Smartphone-compatible hearing aid
- Logistics management system applications combining image recognition AI with radio frequency (RFID) technology.
- Radio Frequency Identification (RFID) application solution

2. 2025 operation plan:

(1) Operation goal

In addition to continuing to deepen the embedded network application market, we also actively expanding specific markets such as industrial automation, financial payment systems, electricity, telecommunications, energy, and artificial intelligence applications to expand market share and enhance international reputation. We will pursue sustained revenue growth and significant profits by acquiring and developing sustainable products, expanding our product lines, integrating product application solutions with our cooperative manufacturers, accelerating talent recruitment, and expanding our product application fields and sales.

(2) Future Research and Development Plan

Our company adheres to the principle of steady operation and has been steadily moving forward for 29 years. We have always focused on our core business and avoided high-risk and low-yield investments. When planning for the development of new products, we adopt a rigorous evaluation process to carefully select feasible R&D projects.

- Ethernet switch chips for Internet of Things
- Highly integrated controller chip for Industrial applications of Ethernet
- High Precision Time Synchronization Ethernet physical layer chip
- Multi-segment electronic paper driver chip for cards
- HearingAmp APP application solution
- Electronic Shelf Label (ESL) system solution
- Smart manufacturing system solution
- Radio Frequency Identification (RFID) application solution
- Embedded image sensor and recognition Artificial Intelligence (AI) chip

In light of the expanding scope of the trade and technology war between the two superpowers of the United States and China, continuing to impact the semiconductor industry, which remains heavily influenced by geopolitical tensions and trade barriers. Furthermore, the localization and de-Americanization of the semiconductor market in China has posed both opportunities and risks to Taiwanese semiconductor industry. Overall, the year has been marked by both challenges and opportunities for growth. In response, our company will maintain a flexible and agile approach to its operational strategy to seek the best market opportunities. The company will continue to uphold its pragmatic governance spirit from previous years. To overcome various difficulties and enhance cost control and scientific management to improve efficiency. We will develop high-performance, power-saving, industrial-grade, and diverse interface products utilizing the critical core technology of Ethernet to meet the needs of IoT and Industry 4.0 related application markets such as AI smart grid, home automation, medical, security monitoring, automotive, industrial control, financial payments, and commercial retail. We are committed to customer-oriented approach, providing high-quality and competitive products to solidify customer relationships and aiming for mutual success. We deeply understand market trends and strive to gain a competitive edge. Through close collaboration with our supply chain partners and their full support, we aim to maximize returns on investment for our shareholders to show our appreciation for their long-term support and care for the company.

Last but not the least, we would like to thank you - our shareholders - for your continuous support and belief in our efforts.

We wish you all health and happiness.

Sincerest regards,

Chairman
Ting Hao

President
Yeou-Liang Lin

Accounting Manager
Kuei-Feng Chiu

2.1 Directors, Supervisors and Management Team

2.1.1 Directors and Supervisors

(1) Directors Information :

2025/03/30

Title	Nationality/ Country of Origin	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Ting Hao	Male 61-70	June 29, 2022	3	May 21, 1999	1,844,000	2.22	2,361,000	2.84	0	0.00	0	0.00	Doctor , Business Administration, Victoria University Master , EECS, UC Berkeley Bachelor , Electrical and Control Engineering, National Chiao Tung University	-Independent Director, United Integrated Services Co., Ltd. - Independent Director, MiTAC Holdings Corporation	-	-	-	
Director	R.O.C.	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	Female 51-60	June 29, 2022	3	June 12, 2006	3,982,475	4.79	3,982,475	4.79	0	0.00	0	0.00	TSMC Senior Engineer Department of Information Management, Ming Chuan University	- Director, DAVICOM Semiconductor Inc.	-	-	-	-
Director	R.O.C.	Tzay Hua Ltd. (Representative person : Cheng -Feng Chiu)	Male 51-60	June 29, 2022	3	June 10, 2013	1,480,652	1.78	1,480,652	1.78	0	0.00	0	0.00	Former Vice President of Medicom Corporation Master, Dept. of Electronic engineering, National Chiao Tung University	-Director of Advanced Development Division of Davicom	-	-	-	-
Director	R.O.C.	Yun-Ping Lin	Male 61-70	June 29, 2022	3	June 12, 2019	900,000	1.08	900,000	1.08	0	0.00	0	0.00	Executive Master of Business Administration (EMBA), National Chung Hsing University	-Owner of Sane Way Enterprises Co., Ltd. -Owner of Crown Star International Investment Co., Ltd.	-	-	-	-
Independent director	R.O.C.	Chang-Yue Ueng	Male 51-60	June 29, 2022	3	June 12, 2019	150,000	0.18	150,000	0.18	0	0.00	0	0.00	CFO, Controller Sonavox Electronics Co., Ltd. VP & CFO, Administration Center Ichia Technologies, Inc. Ph.D. of Statistics, Colorado State University, USA	-Financial Manager, Kwo Ger Metal Technology Inc.	-	-	-	-
Independent director	R.O.C.	Jen-Jyh Hwang	Male 61-70	June 29, 2022	3	June 20, 2005	0	0.00	0	0.00	0	0.00	0	0.00	Associate Professor, National Sun-Yat-sen University Ph.D, Dept. of Mechanical Engineering, The Pennsylvania State University, USA	- Adjunct Associate Professor, National Sun-Yat-sen University -Independent director of JG Environment Tech.	-	-	-	
Independent director	R.O.C.	Niang-Shou Wei	Male 61-70	June 29, 2022	3	June 12, 2019	4,000	0.00	4,000	0.00	0	0.00	0	0.00	Director of Production and Operations Center Shanghai Fanfeng Vacuum Machinery Co., Ltd. Executive Master of Business Administration (EMBA), National Tsing Hua University	- Director, DAVICOM Semiconductor Inc.	-	-	-	-

- Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.
- Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41~50 years, 51~60 years.
- Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.
- Note 4: Specify experience and qualifications related to the current position. If during a period specified above the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.
- Note 5: If the chairman and general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer)

(Table1) Major Shareholders of the Institutional Shareholders :

2025/03/30

Name of Institutional Shareholders	Major Shareholders
Goodyears Investments Ltd.	Ke-Chen Cheng (99.70%)
Tzay Hua Ltd.	Ke-Chen Cheng (61.72%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete following Form.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(Table2) Major Shareholders of the Company's Major Institutional Shareholders :

2025/03/30

Name of Institutional Shareholders	Major Shareholders
NA	NA

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

(2) Disclosure the Independence of Directors and Independent Directors :

Professional qualifications of Directors

<div>Qualification</div> <div>Name</div>	Professional qualifications and Experience (Note1)
Ting Hao	Doctor, Business Administration, Victoria University. Chairman of Davicom with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.
Goodyears Investments Ltd. (Representative person: : Wen-Chen Lin)	Department of Information Management, Ming Chuan University. Director of Davicom with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.
Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	Master, Dept. of Electronic engineering, National Chiao Tung University. Director of Advanced Development Division of Davicom with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.
Yun-Ping Lin	Executive Master of Business Administration (EMBA), National Chung Hsing University. Owner of Sane Way Enterprises Co., Ltd. and Crown Star International Investment Co., Ltd. with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.
Independent Director Chang-Yue Ueng	Ph.D. of Statistics, Colorado State University, USA. Convenor of the Audit Committee and a member of the Remuneration Committee of Davicom. Financial Manager, Kwo Ger Metal Technology Inc. with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.
Independent Director Jen-Jyh Hwang	Ph.D, Dept. of Mechanical Engineering, The Pennsylvania State University, USA. Convener of Remuneration Committee and a member of the Nomination and Audit Committee of Davicom. Independent Director of Davicom with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.
Independent Director Niang-Shou Wei	Executive Master of Business Administration (EMBA), National Tsing Hua University. Convener of the Nomination Committee and a member of the Remuneration and Audit Committee of Davicom. Independent Director of Davicom with work experience in the areas of commerce, or otherwise necessary for the business of the company. Not under any conditions defined in Article 30 of the Company Act.

Disclosure the Independence of Independent Directors :

Disclosure the Independence of Independent Directors		
<div>Qualification</div> <div>Name</div>	No. of other public companies at which the person concurrently serves as an independent director	Independence analysis (Note2)
Independent Director Chang-Yue Ueng	0	<p>The individual has satisfied all relevant independence criteria both within the two years preceding appointment and throughout the term of service, as outlined below:</p> <p>1. Not an employee of the Company or any of its affiliates.</p> <p>2. Not a director or supervisor of the Company or any of its affiliates.</p> <p>3. Neither the individual, their spouse, nor their minor children hold, in their own name or through a nominee, 1% or more of the total outstanding shares of the Company, nor are they among the top ten individual shareholders.</p> <p>4. Not a managerial officer listed in item 1, nor a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of any person listed in items 2 or 3.</p> <p>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company’s total outstanding shares, ranks among the top five shareholders, or appoints a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act.</p> <p>6. Not a director, supervisor, or employee of another company in which the majority of board seats or voting shares are controlled by the same individual as the Company.</p> <p>7. Not a director (or equivalent), supervisor (or equivalent), or employee of another company or institution where the Chairman or President (or equivalent) of the Company and that of the other entity are the same person or spouses.</p> <p>8. Not a director (or equivalent), supervisor (or equivalent), managerial officer, or shareholder holding 5% or more of a specific company or institution having financial or business dealings with the Company.</p> <p>9. Not a professional, sole proprietor, partner, company, or institutional owner, partner, director (or equivalent), supervisor (or equivalent), managerial officer, or spouse thereof, who has provided auditing or other professional services in commerce, law, finance, or accounting to the Company or any of its affiliates and has received remuneration exceeding NT\$500,000 in aggregate over the past two years.</p>
Independent Director Jen-Jyh Hwang	1	
Independent Director Niang-Shou Wei	0	
<p>Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor.</p> <p>Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates? ; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.</p>		

(3) Diversity and Independence of the Board of Directors :

(A) Board of directors' expertise :

The company has a "Nomination Committee" and adopts a "Candidate Nomination System". All director candidates are nominated and qualified by the "Nomination Committee". After the resolution of the board of directors is passed, they are sent to the shareholders' meeting for election. According to Article 20, Item 4 of the Company's "Corporate Governance Best Practice Principles for Companies", all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities :

- ① Ability to make operational judgments.
- ② Ability to perform accounting and financial analysis.
- ③ Ability to conduct management administration.
- ④ Ability to conduct crisis management.
- ⑤ Knowledge of the industry.
- ⑥ An international market perspective.
- ⑦ Ability to lead.
- ⑧ Ability to make policy decisions.

(B) Diversity of the Board of Directors :

In order to strengthen corporate governance and promote the development of the composition and structure of the board of directors, in Article 20, item 3 of the Corporate Governance Best Practice Principles for Companies revised on 2016/11/11. The composition of the board of directors should take into account diversity, and the number of directors who also serve as company executives should not exceed one-third of the total number of directors. In addition, appropriate diversification policies should be formulated based on the board's operations, operating model, and development needs. These policies should include, but are not limited to, the following two major aspects:

- ① Basic conditions and values : gender, age, nationality and culture, etc.
- ② Professional knowledge and skills : professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The current board of directors of the company consists of 7 directors, including 4 directors and 3 independent directors. The members have extensive experience and expertise in accounting, finance, technology, industry and management. In addition, the company also pays attention to gender equality in the composition of the board of directors. There must be at least one female director. At present, there are 7 directors, including 1 female director, with a ratio of 1/7.

(4) Board Diversity Management Goals :

(A) The company emphasizes gender equality in the composition of the board members, with a target of female directors over 15%.

(B) The board supports and supervises actions taken by management to increase the proportion of female senior executives.

(C) The current board of directors of the company consists of 7 directors, the specific management goals and achievement status of the board's diversity composition policy are as follows :

Management Goals	Achievement Status
Independent directors should exceed one-third of total directors	Achieved
No more than one-third of directors should hold positions as company executives	Achieved
The terms of independent directors should not exceed 3 terms	Achieved
Adequate diversity in professional knowledge and skills	Achieved

(5) The industry experience and diversity performance of the Company are as following :

Name	Composition								Industry Experience				Professional ability			
	Gender	Nationality	Employee of the company	Age		Term of Independent Directors			Net work Communication	Information Management and Security	Semiconductor IC Design	Industry Knowledge	Accounting	Information Technology	Risk Management	Financial Management
				51-60	60-70	Less than 3 years	3 to 9 years	More than 9 years								
Chairman : Ting Hao	Male	R.O.C.	V		V				V	V	V	V	V	V	V	V
Juridical Person Director : Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	Female	R.O.C.		V								V	V		V	V
Juridical Person Director : Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	Male	R.O.C.	V	V					V	V	V	V		V		
Director : Yun-Ping Lin	Male	R.O.C.			V							V			V	V
Independent director : Chang-Yue Ueng	Male	R.O.C.		V			V			V		V	V	V	V	V
Independent director : Jen-Jyh Hwang	Male	R.O.C.			V		V			V		V			V	
Independent director : Niang-Shou Wei	Male	R.O.C.			V		V		V		V	V		V		V

(6) Independence of the Board of Directors :

The current board of directors of our company consists of 7 directors, including 3 independent directors. These 3 independent directors do not have any circumstances as specified in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act, including situations where there are spousal or familial relationships up to the second degree between directors, supervisors, or between directors and supervisors.

2.1.2 Profiles of Key Managers :

2025/03/30 / Unit : shares

Title	Nationality / Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse and Minor Shareholding		Shares Held in the Name of Others		Experience (Education)	Other Position	Managers who are Spouses or Within Second-Degrees of Relative of Consanguinity to Each Other			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Yeou-Liang Lin	Male	2024/11/11	50,000	0.06	0	0.00	0	0.00	Bachelor, Applied Math & Data Science, Tamkang University	NA	NA	NA	NA	
CTO/Vice President	R.O.C.	Cheng-Fang Chiu	Male	2016/08/10	130,508	0.16	1,671	0.00	0	0.00	Master, Computer Science, NTHU	NA	NA	NA	NA	
CFO/Vice President	R.O.C.	Chun-Chun Yang	Male	2010/08/17	80,099	0.10	0	0.00	0	0.00	Bachelor, Cooperative Economics, Feng Chia University	Chairman of Medicom Co.	NA	NA	NA	

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: If the general manager or person of an equivalent post (the highest level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g. increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer)

2.2 Remuneration of Directors (including Independent Directors), President, and Vice President

2.2.1 Remuneration of Directors and Independent Directors :

Unit : NT\$ thousands/ thousands shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 7)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company (Note 8)
		Base Compensation (A) (Note 1)		Severance Pay and Pensions (B)		Bonus to Directors (C) (Note 2)		Allowances (D) (Note 3)				Salary, Bonuses, and Allowances (E) (Note 4)		Severance Pay and Pensions (F)		Profit Sharing- Employee Bonus (G) (Note 5)						
		The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company	From All Consolidated Entities (Note 6)	The company		From All Consolidated Entities (Note 6)		The company	From All Consolidated Entities (Note 7)			
														Cash	Stock	Cash	Stock					
Chairman	Ting Hao	0	0	0	0	89	89	15	15	0.72	0.72	4,709	4,709	0	0	78	0	78	0	34.05	34.05	NA
Director	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	0	0	0	0	89	89	15	15	0.72	0.72	0	0	0	0	0	0	0	0	0.72	0.72	NA
Director	Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	0	0	0	0	89	89	15	15	0.72	0.72	1,987	1,987	106	106	25	0	25	0	15.47	15.47	NA
Director	Yun-Ping Lin	0	0	0	0	89	89	13	13	0.71	0.71	0	0	0	0	0	0	0	0	0.71	0.71	NA
Independent director	Chang-Yue Ueng	0	0	0	0	0	0	315	315	2.19	2.19	0	0	0	0	0	0	0	0	2.19	2.19	NA
Independent director	Jen-Jyh Hwang	0	0	0	0	0	0	315	315	2.19	2.19	0	0	0	0	0	0	0	0	2.19	2.19	NA
Independent director	Niang-Shou Wei	0	0	0	0	0	0	315	315	2.19	2.19	0	0	0	0	0	0	0	0	2.19	2.19	NA

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.
- The remuneration policy for directors of the Company is as follows :
- (1) According to the Articles of Incorporation, whether company's income gain or loss, the company should pay remuneration to directors when they fulfill their responsibility. The remuneration shall be paid according to the directors' contribution and value to company's operation, and authorize the board of directors to pay the compensation according to the general pay levels in the industry.
 - (2) The payment standard of directors' travelling expense and monthly compensation is set by the company's remuneration committee and the board of directors :
 - (A) Attendance fee for directors and independent directors per meeting is NTD 3,000 (once a day)
 - (B) Since all independent directors serve as members of functional committees (such as the nomination committee, remuneration committee and audit committee), they are responsible for participating in discussions and resolutions at committee meetings, so they have a monthly allowance of NTD 30,000 for the fulfillment of business operations. General directors do not have this allowance.
 - (3) The company's annual director's remuneration shall be set aside not more than 2% of the current year's pre-tax earnings in accordance with the company's articles of incorporation. If the amount of directors' remuneration is more than NTD 600,000, it will be allocated to each of the 4 directors with NTD 150,000, and the excess amount will be shared equally by all directors and independent directors. If the director's compensation amount is less than NTD 600,000, the Director's remuneration is divided equally among the four directors.
- Note 1: This refers to director base compensation in the most recent fiscal year (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).
- Note 2: The board of directors approved the proposed distribution of 2024 directors' remuneration total 355 thousand on 2025/02/27(Board of Directors' Meeting) before 2025 shareholder's meeting. The remuneration disclosure of each director is round to nearest thousand, the following are unconditionally rounded down.
- Note 3: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, etc.)
- Note 4: This includes any remuneration received by a director for concurrent service as an employee in the most recent year (including concurrent service as general manager, assistant general manager, other managerial officer, or employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, etc.)
- Note 5: This refers to employee profit-sharing compensation (including stocks and cash) received by a director for concurrent service as an employee in the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee).
- Note 6: Disclosure of the total amount of remuneration paid to the directors of our company, including our company, in the consolidated financial statements.
- Note 7: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.
- Note 8: Disclose the total amount of remuneration received by company directors from investments outside of subsidiaries or related to the parent company.
- Remuneration refers to compensation, salaries (including those of employees, directors, and supervisors), and related expenses for business execution received by the company's directors in their capacities as directors, supervisors, or executives of investments outside of subsidiaries or the parent company.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises) : None

Remuneration of Directors

Unit : NT\$ thousands/ thousands shares

Range of Remuneration	Name of Directors			
	Compensation Paid to Directors (A+B+C+D)		Compensation Paid to Directors (A+B+C+D+E+F+G)	
	The company (Note 8)	From All Consolidated Entities (Note 9)	The company (Note 8)	From All Consolidated Entities (Note 9)
Less than NT\$1,000,000	Ting Hao Goodyears Investments Ltd. (Representative person : Wen-Chen Lin) Tzay Hua Ltd. (Representative : Cheng-Feng Chiu) Yun-Ping Lin Chang-Yue Ueng Jen-Jyh Hwang Niang-Shou Wei		Goodyears Investments Ltd. (Representative person : Wen-Chen Lin) Yun-Ping Lin Chang-Yue Ueng Jen-Jyh Hwang Niang-Shou Wei	
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	-		-	
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)			Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)			Ting Hao	
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)				
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)				
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)				
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)				
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)				
NT\$100,000,000 or more				
Total	7	7	7	7

<p>Note 1: The name of each director shall be stated separately (for a corporate shareholder, the names of the corporate shareholder and its representative shall be stated separately) and the names of the ordinary directors and independent directors shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this Table and Table 3-1, or Tables 3-2-1 and 3-2-2.</p>
<p>Note 2: This refers to director base compensation in 2024 (including director salary, duty allowances, severance pay, and various rewards and incentives, etc.).</p>
<p>Note 3: Please fill in the amount of 2024 director profit-sharing compensation approved by the board of directors for distribution.</p>
<p>Note 4: This refers to director expenses and perquisites in the most recent fiscal year (including travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc.). If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration.</p>
<p>Note 5: This includes any remuneration received by a director for concurrent service as an employee in 2024 (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee) including salary, duty allowances, severance pay, rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, etc. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.</p>
<p>Note 6: This refers to the disclosure of the amount of employee compensation (including stocks and cash) granted to directors who also serve as employees (including those who serve as general managers, deputy general managers, other managers, and employees) during the fiscal year 2024. This disclosure should include the amount of employee compensation proposed for distribution by the board of directors on 2025/02/27, prior to the shareholders' meeting for the most recent fiscal year ending.</p>
<p>Note 7: Disclose the total amount of remuneration in each category paid to the directors of the Company by all companies in the consolidated financial report (including the Company).</p>
<p>Note 8: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director by the Company.</p>
<p>Note 9: Disclose the names of the directors in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each director of the Company by all companies in the consolidated financial report (including the Company).</p>
<p>Note 10: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.</p>
<p>Note 11: a. In this column, specifically disclose the amount of remuneration received by the directors of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”). b. If directors of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column I of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.” c. Remuneration means remuneration received by directors of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.</p>
<p>*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.</p>

2.2.2 Remuneration of Supervisors :

The company established the Audit Committee on 2010/07/05. No remuneration of supervisors.

2.2.3 Remuneration of the President and Vice President :

Unit : NT\$ thousands/ thousands shares

Title	Name	Salary(A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (Note 9)
		The company	From All Consolidated Entities (Note 5)	The company	From All Consolidated Entities (Note 5)	The company	From All Consolidated Entities (Note 5)	The company		From All Consolidated Entities (Note 5)		The company	From All Consolidated Entities (Note 5)	
								Cash	Stock	Cash	Stock			
President	Yeou-Liang Lin	300	300	15	15	0	0	6	0	6	0	2.24	2.24	NA
Vice President	Cheng-Fang Chiu	2,211	2,211	108	108	0	0	35	0	35	0	16.39	16.39	NA
Vice President	Chun-Chun Yang	2,103	2,103	103	103	0	0	33	0	33	0	15.58	15.58	NA

(1) Remuneration of President and Vice President

Range of Remuneration	Name of President and Vice President	
	The company	From All Consolidated Entities
Less than NT\$1,000,000	Yeou-Liang Lin	Yeou-Liang Lin
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)		
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	Cheng-Fang Chiu Chun-Chun Yang	Cheng-Fang Chiu Chun-Chun Yang
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)		
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)		
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)		
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)		
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)		
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)		
NT\$100,000,000 or more		
Total	3	3
<p>Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table above.</p> <p>Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in 2024.</p> <p>Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in 2024. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc.—should be included in the calculation of remuneration.</p> <p>Note 4: This refers to disclosing the amount of employee compensation (including stock and cash) distributed to directors who are also employees (including those who hold positions such as CEO, COO, and other executives) as proposed and approved by the board of directors prior to the shareholder meeting for the most recent fiscal year, which was passed on 2025/02/27. If the amount cannot be estimated, the proposed distribution amount for this year should be calculated based on the proportion of actual distribution amount from the previous year, and a separate table should be included.</p> <p>Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).</p> <p>Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.</p> <p>Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the</p>		

sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).
Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.
Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").
b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to "Parent company and all investee enterprises."
c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.
*This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act

(2) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit : NT\$ thousands/ thousands shares

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial officers	President	Yeou-Liang Lin	0	74	74	0.52%
	CFO	Chun-Chun Yang				
	CTO	Cheng-Fang Chiu				

2.2.4 Comparison of Remuneration for Directors, Supervisors, President and Vice President in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents.

- (1) The ratio of total remuneration paid by the Company and from all consolidated entities for the two most recent fiscal years to directors, supervisors, president and vice president of the company, to the net income.

Year	Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)	
	The company	From All Consolidated Entities
2024	91.73%	91.73%
2023	36.80%	36.80%

(2) Policy, Standards, Composition, and Procedures for Setting Remuneration and Analysis of its Relationship with Operational Performance and Future Risks :

(A) Directors :

Remuneration for directors is determined in accordance with the company's articles of association and based on the results of the company's "Board Performance Evaluation Method." Individual performance evaluations for directors include : ① Hold the company's goals and missions. ② Recognition of director's responsibilities. ③ Involvement in company operations. ④ Management of internal relationships and communication. ⑤ Director's Professionalism and ongoing education. ⑥ Internal controls.

Key evaluation criteria for director remuneration and their percentages are as follows :

Evaluation Criteria	Percentages
① Operational Performance	60%
② Achievement and Contribution	20%
③ Industry Standards	20%

The reasonableness of performance assessment and compensation is proposed and reviewed by the Compensation Committee, which discussed and approved through the Board.

(B) Compensation for General Managers and Senior Managers :

Compensation, including salary, bonuses, and employee benefits, is primarily based on job responsibilities and contributions and is determined by referencing the company's "Directors and Executives' Remuneration Policy" and the salary levels of similar positions in the industry market. Linking executives' compensation to ESG-related sustainable performance evaluation.

Key evaluation criteria for Senior Managers are as follows :

	Evaluation Criteria	Percentages	Explanation
①	Financial Indicator	50%	Company financial performance and comparison with industry benchmarks.
②	Strategy Indicators	20%	Goals based on the execution of medium to long-term strategies.
③	Sustainability and Internal Control Indicators	25%	Commitment to sustainability, emphasizing ethical operation, regulatory compliance, risk management, and implementing various ESG initiatives.
④	Management Indicators	5%	Internal human resources indicators.

2.3 Implementation of Corporate Governance

2.3.1 Operation of the Board

(1) A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows :

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】 (Note 1& 2)	Remarks
Chairman	Ting Hao	6	0	100%	
Director	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	6	0	100%	
Director	Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	6	0	100%	
Director	Yun-Ping Lin	5	1	83.3%	
Independent director	Chang-Yue Ueng	6	0	100%	
Independent director	Jen-Jyh Hwang	6	0	100%	
Independent director	Niang-Shou Wei	6	0	100%	

Other mentionable items:

- If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
 - Any matter under Article 14-3 of the Securities and Exchange Act.: None of the independent director expresses an objection or reservation
 - In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None
- The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.: None
- For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete Table 3.4.1.(2) Implementation of Evaluations of the Board of Directors.
- Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.
 - The company has adopted the "Rules of procedure for meetings of its board of directors" according to "Regulations Governing Procedure for Board of Directors Meetings of Public Companies". Update the director's attendance at the board of directors in MOPS, and disclose the major resolutions of the board of directors on the company's website.
 - The company has elected three independent directors at the shareholders' meeting, and these three independent directors form the audit committee, which meets at least once a quarter, and is responsible for the implementation of the fair representation of the company's financial statements, the selection (dismissal) and the independence and performance of certified accountants, the effective implementation of the company's internal control, the company's compliance with relevant laws and regulations, and the management and control of the company's existing or potential risks.
 - The company consists of 3 independent directors to form a remuneration committee, which is responsible for implementing regular evaluations and formulating the company's overall compensation policies, formulating and regularly (at least twice a year) reviewing the performance evaluation and compensation policies and

systems, standards and structure of directors and managers. Regularly evaluate and determine the remuneration of directors and managers, employee stock option plans and employee profit-sharing plans or other employee incentive plans.

(4) Improve the functions of the board of directors of the company and strengthen the management mechanism. The nomination committee consists of 2 independent directors and 1 director.

(5) The company has established a performance evaluation system for the board of directors, and regularly establishes self-evaluation and peer-evaluation questionnaires for evaluation and review every year, so as to giving full play to the self-improvement of board members and the board undergoes an external assessment conducted by external evaluation agencies at least once every three years to enhance the function for sound operation.

The table "Implementation Status of Board Evaluations" details the evaluation cycle, period, scope, method, and content of the Board's self-evaluation (or peer-evaluation).

To enhance corporate governance and strengthen the functionality of the Board, the Company established performance objectives aimed at improving the operational efficiency of the Board. On 2016/08/10, the Board of Directors approved the "Board Performance Evaluation Policy." Following this policy, the Company conducts an internal self-evaluation of the Board at the beginning of each year for the preceding fiscal year and may also engage external independent professional institutions or experts to conduct evaluations irregularly.

At the fiscal year 2024, the Company conducted a performance evaluation from 2024/01/01 to 2024/12/31, covering the overall Board, individual Board members, and functional committees. The self-evaluation results indicated performance exceeding expectations across all areas, with overall operations deemed effective and no major improvement projects identified. Nevertheless, the Company remains committed to continuously enhancing the performance and functionality of the Board.

The evaluation results were reported to the 16th meeting of the 10th Board of Directors held on 2025/02/27.

(6) The company has purchased liability insurance for all directors and officers (D&O), and has reported them in accordance with regulations.

Note1 : If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.

Note2 : If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(2) Implementation Status of Board Evaluations :

Evaluation Cycles	Evaluation Periods	Scope of evaluation	Evaluation Methodology	Evaluation Content
Once a year.	2024/01/01~ 2024/12/31	The scope of performance evaluations includes the Board of Directors, individual directors, and functional committees.	Include self-evaluation by individual board members and the inter evaluation of the board.	<ol style="list-style-type: none"> 1. The criteria for evaluating the performance of the board covered the following five aspects: <ol style="list-style-type: none"> ① Degree of the board's participation in the operation of the company; ② Enhancing the quality of the board's decision making; ③ Composition and structure of the board ④ Election and continuing education of the directors; ⑤ Internal control 2. The criteria for evaluating the performance of the board members on themselves covered the following six aspects: <ol style="list-style-type: none"> ① Familiarity with the goals and missions of the company; ② Awareness of the duties of a director; ③ Participation in the operation of the company ④ Management of internal relationship and communication; ⑤ The director's professionalism and continuing education; and ⑥ Internal control. 3. The criteria for evaluating the performance of the audit committee covered the following five aspects: <ol style="list-style-type: none"> ① Degree of the board's participation in the operation of the company; ② Awareness of the duties of the functional committee; ③ Quality of decisions made by the functional committee; ④ Makeup of the functional committee and election of its members; ⑤ Internal control. 4. The criteria for evaluating the performance of the remuneration committee covered the following five aspects: <ol style="list-style-type: none"> ① Degree of the board's participation in the operation of the company; ② Awareness of the duties of the functional committee; ③ Quality of decisions made by the functional committee; ④ Makeup of the functional committee and election of its members; ⑤ Internal control.

2.3.2 Operation of Audit Committee

The Audit Committee was established on 2010/07/05. As of 2025/03/31, the committee consists of three independent directors, one of whom has a financial or accounting background. The organizational procedures of the Audit Committee is available on MOPS.

The authorities of Audit Committee are as follows:

- ① Develop or amend the internal control system according to the regulations specified in Article 14-1 of “Securities and Exchange Act”.
- ② Evaluate the effectiveness of the internal control system.
- ③ Based on the regulations specified in Article 36-1 of “Securities and Exchange Act”, develop or amend or acquire or dispose the asset, engage in the transaction of derivative merchandise, loan fund to others, provide endorsement for others, or provide the guarantee for the handling procedure of major financial operation behaviors.
- ④ The matters involving the private interests of the director.
- ⑤ Execute the transaction of major assets or derivative merchandise.
- ⑥ Loan or endorse major fund or provide guarantee.
- ⑦ Solicit, issue or engage in the private offering of marketable securities bearing the equity nature.
- ⑧ Appoint or dismiss the CPA or provide the remuneration.
- ⑨ Appoint and dismiss the financial, accounting or internal audit supervisor.
- ⑩ The annual financial report signed or sealed by the Chairman, manager and accounting supervisor, and second-quarter financial reports subject to CPA review and attestation.
- ⑪ Other major event specified by the company or the competent authority.
- ⑫ Company risk management.
- ⑬ Information security.
- ⑭ Whistleblower reports.
- ⑮ Implementation status of Audit Committee responsibilities.
- ⑯ Audit Committee self-evaluation questionnaire on performance.

(1) Audit Committee's Focus Areas for 2024 :

- (A) Reviewing financial reports.
- (B) Assessing the effectiveness of internal controls.
- (C) Auditing the independence and performance evaluation of the CPAs.

(2) In 2024, the Audit Committee of the company held a total of 4 meetings, addressing the following matters :

- (A) Audit of financial statements and accounting policies and procedures.
- (B) Internal control systems and related policies and procedures.
- (C) Significant asset or derivative transactions.
- (D) Significant loans and endorsements.
- (E) Derivative financial instruments and cash investments.
- (F) Regulatory compliance.
- (G) Information security.
- (H) Company risk management.
- (I) Qualifications, independence, and performance evaluation of CPAs.
- (J) Appointment, dismissal, or remuneration of CPAs.
- (K) Appointment and dismissal of financial, accounting, or internal audit executives.

- (3) A total of 4 (A) Audit Committee meetings were held in the previous period.
The attendance of the independent directors was as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	Chang-Yue Ueng	4	0	100%	
Independent director	Jen-Jyh Hwang	4	0	100%	
Independent director	Niang-Shou Wei	4	0	100%	

Other mentionable items :

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
 - (1) Any matter under Article 14-5 of the Securities and Exchange Act.
 - (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of director.
2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: None
3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication.)

Audit Committee Meeting Summary

Date	Meeting Resolutions
2024/11/08	1. Approved 2024 Q3 consolidated financial statement. 2. Approved the 2025 internal audit plan.
2024/08/09	1. Approved 2024 Q2 consolidated financial statement.
2024/05/10	1. Approved 2024 Q1 consolidated financial statement.
2024/02/29	1. Approved the 2023 business report and financial statements. 2. Approved the 2023 earnings distribution proposal. 3. Approved the proposal for cash distribution of 2023 additional paid capital 4. Approved the 2023 management's reports on internal control. 5. Approved the 2024 CPA assessments of competence and independence. 6. Approved the 2024 CPA's audit fee

Independent Director and CPAs Meeting Summary
Communications between the Independent Directors and CPAs

- (1) CPAs regularly discusses in writing with the independent directors of the Audit Committee each quarter, if necessary, a meeting will be held with independent directors to explain and discuss.
- (2) The Audit Committee take finical statement confirmed by CPAs as reference to completed the audit report.

Date	Meeting Resolutions
2024/11/08	1. CPAs discussed in writing about the 2024 Q3 consolidated financial report, adjustment entry and audit report.
2024/08/09	1. CPAs discussed in writing about the 2024 Q2 consolidated financial report, adjustment entry and audit report.
2024/05/10	1. CPAs discussed in writing about the 2024 Q1 consolidated financial report, adjustment entry and audit report.
2024/02/29	1. CPAs provided explanations and communications to the Audit Committee members regarding the content of the audit report and individual and consolidated financial statements for 2023. 2. CPA Chia-Hung, Lin reported the Audit Quality Indicators (AQIs) for 2022 between PWC and its peers to the Audit Committee.
2024/02/29	1. The three Audit Committee independent directors held a closed meeting with CPA Chia-Hung, Lin to share views on 2023 individual and consolidated financial statements and the 2024 operation plan.

Independent Directors and the Internal Audit Officer Meeting Summary
Communications between the Independent Directors and the Internal Audit Officer

- (1) Independent Directors have asked the Internal Audit Officer to submit audit reports and follow-up report quarterly in Board and Audit Committee meeting.
- (2) Independent Directors have asked the Internal Audit Officer to report on the implementation status of the annual audit plan and improvement situation, if necessary, call a meeting for major fraud.

Date	Meeting Resolutions
2024/11/08	1. Presented the 2024 Q3 audit report 2. Propose the 2025 audit plan. 3. Internal Audit Officer responded to questions from Directors
2024/08/09	1. Presented the 2024 Q2 audit report 2. Internal Audit Officer responded to questions from Directors

2024/05/10	<ol style="list-style-type: none"> 1. Presented the 2024 Q1 audit report 2. Internal Audit Officer responded to questions from Directors
2024/02/29	<ol style="list-style-type: none"> 1. Presented the 2023 Q4 audit report 2. Internal Audit Officer presented the 2023 internal audit plan 3. Internal Audit Officer responded to questions from Independent Directors
2024/02/29	<ol style="list-style-type: none"> 1. Independent Directors held a closed meeting with Internal Audit Officer---Ching-Huan, Hsiao to share views on internal management control system and audit status.

2.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the and MOPS (Market Observation Post System).	No difference
2. Shareholding Structure and Shareholders’ Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		The company has established the Rules of Procedure for Shareholders Meetings, set up the spokesman and deputy spokesperson and has assigned the specific person to deal with issues related to investor relations and shareholder opinion, doubts, disputes or lawsuits. The company’s website also provides the contact information and E-mail for investors.	No difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		In addition, the stock agency is entrusted to regularly update the register of shareholders and the register of major shareholders to fully grasp the list of major shareholders.	No difference
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		Various financial and business matters with affiliated companies are based on the principle of mutual independence, and formulate "Supervision and Operation Measures for Subsidiaries", "Group Enterprises, Specific Companies and Related Persons Transaction Operation Measures", "Internal Control System", "Internal Audit" System", etc., to establish risk control and firewall mechanisms with affiliated companies.	No difference
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		The company has established the Procedures for Ethical Management and Code of Ethics and Business Conduct to that company insiders are prohibited from using unpublished information on the market to buy and sell securities.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		(1) Our company has established a "Corporate Governance Best Practice Guidelines" which sets the policy for a diversified composition of the board of directors. Currently, our board consists of seven members, including three independent directors and one female director. Each director possesses professional backgrounds in various fields, such as law, accounting, industry, finance, marketing, research and development, technology, management, professional skills, and industry experience, to implement the policy of diversification of the board of directors' composition.	No difference
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(2) With a Remuneration Committee and an Audit Committee to assist the Board of Directors in executing its duties, DAVICOM also established Nomination Committee and ESG Committee which can efficiently assist Board of Directors.	No difference
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		(3) Our company established the "Board of Directors Performance Evaluation Guidelines" on 2016/08/10, which stipulates that the board of directors' performance evaluation should be completed by the end of March of the following year and the evaluation results should be submitted to the board of directors for approval. This is to enhance the efficiency of the board of directors' operations. The Company conducted a performance evaluation covering the period from 2024/01/01 to 2024/12/31 and the evaluation results were rated as "Outstanding." Reported at the 10th Meeting of the 5th Compensation Committee and the 16th Meeting of the 10th Board of Directors, both held on 2025/02/27. The information will serve as a reference for determining individual directors' compensation and for the renomination of directors in the next Board term.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the Company regularly evaluate its external auditors' independence?	V		<p>Our Finance Department will compile the independence, competence, and AQIs Assessment Form (as attached) of CPA every year before signing the contract for assurance service. The chief CPA---Chia-Hung Lin attended and reported PWC audit quality indicator (AQIs) results of 2022 for the members of the Audit Committee to discuss the appointment of CPAs on 2024/02/29, and has been invited to attend the board of directors to report to all directors on their AQIs results for the members of the board to discuss and pass on the appointment case.</p> <p>Please refer to page 36 for details of the assessment of the CPA for the year 2024.</p>	No difference
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		<p>On 2019/05/13, the 21st meeting of the 8th of the board of directors of the company passed a resolution to appoint James Yang, the chief financial officer of the company, as the director of corporate governance to protect the rights and interests of shareholders and strengthen the functions of the board of directors.</p> <p>The main responsibilities of corporate governance personnel are to provide the information required by directors (independent directors) to carry out business and the latest regulatory developments related to operating the company, so as to assist directors (independent directors) to comply with laws and regulations, and to handle matters related to the board of directors and shareholders' meetings in accordance with the law. The primary duties and operations are as follows:</p> <p>(1) Assist directors and independent directors and provide required information and arrange continuing education courses.</p> <p>① The Company regularly informs board members of updates and developments in laws and regulations related to corporate governance, includes relevant items in the board meeting agenda,</p>	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>and accordingly revises the Articles of Incorporation and related implementation measures.</p> <p>② The Company arranges for all directors and independent directors to complete at least six credit hours of continuing education annually. Details of the training programs can be found on the “Market Observation Post System (MOPS).”</p> <p>③ Directors, independent directors, and managerial officers are covered by directors and officers (D&O) liability insurance of US\$3 million, and reported on the 12th meeting of the 10th Board of Directors on 2024/05/10.</p> <p>④ The Company assists in arranging individual meetings between independent directors and the external auditor, internal audit, and financial officers to ensure compliance with best practices in corporate governance. Details of the communication are available on the Company’s website: http://www.davicom.com.tw.</p> <p>⑤ A briefing on “Regulations Governing Insider Trading Prevention” was delivered to directors (including independent directors) at the 15th meeting of the 10th Board of Directors on 2024/11/08, with the relevant presentation materials distributed to all directors in advance for review.</p> <p>(2) Handle matters related to the Board of Directors Meeting and the Shareholders’ Meeting pursuant to relevant laws and regulations, and assist the company in adhering to relevant laws and decrees determined at the Board of Directors Meeting and The Shareholders Meeting.</p> <p>① Reports on corporate governance operations are regularly submitted to the Board to ensure that the convening of shareholders’ meetings and board meetings complies with applicable laws and corporate governance principles.</p> <p>② Provide assistance and reminders to directors to ensure their compliance with relevant regulations when performing their duties or making formal resolutions in board meetings.</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>③ Check the release of material information on important resolutions of the board of directors after the meetings, and ensure the legality and correctness of the content of the material information for the transaction information equality of investors.</p> <p>(3) Notify directors 7 days in advance and provide the draft agenda of the board of directors and each functional committee to directors and provide relevant information. Complete the minutes of the meeting on the day of the meeting and provide it to the directors.</p> <p>(4) Prepare the shareholder meeting date registration, meeting notice, meeting handbook, meeting minutes for the Shareholders' Meeting. Convene an Investors' Conference and establish diverse communication channels with investors</p> <p>(5) We hold Investor Conference and establish diversified communication channels with investors to provide sufficient information for them to evaluate and determine the reasonable capital market value of the company, thus ensuring the maintenance of shareholders' equity.</p>	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		<p>The company has established communication and feedback channels with stakeholders, and values their rights and interests. We strive to understand their expectations and needs, and respond to their concerns.</p> <p>The company website has established a section for stakeholders and corporate social responsibility, which facilitates stakeholders and the general public to access and view the information.</p> <p>Since 2015, our company has voluntarily published an ESG report and uploaded to the company's website for public access by the end of June each year.</p>	No difference
6. Has the Company appointed a professional registrar for its Shareholders Meetings?	V		The Company designates Fubon Securities Co., Ltd. to deal with shareholder affairs.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The company has reported or disclosed important information related to finance and business in accordance with regulations on its company website(http://www.davicom.com.tw) and the MOPS for investors' reference.	No difference
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has assigned an appropriate person to handle information collection and disclosure. The Company also has established a spokesman system. Investor related information is disclosed on the corporate website and MOPS.	No difference
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	V		(3) The Company follows relevant laws and regulations to announce and report the annual financial statements within two months after the end of the fiscal year, and announce the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline	No difference
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) Employee Rights and Employee Care: The company value the growth of employee's career. The company established the Governing Organization of Employees' Welfare Committee and provide various of welfare. (2) Investor Relation: The company provide a communication channel to investors such as shareholders' meeting and set the spokesman system to deal with shareholders' opinion. (3) The company maintains smooth communication channels with its correspondent banks, employees, consumers and suppliers, and maintains a good relationship. (4) Stakeholders' rights: The company has spokespersons and proxy spokespersons to communicate directly with stakeholders to respect	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>and safeguard their legitimate rights and interests.</p> <p>(5) Situation of further education for directors: The directors of the company have industry professional background and practical experience in operation and management. The company also provides regular courses on corporate governance and securities regulations for directors.</p> <p>(6) Implementation of risk management policies and risk measurement standards: Please refer to analysis of risk management.</p> <p>(7) Implementation of customer policy: The company maintains smooth communication channels with customers and maintains a good relationship.</p> <p>(8) Situation where the company purchases liability insurance for directors and managers: The company has purchased liability insurance for directors and managers to strengthen the protection for directors and managers while performing duties.</p>	
9. Describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.	V		<p>The improvement item of Corporate Governance Evaluation of Listed Companies:</p> <p>(1) Does the company establish internal regulations prohibiting directors or employees from trading securities with undisclosed information, and disclose on the company's website? The content includes (but is not limited to) directors not being allowed to trade their stocks during a blackout period of 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports and explains implementation status.</p> <p>(2) Does the company formulate a succession plan for board members and key management levels, and disclose their operations on the company's website or annual report?</p> <p>(3) Is the company's corporate governance officer a full-time position, and is the scope of responsibilities and continuing training outlined on the company's website and annual report?</p>	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>(4) Is there at least one of the company's internal auditors with certificates such as international internal auditors, international computer auditors or certified public accountants?</p> <p>(5) Does the company have a functional committee at the level of the audit committee or the board of directors (such as a risk management committee) to oversee risk management? Are risk management policies and procedures established and approved by the board of directors, which discloses the organizational structure and processes of risk management and their operation, and reports to the Board at least once a year?</p> <p>(6) Has the company been invited (by itself) to hold at least two institutional investors' conference and the interval between the first and last two conference of institutional investors in the evaluation year is more than three months?</p> <p>(7) Does the company have an intellectual property management plan linked to its operational goals and the implementation status disclosed on the company's website or annual report, and reports to the Board at least once a year?</p> <p>(8) Does the company obtain the ISO 14001, ISO 50001, or the relative certification of environment or energy management?</p> <p>(9) Is the company's ESG report verified by a third party?</p> <p>(10) Does the company allocate resources to support domestic cultural development and disclose the methods and outcomes on the company's website, annual report, or ESG report?</p> <p>The company continuously improved the above items.</p>	

(1) 2024 Assessments Table of competence and independence of CPA :

No	Evaluation Item	Yes	No
1	Does the certified public accountant and the accounting audit team have any shareholding relationship with the company?		✓
2	Does the certified public accountant and professional service personnel appoint as directors (independent directors) or supervisors of the company?		✓
3	Is there a business relationship between the certified public accountant and the company?		✓
4	Is there any litigation relationship between the certified public accountant and the company?		✓
5	Are there any other matters between the certified public accountant and the Company that, in the judgment of the accountant, may violate independence?		✓
6	Does the certified public accountant issue quarterly (annual) review (audit) reports and financial statements on time?	✓	
7	Audit Quality Indicators (AQIs) : 2022 PWC	High	Low
	7-1 : Dimension1 - Professionalism		
	7-1.1 CPAs auditing experience	✓	
	7-1.2 CPAs and auditors training hours	✓	
	7-1.3 Mobility rate of auditors above supervisors (excluding CPAs)		✓
	7-1.4 Ratio of professionals supporting audit department	✓	
	7-2 : Dimension2 - Quality Control		
	7-2.1 Number of listed companies with CPAs as primary signatories		✓
	7-2.2 Input percentage of audit manpower	✓	
	7-2.3 Ratio of hours spent on Engagement Quality Control Reviews (EQCR) by CPAs	✓	
	7-2.4 Capability of quality control support	✓	
	7-3 : Dimension 3 - Independence		
	7-3.1 Percentage of Non-Audit service fees		✓
	7-3.2 Familiarity with clients	✓	
	7-4 : Dimension 4 - Supervision		
	7-4.1 Average number of deficiencies in cases reviewed by lead and deputy CPAs		✓
	7-4.2 Number of quality control deficiencies identified by the Financial Supervisory Commission		✓
	7-4.3 Ratio of improvement letters from Regulatory Authorities		✓
	7-5 : Dimension 5 - Innovation Capability	✓	

(2) Continuing Education/Training of Directors and Independent Directors in 2024 :

Title	Name	Date	Host by	Training/ Speech Title	Duration
Chairman	Ting Hao	2024/07/03	Taiwan Stock Exchange (TWSE)	2024 Cathay Sustainable Finance and Climate Change Summit	6.0
		2024/06/07	Taiwan Institute of Directors	New Energy Era	3.0
		2024/06/03	Securities & Futures Institute	Institutional Investors' Perspectives Forum	3.0
		2024/05/10	Taiwan corporate governance association (TCGA)	Nomination and Compensation Committees in the U.S. Law: Case Analysis	3.0
Director	Goodyears Investments Ltd. (Representative person : Wen-Chen Lin)	2024/06/21	Taiwan corporate governance association (TCGA)	Legacy Project Launched - Employee reward plan and equity inheritance	3.0
		2024/04/18	The Allied Association for Science Park Industries	Corporate governance trends and sustainable development of companies	3.0
Director	Tzay Hua Ltd. (Representative person : Cheng-Feng Chiu)	2024/04/18	The Allied Association for Science Park Industries	Corporate governance trends and sustainable development of companies	3.0
		2024/03/22	Taiwan Stock Exchange (TWSE)	CDP Taiwan Conference: Creating a New Carbon Age Promotion Conference with Sustainable Knowledge	3.0
Director	Yun-Ping Lin	2024/07/03	Taiwan Stock Exchange (TWSE)	2024 Cathay Sustainable Finance and Climate Change Summit	6.0
Independent Director	Chang-Yue Ueng	2024/06/18	Taiwan Stock Exchange (TWSE)	Creating a New Carbon Age Promotion Conference with Sustainable Knowledge	6.0
Independent Director	Jen-Jyh Hwang	2024/04/11	Taiwan Academy of Banking and Finance (TABF)	Corporate Governance and Business Sustainability Workshop	3.0
		2024/05/28	Taiwan corporate governance association (TCGA)	New Era of Artificial Intelligence: Chatbot ChatGPT flips new industry trends	3.0
Independent Director	Niang-Shou Wei	2024/04/18	The Allied Association for Science Park Industries	Corporate governance trends and sustainable development of companies	3.0
		2024/03/22	Taiwan Stock Exchange (TWSE)	CDP Taiwan Conference: Creating a New Carbon Age Promotion Conference with Sustainable Knowledge	3.0

2.3.4-1 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee of the Company is composed of three independent directors and meets at least twice a year.

Their responsibilities are to act with the care of a prudent person, faithfully fulfill the following duties, and submit proposed recommendations to the Board of Directors for discussion :

- ① Regularly review this regulation and propose amendments.
- ② Establish and regularly review performance evaluation criteria, and annual or long-term performance goals, policies, systems, standards, and structures related to compensation and rewards.

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members :

Capacity (Note 1)	Qualifications Name	Professional qualifications and experience (Note 2)	Independence analysis (Note 3)	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director (Convener)	Jen-Jyh Hwang	Please refer to page 8-9 of the annual report for information disclosure on the professional qualifications and the independence of independent directors		1
Independent director	Chang-Yue Ueng			0
Independent director	Niang-Shou Wei			0

(2) Attendance of Members at Remuneration Committee Meetings

(A) Number of Board members : 3

(B) Term of Office: 2022/06/29 – 2025/06/28. A total of 4 (A) Remuneration Committee meetings were held in the previous period.

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convenor	Jen-Jyh Hwang	4	0	100%	
Board Member	Chang-Yue Ueng	4	0	100%	
Board Member	Niang-Shou Wei	4	0	100%	

Other mentionable items:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons):
None.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members,

<p>and the measures taken by the Company with respect to the members' opinion.: The Company has good communication with the Remuneration Committee.</p> <p>3. Scope of Authority of the Compensation Committee: The Compensation Committee shall faithfully perform the following duties with the care of a good administrator and submit its recommendations to the Board of Directors for discussion:</p> <p>(1) Establish and regularly review the policies, systems, standards, and structure for the performance evaluation and compensation of directors and managerial officers.</p> <p>(2) Regularly assess and determine the compensation of directors and managerial officers.</p>	
Remuneration Committee Meeting Summary	
Date	Meeting Resolutions
2024/11/08	<p>1. Approved the proposal of 2024 managers' year-end bonus.</p> <p>2. Approved the compensation package for the newly appointed president, Mr. Yeou-Liang Lin.</p>
2024/08/09	<p>1. Approved the proposed amount for employee compensation for internal managers for the fiscal year 2023.</p> <p>2. Approved the proposed quantity of treasury shares repurchased in 2020 to be transferred to managerial officers of the Company for subscription.</p>
2024/05/10	<p>1. Approved the proposal of 2024 internal managers' Dragon Boat Festival bonus distribution.</p>
2024/02/29	<p>1. Approved the proposal of 2023 managers' year-end bonus</p> <p>2. Approved the Company's "Compensation Policy for Directors and Managers."</p>

2.3.4-2 Key objectives of establishing a Nomination Committee :

- (1) The required qualifications and the responsibilities of the Company's nomination committee members: According to administrative rules, the Committee should consist of at least 3 members from the Board of Directors with more than half of independent directors participating. The main purpose of the establishment of the nomination committee is to assist the board of directors in the searching, review and nomination of director candidates, and to construct and develop the organizational structure of the board of directors to ensure the proper composition of the board of directors.
- According to the organization rules of the Nomination Committee, its duties include :
- (A) To formulate the standards that board members and senior manager required include professional knowledge, skills, experience, gender and other diversity background and independence to identify, review and nominate directors (independent directors) and senior manager candidates accordingly.
- (B) To construct and develop the organizational structure of the board of directors and various committees, conduct performance evaluations of the board of directors, functional committees, directors and senior managers, and evaluate the independence of independent directors.

(C) Formulate and regularly review the training plan for directors and the succession plan for directors and senior managers.

(D) To formulate the Corporate Governance Best Practice Principles.

(2) The professional qualifications and experience of the members and status of operations of the nomination committee :

(A) The Company's nomination committee has a total of 3 members.

(B) The term of the current members is from 2022/06/29 to 2025/06/28.

(C) The number of nomination committee meetings held in the most recent fiscal year was: 2 (A). The professional qualifications and experience and meeting attendance record of the members and matters discussed by the committee are as follows :

Title	Name	Professional qualifications and experience	No. of Meetings attended in person (B)	No. of meetings attended by proxy	In-person Attendance rate (%) (B / A) (Notes)	Remarks
Independent Director (Convener)	Niang-Shou Wei	Business management, Human resource management	2	0	100%	
Independent Director	Jen-Jyh Hwang	Law, Manufacturing Management	2	0	100%	
Chairman	Ting Hao	Business Management, Corporate Management and Governance, Finance	2	0	100%	

Other information required to be disclosed :

For any major motion put before the nomination committee, specify the meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the nomination committee members, the outcome of the resolution of the nomination committee, and the measures taken by the Company with respect to the nomination committee members' opinions.

Nomination Committee Meeting Summary

Date	Meeting Resolutions	Resolutions that have not been approved by the nomination committee and have been approved by more than two-thirds of all directors
2024/11/08	1. Approved the promotion of Mr. Chiu, Hsien-Kai to the senior manager of ETD Department. 2. Approved the qualification review of the newly appointed President, Mr. Yeou-Liang Lin. ※ Resolution of the Nomination Committee: The Nomination Committee unanimously approved the proposal and submitted it to the Board of Directors for discussion and approval on 2024/11/08.	None None
2024/01/25	1. Presentation of the overall evaluation results and recommendations from the external board performance assessment conducted by the Taiwan Corporate Governance Association on behalf of the Company on 2023/12/21. 2. Approved the Company's 2023 Board Performance Self-Evaluation: Excellent (Strongly Agree). ※ Resolution of the Nomination Committee: The Nomination Committee unanimously approved the proposal and submitted it to the Board of Directors for discussion and approval on 2024/01/25.	None None

2.3.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons												
	Yes	No	Summary description													
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>On 2024/02/27, the Company established the Sustainable Development Committee, which is responsible for designing frameworks, formulating relevant management policies, and proposing and implementing concrete action plans. The Committee also reviews existing measures and supports the Board of Directors in continuously advancing corporate social responsibility (CSR) and enhancing corporate governance, thereby promoting the goal of sustainable operations. The Committee’s responsibilities include the following:</p> <p>1. Formulating the Company’s CSR and sustainable development strategies and objectives, along with relevant management plans.</p> <p>2. Promoting and implementing initiatives related to ethical business conduct and risk management.</p> <p>3. Monitoring, evaluating, and revising the implementation and outcomes of the Company’s sustainability initiatives.</p> <p>4. Other matters decided by the Board of Directors to be handled by this Committee.</p> <p>Members of the Sustainable Development Committee are appointed by the Board of Directors and comprise Directors and Independent Directors of the Company.</p> <table><tr><th>Member</th><th>Name</th><th>Attendance rate</th></tr><tr><td>Chairman (Convener)</td><td>Ting Hao</td><td>100%</td></tr><tr><td>Director</td><td>Cheng-Fang Chiu</td><td>100%</td></tr><tr><td>Independent Director</td><td>Niang-Shou Wei</td><td>100%</td></tr></table> <p>The company has a dedicated sustainability working group reports ESG-related work to committee members every year.</p> <p>The work plan was reported to the Board of Directors on 2024/01/25 and the implementation results were reported to the Board of Directors on 2025/02/27.</p>	Member	Name	Attendance rate	Chairman (Convener)	Ting Hao	100%	Director	Cheng-Fang Chiu	100%	Independent Director	Niang-Shou Wei	100%	No difference
Member	Name	Attendance rate														
Chairman (Convener)	Ting Hao	100%														
Director	Cheng-Fang Chiu	100%														
Independent Director	Niang-Shou Wei	100%														

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons												
	Yes	No	Summary description													
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		<p>The Board of Directors of our company passed the "Risk Management Operation Regulations" in November 2016 and established the "Risk Management Committee". The committee is led by the General Manager as the convener and chairman, serving as the highest guiding principle for our company's risk management. It integrates the operational departments related to risk management, identifies risk factors, and prioritizes high-risk issues for intervention, based on which improvement measures and opportunities are proposed to shape a risk management and control model with adaptive capabilities. Regular reports are submitted to the Board of Directors.</p> <p>The scope of our company's risk management includes the management of "strategic risk," "operational risk," "financial risk," "information security risk," and "climate change risk." The Risk Management Committee holds meetings at least twice a year, and prior to each meeting, the committee prepares a risk assessment checklist and receives project reports on risk control from the responsible units. The committee also evaluates potential risks and provides corresponding strategies. The Internal Audit Unit then consolidates the reports and presents them to the Independent Directors and the Board of Directors.</p> <p>The significant disclosure topics regarding 2024 ESG report, which were discussed and approved by the Board on 2025/02/27 of our company, are as follows：</p> <table><tr><th>Chapter & Section</th><th>Primary Material Topic Management</th><th>Secondary Material Topic Management</th></tr><tr><td>1. Stakeholder Engagement and Material Topic Identification</td><td></td><td></td></tr><tr><td>2. About Davicom</td><td></td><td>-Corporate Resilience</td></tr><tr><td>3. Enhancing Corporate Governance</td><td>-Innovation and R&D -Regulatory Compliance -Internal Audit -Fair Competition</td><td>-Risk Management -Information Security</td></tr></table>	Chapter & Section	Primary Material Topic Management	Secondary Material Topic Management	1. Stakeholder Engagement and Material Topic Identification			2. About Davicom		-Corporate Resilience	3. Enhancing Corporate Governance	-Innovation and R&D -Regulatory Compliance -Internal Audit -Fair Competition	-Risk Management -Information Security	No difference
Chapter & Section	Primary Material Topic Management	Secondary Material Topic Management														
1. Stakeholder Engagement and Material Topic Identification																
2. About Davicom		-Corporate Resilience														
3. Enhancing Corporate Governance	-Innovation and R&D -Regulatory Compliance -Internal Audit -Fair Competition	-Risk Management -Information Security														

Item	Implementation Status				Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary description			
			4. Strengthening Value Chain Collaboration	-Supply Chain Management	-Customer Privacy (Value Chain Systems)	
			5. Responding to Climate Change	-Carbon Footprint -Environmental Product Declarations -Greenhouse Gas Emissions	-Waste Management -Energy Management -Water Resources	
			6. Creating a Happy Workplace	-Compensation and Benefits -Labor Relations	-Employee Health -Diversity, Equity and Inclusion (Employees) -Career Development -Workplace Safety and Comfort	
			7. Fostering Social Inclusion		-Diversity, Equity and Inclusion (Talent Development, Love & Care Program)	
3. Environmental Issues	V		The company operates no factories or production facilities; it only maintains administrative office premises. Nonetheless, it places significant emphasis on internal water resource management, resource recycling, waste disposal, reduction in disposable tableware and paper cups, green procurement, and environmentally friendly building materials to enhance resource utilization efficiency.			No difference
(1) Has the Company set an environmental management system designed to industry characteristics?			In alignment with the characteristics of its industry, the company has established appropriate environmental management practices aimed at minimizing impacts on natural resources and reducing environmental pollution. Environmental data is quantified and disclosed, with long-term tracking and reporting covering purchased electricity, renewable energy, water resources, and various raw materials. Environmental initiatives are reviewed annually to evaluate whether the company’s sustainability goals are being progressively achieved.			
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?						
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its	V					No difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
<p>business now and in the future and adopted relevant measures to address them?</p> <p>(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?</p>	V		<p>In response to climate change, the company has proactively adopted resource conservation strategies, including improving the energy efficiency of its products, managing a green supply chain, overseeing raw material and waste management, and reducing and reusing product packaging to enhance overall energy use efficiency.</p> <p>Furthermore, climate change-related issues have been incorporated into the company's risk management framework. Corresponding concrete actions have also been taken, as detailed in the company's 2023 ESG Report, Chapter 5: Climate Change Response.</p> <p>For detailed information on energy conservation, carbon reduction, greenhouse gas (GHG) emissions, water consumption, total waste volume, and the company's respective management policies, please refer to the 2023 ESG Report and page 33 of Chinese version Annual Report.</p>	No difference
<p>4. Social Issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p> <p>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	V		<p>(1) The company complies with relevant regulations to safeguard the legitimate rights and interests of employees and adheres to international human rights conventions and has established the "Code of Practice for Sustainable Development" and "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" to ensure gender equality, labor rights, and prohibition of discrimination etc.</p>	No difference
	V		<p>(2) We adhere to the concept of profit sharing with employees, attracting, retaining, nurturing and motivating outstanding talents, please refer to the 2023 ESG Report.</p>	No difference

Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The company's office environment takes protecting the safety of employees as the first consideration to ensure that employees can get the greatest protection at work. There were no occurrences of fire within the company in 2024. please refer to the 2023 ESG Report.	No difference
(4) Has the Company established effective career development training programs for employees?	V		(4) The company attaches great importance to the career development of employees, and has established an effective career ability development training program for employees. please refer to the 2023 ESG Report	No difference
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(5) The company's marketing and labeling of products and services comply with relevant laws and international standards. At the same time, the company formulates service management procedures, customer return/complaint management measures, and confidential information protection. please refer to the 2023 ESG Report.	No difference
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(6) The company promotes green environmental protection policies and concepts to the entire supply chain. All new product manufacturing suppliers must meet the company's relevant requirements before they can be listed as qualified suppliers. At the same time the company also requires suppliers to use recycled materials and reduce the use of consumables, both at the factory and in transit. As for the human rights issues, the company also requires suppliers to comply with the same human rights policy. The company follows relevant norms on issues such as occupational safety and health or labor rights. please refer to the 2023 ESG Report	No difference

5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company in accordance with the GRI Guidelines: Core Options published by the Global Reporting Initiative (GRI). The direction of information disclosure reported in the company’s corporate social responsibility report also respond to the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the United Nations Global Compact, SDGs, ISO26000 Social Responsibility, and EICC Guidelines. The company's sustainability report has not been certified by a third-party verification agency.	No difference																								
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations: The Board of Directors of the Company passed the " Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" in November 2014 as the guiding principle for long-term CSR promotion. The actual operation is no different from the established code. The Company has passed to formulate the sustainable development best practice principles on 2024/01/25. ※ Detailed operation please refer to 2023 ESG report of Chinese version.																												
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development : ESG implementation in 2024 and reported to the Board on 2025/02/27. (1) Continued engagement in and support for talent development programs at nearby universities, such as National Yang Ming Chiao Tung University. (2) Financial sponsorship of music, cultural, and artistic events to foster the diverse development of local culture. (3) Love Transmission Project – Impact of Life Education at Guan-Shan Elementary School, Taitung County:																												
<table><tr><th>Semester</th><th>Content</th><th>Classes</th><th>Students</th><th>Sessions</th><th>Total Participants</th></tr><tr><td>First</td><td>Humanity, Environment, Life</td><td>10</td><td>248</td><td>66</td><td>3,250</td></tr><tr><td>Second</td><td>Humanity, Environment, Life</td><td>11</td><td>259</td><td>65</td><td>3,405</td></tr><tr><td colspan="4">Total</td><td>131</td><td>6,655</td></tr></table>					Semester	Content	Classes	Students	Sessions	Total Participants	First	Humanity, Environment, Life	10	248	66	3,250	Second	Humanity, Environment, Life	11	259	65	3,405	Total				131	6,655
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Total				131	6,655																							
※For detailed implementation, please refer to our company's 2023 ESG report of Chinese version. Davicom Website (http://www.davicom.com.tw) MOPS Website (http://mops.twse.com.tw)																												

Climate-Related Information for Listed Companies - Implementation Status :

Implementation Status of Climate-Related Initiatives

Item	Implementation Status
<ol style="list-style-type: none"> 1. Description of the Board of Directors' and management's oversight and governance of climate-related risks and opportunities. 2. Explanation of how identified climate risks and opportunities impact the company's business operations, strategies, and finances over the short, medium, and long term. 3. Description of the financial impacts of extreme climate events and transition activities. 4. Explanation of how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system. 5. If scenario analysis is used to assess climate resilience, the scenarios, parameters, assumptions, analytical factors, and key financial impacts should be disclosed. 6. If transition plans for managing climate-related risks are in place, details should be provided, including the indicators and targets used to identify and manage physical and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for pricing should be disclosed. 8. If climate-related targets have been set, information should be disclosed on the covered activities, Greenhouse Gas (GHG) emission scopes, planning period, annual progress, and, where applicable, details on the source and quantity of carbon offsets or renewable energy certificates (RECs) used to meet targets. 9. Status of GHG inventory and assurance. 	<p>In accordance with the Financial Supervisory Commission's "Sustainable Development Roadmap for Listed Companies" (announced in March 2022), our company has been classified as paid-in capital of less than NTD 5 billion. Therefore, GHG inventory and verification apply in Phase 3 (inventory to be completed in 2026, verification by 2028). The company will proceed in compliance with guidance and regulations set by the competent authorities.</p> <p>The Administration Department and the Office of the General Manager have been designated as dedicated units for GHG inventory related to climate change. These units report quarterly to the Board of Directors on the detailed timelines of each inventory initiative, propose complete inventory procedures, and update on the progress toward interim targets under the board's supervision and control.</p> <p>Recognizing that climate change will significantly impact the industry supply chain and sales conditions, in the short term, the company focuses on internal resource-saving and carbon-reduction strategies. In the medium to long term, it anticipates a shift toward carbon pricing and carbon taxation in the broader market. These developments may lead to increased costs in product development, production, and sales. Therefore, product and industrial transitions triggered by climate change represent key financial and strategic challenges that the company must address through systematic management and risk assessment frameworks.</p> <p>The company's GHG inventory results for the past two years are shown in the following table:</p>

1-1. Greenhouse Gas (GHG) Inventory Information

Category	2023	2024
Scope 1 Emissions (metric tons CO ₂ e)	87.7770	93.7000
Scope 2 Emissions (metric tons CO ₂ e)	399.887	390.445
Total GHG Emissions (metric tons CO ₂ e)	487.664	484.1453

1-2. Water Usage Inventory Information

	2023	2024
Water Consumption (metric tons)	4,878	4,736

1-3. Waste Inventory Information

Waste Type	2023	2024
Hazardous Waste (metric tons)	0.0440	0.3960
Non-Hazardous Waste (metric tons)	6.2496	23.2100
Total Waste (metric tons)	6.2936	23.6060

2. Measures Taken and Progress Toward Goals

Scope 1 GHG emissions will remain stable. Scope 2 GHG emissions will be reduced by 2% annually. Electricity consumption will be reduced by 2% annually. Daily waste generation will be reduced by 1 kilogram. The packaging material recycling and reuse rate will increase by 3% annually.

2-1. Specific measures for energy conservation and carbon reduction

- ① Install inverters on air-conditioning equipment to improve energy efficiency.
- ② Reduce the number of aisle lighting and reduce energy usage.
- ③ Raise the indoor air-conditioning temperature by one degree to improve energy-saving efficiency.
- ④ Turn off the lights during lunch break/when leaving the office to save electricity.
- ⑤ Install thermal insulation paper/thermal insulation curtains to improve energy efficiency.
- ⑥ Encourage employees to take the stairs more often instead of the elevator, which is good for health and reduces energy usage.
- ⑦ Promote carpooling/use of environmentally friendly transportation (such as electric motorcycle) at labor-management meetings, birthday parties, etc.

2-2. Greenhouse Gas Reduction Planning

Our company has conducted a feasibility assessment on installing a small number of solar panels for power generation. In addition to avoiding inconvenience to employees caused by the inability to use elevators during power outages, we hope to become one of the companies that can generate a small amount of electricity on their own.

2.3.6 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1). Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		(1) The company has formulated the "Integrity Management Principle". The members of the company's board of directors and management all attach importance to ethical and honest business practices, adhere to the business philosophy of integrity, transparency and responsibility, and implement the integrity policy to create a sustainable business environment.	No difference
(2). Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		(2) The company has formulated the "Integrity Management Principle", and the management will publicize how to prevent dishonest behaviors in company meetings or education training from time to time, hoping to establish the unanimous belief of all employees and abide by relevant laws and regulations to implement integrity management.	No difference
(3). Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(3) The company's "Integrity Management Code" has specifically stipulated that the company's personnel shall not directly or indirectly provide, promise, request or accept any illegitimate benefits, or conduct other acts that violate integrity, law or fiduciary duties in the process of engaging in business activities.	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
2. Ethical Management Practice				
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		(1) The company establishes business relationships with others, and first evaluates the legality, integrity management policies of agents, suppliers, customers or other business partners, and whether there has been a record of dishonest behavior to ensure that its business operations are fair, transparent and will not ask, offer or accept bribes.	No difference
(2). Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		(2) The company has set up personnel administration management office for promoting corporate integrity management. And report to the board of directors on the implementation of integrity management in 2024 on 2024/11/08.	No difference
(3). Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) When conflicts of interest occur, the employee may report directly to the head of the department or to the chairman of the board of directors.	No difference
(4). Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		(4) The company has established an effective accounting system and internal control system, which are regularly reviewed and revised in accordance with changes in laws and practical needs, and are regularly reviewed by internal auditors to ensure that the design and implementation of the system continue to be effective and achieve corporate governance and risk management.	No difference
(5). Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		(5) The company has formulated the "Integrity Management Principle and Behavior Guide", and the management will publicize how to prevent dishonest behavior in company meetings or education training from time to time, hoping to establish the unanimous belief of all employees, and abide by relevant laws	No difference

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Has the company adopted proper measures to protect whistle blowers from retaliation for filing complaints?	V		(3) The company is responsible for the confidentiality and protection of the whistleblower, and will not be improperly dealt with due to the whistleblower.	No difference
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The company has uploaded the integrity management operating procedures approved by the board of directors to the company's website and MOPS to disclose information related to integrity management.	No difference
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation : There have been no differences.				
6. Other important information to facilitate a better understanding of the status of operation of the company’s ethical corporate management policies (e.g., the company’s reviewing and amending of its ethical corporate management best practice principles) : Please refer to the company’s website or Market Observation Post System (“MOPS”) for the company’s Ethical Corporate Management Best Practice Principles.				

2.3.7 Other Important Information Regarding Corporate Governance :

Please refer to the Company’s website at <http://www.davicom.com.tw> or Market Observation Post System (“MOPS”) at (<http://mops.twse.com.tw>) .

Implementation status of ethical corporate management in 2024

(1) Continuing Education/Training of Managers in 2024 :

Title & Name	Date	Host by	Training/ Speech Title	Duration
Manager of Corporate Governance – Chun-Chun Yang	2024/04/10	BCSD Taiwan	Sustainable Knowledge Empowerment Promotion Course - Electronics Industry	6
	2024/06/18	BCSD Taiwan	CDP SME Questionnaire Promotion Course - Creating a New Carbon Age Promotion Meeting with Sustainable Knowledge	6
Finance Manager – Kuei-Feng Chiu	2024/11/11-2024/11/12	Accounting Research and Development Foundation	Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges Education Course	12
Proxy of Finance Manager – Feng-Yu Liu	2024/11/11-2024/11/12	Accounting Research and Development Foundation	Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges Education Course	12
Internal Auditor – Ching-Huan Hsiao	2024/06/04	The Institute of Internal Auditors-Chinese Taiwan	"Analysis of Sustainability Information Disclosure Policy" and Discussion on Key Points of Internal Control and Internal Audit	6
	2024/09/26	The Institute of Internal Auditors-Chinese Taiwan	Interpretation of financial analysis indicators and prevention of business risks	6
Proxy of Internal Auditor – Feng-Ching Yeh	2024/06/04	The Institute of Internal Auditors-Chinese Taiwan	"Analysis of Sustainability Information Disclosure Policy" and Discussion on Key Points of Internal Control and Internal Audit	6
	2024/09/26	The Institute of Internal Auditors-Chinese Taiwan	Interpretation of financial analysis indicators and prevention of business risks	6

- (2) During the 15th board meeting of the 10th term held on 2024/11/08, the company reported to the directors the implementation status of its integrity management in the fiscal year 2024. A total of 105 participants, with a total of 105 person-hours.

Management goals	Measures	Performance
External Transaction : Constraint by Special Provisions	When entering into contracts with their clients, agents, and suppliers, the companies shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the companies may at any time terminate or rescind the contracts.	Achieved
Internal of the company : Training 、 Promoting 、 Whistleblower	Regularly conduct training and promotion on ethical corporate management to directors, managers, and employees. If you find any suspected violation of ethical corporate management, you must immediately report it to the management department esther_lin@davicom.com.tw .	Achieved
Precautions : Internal Control, Internal Audit	For business activities with high risk of dishonest behavior, the company has established an effective accounting system and internal control system, and regularly reports to the board of directors through the internal audit system to review and implement the effectiveness and continuous improvement at any time to ensure the implementation of the integrity management policy.	Achieved

- (3) The relevant data of reports received and investigations conducted from 2022 to 2024 are as follows :

	2024	2023	2022
Employee Major Complaints / Whistleblowing (Uncategorized)	0	0	0
Sexual harassment	0	0	0
Complaints of unlawful infringement	0	0	0
Confidential information protection control procedures.	0	0	0
Investigated cases that were substantiated.	0	0	0

- (4) Procedures for Handling Material Internal Information: The Company has established the “Procedures for Handling Material Internal Information,” which are publicly disclosed on the Company’s official website at <http://www.davicom.com.tw> with a special section on “Corporate Responsibility and Corporate Governance” to enhance investors’ understanding of the Company’s corporate governance operations.

2.3.8 Status of the Internal Control System Implementation

(1) Declaration of Internal Control

DAVICOM Semiconductor, Inc. **Statement of Declaration of Internal Control**

Date: 2025/02/27

DAVICOM Semiconductor, Inc. has conducted internal audits in accordance with its Internal Control Regulations for the period ended December 31st, 2024, and hereby declares the following:

1. The Company acknowledges and understands that the establishment, enforcement, and preservation of internal control systems are the responsibility of the Board and that the managers and the Company have already established such systems. The purpose is to reasonably ensure the effectiveness (including profitability, performance, and security of assets), the reliability, timeliness, transparency of financial reporting, and legal and regulation compliance.
2. Internal control systems have limitations, no matter how perfectly they are designed. As such, effective internal control systems may only reasonably ensure the achievement of the aforementioned goals. Further, the operation environment and situation may vary, and hence the effectiveness of the internal controls systems. The internal control systems of the Company feature certain self-monitoring mechanisms. The company will take immediate corrective actions once any shortcomings are identified.
3. The Company judges the effectiveness of the internal control systems in design and enforcement according to the “Criteria for the Establishment of Internal Control Systems of Public Offering Companies” (hereinafter referred to as “the Criteria”). The Criteria is instituted for judging the effectiveness of the design and enforcement of internal control systems. There are five components for effective internal control as specified by the Criteria with which the procedures for effective internal controls are composed: (1) Control environment, (2) Risk evaluation, (3) Control operation, (4) Information and communication, and (5) Monitoring. Each of the elements in turn contains certain audit items, and the Criteria shall be referred to for details.
4. The Company has adopted the aforementioned internal control systems for an internal assessment of the effectiveness of internal control design and enforcement.
5. Based on the aforementioned audit findings, the Company holds that within the aforementioned period, its internal control procedures (including the procedures to monitor subsidiaries), effectiveness and efficiency of operations, reliability, timeliness, transparency of reporting, and compliance with relevant legal regulations, and design and enforcement of internal controls, are effective. The aforementioned goals can be achieved with reasonable assurance.
6. This statement of declaration shall form an integral part of the annual report and prospectus of the Company and shall be made public. If there is any fraud, concealment, or unlawful practices discovered in the content of the aforementioned information, the Company shall be liable to legal consequences under Article 20, 32, 171, and 174 of the Securities and Exchanges Act.
7. This statement of declaration has been approved by the Board on 2025/02/27 with all Directors in session under unanimous consent.

DAVICOM Semiconductor, Inc.

Chairman: Ting Hao

President: Yeou-Liang Lin

- (2) Disclose the Review Report of Independent Auditors if They are Retained for Reviewing the Internal Control System : None.

2.3.9 Major Resolutions of Shareholders' Meeting and Board Meetings

- (1) Key solutions from the 2024 shareholders meeting :

Meeting Resolutions
1. Approved the 2023 Business Report and Financial Statements 2. Approved the proposal for distribution of 2023 earnings. <i>Implementation</i> : The ex-dividend date was set on 2024/06/25, and the distribution was completed on 2024/07/11. 3. Approved the proposal for cash distribution of 2023 additional paid in capital <i>Implementation</i> : The ex-dividend date was set on 2024/06/25, and the distribution was completed on 2024/07/11.

- (2) Key resolution from Board meeting :

Date	Meeting Resolutions
2025/04/14	<p>Report Items :</p> <ol style="list-style-type: none"> The resolutions and implementation of the last board of directors (2025/02/27). To report the 2024 Information Security Management Survey Report of the company. <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> Approved the profit distribution of 2024. Approved the qualification review of the nominated candidates for the 11th Board of Directors and Independent Directors election of the Company. Approved the release of the prohibition on newly elected directors and independent directors from participation in competitive business. Approved the date, venue and agenda of the 2025 Annual General Shareholders' Meeting of the Company. <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
2025/02/27	<p>Report Items :</p> <ol style="list-style-type: none"> The resolutions and implementation of the last board of directors (2024/11/08). To report the 2024 progress of the greenhouse gas inventory and verification operation of the company. To report Internal Audit Report for 2024 Q4. President's Report on Business Operations and Future Outlook. <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> Approved the 2024 Board Performance Self-Evaluation of the Company. Approved the 2024 remuneration distribution plan for Directors and employees. Approved the Company's 2024 financial statements. Approved the statement of declaration of internal control for 2024. Approved the 2025 CPAs assessments of competence and independence. Approved the appointment of the CPAs for 2025. Approved the business budget for 2025. Approved the amendments of the Company's "Compensation Policy for Directors and Managers." Approved the amendments to certain articles of the Company's Articles of

	<p>Incorporation.</p> <p>10. Approved the establishment of the “Nomination and Sustainability Committee Procedures.”</p> <p>11. Approved the establishment of the “Risk and Audit Committee Procedures.”</p> <p>12. Approved the full re-election plan for the 10th-term Directors and Independent Directors upon expiration of their term.</p> <p>13. Approved the date, venue, and agenda for the 2025 Annual General Shareholders’ Meeting.</p> <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
2024/11/08	<p>Report Items :</p> <p>1. The resolutions and implementation of the last board of directors (2024/08/09)</p> <p>2. To report the 2024 Q3 progress of the greenhouse gas inventory and verification operation of the company.</p> <p>3. To report the 2024 Q3 internal control and audit status.</p> <p>4. To report 2024 implementation of "Integrity in Operations".</p> <p>5. To report the execution state of 2024 company’s prevention of insider trading promotion for directors and employees.</p> <p>6. To report the performance of work performed by the person in charge of corporate governance.</p> <p>Acknowledgments and Discussion Items :</p> <p>1. Approved the amendments of the Company’s “Sustainable Development Committee Procedures.”</p> <p>2. Approved the material topics for the Company’s 2024 ESG Report.</p> <p>3. Approved initiatives to enhance the Company’s sustainability governance culture and stakeholder communication.</p> <p>4. Approved the Company’s consolidated financial statements for 2024 Q3.</p> <p>5. Approved the 2025 Internal Audit Plan of the Company.</p> <p>6. Approved the establishment of the Company’s Sustainability Information Management Procedures and related internal control system.</p> <p>7. Approved the proposed remuneration for internal managers for 2024.</p> <p>8. Approved the appointment of Mr. Yeou-Liang Lin as the new President of the Company.</p> <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
2024/08/09	<p>Report Items :</p> <p>1. The resolutions and implementation of the last board of directors (2024/05/29).</p> <p>2. To report the 2024 Q2 progress of the greenhouse gas inventory and verification operation of the company.</p> <p>3. To report the 2024 Q2 internal control and audit status.</p> <p>4. To report the company's first half 2024 operating report and second half outlook.</p> <p>Acknowledgments and Discussion Items :</p> <p>1. Approved the proposed amount of employee remuneration for internal managers of the Company for 2023.</p> <p>2. Approved the treasury shares repurchased by the company in 2020 are authorized to be transferred to the company's employees for subscription in one or several batches within the validity period (2025/4/30) by the chairman.</p> <p>3. Approved the 2024 Q2 consolidated financial statements.</p>

	<p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
2024/05/29	<p>Report Items :</p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (2024/05/10) <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the resolution date of share dividend of 2023 profit and Capital Surplus is on 2024/06/25. <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
2024/05/10	<p>Report Items :</p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (2024/02/29) 2. To report the 2024 Q1 progress of the greenhouse gas inventory and verification operation of the company. 3. To report the 2024 Q1 internal control and audit status. 4. To report the directors' and managers' liability insurance for the year 2024 has been renewed with Fubon Insurance Co., Ltd. The insurance period is from 2024/04/01, 00:00 AM to 2025/04/01, 00:00 AM, with a coverage limit of US\$3 million. <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the proposal of 2024 internal managers' Dragon Boat Festival bonus distribution. 2. Approved the 2024 Q1 consolidated financial statements. <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
2024/02/29	<p>Report Items :</p> <ol style="list-style-type: none"> 1. The resolutions and implementation of the last board of directors (2024/01/25). 2. To report the greenhouse gas inventory and verification operation of the company. 3. To report Internal Audit Report for 2023 Q4. 4. To report the Business Operations and Future Outlook. <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the business budget for 2024. 2. Approved the 2023 remuneration distribution plan for Directors and employees. 3. Approved the Company's "Compensation Policy for Directors and Managers." 4. Approved the Company's 2023 financial statements. 5. Approved the profit distribution of 2023. 6. Approved the cash distribution from capital surplus of 2023. 7. Approved the statement of declaration of internal control for 2023. 8. Approved the 2024 CPAs assessments of competence and independence. 9. Approved the appointment of the CPAs for 2024. 10. Approved the date, venue, and agenda for the 2024 Annual General Shareholders' Meeting. <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>

2024/01/25	<p>Report Items :</p> <ol style="list-style-type: none"> 1. To report the resolutions and implementation of the last board of directors (2023/11/09). 2. To report the company's 2023 ESG implementation. 3. To report the Company commissioned the "Taiwan Corporate Governance Association" to conduct an external interview on the performance of the Board of Directors on 2023/12/21, and to provide a report on the overall evaluation and recommendations of the assessment. 4. To report 2023 Corporate Governance status <p>Acknowledgments and Discussion Items :</p> <ol style="list-style-type: none"> 1. Approved the 2023 Board Performance Self-Evaluation of the Company. 2. Approved the matters to be disclosed in the company's 2023 ESG report. 3. Approved the Company's "Sustainable Development Procedures." 4. Approved the company's "Sustainable Development Committee Procedures." 5. Approved the amendments of the company's "Corporate Governance Guidelines". 6. Approved the establishment of the company's "Major Incident Reporting Procedure". <p>※Board Resolution: After discussion, all attending directors unanimously agreed to approve the above proposals.</p>
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2.3.10 Major Issues of Record or Written Statements Made by Any Director or Independent Director Dissenting to Important Resolutions Passed by the Board of Directors : None

2.4 Information on the professional fees of the attesting CPAs

- (1) The amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services :

Information on CPA (External Auditor) Professional Fees					Unit : NT\$ thousands	
Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Pricewaterhouse Coopers (PWC)	Chia-Hung Lin,	2024/01/01 ~ 2024/12/31	2,130	440	2,570	
	Chun-Yuan Hsiao					

- (2) If a change of accounting firm has occurred during the year, please divide the audit period and disclose audit and non-audit fees in chronological order. Please also state the percentage and reason for such changes in the Remarks column : None.
- (3) If the audit fee is reduced by 10% or more from the previous year, the amount, percentage, and reason for reduction must be disclosed : None.

2.5 Replacement of CPA : None

- 2.6 Where the company's chairperson, general manager, 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 certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant. : None**

2.7 Net Changes in Shareholding

- (1) Net change in shareholding and net change in shares pledged by directors, supervisors, management and shareholders with 10% shareholding or more.

Unit : Shares

Title	Name	2024		As of 2025/03/30	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Ting Hao	0	0	242,000	0
Juridical Person Director	Goodyears Investments Ltd.	0	0	0	0
Representative of Juridical Person Director	Wen-Chen Lin	0	0	0	0
Juridical Person Director	Tzay Hua Ltd.	0	0	0	0
Representative of Juridical Person Director	Cheng-Feng Chiu	0	0	0	0
Director	Yun-Ping Lin	0	0	0	0
Independent Director	Chang-Yue Ueng	0	0	0	0
Independent Director	Jen-Jyh Hwang	0	0	0	0
Independent Director	Niang-Shou Wei	0	0	0	0
President	Yeou-Liang Lin	0	0	50,000	0
CTO	Cheng-Fang Chiu	0	0	15,000	0
CFO	Chun-Chun Yang	0	0	10,000	0

- (2) Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, and ten-percent shareholders, and the number of shares transferred or pledged : None

2.8 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another:

2025/03/30

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Goodyears Investments Ltd.	3,982,475	4.79%	-	-	-	-	Tzay Hua Ltd.	Chairman as same person	-
Ting Hao	2,361,000	2.84%	-	-	-	-	-	-	-
Tzay Hua Ltd.	1,480,652	1.78%	-	-	-	-	Goodyears Investments Ltd.	Chairman as same person	-
Taipei Fubon Commercial Bank Co. , Ltd.Trust Account	1,277,751	1.54%	-	-	-	-	-	-	-
Yun-Ping Lin	900,000	1.08%	-	-	-	-	-	-	-
○-Ta Liu	659,000	0.79%	-	-	-	-	-	-	-
○-Chang Hsieh	565,000	0.68%	-	-	-	-	-	-	-
○-Wen Hsu	465,000	0.56%	-	-	-	-	-	-	-
Cheng-Feng Chiu	433,101	0.52%	-	-	-	-	-	-	-
Citibank Taiwan Custody Berkeley Capital Securities Limited Account	367,000	0.44%	-	-	-	-	-	-	-

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

Total Ownership of Shares in Investee Enterprises

As of 2025/03/30 / Unit : shares

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
TSCC Inc.	4,400,000	100.00	-	-	4,400,000	100.00
Davicom Investment Inc.	21,200,000	100.00	-	-	21,200,000	100.00
Medicom Corp.	100,000	100.00	-	-	100,000	100.00
Aidialink Corp.	8,000,000	100.00	-	-	8,000,000	100.00

Note : Long-term investment calculated according to the equity method.

III. Capital Overview

3.1 Capital and Shares

3.1.1 Source of Capital

(1) Issued Shares :

(Information for the most recent year ending on the date of publication of the annual report)

Unit : thousands share/ NT\$ thousands

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Approval Document No.
Feb. 2022	10.0	120,000	1,200,000	83,117	831,171	Cancellation of Treasury Stocks 1,515	None	Zhu- Shang -Tze No. 1110004451
Jul. 2022	10.0	135,000	1,350,000	83,117	831,171	-	None	Zhu- Shang -Tze No. 1110021098

(2) Type of Stock :

As of 2025/03/30

Share Type	Authorized Capital			Remarks
	Outstanding Stocks	Un-issued Stocks	Total Stocks	
Common Stocks in registered form	83,117,089	51,882,911	135,000,000	-

(3) Information Relating to the Shelf Registration : None

3.1.2 List of Major Shareholders :

As of 2025/03/30

Shareholder's Name	Shareholding	
	Shares	Percentage
Goodyears Investments Ltd.	3,982,475	4.79%
Ting Hao	2,361,000	2.84%
Tzay Hua Ltd.	1,480,652	1.78%
Taipei Fubon Commercial Bank Co. , Ltd.Trust Account	1,277,751	1.54%
Yun-Ping Lin	900,000	1.08%
O-Ta Liu	659,000	0.79%
O-Chang Hsieh	565,000	0.68%
O-Wen Hsu	465,000	0.56%
Cheng-Feng Chiu	433,101	0.52%
Citibank Taiwan Custody Berkeley Capital Securities Limited Account	367,000	0.44%

Note : The calculation of Major Shareholders' shareholding status includes the Company's treasury Stocks : 0 shares.

3.1.3 Dividend Policy and Implementation Status

(1) Dividend Policy under the Articles of Incorporation :

The Company's earnings may be distributed in the form of cash dividends or stock dividends. The company may distribute all the distributable earnings of the current year based on the consideration of financial, business and operational factors, among which the distribution of dividends to shareholders can be made in cash or shares. The proportion of cash dividends distributed to

shareholders shall not be less than 30% of the total dividends to shareholders. The objects of employee distribution of stock dividends include employees of subordinate companies who meet certain conditions, and the certain conditions are determined by the board of directors.

- (2) The company's dividend policy is determined by the board of directors based on the company's operating conditions, capital needs, capital expenditure budget, changes in the overall internal and external environment, and taking to account the interests of shareholders. Unless other special circumstances are considered, the distribution principle should not exceed 80% to 90% of the after-tax surplus of the current year.

- (3) Proposal to Distribute 2024 Profits (Approved by the Board and subject to Shareholders' approval)

A total of NT\$ 14,129,905 (NT\$0.17 per share) out of 2024 distributable profits will be distributed as cash dividends which is 61.40% of distributable profits.

3.1.4 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting. : Not applicable.

3.1.5 Compensation of employees and directors

- (1) The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation :

The company shall pay taxes, cover accumulated deficits and set 10% of its net earnings apart as earned surplus. The board of directors has the authorization under Article 228-1 and Article 240 (5) of the Company Law to adjust retained earnings distribution and submit it to shareholders meeting for approval.

Employee compensation can be distributed in the form of stocks or cash, and must be approved by a resolution passed by two-thirds or more of the directors in attendance and a majority of the attending directors. This decision should also be reported to the shareholders' meeting. Director compensation, on the other hand, must be paid in cash.

Employees eligible for stock or cash compensation include employees of subsidiaries who meet certain conditions, which shall be determined by the board of directors.

- (2) The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period :

The Company's assessment of employees' compensation and directors' remuneration is based on the amount of experience in the past. In 2024, it is estimated 8.50% of pre-tax profit for employees' compensation and 2% of pre-tax profit for director's remuneration. If there is a difference between the actual distribution amount and the estimation, it shall be adjusted according to the accounting estimates and adjusted in the resolution of the shareholders' meeting resolution.

- (3) Information on any approval by the board of directors of distribution of compensation :

(A) The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that

amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: Directors' remuneration is NT\$ 355,065 (2.00% of pre-tax profit) and the profit for total employees is NT\$ 1,509,029 (8.50% of pre-tax profit); both shall be paid in cash. The amounts are as same as those recognized in the 2024 financial statement.

- (B) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation:

The Company proposes that all employee remuneration will be paid in cash, so the amount of employee stock remuneration and the proportion of the current period's net profit after tax and total employee remuneration are both 0.

- (4) The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated:

The Directors' remuneration of 2023 was NT\$ 1,259,204 and total employees' compensation was NT\$ 5,351,616; both were paid in cash. Both amounts as same as resolved by the Board of Directors.

3.1.6 Share Repurchases by the Company (Repurchases Already Completed)

As of 2025/03/30

Repurchase no.	The first time,2020
Purpose of repurchase	To transfer to employees
Repurchase period	2020/03/02- 2020/05/01
Repurchase price range	16.5-25.0
Types and numbers of shares bought back	1,400,000 common shares
Amount of shares bought back (NT\$)	NT\$ 22,736 thousand
The number of repurchased shares that have been transferred	1,400,000 shares
Accumulated number of the Company's shares held by the Company	0 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	-

3.2 Status of Corporate Bonds : None

3.3 Status of Preferred Stocks : None

3.4 Status of GDR : None

3.5 Status of Employee Stock Options Plan :

- (1) Unexpired employee subscription warrants issued by the company : None
- (2) The annual report shall disclose the names of top-level company executives holding employee share subscription warrants and the cumulative number of such warrants exercised by said executives as of the date of publication of the annual report. The annual report shall also disclose the names of the ten employees holding employee subscription warrants authorizing purchase of the

most shares and whose subscription amount exceeds NT\$ 30,000,000, along with the cumulative number of warrants exercised by these ten employees, as of the date of publication of the annual report : None.

3.6 Status of New Employees Restricted Stock Issuance :

- (1) Issuance of New Restricted Employee Shares : None
- (2) List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares : None

3.7 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies shall specify the following matters : None

3.8 Financing Plans and Implementation : None

IV. Operational Highlights

4.1 Business Activities

4.1.1 Business Scope

(1) Main Areas of Business Operations :

(A) Design, research, develop, produce, manufacture and market the following products :

Product line of communication network integrated circuit	① Modem Chipsets ② LAN Controller ③ ISDN Modem Chipsets ④ Cable Modem Chipsets ⑤ ATM Transceiver and Controller ⑥ Provide the above-mentioned products with technological consultation services.
Product line of video images integrated circuit	① Video Decoder ② Provide technological consultation services for the product.
Product line of electronic paper display (EPD) driver integrated circuit	① EPD Segment Driver IC ② EPD Segment Controller IC ③ EPD Dot Matrix Driver Controller IC ④ Provide the above-mentioned products with technological consultation services.
Product line of microcontroller integrated circuit	① MCU IC ② Provide technological consultation services for the product.

(B) Import and export of the above-mentioned products

(2) Revenue Distribution :

As of 2024/12/31

Major Divisions	(%) of Total Sales
LAN	82%
Other	18%

(3) Products Currently Offered by DAVICOM :

Product	Product Specifications
Industrial Ethernet 10/100/1000M PHY Copper /Fiber transceiver, Suitable for IoT/ IIoT / AIoT Embedded Applications	-Compliant with IEEE802.3, IEEE802.3u, IEEE802.3ab. Industry standard for 10/100/1000Mbps. -Support IEEE802.3az energy-saving standard.
USB2.0-Ethernet 10/100M controller, suitable for consumer or industrial embedded applications	-Capable of achieving high-speed transfer to USB2.0 480Mbps -Ultra-low power design with power-saving mode.
SPI-Ethernet 10/100M controller, suitable for industrial embedded microcontroller applications	-High-speed synchronous SPI -With High level ESD
Local Bus/PCI-Ethernet 10/100M controller, suitable for industrial embedded applications	-Local BUS or PCI

Multi-port Embedded 10/100M Ethernet Switch Controller, suitable for industrial embedded network communication applications	Design for integrated Multi-port 10M/100Mbps physical layer transceiver and Fast Ethernet Switch Controller Support QoS , VLAN, IGMP, STP/RSTP, MLD; and FEF/LFP
Video Decoder, suitable for security monitoring and identification or vehicle panoramic applications.	1 channel Video Decoder / 4 channel (mixer) Video Decoder
USB2.0 Full Speed to UART, suitable for consumer or industrial embedded applications	Support RS232,RS485 or RS422
Electronic paper display (EPD) Driver, suitable for low power display applications.	-Multi-segment Electronic paper display (EPD) Driver -Design for e-paper application spec.
Edge AI SoC, suitable for image sensing and recognition applications for AI.	-Equipped with a RISC-V core. -Integrated chip with CIS, NPU,MCU -It is capable of performing functions such as face detection and recognition, human, animal, and object detection, speech recognition, and artificial intelligence algorithms.
Physiological signal processing MCU, suitable for battery-powered physiological signal monitoring applications.	Embedded ROM/Flash, RAM, ADC, GPIO, UART/SPI/ISO7816, Low-Voltage Reset
Logistics AI Management System.	-Equipped with multiple types of sensors and actuators, including RFID. -Private cloud/public cloud/hybrid cloud network system architecture -Edge/Cloud AI Computing for Processing, Analysis and Decision Making. -It can be integrated with existing IT automation resource management systems.

(4) New Products under Development :

Product	Product Specifications
Chips with new design for upgraded manufacturing processes	Targeting low power and low carbon emission
Chips supporting IEEE 1588 PTP and related protocol software development	Software compatible with the IEEE 1588 PTP standard and interoperable within the industry
Chips for Industry 4.0 factory automation and smart factories	Compliant with IEEE 10Base-T1L standard
Automotive Ethernet chip	Compliant with IEEE 10Base-T1S standard
Ethernet Chip with TCP off load engine	According to TCP protocol standard
Artificial intelligence (AI) models and algorithms	

4.1.2 Industry Overview

(1) Current Status and Future Development of the Industry :

※ Please refer to page 45 of the Chinese version annual report.

(2) Relationship with Up-, Middle- and Downstream Companies :

※ Please refer to page 45~46 of the Chinese version annual report.

(3) The various development trends and competitive situation of the products :

(A) Development Trends :

- ① Network Expansion and Extension – The continued evolution of Cloud Computing, Internet of Things (IoT), Industrial Internet of Things (IIoT),

and Artificial Intelligence of Things (AIoT) has led to increasingly diverse applications of AI-driven services.

- ② Energy Conservation and Carbon Reduction – Emphasis on low power consumption remains a core priority, driven by the growing global focus on ESG.

(B) Competitive Landscape :

※ Please refer to page 46 of the Chinese version annual report.

4.1.3 Technology and R&D Overview

(1) Annual R&D Expenditure to Date:

Unit : NT\$ thousands

Year	R&D Expenditure	%
FY2025 (as of 3/31, consolidated)	14,306	28
FY2024 (consolidated)	55,791	34

(2) Technologies and Products Successfully Developed:

DAVICOM has dedicated years to the research and development of high-speed Ethernet and consumer communication solutions. Significant progress has been achieved in the following areas:

- (A) Embedded high-speed Ethernet controller chips supporting 10/100/1000M SPI, USB bus, PCI bus, MAC controllers, and integrated PHY single-chip solutions.
- (B) Embedded high-speed network switch chips – multi-port 10/100 intelligent managed switch chipsets.
- (C) E-paper driver ICs and corresponding System-on-Chip (SoC) solutions.
- (D) Microcontroller (MCU) chips.
- (E) Video decoder chips for multimedia applications.

4.1.4 Short- and Long-Term Business Development Plans

(1) Short-Term Plans:

- (A) Strengthen business management to reduce accounts receivable risk, while proactively expanding into China and the Asia-Pacific markets.
- (B) Expand sales scale and increase the proportion of new product sales through strategic alliances to enhance profitability.
- (C) Implement total quality management, emphasizing customer orientation and high-quality service delivery.

(2) Long-Term Plans:

- (A) Pursue ongoing technical collaborations with leading global companies to enhance technological capabilities.
- (B) Continuously expand the supplier to reduce production costs and improve organizational integration, aiming to boost both sales performance and management efficiency, thereby maintaining competitive pricing and increasing market share.
- (C) Provide exceptional after-sales services and foster long-term customer relationships to ensure stable growth and sustainable profitability.

4.2 Market and Sales Overview

4.2.1 Market Analysis

(1) Sales (Service) Region :

As of 2024/12/31 / Unit : NT\$ thousands

Area Division	Export Sales		Domestic Sales
	China	Overseas	Taiwan
LAN	89,249	25,662	21,794
EPD	1,517	35	67
Video	6,862	661	23
WAN & Others	0	4,047	15,944
Total	97,628	30,405	37,828

(2) Market Share of Major Product Categories :

In recent years, the company has been committed to the niche market of embedded system chip. With a wide range of technical support and quality assurance, the products have won customers' trust, and the company's performance and its profit also increase remarkably.

(3) Future market supply and demand situation and growth potential :

With low price, high bandwidth and user-friendly features, Ethernet has not only become the most widely used local area networking technology, but also been gradually evolving new capabilities to enter customer electronics field and become the most attractive Embedded System Networking Technology.

(A) Ubiquitous Communication Networks

(B) Rapid Growth of Artificial Intelligence, Industry 4.0, and Automotive Electronics

(4) Favorable and Unfavorable Factors in the Long Term :

(A) Favorable factors :

- a) have been in the embedded system network communications market for years
- b) own solid communication core technology
- c) strong strategic alliances and partners with efficient and systematic logistic control of production

(B) Unfavorable factors :

- a) Foreign competitors are aggressively expanding their market share in the embedded system market with their powerful scale.
- b) wireless based and SoC products will threaten the market of existing products

※ Please refer to page 48~49 of the Chinese version annual report.

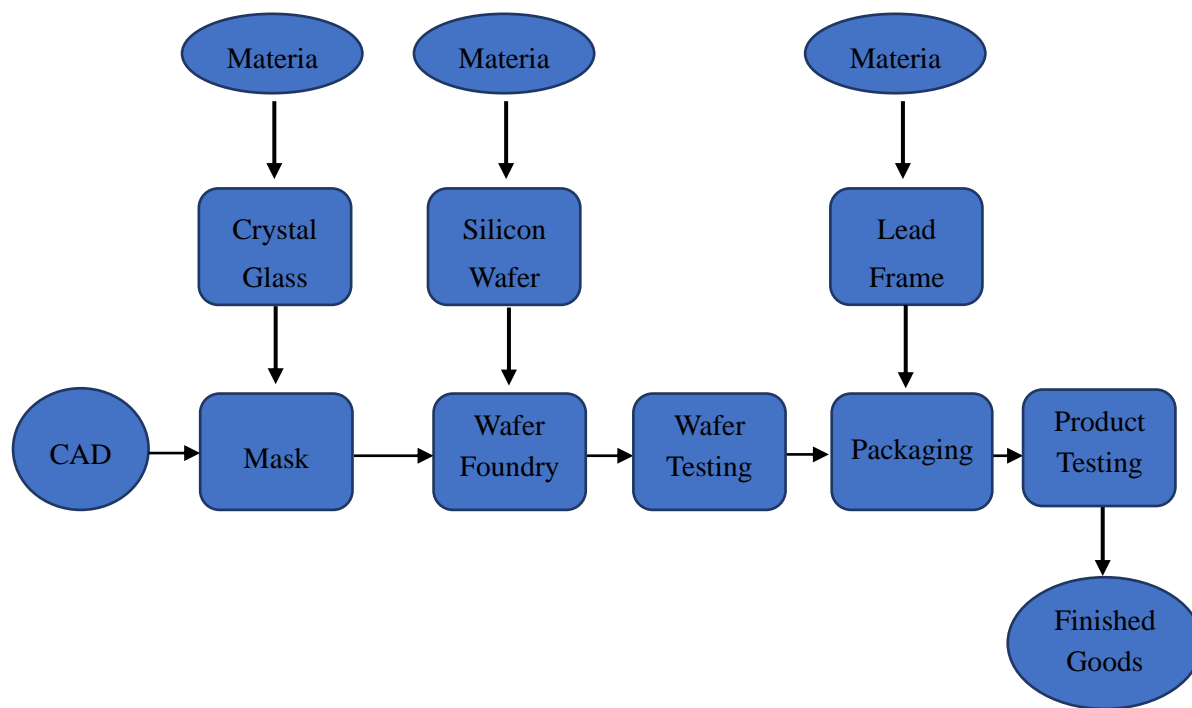
4.2.2 Main Uses and Production Procedures of Main Products

(1) Major Products and Their Main Uses :

Major Products	Main Uses
Local Area Network Chipsets (LAN)	Computer communications application on the network card, hubs and switches, as local network resources to transfer and share.
Wide Area Network Chipsets (WAN)	Computer communications on the application of the data machine, as a remote access for data and video transmission.
Video Decoder Chipsets	Closed-circuit television security monitoring system or DVR / NVR system applications, as the camera image signal decoding.
Electronic Paper Display (EPD)	Drive electronic paper, suitable for low-power applications and equipment, such as financial smart cards, electronic shelf labels, wearing equipment etc.
Microcontroller Unit (MCU)	Motor control, analogy digital signal, RFID, financial smart card, electronic shelf labels, wearable equipment etc.

(2) Production Processes :

(A) Production Process : Our company is an IC design company and all products are manufactured through outsourcing.



(B) Design process : IC products originate from IC design, which is developed using tools such as CAD.

4.2.3 Supply Status of Main Materials :

Major Raw Materials	Wafer
Source of Supply	United Microelectronics Corporation (UMC)
Supply Situation	Long-term partnership
Procurement Strategy of DAVICOM	Focus on quality and the market trend. Our long-term partner United Microelectronics Corporation (UMC) has been able to maintain good quality and process capability, satisfying DAVICOM's requirements. DAVICOM negotiates pricing with suppliers according to the market supply and demand conditions. It also reviews the production and service quality periodically with its suppliers. DAVICOM not only continues to strengthen its cooperation with existing manufacturing partners, but also actively surveys and contacts other potential suppliers to ensure secured supply, high quality, and low-cost procurement.

4.2.4 Major Suppliers and Clients

(1) Major Suppliers in the Last Two Calendar Years :

Unit : NT\$ thousands

Item	2023				2024			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	I	14,942	50.86	None	I	11,875	82.08	None
2	VIII	7,339	24.98	None	III	1,750	12.10	None
3	XII	5,124	17.44	None	VIII	560	3.87	None
4	Others	1,972	6.72	None	Others	282	1.95	None
	Net Total Supplies	29,377	100.00		Net Total Supplies	14,467	100.00	

Note : Due to the vertical integration of the market, our main raw material wafers are purchased from UMC.

(2) Major Clients in the Last Two Calendar Years :

Unit : NT\$ thousands

Item	2023				2024			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	C	47,814	19.71	None	C	38,642	23.30	None
2	L	33,404	13.77	None	L	27,964	16.86	None
3	A	15,955	6.58	None	A	14,795	8.92	None
4	Others	145,399	59.94	None	Others	84,460	50.92	None
	Net Total Supplies	242,572	100.00		Net Total Supplies	165,861	100.00	

Note : The reason for variation is mainly due to the dispersion of part of the agency business.

4.3 Human Resources :

Year		2023	2024	As of 2025/03/30
Number of Employees	Engineering	53	46	46
	Administration	21	20	20
	Total	74	66	66
Average Age		52.8	53.4	53.5
Average Years of Service		16.9	17.8	17.9
Education	Doctoral	1	1	1
	Master	29	26	26
	Bachelor's Degree	43	38	38
	Senior High School	2	1	1

4.4 Environmental Protection Expenditure

The Group is a fabless IC design company and engaged with no production activities. The production, packaging and testing are outsourced to qualified subcontractors. There were no environmental penalties in the past years.

4.5 Labor Relations

4.5.1 Detailed descriptions are listed in the following :

(1) Employee benefits :

The Company established an Employee Welfare Committee in August 1996, which has been duly registered and approved by the Hsinchu Science Park Administration. Monthly funds are allocated to support the committee, which regularly organizes employee welfare activities. Each year, a comprehensive welfare plan and corresponding budget are formulated to ensure the well-being of all employees.

Implementation of Employee Welfare Measures in 2024					
Category	Item	People	Category	Item	People
Welfare Subsidies	Wedding Allowance	0	Welfare Subsidies	Group Insurance Discounts for Dependents	40
	Funeral Allowance	6		Scholarships for Employees' Children	25
	Meal Subsidy	66	Training Programs	New Employee Orientation	2
	Childbirth Subsidy	1		On-the-Job Training	58
	Hospitalization Subsidy	0		Cross-Department Transfer Training	0
	Health Check-ups	66	Other Welfare Benefits	Paternity Leave	0
	Discounted Health Check-ups for Dependents	0	Special Assistance	Support for Employees with Physical Disabilities	0

(2) Employee training and development :

In 2024, a total of 174 participations were recorded in both internal and external training programs. The average training hours for external courses are 2 hours per participant. Additionally, 7 employees obtained professional certifications during the year. On 2024/12/10, a fire evacuation drill for all employees was conducted with the assistance of the Hsinchu City Fire Department.

(3) Retirement plan :

In compliance with the Labor Standards Act, the Regulations for the Allocation and Management of the Labor Retirement Reserve Fund, and the Labor Pension Act, the Company contributed 6% of the monthly wages of employees who have opted into the new pension scheme since 2005/07/01, as well as all new employees, to their pension accounts with the Bureau of Labor Insurance. For employees who have chosen the old pension system or retained seniority under the old system after switching to the new one, the Company continues to allocate the required retirement reserve funds to a dedicated account with the Bank of Taiwan, following applicable regulations.

(4) Labor Relations :

The Company regularly holds management meetings to gather employee feedback and improve labor relations. Quarterly employee forums provide opportunities for direct dialogue between staff and management. Additionally, email accounts on the intranet and company website allow employees to directly contact senior executives and independent directors to submit complaints or share opinions.

(5) Employee performance and incentive mechanism :

To ensure fair and objective employee performance assessment and encourage innovation and growth, the Company has established a "Performance Evaluation Policy." Evaluations are conducted quarterly and annually. The results are used for bonus distribution, salary adjustments, promotions, and overall human resource planning.

- Performance Bonus
- Quarterly Bonus
- Restricted Stock and Treasury Stock
- Employee Stock Ownership Trust (ESOT)

(6) Workplace environment and employee personal safety protection :

(A) Equipment Maintenance and Inspection :

- ① In April 2024, the Company engaged a certified fire safety inspection firm to conduct inspections, with reports submitted to the competent authority in May 2024.
- ② The Company commissions certified testing firms to conduct workplace environment inspections, including carbon dioxide concentration, every six months. Tests completed in February and August 2024 showed results between 400–900 ppm, well within the legal limit of 5,000 ppm.
- ③ In March and September 2024, a certified electromechanical consultant conducted inspections of the high and low voltage power systems, all of which met regulatory standards.
- ④ Elevator maintenance is carried out twice a month by a qualified contractor.

(B) Occupational Health and Safety :

- ① A comprehensive employee health check-up was organized in 2024.
- ② On-site occupational health nurse services are provided monthly, and occupational physician services are conducted annually.
- ③ On 2024/02/01, the Company completed renewal of group insurance policies, including accident, medical, occupational injury, and cancer coverage, all free to employees.
- ④ To support employees' physical and mental well-being, the Company maintains an annual healthcare agreement with a designated clinic to offer comprehensive health management and medical services.

(C) Insurance :

The Company has completed the renewal of fire insurance (covering natural and non-natural disasters) for the DAVICOM office building, and public liability insurance for common areas. In addition, property and product insurance have been secured for Company-owned assets to ensure the safety of both the Company and its employees.

(7) Collective bargaining agreement :

The Company maintains effective labor-management communication through regularly scheduled quarterly labor-management meetings. Therefore, no labor union has been established, and no collective agreement has been signed.

※Please refer to page 52~54 of the Chinese version annual report.

4.5.2 For recent years and up to the printing date of the annual report, Davicom did not suffer losses due to labor disputes.

4.6 Information security management

4.6.1 Detailed descriptions are listed in the following :

(1) Information security risk management framework policies :

- (A) The Information Management Department was designated as the dedicated cybersecurity unit, with the department manager appointed as Chief Information Security Officer (approved by the Board on 2023/11/09), aiming to enhance overall defense capabilities and advance toward cybersecurity governance maturity.
- (B) The department oversees the implementation of cybersecurity policies and regulations, strengthening awareness and professional expertise.
- (C) Technology is used to identify risks and vulnerabilities, implement enhancements, and establish a comprehensive protection framework. Cybersecurity policies are reviewed regularly, with annual reporting to the Board.

(2) Implementation of information security :

- (A) Establish cybersecurity management standards that comply with legal and client requirements.
- (B) Promote company-wide training to build a shared commitment to comprehensive cybersecurity protection.
- (C) Safeguard the confidentiality, integrity, availability, and legal compliance of company and client information.

(3) Establish information security management organization :

Cybersecurity Committee :

Composed of 5 department heads, with the Chief Information Security Officer as the convener, responsible for overseeing cybersecurity operations and risk management. An annual report on cybersecurity practices and policy implementation is submitted to the Board.

The management mechanism follows the Plan-Do-Check-Act (PDCA) cycle to continuously strengthen the protection of confidential information and enhance employee awareness to reduce the risk of data breaches.

- (A) Conducts regular quarterly audits to ensure the effectiveness of protection measures.
- (B) Promotes awareness of information confidentiality and compliance in daily operations.
- (C) Implements cybersecurity training for all staff, requiring new hires to complete initial training and all employees to undergo annual refresher courses.

(4) Response to information security management :

- (A) Enhanced Defense and Maturity Assessment :
Conduct semi-annual cybersecurity system tests and implement

improvements. Perform ongoing business continuity drills. Establish a cyber incident response plan with reporting and recovery procedures.

(B) Cyber Risk Management Implementation :

Annual risk assessments identify key threats and vulnerabilities, including :

- ① Phishing emails used by scammers to trick employees into unauthorized transactions.
- ② Espionage or competitors using hacking techniques to steal internal data.
- ③ Criminal groups deploying malicious links to encrypt and ransom company data.
- ④ Large-scale DDoS attacks disrupting company networks.
- ⑤ Employees using unauthorized software or leaking sensitive data.
- ⑥ Natural disasters or accidents causing system damage, service interruption, or data loss.
- ⑦ Although the company has not purchased cyber insurance, diversified strategies are in place to enhance protection. In 2024, cybersecurity training sessions were held twice, with 115 total participants.
 - Ⓐ Conduct regular internal and external cybersecurity audits to optimize the management system. PwC Taiwan has performed the audit on 2024/11/09~2024/11/10.
 - Ⓑ Provide cybersecurity training for employees to raise awareness of email threats.
 - Ⓒ Install antivirus software and block USB usage to secure endpoint devices.
 - Ⓓ Implement firewalls to control network traffic and applications.
 - Ⓔ Strengthen access control and monitoring of internal networks and databases.
 - Ⓕ Adopt DRM(Digital Right Management) and disk encryption to protect confidential documents.
 - Ⓖ Use email filtering, auditing, and Anti-APT systems to reduce email-related risks.
 - Ⓗ Install access card systems to ensure physical security of the data center.
 - Ⓘ Centralize server management, conduct data backups and off-site disaster recovery drills annually.

※Please refer to page 54~56 of the Chinese version annual report.

4.6.2 No major information security incidents occurred for recent years and up to the printing date of the annual report.

4.7 Important Contracts :

Agreement	Counterparty	Period	Major Contents	Restrictions
Land Lease	Hsinchu Science Park Administration	2022/01/01~2041/12/31	DAVICOM's Headquarters	According to the contract

V. Review of Financial Conditions, Financial Performance, and Risk Management

5.1 Financial Status

Year Time	2024/12/31	2023/12/31	Difference	
			Amount	Ratio %
Current assets	727,430	758,502	-31,072	-4.10%
Property, Plant and Equipment	137,508	141,294	-3,786	-2.68%
Intangible assets	452	718	-266	-37.05%
Other assets	250,234	251,501	-1,267	-0.50%
Total assets	1,115,624	1,152,015	-36,391	-3.16%
Current liabilities	33,256	38,658	-5,402	-13.97%
Non-current liabilities	75,177	79,941	-4,764	-5.96%
Total liabilities	108,433	118,599	-10,166	-8.57%
Equity attributable to owners of parent	1,007,191	1,033,416	-26,225	-2.54%
Capital stock	831,171	831,171	0	0.00%
Capital surplus	58,641	63,597	-4,956	-7.79%
Retained earnings	131,408	159,822	-28,414	-17.78%
Other equity interest	-5,714	-12,859	7,145	-55.56%
Treasury shares	-8,315	-8,315	0	0.00%
Total equity	1,007,191	1,033,416	-26,225	-2.54%

Analysis of major changes exceeding 20% and NT\$10 million between reporting periods:

1. Decrease in Current Assets:

The decrease was due to a decline in overall operating revenue, resulting in lower net cash inflows from operating activities.

2. Decrease in Retained Earnings:

The decrease was due to the reduction in operating revenue, which led to lower profitability.

5.2 Financial Performance

Unit : NT\$ thousands

Year Item	2024	2023	Difference	
			Amount	Ratio (%)
Operating revenue	165,861	242,572	-76,711	-31.62%
Gross profit from operations	111,185	163,630	-52,455	-32.05%
Net operating income	-26,125	14,999	-41,124	-274.18%
Non-operating income and expenses	42,014	41,351	663	1.60%
Profit before tax	15,889	56,350	-40,461	-71.80%
Tax expense	1,525	5,606	-4,081	-72.80%
Profit	14,364	50,744	-36,380	-71.69%
Other comprehensive income, net after tax	9,800	317	9,483	2991.48%
Total comprehensive income	24,164	51,061	-26,897	-52.68%
Profit, attributable to owners of parent	14,364	50,744	-36,380	-71.69%
Comprehensive income, attributable to owners of parent	24,164	51,061	-26,897	-52.68%

Analysis of major changes exceeding 20% and NT\$10 million between reporting periods:

1. Decrease in Operating Revenue, Gross Profit, and Net Profit:

The decline was primarily attributable to a reduction in overall operating revenue, which led to a more pronounced decrease in operating profit.

2. Potential Impact on Future Financial and Business Operations, and Response Plan:

Currently, the Company maintains adequate operating capital and has not experienced any liquidity issues.

5.3 Cash Flow

1. Analysis of cash flow changes in recent years:

Unit : NT\$ thousands

Year Item	2024	2023	Increase (decrease) ratio%
Cash Flows from Operating Activities	18,773	52,120	-63.98
Cash Flows from Investing Activities	(3,085)	(521)	-492.13
Cash Flows from Financing Activities	(51,935)	(84,122)	38.26
Net Cash Inflow (Outflow)	(29,172)	(32,568)	10.43

For the year 2024, net cash inflows from operating activities amounted to NT\$18,773 thousand, primarily due to a decline in operating income and net profit, which reduced cash inflows.

Net cash outflows from financing activities totaled NT\$51,935 thousand, mainly attributable to the distribution of cash dividends.

2. Liquidity analysis for the recent two years:

Unit : NT\$ thousands

Year Item	2024/12/31	2023/12/31	Increase (decrease) changes ratio%
Operating Cash Flow Ratio	56.45	134.82	-58.13
Cash Flow Adequacy Ratio	75.91	74.09	1.86
Cash Reinvestment Ratio	(3.47)	(3.26)	6.44

Analysis of major changes exceeding 20% between reporting periods:

Operating Cash Flow Ratio: The changes are mainly due to the decrease of company revenue and the distribution of cash dividends.

3. Cash Flow Analysis for the Coming Year:

Unit : NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
\$666,160	64,732	7,547	723,345	-	-
(1) Analysis of Cash Flow for the Coming Year :					
① Estimated Net Cash NT\$ 64,732 thousand generated from Operating Activities, mainly due to the estimated sales growth.					
② The Cash Flow used in Cash dividends distribution.					
(2) Remedy for Estimated Cash Deficit and Liquidity Analysis : None					

5.4 Impact of Major Capital Expenditures on Financial and Business Operations in the Most Recent Year: None.

5.5 Investment Policy in the Most Recent Year, Main Reasons for Gains or Losses, and Improvement Plans

Unit : NT\$ thousands

Remarks Item	Investment Amount	Policies	Reasons for Gain or Loss	Action Plan	Investment Plan for the Next 12 Months
TSCC Inc.	115,615	Holding	Gain	N/A	N/A
Davicom Investment Inc.	214,417	Investment holding	Gain	N/A	N/A
Aidia Link Inc.	70,497	Investment	Loss	Continuous improvement	N/A
Medicom Inc.	624	Investment	Loss	Continuous improvement	N/A

5.6 Analysis of Risk Management

5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

- (1) Interest Rate : Interest rates currently do not have a significant impact on the Company's operations or profitability. The Company continuously monitors trends in financial market interest rates, regularly evaluates bank lending rates, and maintains close communication with financial institutions to secure the most favorable interest rate terms possible.
- (2) Exchange Rate : The Company's consolidated revenue is primarily denominated in U.S. dollars. Foreign exchange risk arises mainly from foreign currency-denominated cash and cash equivalents, net receivables (including related parties), other financial assets (current and non-current), accounts payable, and other current liabilities, which may result in foreign exchange gains or losses upon conversion.
To reduce these risks, the Company prioritizes natural hedging and the prudent use of various hedging instruments. The Company also closely monitors international financial market developments and maintains active communication with banks to gather information on exchange rate fluctuations and market trends. This enables the Company to respond promptly and adjust foreign currency positions accordingly to reduce the impact of exchange rate volatility.
- (3) Inflation : According to the Directorate-General of Budget, Accounting and Statistics, the Consumer Price Index (CPI) in 2025 is projected to increase by 1.9% year-on-year. Should inflation lead to an increase in procurement costs, the Company will appropriately adjust product pricing to offset the impact on profitability. The Company will continue to monitor changes in the CPI and trends in raw material prices to formulate strategies for cost and inventory control. In addition, the Company will maintain strong relationships with both suppliers and customers to mitigate the potential impact of inflation on its operations and earnings.

5.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions :

The company has not engaged in high-risk or high-leverage investments, nor provided any endorsement guarantees. The company has established procedures for lending money to others and providing endorsement guarantees, which are to be followed. As of the date of printing, there have been no instances of lending money to others.

5.6.3 Future Research & Development Projects and Corresponding Budget

Research Projects	Progress (%)	Expected Research Expenditure (NT\$)	Expected Completion Schedule
Ethernet Integrated Control Chip for Industrial Automation	Currently under development.	20 million	2025/Q4
Low-Power, High-Speed Ethernet Transceiver Chip with Precision Time Synchronization	Currently under verification.	10 million	2025/Q3

5.6.4 Effects and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales :

The company has taken appropriate measures to respond to important domestic and foreign policy and legal changes in the recent year, which will not have a significant impact on the company's financial business.

5.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales :

Gross profit margin declined due to intense market competition. The Company focused on enhancing product functions and reducing product costs as the first response measures. In addition, our company has established and implemented an information security management system to control information security risks. We have developed an information security policy document to regulate our information security. Moreover, we conduct regular information security risk assessments and internal and external information security audits every year to ensure the effectiveness of our management system and compliance with legal requirements.

5.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures :

The Company has consistently maintained an ethical business philosophy. Ethics has become the Company's essence in corporate governance.

5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans : None

5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans : None

5.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration : None

5.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% : None

5.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights : None

5.6.12 Litigation or Non-litigation Matters : None

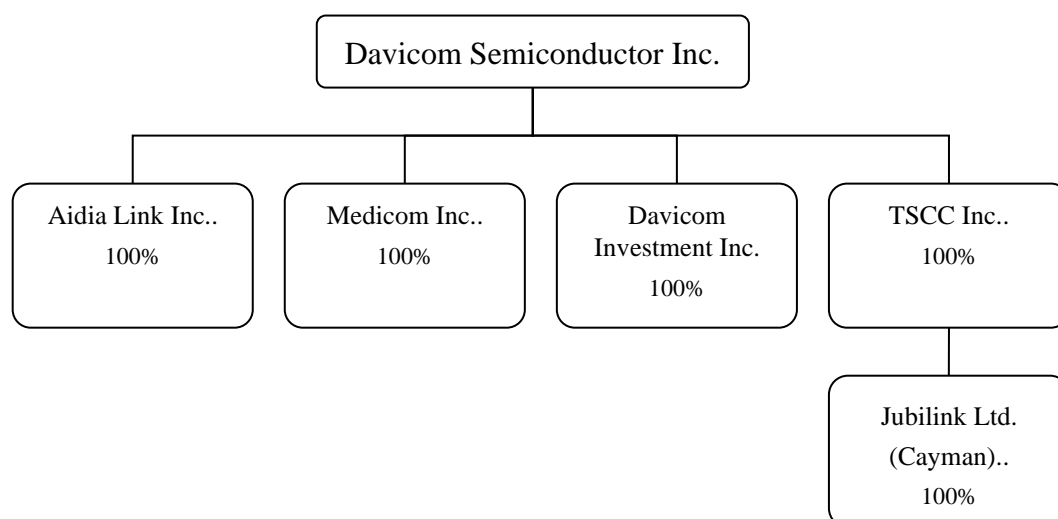
5.6.13 Other Major Risks : None

5.7 Other Material Events : None

VI. Special Disclosure

6.1 Summary of Affiliated Companies

(1) The Company's Affiliated Companies Chart :



(2) The Company Affiliated Companies :

Company Name	Date of Incorporation	Place of Registration	Capital Stock	Major Business
TSCC INC.	Jan. 2002	TrustNet Chambers, Lotemau P.O. Box 1225, Apia, Samoa.	US\$4,400 thousand	Investment activities
Davicom Investment Inc.	Apr. 2006	2F., No. 1, Ln. 53, Xinzhuang St., East Dist., Hsinchu City 300, Taiwan	NT\$212,000 thousand	Investment activities
Medicom Inc.	Jul. 2010	2F., No. 1, Ln. 53, Xinzhuang St., East Dist., Hsinchu City 300, Taiwan	NT\$1,000 thousand	Trade / IC design
Aidia Link Inc.	Apr. 2016	15F.-3, No. 60-3, Jianxin Rd., East Dist., Hsinchu City 300, Taiwan	NT\$80,000 thousand	Telecommunication Equipment and Apparatus Manufacturing
Jubilink Ltd.	Jan. 2002	P.O. Box 219, Grand Cayman	US\$2,500 thousand	Investment activities

(3) Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control : None

(4) Business Scope of the Company and Its Affiliated Companies :

Company Name	Major Business
TSCC INC.	Investment activities
Davicom Investment Inc.	Investment activities
Medicom Inc.	Trade / IC design
Aidia Link Inc.	Telecommunication Equipment and Apparatus Manufacturing

(5) List of Director, Supervisors and Presidents of the Company's Affiliated Companies :

Company Name	Title	Name of Representative	Shares	% of Holding
TSCC INC.	Director	Nien-Tai Chen	4,400,000	100.00%
Davicom Investment Inc.	Chairman	Ting Hao	21,200,000	100.00%
Medicom Inc.	Chairman	Chun-Chun Yang	100,000	100.00%
Aidia Link Inc.	Chairman	Ting Hao	8,000,000	100.00%

(6) Operation Highlights of the Company's Affiliated Companies :

Unit : NT\$ thousands

Company Name	Capital	Asset	Liabilities	Net worth	Net Sales	Operation Income (Loss)	Net Income	EPS (NT\$)
TSCC INC.	143,224	115,615	0	115,615	0	(35)	4,347	0.99
Davicom Investment Inc.	212,000	214,560	143	214,417	0	(527)	3,843	0.18
Medicom Inc.	1,000	624	0	624	46	(5)	16	0.16
Aidia Link Inc.	80,000	73,420	2,923	70,497	19,944	(1,406)	(760)	(0.01)
Jubilink Ltd.	82,725	—	—	—	—	—	—	—

(7) Consolidated Financial Statements of Affiliated Enterprises :

※Please refer to page 85

6.2 Private Placement Securities in the Most Recent Years : None

6.3 Other Necessary Supplement : None

VII. Any Events that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan : None

The entitle included in the consolidated financial statements as of December 31, 2024 and for the year ended prepared under the International Financial Report Standards No.10 (referred to as “Consolidated Financial Statements”) are the same as the entitles to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliation Enterprises (referred to as “Combined Financial Statements”).

Also, the footnotes disclosed in the consolidated financial statements have fully covered the required information in such combined financial statements. Accordingly, the Company did not prepare any other set of Combined Financial Statements than the Consolidated Financial Statements.

Very truly yours

DAVICOM Semiconductor, Inc.

Chairman: Ting Hao

February 27, 2025