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Niko Semiconductor Co., Ltd.

Niko-Sem

2024 Annual Report

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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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VI. Company Website: www.niko-sem.com

Contents

I. Report to Shareholders 1

II. Corporate Governance Report 6

I. Information on Directors, Supervisors, General Managers, Deputy General Managers, Asistant Managers, Directors of Departments and Branches 6

II. Remuneration of Directors, Supervisors, General Managers and Deputy General Managers in Recent Years. 13

III. Operation of Company Governance 17

IV. Information of CPA Fees..... 61

V. Information changing CPA..... 62

VI. The chairman, general manager, or manager in charge of financial or accounting affairs of the Company, who has worked in a firm affiliated with a CPA or its affiliated enterprises in the past year 62

VII. The latest year and up to the date of publication of the annual report, directors, supervisors, managers and shareholders holding more than 10% of the shares of equity transfer and equity pledge changes..... 62

VIII. Information on the relationship between the top 10 shareholders, who are related parties or are spouses or relatives within the second degree 63

IX. The number of shares held by the Company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvestment enterprise shall be combined to calculate the comprehensive shareholding ratio. 64

III. Fund-raising.....65

I. Capital and Shares 65

II. Handling of corporate bonds..... 68

III. Handling of special share 68

IV. Handling of overseas depository voucher. 68

V. Handling of employee stock subscription voucher..... 68

VI. Handling of new shares restricting employee rights 69

VII. Handling of M&A (including mergers, acquisitions and splits) or the issuance of new shares by accepting shares of other companies 69

VIII. Implementation of Funds Utilization Plan..... 69

IV. Operational Overview 70

I. Business content..... 70

II. General Situation of Market and Production and Marketing 75

III. Information on employees 78

IV. Information on environmental expenditure 78

V. Information on labor relations 80

VI. Information security management 83

VII. Important Contracts 84

V. Financial situation and financial performance review analysis and risk issues 85

I. Financial status 85

II. Financial Performance 85

III. Cash flow 86

IV. Impact of major capital expenditure on financial business in recent years 87

V. The recent annual reinvestment policy, the main reasons for its profits or losses, improvement plans and investment plans for the coming year 87

VI. Risk assessment and countermeasures of the latest year and up to the date of publication of the annual report 87

VII. Other Important Matters 89

VI. Special Records 90

I. Relevant Information of Related Enterprises 90

II. In the latest year and up to the date of publication of this annual report, the case of private placement 90

III. In the latest year and up to the date of publication of the annual report, subsidiaries held or disposed of the Company's share 90

IV. Other necessary supplementary matters. 90

VII. Matters with Significant Impact on Shareholders' Rights or Securities Prices In the Latest Year and up to the Date of Publication of the Annual Report 90

I. Report to Shareholders

Dear Shareholders：

According to Gartner's latest forecast, the global semiconductor market is expected to continue to grow in 2025, with output value expected to reach US$697 billion. This growth was primarily driven by generative AI and data center construction. In addition, the AI semiconductor market is expected to reach US$174.48 billion, with a compound annual growth rate of 15.2%.

However, in 2024, the global PC market experienced some subtle changes. According to IDC's report, global PC shipments will increase by 1% year-on-year in 2024 to 263 million units. The growth was mainly driven by the Chinese government's subsidy policy and year-end promotional activities. In addition, enterprises are actively promoting hardware upgrades before the Windows 10 support plan ends in October 2025, which also promotes the growth of the PC market. In addition, according to Canalys data, global PC shipments increased by 3.9% in 2024 to 256 million units. Among them, it is worth noting that as CPU and PC brand manufacturers begin to introduce AI into more models, PCs with AI functions will continue to penetrate, and the application of AI technology in the PC market will gradually increase and become an important driving factor for market growth.

Looking ahead to 2025, the PC market faces many challenges and opportunities. First, Windows 10 will end support in October 2025, which will prompt a large number of users to upgrade to Windows 11 PCs. Microsoft's "carrot and stick" strategy is to attract users to upgrade by providing new features of Windows 11 and the performance, security and battery life advantages of new PC hardware. However, this strategy also faces challenges as many old and incompatible devices require hardware upgrades. In addition, global economic uncertainty also has an impact on the PC market. The threat of new tariffs and higher existing ones that could be imposed by the U.S. government has added to concerns across the industry. In general, the PC market in 2025 faces both favorable and unfavorable factors, which makes the market outlook challenging and demand planning difficult. However, with the further development and application of AI technology, the PC market is still expected to maintain steady growth in the next few years.

The products of the Company are widely used in various fields, and we lay out new business opportunities in advance, and invest resources to develop related technologies and new products. In terms of sales and considering gross profit, the product portfolio is adjusted, the PC market is the main market, and the proportion of non-PC market is increased year by year. The relevant operating results and plans are as follows:

I. Implementation Result of Business Plan

(i) Implementation Result of Business Plan

The net amount of consolidated operating income of the Company in 2024 was NT$ 2,468,261 thousand, which was comparable to NT$ 2,464,539 thousand in the previous year (2023). The consolidated net profit after tax was NT$ 201,472 thousand, which decrease by NT$ 8,330 thousand compared with the net profit after tax of NT$ 209,802 thousand in the previous year (2023). The earnings per share in the whole year of 2024 was NT$ 2.49, and the

earnings per share in the previous year (2023) was NT$ 2.59.

(ii) Execution Situation of Budget

The Company didn't formulate financial forecasting in 2024. However, according to the budget of internal management, the net amount of consolidated operating income in 2024 was NT$ 2,468,261 thousand, which has reached 91% of the budget target in 2024; The consolidated net profit after tax is NT$ 201,472 thousand, which is an increase of NT$ 33,521 thousand compared with the estimated net profit after tax target of NT$ 167,951 thousand in 2024.

(iii) Analysis of financial revenue and expenditure and profitability

	Analysis Item	2024	2023
Profitability Analysis	Return on Asset (%)	5.58	6.03
	Return on Equity (%)	6.73	7.58
	Ratio of net profit before tax to paid-in capital (%)	30.08	40.07
	Profit Margin (%)	8.24	8.51
	Earnings per Share (NT$)	2.49	2.59

(iv) Research development status

Please refer to Page 74 Technology and R&D overview.

II. Summary of Business Plan

(i) Operation Guideline

1. Main Guideline: To provide customers with complete and cost-effective power component product lines and services in the power supply solutions of various types of electronic and electrical products, and become a trusted partner of customers.
2. Product and Technique: Strengthen the development of high-end PC products, and integrate IC to launch mainstream products for core power applications、power modules and components used in AI Server power thus breaking through the monopoly of foreign investors. In addition, we continue to expand the application fields of products, and develop new products with small size package, high voltage and high current, and the 3rd generation semiconductor materials technology for the power management and charging needs of vehicles, mobile devices and industries.
3. Management: Optimize the organizational structure, clarify and standardize the responsibilities and target of each functional unit, and bring into play the organizational benefits. Systematize the product development process, set up risk control points and conduct immediate review to improve the product success rate. Continuously improve the operation process of the production and marketing system, adjust the supply and demand plan in real time in response to market trends, changes in economic situation and end-customer needs, optimize the supply and effectively control the inventory.
4. Sales and Service: Gradually invest resources in major wafer factory to establish technical platforms to develop a full series of products, expand sales scale and avoid over-reliance

on the single wafer factory. Based on PC products, we strive for sales growth and stable gross profit. The non-PC market locks in the main and key development customers in various fields, concentrates resources to provide in-depth services, and increases the proportion of sales year by year.

(ii) Expected sales quantity and its basis

1. Selling products: High, medium and low voltage power metal oxide semiconductor field-effect transistors (Power MosFET) are the main products, power modules and a few power management IC related products.
2. Main market objectives: Pan-PC products such as mainboard, laptop computer, server, tablet computer, GPU display card, fan and their peripheral power devices, as well as related applications such as TV/Monitor display panel, automotive rear-mounted electronic, uninterruptible power system (UPS), Power Bank, electronic cigarette, battery BMS, brushless motor, etc., and successively develop markets such as on-board chargers (OBC), charging piles, and wireless charging for electric vehicles.
3. Because the Company didn't formulate financial forecasting in 2025, there are no expected sales quantity and amount data.

(iii) Important research and sales policies

1. Strengthen R&D energy, invest in the development of medium high voltage power modules product lines, and expand applications outside the PC market. Use the bases in South China and East China to strengthen services and actively expand business in mainland China.
2. Through the careful evaluation process, the MosFET and IC design into modules, such as DrMOS, IPM, etc., are designed and integrated according to the case and industry cooperation, so as to upgrade the technical level of products and provide more comprehensive power supply solutions.
3. According to the scale and attributes of customers, formulate individual price, production and marketing strategies to meet the needs of different markets, regions and applications.
4. Stabilize all supplier partner relationships, reduce production supply risk. Focusing on the Company's medium and long-term development and growth, we will cooperate with upstream raw materials, wafer and packaging factories in project strategy, develop new processes, new materials and technologies and new packaging, enhance product competitiveness and lay out new product lines. Obtain supply from upstream fabs and expand total packaging capacity.

III. The company's future development strategy and the influence of external competitive environment, law environment and overall business environment

(i) Development strategy:

1. The division of labor and cooperation among market research and product planning, technology research and development, and engineering support units is clearly defined in the product development process, and all stages and steps are included in ISO systematic

control. Continuously build engineering and technical capabilities for different product lines, expand related instruments and equipment, match the original measurement and reliability equipment, develop high-efficiency and high-quality products, and follow up foreign specifications to strengthen the brand characteristics and value of the company.

2. Customer and market orientation, deepening product planning and evaluation, low, medium and high specification products shall be considered together, and priority shall be set to develop and improve in stages to meet the diversified application needs of customers.
3. Integrate power components and IC, continuous develops new modular products, and focus on home appliances and automotive markets, in order to provide customers with cost-effective choices.
4. The Company is positioned as a provider of various types of power management solutions, developing towards Fabless Design Company with full range of power component products and integrated services, and becoming a partner with customer trust and long-term cooperation.

(ii) Influence of external competitive environment, law and overall business environment

1. Market: According to preliminary statistics from a market research company, the global traditional personal computer (PC) market stabilized and shipments showing a slight increase in 2024. Looking ahead, PC demand is expected to pick up in 2025, driven by the replacement trend driven by the end of Windows 10 services and the increasing commercial value of AI PCs as applications mature.
2. External environment: The main drivers of global economic growth in 2025 include the generative AI boom and continued innovation in the energy sector, as well as the expectation that global economic growth will be solid as major central banks relax monetary tightening. However, the threat of new tariffs and increases in existing tariffs by the United States has exacerbated global economic uncertainty and increased concerns across the PC industry. In addition, with the continued popularity of electric vehicles and the wider and deeper application of semiconductors in vehicles, as well as the rapid growth of smart driving cars, the automotive semiconductor market continues to maintain strong growth momentum and will be the largest application area for semiconductors in the world from 2021 to 2027. This will prompt manufacturers to make new layouts and investments in technological innovation and capacity expansion.
3. Strategy ally: There is no strong demand in the market, but the competition in the same industry will become more intense. In the face of severe competition, it is necessary to plan the Company's medium and long-term development with flexible and open thinking. On the one hand, by combining upstream strategic partners and investing funds when necessary, it can ensure production capacity supply and new process development; On the other hand, we shall actively seek opportunities of industry alliance with high complementarity to jointly develop new products and achieve a win-win situation.

4. Law: After several years of multi-directional adjustment, the company is in good health, and there are no internal factors that impact the operation at this stage. All the business policies formulated by the company can operate in compliance with laws and regulations, and have been widely recognized by customers for many years, showing brand value.

Finally, I wish all shareholders, ladies and gentlemen, have safe family!

Chairman: Yang, Huiqiang

II. Corporate Governance Report

I. Information on Directors, Supervisors, General Managers, Deputy General Managers, Asistant Managers, Directors of Departments and Branches

(I) Information of Directors:

1. Name, economic (academic) history, shares holding and nature:

April 15, 2025 Unit: Share

Title	Nationality or Place of registration	Name	Gender Age	Date of election	Term	Date of initial selection	At the time of election Holding shares		Now Number of holding shares (Note 1)		Spouses and minor children holding shares now		Holding shares in the name of others		Major economic (academic) history	Currently holding positions of the Company and other companies.	Other heads, directors or supervisors with spouse or other relatives within second degree		
							Shares	Holding shares Ratio	Shares	Holding shares Ratio	Shares	Holding shares Ratio	Shares	Holding shares Ratio			Title	Name	Relationship
Chairman	Taiwan,	Yang Huichiang	Male 61~70	June 8, 2022	3 years	March 20, 2001	2,836,779	4.63	3,751,399	4.63	369,702	0.46	0	0	Graduated from Electronics Department of Asia Eastern University of Science and Technology R&D Engineer of Jia Jia Technology R&D Engineer of Mitac International Corporation R&D Engineer of Delta Electronics, Inc. General Manager of Niko Semiconductor Co., Ltd.	(Note 2)	Representative of legal person director	Lu Xiaoyu	Spouse
Director	Taiwan,	Liang Yuan Investments Co., Ltd.		June 8, 2022	3 years	June 16, 2009	3,019,007	4.93	4,008,341	4.95	0	0	0	0	NA	NA	None	None	None
	Taiwan,	Representative: Lu Xiaoyu	Female 51~60	June 8, 2022	3 years	September 6, 2010	279,567	0.46	369,702	0.46	3,751,399	4.63	0	0	Master of Marketing Public Relations, Bond University, Australia Assistant Manager of Fuhua Investments and Trust Company Financial Officer of Jianhua Commercial Bank Development Department Commissioner of Huayang Venture Capital (Holdings) Company	Special assistant to the chairman of Niko Semiconductor Co., Ltd.	Chairman	Yang Huichiang	Spouse
Independent Director	Taiwan,	Chen Deyu	Male 71~80	June 8, 2022	3 years	May 25, 2004	0	0	0	0	1,599	0	0	0	Doctor of Electrical Engineering, Duke University, USA Department of Electronic Engineering, National Chiao Tung University Engineer of New York General Company Professor of Electrical Engineering Department, Wickney Asian University, USA Professor of Electrical Engineering Department, National Taiwan University	None	None	None	None
Independent Director	Taiwan,	Wang Kaiming	Male 51~60	June 8, 2022	3 years	June 18, 2012	0	0	0	0	0	0	0	0	Department of Finance, Tamkang University Partnership Accountant of Anshi	Partnership Accountant of Anshi Director and consultant of RBC Bioscience Corp. Independent Director of GeneTouch Corporation.	None	None	None

Title	Nationality or Place of registration	Name	Gender Age	Date of election	Term	Date of initial selection	At the time of election Holding shares		Now Number of holding shares (Note 1)		Spouses and minor children holding shares now		Holding shares in the name of others		Major economic (academic) history	Currently holding positions of the Company and other companies.	Other heads, directors or supervisors with spouse or other relatives within second degree		
							Shares	Holding shares Ratio	Shares	Holding shares Ratio	Shares	Holding shares Ratio	Shares	Holding shares Ratio			Title	Name	Relationship
Independent Director	Taiwan,	Wu Mingzhi	Male 61~70	June 8, 2022	3 years	June 8, 2022	0	0	0	0	0	0	0	0	Master of Business Studies, Waseda University, Japan Representative of Japan Sanyo Securities in Taiwan General Manager of Lida Development Investments (Holdings) Company Chairman of Sino-Japanese Electric Heating (Holdings) Company Chairman of Lida Chemical (Holdings) Company Supervisor of Niko Semiconductor Co., Ltd.	Director of Lida Development Investments (Holdings) Company Supervisor of Corporate Legal Person of Foundation of Taiwan Industry Service	None	None	None
Independent Director	Taiwan,	Chen Yaoming	Male 51~60	June 8, 2022	3 years	June 8, 2022	0	0	0	0	0	0	0	0	PhD in Electrical Engineering, University of Missouri, USA Assistant Professor of Electrical Engineering Department, Yishou University Associate Professor of Electrical Engineering Department, Chungcheng University Professor of Electrical Engineering Department, National Taiwan University	Distinguished Professor of Electrical Engineering Department, National Taiwan University	None	None	None

Note 1: The statistics of the holding shares and the shareholding ratio are based on the benchmark date (April 12, 2025) of 2025 regular shareholders' meeting of the Company.

Note 2: The Company's CEO and General Manager, representatives of Power Up Tech Co., Ltd, Jinrong Investments Co., Ltd., Liang Yuan Investments Co., Ltd., Liang Jia Investments Co., Ltd. and Chang Kuan Investments Co., Ltd.

Note 3: If the chairman of the Board of Directors and the General Manager or equivalent (top manager) are the same person, are spouses or first degree relatives of each other, they shall explain the reasons, rationality, necessity and relevant information of the corresponding measures (such as increasing the number of independent directors and having more than half of the directors not concurrently serving as employees or managers, etc.)：

The chairman of the company concurrently serves as the general manager in order to improve operational efficiency and decision-making execution. However, in order to strengthen the independence of the board of directors, more than half of the directors of the board of directors do not concurrently serve as employees or managers. At the same time, the number of independent directors is increased to enhance the functions of the board of directors and strengthen the supervision function. Every year, the company arranges directors to participate in professional director courses from external institutions to enhance the operational efficiency of the board of directors.

2. Major shareholders of corporate shareholders:

Name of corporate shareholder	Major shareholders of corporate shareholders	
	Top 10	share holding ratio
Liang Yuan Investments Co., Ltd.	Yang Huichiang	79.80%
	Yang Huizong	20.00%

3. Professional qualifications of Directors and independence information disclosure of Independent Directors:

Requirements / Name	Professional qualifications and experience	Independence	Number of independent directors of other publicly listed companies
Chairman Yang Huichiang	Possess more than five years of work experience required for business and corporate business, and have rich industry and professional knowledge. He has served as the chairman of the company for more than 20 years and the general manager for more than 10 years. None of the items in Article 30 of the Company Act.	—	0
Director Liang Yuan Investments Co., Ltd. Representative: Lu Xiaoyu	Possess more than five years of working experience required for business and corporate business. She had worked as an Assistant Manager in Fuhua Investment Trust Co., Ltd. and is currently serving as a special assistant to the chairman of the company with rich experience. None of the items in Article 30 of the Company Act.	—	0
Independent Director Chen Deyu	Professor (retired) of the Department of Electrical Engineering, National Taiwan University, with rich industrial and professional knowledge. None of the items in Article 30 of the Company Act.	The person, person's spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the company or affiliated companies; have not served as directors, supervisors, or employees of companies that have a specific relationship with the company. The person, person's spouse, or others in the name of the company's shares do not hold more than 1% of the company's total issued shares, and not the top ten natural person shareholders of the company. Please refer to page 8 of this annual report for the company's shareholding information. Have not received remuneration for providing business, legal, financial, accounting and other services of the company or related companies in the past two years.	0

Requirements / Name	Professional qualifications and experience	Independence	Number of independent directors of other publicly listed companies
Independent Director Wang Kaiming	Possesses CPA qualification in Taiwan, he is a practicing accountant with rich experience in accounting. None of the items in Article 30 of the Company Act.	The person, person's spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the company or affiliated companies; have not served as directors, supervisors, or employees of companies that have a specific relationship with the company. Does not hold any shares of the company. Have not received remuneration for providing business, legal, financial, accounting and other services of the company or related companies in the past two years.	1
Independent Director Wu Mingzhi	Possess more than five years of work experience required for business and corporate business. He has served as the general manager of Lida Development and Investment Co., Ltd., the chairman of China-Japan Electric Heating Co., Ltd. and Lida Chemical Co., Ltd., and the supervisor of Niko Semiconductor Co., Ltd., experienced. Not covered by Article 30 of the Company Act.	The person, person's spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the company or affiliated companies; have not served as directors, supervisors, or employees of companies that have a specific relationship with the company. Does not hold any shares of the company. Have not received remuneration for providing business, legal, financial, accounting and other services of the company or related companies in the past two years.	0
Independent Director Chen Yaoming	Distinguished Professor of the Department of Electrical Engineering, National Taiwan University, with rich industrial and professional knowledge. Not covered by Article 30 of the Company Act.	The person, person's spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the company or affiliated companies; have not served as directors, supervisors, or employees of companies that have a specific relationship with the company. Does not hold any shares of the company. Have not received remuneration for providing business, legal, financial, accounting and other services of the company or related companies in the past two years.	0

4. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

◆The Company has stipulated in Article 20 of the Corporate Governance Best Practice Principles that diversity shall be considered in the composition of board members.

Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

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

B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform his/her duties. To achieve an ideal level of corporate governance, the Board of Directors should be equipped with the following abilities:

A. Ability to make operational judgments.

B. Ability to perform accounting and financial analysis.

C. Ability to manage a business.

D. Ability to handle crisis management.

E. Industry knowledge.

F. An understanding of international markets.

G. Leadership ability.

H. Decision-making ability.

◆Implementation of diversification of directors:

The company has six directors, and through the candidate nomination system, in addition to evaluating the qualifications of each candidate's academic experience, and referring to the opinions of stakeholders, it follows the "Procedures for Election of Directors" to ensure the diversity and independence of directors.

Among the current directors, employees account for about 33%, independent directors account for about 67%, and female directors account for about 17%. Seniority of tenure of independent directors, two of them have less than three years and two have more than nine years. Their qualifications are in compliance with the independent director norms stipulated by laws and regulations.

Due to the characteristics of our industry and historical factors, our company has primarily considered professional ability and experience when selecting directors in the past, and has not set any specific gender ratio requirements. There is currently one female director on the board of directors. In the future, when nominating directors, we will give priority to female candidates and actively seek female professionals with industry experience to join. The Company also strengthens the career development of senior female managers in its internal talent development program to increase the source of future director candidates and regularly reviews the progress of board diversity.

The implementation is as follows:

Diversification item / Name of director	Composition								
	Nationality	Gender	Serving as the Company's employee	Age distribution			Year(s) as independent director		
				Below 60	60~69	70 or more	3years or less	3~9years	9years or more
Yang Huichiang	Taiwan	Male	✓		✓				
Liang Yuan Investments Co., Ltd. Representative: Lu Xiaoyu		Female	✓	✓					
Chen Deyu (Independent Director)		Male				✓			✓
Wang Kaiming (Independent Director)		Male		✓					✓
Wu Mingzhi (Independent Director)		Male			✓		✓		
Chen Yaoming (Independent Director)		Male		✓			✓		

Diversification item / Name of director	Professional background					Professional knowledge and skills							
	Accounting	Industry	Finance	Marketing	Technology	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to manage a business	Ability to handle crisis management	Industry knowledge	An understanding of international markets	Leadership ability	Decision-making ability
Yang Huichiang		✓			✓	✓		✓	✓	✓	✓	✓	✓
Liang Yuan Investments Co., Ltd. Representative: Lu Xiaoyu				✓		✓		✓	✓		✓	✓	✓
Chen Deyu (IndependentDirector)					✓	✓		✓	✓	✓	✓	✓	✓
Wang Kaiming (Independent Director)	✓		✓			✓	✓	✓	✓		✓	✓	✓
Wu Mingzhi (Independent Director)		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Chen Yaoming (Independent Director)					✓	✓		✓	✓	✓	✓	✓	✓

Specific management objectives and achievement of the Board Diversity Policy：

Management objectives	Achievement
Directors who concurrently serve as company managers should not exceed one-third of the directors' seats	achieved
Directors must include at least one woman	achieved
The term of office of more than half of the independent directors shall not exceed nine years	achieved
Sufficient and diverse professional knowledge and skills	achieved

(2)Independence of the Board of Directors:

The current board of directors has six directors, of which four independent directors for about 67% of the directors; two are concurrently employees of the company, accounting for about 33% of the directors. Chairman Yang Huichiang and legal person director Lu Xiaoyu, representative of Liang Yuan Investments Co., Ltd. have a spouse relationship and the rest of the directors have no spouses or relatives within the second degree. Therefore, it complies with Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.

(II) Information on General Manager, Deputy General Manager, Assistant Manager, Heads of Departments and Branches:

Unit: share

Title	Nationality	Name	Gender	Date of election	Holding shares (Note 1)		Spouses and minor children holding shares		Holding shares in the name of others		Major economic (academic) history	Currently holding positions of other companies	Managers with spouse or other relatives within second degree		
					Shares	Holding shares Ratio	Shares	Holding shares Ratio	Shares	Holding shares Ratio			Title	Name	Relationship
CEO and General Manager	Taiwan	Yang Huichiang	Male	October 8, 2009	3,751,399	4.63	369,702	0.46	0	0	Graduated from Electronics Department of Asia Eastern University of Science and Technology R&D Engineer of Jia Jia Technology R&D Engineer of Mitac International Corporation R&D Engineer of Delta Electronics, Inc. General Manager of Niko Semiconductor Co., Ltd. Director of Mather Semiconductor	(Note 2)	None	None	None
Deputy Manager of Audit Office	Taiwan	Guo Furong	Male	March 20, 2015	0	0	0	0	0	0	Master of Business Administration, Changrong School of Management Assistant Accountant of Niko Semiconductor Auditor of PwC Taiwan Deputy Head of Deloitte Taiwan	None	None	None	None
Special Assistant of Finance Department	Taiwan	Lin Xunmin	Male	May 1, 2018	0	0	0	0	0	0	Department of Accounting, National Political University Deputy Audit Head of Diwan & Company Accounting Manager of Baihong Electronics (Holdings) Company Accounting Manager of Jianshun Jianzi (Holdings) Company	Representative of Wuxi Super GEM Microelectronics Co., Ltd.	None	None	None
Assistant Vice President Power Module Department Research and Development Department	Taiwan	Leng Zhongming	Male	January 10, 2022 September 1, 2021 November 1, 2024	91	0	0	0	0	0	Master of Electronic Engineering, Taiwan University of Science and Technology Deputy Director of Research and Development Department of Zhongqiang Electronics Co., Ltd.	None	None	None	None
Assistant Vice President Business Department	Taiwan	Yang Xinde	Male	January 10, 2022 June 1, 2021	0	0	0	0	0	0	Electronic Engineering Department, Asia Eastern University of Science and Technology Master of Business Administration, Royal Roads University of Canada Power Integrations, Inc. Regional Sales Manager Senior Business Manager of Power Forest Technology Co., Ltd.	None	None	None	None
Director of Market Development Department	Taiwan	Liu Jiacan	Male	January 1, 2019	0	0	0	0	0	0	International Business Department of Ming Chuan University Assistant Vice President of Jiaying Electronics	None	None	None	None
Deputy Director of Product Application Department	Taiwan	Li Guorong	Male	January 10, 2022	0	0	0	0	0	0	Electronic Engineering of Kuang Wu Institute of Technology Manager of O2 Micro	None	None	None	None
Director of Manufacturing Department	Taiwan	Zhang Chaojie	Male	December 1, 2018	0	0	0	0	0	0	Bachelor of Chemical Engineering, Chung Yuan Christian University Deputy Director of APEC Vice Director of YOUNGFAST Vietnam	None	None	None	None
Assistant Vice President Director of Quality Assurance Department	Taiwan	Gao Hui	Male	February 1, 2023 September 2, 2002	0	0	2,774	0	0	0	Department of Industrial Engineering, Chung Yuan Christian University Head of Product Protection, Mercer Semiconductor Co., Ltd.	None	None	None	None

Note 1: The holding shares and holding ratio is counted according to the benchmark date (April 12, 2025) for stopping transfer of ownership made the Company's 2025 regular shareholders' meeting.

Note 2: Representative of Power Up Tech Co., Ltd., Jinrong Investments Co., Ltd., Liang Yuan Investmenst Co., Ltd., Liang Jia Investments Co., Ltd., Chang Kuan Investments Co., Ltd.

Note 3: The Chairman of the Board of Directors and the General Manager or equivalent (the highest manager) who are the same person, spouse or first degree relative shall state the reasons, reasonableness,

necessity and response (e.g. increase of the number of independent directors, and shall be more than half of the directors who are not employees or managers) and other information:

The chairman of the company concurrently serves as the general manager in order to improve operational efficiency and decision-making execution. However, in order to strengthen the independence of the board of directors, more than half of the directors of the board of directors do not concurrently serve as employees or managers. At the same time, the number of independent directors is increased to enhance the functions of the board of directors and strengthen the supervision function. Every year, the company arranges directors to participate in professional director courses from external institutions to enhance the operational efficiency of the board of directors.

II. Remuneration of Directors, Supervisors, General Managers and Deputy General Managers in Recent Years:

1. Remuneration of general directors and independent directors:

December 31, 2024; Unit: NT$ thousands

Title	Name	Directors' emoluments								Proportion of total amount A, B, C and D four items to net profit after tax (%)		Relevant remuneration of part-time employees								Proportion of total amount A, B, C and D,E,F and G seven items to net profit after tax (%)		Remuneration from other than a subsidiary to investment or a parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C)		Operating expenses (D)				Salary, bonus and special expenses, etc. (E)		Retirement pension (Note) (F)		Staff remuneration (G)						
																The Company		All companies in The Financial Report				
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	Cash Amount	Shares Amount	Cash Amount	Shares Amount	The Company	All companies in the Financial Report	
Director	Yang Huichiang Liang Yuan Investments Co., Ltd. Representative: Lu Xiaoyu	1,800	1.800	0	0	7,258	7,258	55	55	9,113 4.52%	9,113 4.52%	11,076	11,076	289	289	8,535	0	8,535	0	29,013 14.40%	29,013 14.40%	None
Independent Director	Chen Deyu Wang Kaiming Wu Mingzhi Chen Yaoming	1,440	1,440	0	0	7,864	7,864	140	140	9,444 4.69%	9,444 4.69%	0	0	0	0	0	0	0	0	9,444 4.69%	9,444 4.69%	None

1. Please state the policy, system, standard and structure of remuneration payment for independent directors, and state the relevance of the amount of remuneration paid according to the responsibilities, risks, investment time and other factors:
The remuneration of independent directors of the Company is based on the Company's Articles of Association and the Measures for the Management of Remuneration of Directors, Supervisors and Managers. The Remuneration Committee reviews the degree of participation and contribution value of each director in the Company's operations, combines the reasonable fairness of performance risks with the remuneration received, and puts forward recommendations to the Board of Directors for resolution after taking into account the Company's operating performance and peer standards.
2. Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial report in the recent year (such as serving as consultants who are not employees, etc.): None.

Note 1. If there is no actual retirement in 2024, this is the pension allocated according to law.
Note 2. The Company's individual and consolidated net profit after tax in 2024 audited by accountants are both NT$ 201,472 thousand.
Note 3. Directors' remuneration and employees' remuneration are estimated. The Company has been approved by the Board of Directors on March 14, 2025 and plans to allocate NT$ 15,122 thousand for directors and NT$ 45,367 thousand for employees in 2024, subjecting to be reported to the 2025 regular shareholders' meeting.

Remuneration Scale

Remuneration range of each director of the company	Director's name			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	Our company	All companies in the financial report	Our company	All companies in the financial report
Less than NT $1,000,000				
NT $ 1,000,000 (included) ~ NT $ 2,000,000 (not included)				
NT $ 2,000,000 (included) ~ NT $ 3,500,000 (not included)	Liang Yuan Investment Co., Ltd. Representative: Lin Jianping Chen Deyu, Wang Kaimin Wu Mingzhi, Chen Yaoming	Liang Yuan Investment Co., Ltd. Representative: Lin Jianping Chen Deyu, Wang Kaimin Wu Mingzhi, Chen Yaoming	Chen Deyu, Wang Kaimin Wu Mingzhi, Chen Yaoming	Chen Deyu, Wang Kaimin Wu Mingzhi, Chen Yaoming
NT $ 3,500,000 (included) ~ NT $ 5,000,000 (not included)			Liang Yuan Investment Co., Ltd. Representative: Lu Xiaoyu	Liang Yuan Investment Co., Ltd. Representative: Lu Xiaoyu
NT $ 5,000,000 (included) ~ NT $ 10,000,000 (not included)	Yang Huichiang	Yang Huichiang		
NT $ 10,000,000 (included) ~ NT $ 15,000,000 (not included)				
NT $ 15,000,000 (included) ~ NT $ 30,000,000 (not included)			Yang Huichiang	Yang Huichiang
NT $ 30,000,000 (included) ~ NT $ 50,000,000 (not included)				
NT $ 50,000,000 (included) ~ NT $ 100,000,000 (not included)				
Over 100,000,000 yuan				
Total	6	6	6	6

2. Remuneration of supervisors: NA

3. Remuneration for General Manager and Deputy General Manager:

December 31, 2024; Unit: NT$ thousands

Title	Name	Salary (A)		Retirement pension (B) (Note 1)		Bonuses and special expenses, etc (C)		Employee remuneration amount (D)				Proportion of total amount of Four items A, B, C and D to net profit after tax (%)		Remuneration from other than a subsidiary to investment or a parent company
		The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company	All companies in the Financial Report	The Company		All companies in the Financial Report		The Company	All companies in the Financial Report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
CEO and General Manager	Yang Huichiang	5,724	5,724	213	213	3,924	3,924	7,972	0	7,972	0	17,833 8.85%	17,833 8.85%	None

Note 1. If there is no actual retirement in 2024, this is the pension allocated according to law.
Note 2. The Company's individual and consolidated net profit after tax in 2024 audited by accountants are both NT$ 201,472 thousand.
Note 3. The remuneration of employees is estimated. The Company has been approved by the Board of Directors on March 14, 2025. It plans to allocate NT$ 15,122 thousand for directors and NT$ 45,367 thousand for employees in 2024, subjecting to be reported to the 2025 regular shareholders' meeting.

4. The name and distribution of the manager who distributed the remuneration to the employees:

December 31, 2024; Unit: NT$ thousands

	Title	Name	Share amount	Cash amount	Total	Ratio of total amonut to net profit after tax (%)
Managers	CEO and General Manager	Yang Huichiang	0	14,912	14,912	7.40
	Assistant Vice President	Leng Zhongming				
	Assistant Vice President	Yang Xinde				
	Assistant Vice President	Gao Hui				
	Financial supervisor	Lin Xunmin				
	Accounting supervisor	Zhang Lingni				
	Corporate governance officer	Chen Yajuan				

Note 1. The Board of Directors of the Company approved a total remuneration of NT$ 45,367 thousand for the proposed employees on March 14, 2025, subjecting to be reported to the 2025 regular shareholders' meeting.

Note 2. This proposed allotment amount for employee compensation manager is estimated.

5. To compare and explain the analysis of the ratio of the total remuneration paid to the directors, supervisors, general managers and deputy general managers of the Company and all the companies in the consolidated statement to the net profit after tax in the last two years, and to explain the policies, standards and combinations of remuneration payment, the procedures for setting remuneration, and the correlation with operating performance and future risks:

Title \ Item	Proportion of total remuneration to net profit after tax			
	2024		2023	
	The Company	All companies in consolidated report	The Company	All companies in consolidated report
Director	9.21%	9.21%	8.19%	8.19%
General Manager and Vice President	8.85%	8.85%	8.82%	8.82%

Note 1. The Company's individual and consolidated net profit after tax in 2024 audited by accountants are both NT$ 201,472 thousand.

Note 2. The Company has been approved by the Board of Directors on March 14, 2025, and plans to allocate NT$ 15,122 thousand for directors and NT$ 45,367 thousand for employees in 2024, subjecting to be reported to the 2025 regular shareholders' meeting.

Article 19 of the Company's Articles of Association stipulates that if there is any profit in the current year, not less than 10% of the remuneration for employees and not more than 5% of the remuneration for directors and supervisors shall be allocated. The amount to be allocated shall be reviewed by the Remuneration Committee and submitted to the Bard of Directors for discussion and approval before it can be distributed and reported to the regular shareholders' meeting.

The Company’s procedures for determining the remuneration of directors, general managers and deputy general managers are based on the Organizational Rules of the Remuneration Committee and the Measures for Remuneration of Directors, Supervisors and Managers Management. According to the assessment items in the Measures, such as: directors, supervisors and managers have moral hazard incidents or major violations of laws and regulations, resulting in negative impact on the Company's image, improper internal management, violation of rules and regulations and other risk events, and the remuneration ratio of directors, supervisors and managers is calculated after taking into account the comprehensive consideration of the target achievement rate, interest rate, operating benefits and contribution degree, and reasonable remuneration is given. The remuneration system of directors, supervisors and managers is reviewed at any time according to actual operating conditions and relevant laws and regulations.

The remuneration of directors and supervisors shall, in addition to taking into account the evaluation results of performance evaluation standards, and in accordance with the provisions of Article 15 of the Articles of Association of the Company, the Remuneration Committee shall examine the participation degree and contribution value of directors and supervisors in the operation of the Company, combine the reasonable fairness of performance risks with the remuneration received, and make recommendations to the Board of Directors for resolution after taking into account the operating performance of the Company and the general standards of peers.

The remuneration of the general manager and the vice president shall be comprehensively considered based on the personal performance of the manager and the achievement of his/her goals, the individual contribution to the overall performance of the Company and the rationality of future risks. In addition, reasonable remuneration shall be given based on the Company's annual operating performance and the salary level of peers. The content and rationality of remuneration shall be submitted to the Board of Directors for discussion and approval after being reviewed by the Remuneration Committee. The remuneration system shall be reviewed according to the operating conditions and relevant laws and regulations in order to strike a balance between the Company's sustainable operation and risk control.

To sum up, the Company’s policies, standards and combinations of remuneration for directors, supervisors, general managers and vice presidents, as well as the procedures for setting remuneration, are reasonable. Considering the combination of the overall operating performance for the current year and future risks, the highest decision makers can continuously create the long-term operating performance of the enterprise under controllable risks.

III. Operation of Company Governance

(I) Information on Operation of Board of Directors

The Board of Directors has held 6 meetings (A) in the latest year. The attendance of directors and supervisors is as follows:

Title	Name	Actual number of attendance (B)	Entrusted attendance	Actual attendance rate (%) [B/A]	Note
Chairman	Yang Huichiang	6	0	100%	
Director	Liang Yuan Investments Co., Ltd.				
	Representative: Lu Xiaoyu	5	0	83%	
Independent Director	Chen Deyu	6	0	100%	
Independent Director	Wang Kaiming	6	0	100%	
Independent Director	Wu Mingzhi	6	0	100%	
Independent Director	Chen Yaoming	6	0	100%	

Other matters:

I. Under any of the following circumstances, the operation of the Board of Directors shall state the date, duration, contents of the proposal, opinions of all independent directors and the Company's handling of the opinions of independent directors: please refer to page 60-61 for details of board resolutions.

(I) Matters listed in Article 14-3 of the Securities and Exchange Act.

(II) In addition to the aforesaid matters, other matters decided by the Board of Directors that are opposed or reserved by independent directors and have records or written statements.

II. The director shall state the name of the director, the content of the proposal, the reason for interest conflict and the voting situation in the implementation of interest conflict proposal:

(1) March 12, 2024: The ninth meeting of the eighth session

- Content of the proposal: drafting the company's 2023 year-end bonus plan for managers.
- Directors of interest avoidance : Yang Huichiang, Lu Xiaoyu.
- Reasons for interests avoidance and participation in voting:
  As this case involves the payment amount of year-end bonus for managers, the director with the status of manager shall withdraw according to the regulations.
  After the withdrawal of directors Yang Huichiang and Lu Xiaoyu, the remaining directors present and independent directors passed the proposal without objection.
- Content of the proposal: it is proposed to determine the salary and related expenses of the company's directors and managers in the year of 2024.
- Directors of Interest avoidance : Yang Huichiang, Lu Xiaoyu.
- Reasons for interests avoidance and participation in voting:
  As this case involves the content and amount of manager's remuneration, the director with the status of manager shall withdraw in accordance with the regulations.
  After the withdrawal of directors Yang Huichiang and Lu Xiaoyu, the remaining directors present and independent directors passed the proposal without objection.
- Content of the proposal: drafting the compensation plan for employees and directors in the year of 2023.
- Directors of interest avoidance : Yang Huichiang, Lu Xiaoyu.
- Reasons for interests avoidance and participation in voting:
  As this case involves the amount of managers' remuneration to be distributed, the director with the status of manager shall withdraw in accordance with the regulations.
  After the withdrawal of directors Yang Huichiang and Lu Xiaoyu, the remaining directors present and independent directors passed the proposal without objection.

(2) November 5, 2024: the thirteenth meeting of the eighth session

- Contents of the proposal: the distribution of independent directors' remuneration in the year of 2023.
- Directors of Interest avoidance : Chen Deyu, Wang Kaiming, Wu Mingzhi, Chen Yaoming.
- Reasons for interests avoidance and participation in voting:
  As this case involves the interests of individual directors themselves, they have been withdrawn according to regulations.
  After the withdrawal of directors Chen Deyu, Wang Kaiming, Wu Mingzhi and Chen Yaoming, the remaining directors present and independent directors passed the proposal without objection.
- Contents of the proposal: the distribution of directors' and supervisors' remuneration and distribution of employees' remuneration to managers in the year of 2023.
- Directors of Interest avoidance : Yang Huichiang, Lu Xiaoyu.
- Reasons for interests avoidance and participation in voting:
  As this case involves the interests of individual directors themselves, they have been withdrawn according to regulations.
  After the withdrawal of directors Yang Huichiang and Lu Xiaoyu, the remaining directors present and independent directors passed the proposal without objection.

III. Information on the evaluation cycle, period, scope, method and content of the board's self-evaluation:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Annually	The evaluation covers the following periods: 2024/1/1-2024/12/31	Board of directors	Self-evaluation of the board of directors	1. Degree of participation in the operation of the company 2. Improve the decision-making quality of the board of directors 3. Composition and structure of the board of directors 4. Selection and continuing education of directors 5. Internal control
Annually	The evaluation covers the following periods: 2024/1/1-2024/12/31	Individual directors	Self-evaluation of directors	1. Grasp of the company's objectives and tasks 2. Recognition of directors' responsibilities 3. Degree of participation in the operation of the company 4. Internal relationship management and communication 5. specialty and continuing education of directors 6. Internal control
Annually	The evaluation covers the following periods: 2024/1/1-2024/12/31	Remuneration Committee	Internal self-evaluation of the Remuneration Committee	1. Degree of Participation in the operation of the company 2. Recognition of responsibilities of functional committees 3. Decision quality of functional Committee 4. Composition and election of members of functional committees 5. Internal control
Annually	The evaluation covers the following periods: 2024/1/1-2024/12/31	Audit Committee	Internal self-evaluation of the Audit Committee	1. Degree of Participation in the operation of the company 2. Recognition of responsibilities of functional committees 3. Decision quality of functional Committee 4. Composition and election of members of functional committees 5. Internal control

The 2023 Board of Directors and Functional Committees Performance Evaluations were completed on January 24, 2025, and reported to the Board of Directors on March 14, 2025. The average score of the overall Board of Directors performance self-evaluation was 4.43~5.00. The average score of the Board of Directors individual member self-evaluation was 4.95~5.00. The Directors gave favorable scores, representing the good operations of the entire Board of Directors. The average score of the Remuneration Committee and Audit Committee performance self-evaluation were all 5. The operations of both committees are complete and both fulfill their duties. (The scores are out of 5)

IV. The objectives of strengthening the functions of the Board of Directors in the current year and the latest year (e.g. setting up an audit committee, enhancing information transparency, etc.) and the evaluation of implementation:

1. The Company has formulated the Rules of Procedure of the Board of Directors of the Company in accordance with the Rules of Procedure of the Board of Directors of Public Offering Companies to follow, and put the attendance of directors at the Board of Directors at the public information platform.
2. The Company's financial information, major resolutions and other information have been published in the public information platform in accordance with regulations. The Company's financial and business information has also been disclosed on the Company's website. The investing public can obtain the information in real time.

(II) Information on the operation of the audit committee:

1. Professional qualifications and experience of Audit Committee's members

The Audit Committee consists of 4 Independent Directors, please refer to page 8-9 of this annual report for the professional qualifications and experience of the members.

2. Operation of the Audit Committee:

(1) Annual review items and key tasks for audits of the audit committee:

The audit committee aims to assist the board of directors in fulfilling its supervision of the company's quality and integrity in the implementation of accounting, auditing, financial reporting processes and financial controls.

Annual review items and key tasks for audits:

A. Financial statement audits
B. Asset acquisition transactions of a material nature.
C. Loans of funds, endorsements, or provision of guarantees of a material nature.
D. Proposals involving conflicts of interest of the directors.
E. Amendment of the internal control system.
F. Review the assessment of the effectiveness of the internal control system.
G. Appointment, discharge or remuneration of the Certified Public Accountant.
H. The offering, issuance, or private placement of any equity-type securities.
I. The appointment or discharge of a financial, accounting, or internal audit supervisor.
J. Amendments to the Procedures for Acquisition or Disposal of Assets, Loans of funds, endorsements or provision of guarantees.

(2) The Audit Committee has held 5 meetings (A) in the latest year. The attendance of independent director is as follows:

Title	Name	Actual number of attendance (B)	Entrusted attendance	Actual attendance rate (%) [B/A]	Note
Independent Director	Wang Kaiming	5	0	100%	
Independent Director	Chen Deyu	5	0	100%	
Independent Director	Wu Mingzhi	5	0	100%	
Independent Director	Chen Yaoming	5	0	100%	

Other matters that require reporting:

I. If one of the situations below occurs during Audit Committee operations, the Audit Committee meeting date, period, proposal content, content of objections, reserved comments or major suggestions made by independent directors, results of the Audit Committee resolution, and the Company's handling of the Audit Committee members' opinions should be described:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act

Term and date	Contents of the proposal and Resolution
7th meeting of the 1st committee March 12, 2024	Contents of the proposal： 1. The company's business report and financial statements for the year of 2023. 2. The company's 2023 earnings distribution plan. 3. The new share issue through capitalization of earnings. 4. Assessment of the effectiveness of internal control systems in 2023. 5. Assessment of the independence and competency of certified public accountants. 6. Non-assurance Services in 2024.
	Member opinion：No objection or reserved comments. Resolution：Passed as proposed after the chairperson consulted all attending members. The Company's response to the Audit Committee's opinions： Proposal to the board of directors shall be approved by all directors present.
8th meeting of the 1st committee May 3, 2024	Contents of the proposal： 1. Consolidated financial report for the first quarter of 2024.
	Member opinion：No objection or reserved comments. Resolution：Passed as proposed after the chairperson consulted all attending members. The Company's response to the Audit Committee's opinions： Proposal to the board of directors shall be approved by all directors present.
9th meeting of the 1st committee June 13, 2024	Contents of the proposal： 1. Increase investment.
	Member opinion：No objection or reserved comments. Resolution：Passed as proposed after the chairperson consulted all attending members. The Company's response to the Audit Committee's opinions：Proposal to the board of directors shall be approved by all directors present.
10th meeting of the 1st committee August 2, 2024	Contents of the proposal： 1. Consolidated financial report for the second quarter of 2024. 2. Cash capital increase of subsidiary. 3. Increase investment.
	Member opinion：No objection or reserved comments. Resolution：Passed as proposed after the chairperson consulted all attending members. The Company's response to the Audit Committee's opinions： Proposal to the board of directors shall be approved by all directors present.
11th meeting of the 1st committee November 5, 2024	Contents of the proposal： 1. Consolidated financial report for the third quarter of 2024. 2. Amendment of “Internal Control System-Sustainable Information Management Operations”. 3. Authorization Case for total transaction quota of Derivatives Trading of 2025.
	Member opinion：No objection or reserved comments. Resolution：Passed as proposed after the chairperson consulted all attending members. The Company's response to the Audit Committee's opinions：Proposal to the board of directors shall be approved by all directors present.

(II) Besides the matters above, other resolutions adopted with the approval of two-thirds or more of all Directors, without having been passed by the Audit Committee: No such incident occurred.

II. If Independent Directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for recusal, and participation in voting: None.

III. Communication between Independent Directors and the internal audit supervisor and CPAs (must include material matters of communication, methods, results relating to the Company's financial reports and business conditions):

(I) The internal audit supervisor reports the implementation status of the audit business to the independent directors at the board of directors. However, when the board of directors’ proposal is related to the establishment or revision of the internal control system, another meeting will be held in front of the board of directors to report to the independent directors on the content of the proposal and communicate fully. Meetings may be held at any time in case of major issues or matters that independent directors deem necessary for communication and discussion.

Date	Communication subject	Results
2024.03.12	1. Implementation status of internal Audit business report October -December 2023. 2. Assessment of the effectiveness of internal control systems and Internal control system statement of 2023.	Agree with the report
2024.05.03	Implementation status of internal Audit business report January -March 2024.	Agree with the report
2024.08.02	Implementation status of internal Audit business report April -June 2024.	Agree with the report
2024.11.05	1. Implementation status of internal Audit business report July -September 2024. 2. Internal audit plan of 2025. 3. Amendment of "Internal Control System-Sustainable Information Management Operations".	Agree with the report

(II) Hold separate meetings between accountants and independent directors at least once a year to report to the independent directors on the audit results of the financial report and the audit opinions to be issued, as well as the applicable accounting bulletins required by the competent authority, and make complete explanations, and analyze whether there are major adjustments. Amendments to records or laws, whether or not it affects the accounts, and related evaluation results, fully communicate. In case of major issues or matters that independent directors deem necessary to communicate and discuss, a meeting may be held at any time.

Date	Attendees	Communication subject	Results
2024.11.05 (2024 Audit Planning Meeting)	Independent Director: Wang Kaiming Chen Deyu Wu Mingzhi Chen Yaoming Internal Audit Supervisor: Guo Furong	1. Annual audit planning of 2024. 2. Important regulatory updates.	Independent Directors had no opinions

(III) The operation of company governance and its differences from the Code of Practice on Company Governance for Listed and OTC Companies, and the reasons therefor:

Assessment project	Operation			The Differences and Reasons between the Code of Practice for Company Governance and Listed and OTC Companies
	Yes	No	Summary description	
I. Has the company formulated and disclosed the Code of Practice for Company Governance in accordance with the Code of Practice for Listed and OTC Companies?	V		To establish a good corporate governance system, our company has adopted the "code of practice on corporate governance" by resolution of the board of directors on July 17, 2020, which is disclosed on the company's website.	No significant difference
II. Equity structure and shareholders' rights and interests				
(I) Does the Company have internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters and implement them in accordance with the procedures?	V		(I) The Company has a spokesperson system, in which the spokesperson and the representative spokesperson make suggestions, doubts, disputes and litigation matters to ensure shareholders' rights and interests.	No significant difference
(II) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders?	V		(II) The Company regularly holds the list of major shareholders and the final controllers of major shareholders through the list of shareholders provided by the stock affairs agency.	No significant difference
(III) Does the Company establish and implement risk control and firewall mechanisms with related enterprises?	V		(III) The Company has formulated written regulations on financial operations related to related enterprises, and has implemented financial information, management and internal audit management of subsidiaries in accordance with Subsidiary Supervision and Management Operations to achieve risk control and firewall mechanism.	No significant difference
(IV) Does the Company have internal regulations to prohibit insiders from using unpublished information in the market to buy and sell securities?	V		(IV) In addition to complying with the provisions of the Securities and Exchange Act, the company's directors, managers and employees, etc., also have a "Code of Ethical Conduct", "Management Procedures for Preventing Insider Trading", "Internal Material Information Processing Procedures" and According to the "Integrity Business Operation Procedures and Guidelines for Conduct" and other regulations, relevant personnel are not allowed to use undisclosed information they know to engage in insider trading, nor are they allowed to leak it to others to prevent others from using the undisclosed information to engage in insider trading. In addition, the Company has revised the "Regulations on Prevention of Insider	No significant difference

Assessment project	Operation			The Differences and Reasons between the Code of Practice for Company Governance and Listed and OTC Companies
	Yes	No	Summary description	
			Trading" in 2024, adding that directors shall not trade the Company's stocks during the closed period of thirty days before the announcement of the annual financial report and fifteen days before the announcement of each quarterly financial report. The Company has adopted an internalized regulatory approach to strengthen corporate governance and prevent insider trading in advance. The company announces every year that insiders are not allowed to trade its stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report.	
III. Composition and Responsibilities of the Board of Directors (I) Has the Board of Directors drawn up a diversified policy on the composition and implemented it?	V		(I) The Company has drawn up a policy of diversity in the composition of the Board of Directors in the Measures for Election of Directors and Supervisors. It has set up six directors to meet the needs of the Company's business development and practical operation. Through the nomination system of candidates, the Company not only evaluates the qualifications of each candidate's academic experience, but also refers to the opinions of interested parties and abides by the Measures for Election of Directors and Supervisors to ensure the diversity and independence of the board members. Among the current six directors, about 33% are employees, about 67% are independent directors, and about 17% are female directors; The tenure of two independent directors is less than three years, and the tenure of two independent directors is more than nine years. Their qualifications are in compliance with the independent director standards stipulated by laws and regulations; One director is over 70 years old, two are between 60 and 69 years old, and the other three are under 60 years old. The implementation of the diversity policy for all directors is shown in the following table.	No significant difference

Assessment project	Operation			The Differences and Reasons between the Code of Practice for Company Governance and Listed and OTC Companies
	Yes	No	Summary description	
(II) Does the Company voluntarily set up other functional committees besides the remuneration committee and audit committee?		V	(II) The Company has set up the remuneration committee and audit committee according to law. For other functional committees, they will be set up on a voluntary basis according to needs in the future.	To be assessed
(III) Does the Company set up performance evaluation measures and measures for the Board of Directors, conduct performance evaluation on an annual and regular basis, and report the results of the performance evaluation to the Board of Directors and apply them to the remuneration of individual directors and the reference for nomination for renewal?	V		(III) On November 8, 2019, the board of directors of the company adopted the "Method for Board of Directors' Self-evaluation or Peer-evaluation". The evaluation is conducted once a year on a regular basis, covering the scope of the whole board of directors, individual directors and functional committees. In January 2025, the board of directors、 individual directors and functional committees have completed internal evaluations of 2024. The results of the appraisal have been reported to the board of directors on March 14, 2025.	No significant difference
(IV) Does the Company regularly evaluate the independence of CPA?	V		(IV) The certified public accountant appointed by the company is not a director, supervisor, manager, employee or shareholder of the company or any related enterprise, nor is the certified public accountant an interested party, and meets the independent judgment requirements of the competent authority. The company assesses the suitability and independence of the certified public accountant once a year, including the scale and reputation of the accounting firm, the number of years of continuous audit services, the nature and extent of non-audit services, the public fee for audit certification, the quality of audit services, and its interaction with the management and the internal audit supervisor, refer to the audit quality indicators (AQIs) issued by KPMG for evaluation. The certified public accountant has also issued a declaration of independence for the entrusted audit.The evaluation results of the past two years were reported to the board of directors on March 12, 2024 and March 14, 2025 respectively and disclosed on the company's website.	No significant difference

Assessment project	Operation			The Differences and Reasons between the Code of Practice for Company Governance and Listed and OTC Companies
	Yes	No	Summary description	
IV. Are listed and OTC companies equipped with competent and appropriate number of corporate governance personnel, and are corporate governance supervisors appointed to be responsible for corporate governance-related matters (including but not limited to providing the information required by directors and supervisors to carry out their business, assisting directors and supervisors to comply with laws and regulations, handling relevant matters of Board of Directors and shareholders' meeting according to law, making minutes of Board of Directors and shareholders' meeting, etc.)?	V		The company's board of directors passed a resolution on May 5, 2023, to appoint Manager Chen Yajuan as the corporate governance officer, the top manager responsible for corporate governance-related matters. At present, the Finance Department is responsible for providing the necessary information for directors to carry out their business, and handling matters related to the Board of Directors and shareholders' meeting, company registration and registration change, making minutes of the Board of Directors and shareholders' meeting, etc.	No significant difference
V. Has the Company set up communication channels with stakeholders (including but not limited to shareholders, employees, domiciliary suppliers, etc.), set up a special section for stakeholders on the Company's website, and properly respond to important corporate social responsibility issues of concern to stakeholders?	V		The Company has smooth communication channels with banks and other creditors, employees, customers and suppliers. The Company's website also has a special section for stakeholders to properly respond to their concerns.	No significant difference
VI. Does the Company appoint a specialized agency to handle stock affairs of the shareholders' meeting?	V		The Company has appointed a stock agency, Huanan Securities, to act as a proxy for the shareholders' meeting.	No significant difference
VII. Information Disclosure (I) Whether the Company has set up a website to disclose financial business and corporate governance information?	V		(I) The Company has set up a website to disclose financial business and corporate governance information. The Company's website: http://www.niko-sem.com	No significant difference
(II) Does the company adopt other measures of information disclosure (such as setting up an English website, appointing a person to be responsible for collecting and disclosing	V		(II) The Company has set up an English website and designated a person to be responsible for the collection and disclosure of the Company's information. In addition, the Company has designated a person to have a comprehensive understanding of the	No significant difference

Assessment project	Operation			The Differences and Reasons between the Code of Practice for Company Governance and Listed and OTC Companies
	Yes	No	Summary description	
Company information, implementing the spokesperson system, and placing the Company website during the legal person explanation meeting, etc.)?			Company's various financial and business affairs or to be able to coordinate various departments to provide relevant information, and to act as the Company's spokesperson or representative spokesperson.	
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare its financial reports for the first, second and third quarters and its operations in each month before the prescribed deadline?		V	(III) The Company announces and reports the financial reports for the first, second and third quarters and the operating conditions in each month well in advance of the prescribed deadline. However, due to the long operation time required for the annual financial report, it has not been announced and reported within two months after the end of the year. In the future, the company will be strengthening communication with CPA and efforts will be made to shorten the operation time of annual financial reports.	The annual financial report has not been announced and reported within two months after the end of the year due to poor operation.
VIII. Does the company have other important information that is helpful for understanding the operation of company governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors, etc.)?	V		(I) Employee's Rights and Interests: The Company has always treated employees in good faith and protected their legitimate rights and interests in accordance with the Labor Law. (II) Employee Care: The Company sets up a Staff Welfare Committee, implements a pension system, encourages employees to participate in various education and training, provides labor insurance, national health insurance, group insurance and arranges regular health checks, and attaches importance to labor relations. (III) Investor Relations: The Company Act and regulations stipulate that the Company's information shall be disclosed honestly to protect the basic rights and interests of investors and to fulfill the responsibilities of the enterprise to shareholders. (IV) Supplier Relationship: The Company has always maintained a good relationship with suppliers. (V) Rights of Interested Parties: Interested Parties may communicate with the Company and make suggestions in order to safeguard their legitimate rights and interests. (VI) Information on the further studies for directors: The directors of the Company all	No significant difference

Assessment project	Operation			The Differences and Reasons between the Code of Practice for Company Governance and Listed and OTC Companies
	Yes	No	Summary description	
			have professional background in industry and practical experience in operation and management, and participate in the further studies on securities regulations and corporate governance from time to time every year. Details of the refresher courses are as follows. (VII) Implementation of risk management policies and risk measurement standards: The Company focuses on the main business, cooperates with relevant laws and regulations to implement various policies, and establishes various standards for the implementation of operations to reduce and avoid possible risks. (VIII) Implementation of customer policies: The Company has established Customer Service Management Procedures and Customer Complaint Handling Process Management Procedures to properly identify the problem and the responsibility to ensure the best service to customers. (IX) The Company's Purchase of Liability Insurance for Directors: The Company has already purchased liability Insurance for directors.	

IX. Please explain the improved situation according to the results of company governance evaluation released by the Company Governance Center of Taiwan Stock Exchange Corporation Limited in the latest year, and put forward priority strengthening items and measures for those that have not been improved. (Those not listed in the evaluated company do not need to fill in the column)

According to the corporate governance evaluation results released by the competent authorities, the company has strengthened and improved its corporate governance status. In the year of 2024, the company continues to strengthen information disclosure and implement corporate social responsibility, the governance evaluation results of our company rank among top 21% ~ 35% within the industry. In the future, the company will strengthen the promotion of sustainable development, attach importance to environmental issues, and disclose relevant data.

Implementation of diversification policy for board members:

Diversification item / Name of director	Composition								
	Nationality	Gender	Serving as the Company's employee	Age distribution			Year(s) as independent director		
				Below 60	60~69	70 or more	3years or less	3~9years	9years or more
Yang Huichiang	Taiwan	Male	✓		✓				
Liang Yuan Investments Co., Ltd. Representative: Lu Xiaoyu		Female	✓	✓					
Chen Deyu (Independent Director)		Male				✓			✓
Wang Kaiming (Independent Director)		Male		✓					✓
Wu Mingzhi (Independent Director)		Male			✓		✓		
Chen Yaoming (Independent Director)		Male		✓			✓		

Diversification item / Name of director	Professional background					Professional knowledge and skills							
	Accounting	Industry	Finance	Marketing	Technology	Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to manage a business	Ability to handle crisis management	Industry knowledge	An understanding of international markets	Leadership ability	Decision-making ability
Yang Huichiang		✓			✓	✓		✓	✓	✓	✓	✓	✓
Liang Yuan Investments Co., Ltd. Representative: Lu Xiaoyu				✓		✓		✓	✓		✓	✓	✓
Chen Deyu (IndependentDirector)					✓	✓		✓	✓	✓	✓	✓	✓
Wang Kaiming (Independent Director)	✓		✓			✓	✓	✓	✓		✓	✓	✓
Wu Mingzhi (Independent Director)		✓	✓			✓	✓	✓	✓	✓	✓	✓	✓
Chen Yaoming (Independent Director)					✓	✓		✓	✓	✓	✓	✓	✓

Specific management objectives and achievement of the Board Diversity Policy：

Management objectives	Achievement
Directors who concurrently serve as company managers should not exceed one-third of the directors' seats	achieved
Directors must include at least one woman	achieved
The term of office of more than half of the independent directors shall not exceed nine years	achieved
Sufficient and diverse professional knowledge and skills	achieved

The company's directors' further education in 2024:

Title	Name	Organizer	Course name	Course hours
Independent director	Chen Deyu	Taiwan Corporate Governance Association	Impact of climate change on financial statements	3
		Securities and Futures Institute	Impact of climate change on financial statements Silicon photonics defines the network: Development trends of silicon photonics (SiPh) and co-packaged optics (CPO)	3
Independent director	Wang Kaimin	Taiwan Institute of Directors	Intelligent leadership: creating a new pattern of AI governance	3
		CPA ASSOCIATIONS R.O.C.(TAIWAN)	Corporate M&A Strategy - Corporate M&A Laws and Practices	4
		Taiwan Corporate Governance Association	Analysis of Risk Committee Operation Practice	3
		Taiwan Corporate Governance Association	Corporate governance, personal responsibility of directors and supervisors and risk management	3
Independent director	Wu Mingzhi	Securities and Futures Institute	Introduction to the Dispute over Company Management Rights and the Commercial Case Trial Law	3
		Taiwan Corporate Governance Association	The 20th (2024) International Summit on Corporate Governance - Focus on Governance Center and Give Full Play to Talent Advantages	6
Independent director	Chen Yaoming	Greater China Financial and Economic Development Association	Risks and considerations of generative AI for enterprises	3
		Taipei Foundation of Finance A brief Introduction	Corporate Governance - International Trade Money Laundering Prevention and Economic Sanctions Cases	3

(IV) If the Company has a Remuneration Committee, it shall disclose its composition, duties and operation:

1. Information on Members of the Remuneration Committee

Identity	Requirements / Name	Professional qualifications and experience (Note 1)	Conform to independence (Note 2)	Number of members of Remuneration Committees of other public offering companies concurrently
Independent Director Convener	Chen Deyu	Professor of Electrical Engineering Department, National Taiwan University	Independence	None
Independent Director	Wang Kaimin	Partnership Accountant of Anshi	Independence	None
Independent Director	Chen Yaoming	Distinguished Professor of Electrical Engineering Department, National Taiwan University	Independence	None

Note 1: Please refer to the relevant content of independent directors disclosed on page 11-12 on the professional knowledge and independence of directors and supervisors.

Note 2: Members of the Remuneration Committee meet the following independence criteria:

(1) Not employed by the Company or its affiliated enterprises.

(2) Not directors and supervisors of the Company or its affiliated enterprises (except for independent directors of the Company and its parent company, subsidiaries or subsidiaries of the same parent company established in accordance with this Act or local laws).

(3) Not shareholders who themselves, their spouses, minor children or holding more than 1% of the total issued shares of the Company in the name of others or natural top 10 natural person shareholders.

(4) Not spouses, relatives within the second degree or lineal relatives within the third degree of managers listed in (1) or personnel listed in (2) and (3).

(5) Not directors, supervisors or employees of directly holding more than 5% of the total number of issued shares of the Company, the top 5 shareholders, or appoint representatives as directors or supervisors of the Company according to paragraphs 1 or 2 of Article 27 of the Company Act (unless they are independent directors of the Company and its parent company, subsidiaries or subsidiaries of the same parent company established in accordance with this Act or local laws).

(6) Not directors, supervisors or employees of other companies who are in the same position as the directors of the Company or more than half of the voting shares are controlled by the same person (except for independent directors of the Company and its parent company, subsidiary company or subsidiary company of the same parent company established in accordance with this Act or local laws).

(7) Not directors, supervisors or employees of other companies or institutions who are the same person or spouse as the chairman, general manager or equivalent of the Company (except for independent directors of the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this Act or local laws).

(8) Not directors, supervisors, managers or shareholders holding more than 5% of the shares of a specific company or institution that have financial or business dealings with the Company (unless a specific company or institution holds more than 20% and less than 50% of the issued shares of the Company and is concurrently an independent director of the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this Act or local laws).

(9) Not professionals, proprietorships, partnerships, business owners, partners, directors, supervisors, managers and their spouses of companies or institutions that provide auditing or business, legal, financial, accounting and other related services for the Company or affiliated enterprises for which the accumulated remuneration in the past two years does not exceed NT$ 500,000. However, this does not apply to members of the Remuneration Committee, the Public Takeover Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Enterprise Mergers and Acquisitions Act.

(10) No one of the circumstances specified in Article 30 of the Company Act.

2. Responsibilities of Remuneration Committee

The Remuneration Committee faithfully performs the following functions and powers with the attention of a kind manager and submits the suggestions to the Board of Directors for discussion.

(1) Formulate and regularly review the policies, systems, standards and structures of directors, supervisors and managers' performance evaluation and remuneration.

(2) Regularly assess and fix the remuneration of directors, supervisors and managers.

3. Information on the Operation of the Remuneration Committee

(1) There are 3 members of the Company's Remuneration Committee.

(2) Term of office of the current member: from June 8, 2022 to June 7, 2025, the latest annual Remuneration Committee has held 2 meetings (A). The qualifications and attendance of the member are as follows:

Title	Name	Actual attendance (B)	Entrusted attendance	Actual attendance rate (%) (B/A)	Note
Convenor	Chen Deyu	2	0	100%	
Member	Wang Kaimin	2	0	100%	
Member	Chen Yaoming	2	0	100%	

Other matters:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board of Directors meeting, the period, the contents of the proposal, the results of the board's resolution and the Company's handling of the opinions of the Remuneration Committee (if the remuneration approved by the Board of Directors is superior to the recommendations of the Committee, it shall state the circumstances and reasons for the difference): there was no such event this year.

II. If members have objections or reservations and have records or written statements on matters decided by the Remuneration Committee, they shall state the date, period, contents of the proposal, opinions of all members and the handling of the opinions of the members: there is no such case this year.

III. The date of the recent annual remuneration committee meeting, the contents of the proposal, the results of the resolution and the Company's handling of the opinions of the members:

Date of meeting	Contents of proposal and results of resolution
4th meeting of the fifth session January 17, 2024	Proposal: 1.2023 Annual Director concurrently serves as employee and manager Year-end Bonus. 2.2024 Annual Directors and Managers' Salaries and Related Expenses. 3.2023 Annual Remuneration Distribution of Employees and Directors.
	Opinions: No objection or unqualified opinions. Resolution: The chairman asked all the members present to approve the resolution without objection. The Company's handling of the opinions of the Remuneration Committee: the proposal to the Board of Directors is approved by all directors present.
5th meeting of the fifth session October 14, 2024	Report Items: 1. The company's directors and managers' salary report. 2. 2023 comparing report on remuneration of directors, supervisors and vice president and above of the company and peers.
	Proposal: 1. Remuneration of Independent Directors in 2023. 2. Remuneration distribution of Directors and Managers in 2023.
	Avoiding directors: Proposal 1: Chen Deyu, Wang Kaimin, Chen Yaoming avoid one by one Opinion: No objection or unqualified opinion. Resolution: The chairman asked all the members (without the avoiding directors) present to approve the resolution without objection. The Company's handling of the opinions of the Remuneration Committee: the proposal to the Board of Directors is approved by all directors present.

(V) Promotion status of sustainable development and discrepancy with industry standards in sustainable development practices and reasons for the differences:

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
I. Does the Company have a governance structure for promoting sustainable developments and exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing sustainable development, and let the Board of Directors entrust the high-ranking management with the implementation and supervise the status?	V		The Company's chairman led the Chairman's Office to assist and form a sustainable development promotion group with administrative units to integrate sustainable development into the Company's business strategy, to cultivate and fulfill sustainable development for a long time in a purposeful, systematic and organized manner, and to report to the Board of Directors in due course. The handling of the latest year was reported to the board of directors on November 5, 2024 and disclosed on the company's website.	No significant difference yet
II. Does the Company carry out risk assessment of environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	V		The company adopted the "Risk Management Measures" by resolution of the board of directors on July 17, 2020. (I) Environmental protection The Company is an IC design company, and its products are manufactured by outsourcing. Due to the characteristics of the industry, there is no environmental pollution. The Company as a whole actively promotes the Environmental Management System, implements education and training, promotes the environmental awareness of all personnel, carries out environmental assessment and sets the objectives and targets of relevant audit environment under the main premise of complying with laws and regulations and the requirements of stakeholders, and documents its operations related to the environmental system. It is appropriate for us to adhere to the commitment of continuous improvement and pollution prevention to achieve appropriate internal activities, products, services and environmental impacts of the	No significant difference yet

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Company. The Company should also open communication channels with the outside world and move forward towards the vision of green enterprise and sustainable development. Environmental policies and targets are set here as important indicators towards green operation. ● Strive for continuous improvement and create a green enterprise ● Committed to caring for the earth, maintaining and giving back to social responsibility (II) Product safety The Company's products comply with government regulations on products and services, and provide customers with stable product quality through a rigorous quality management system. The Company has passed the certification of ISO 9001 quality system and ISO 14001 environmental management system with complete specifications for quality management, safety and health, environmental protection, social responsibility, etc., committing to providing customers with products without defects. (III) Customer privacy The Company strictly abides by the confidentiality of trade secrets. It shall not inquire into or collect trade secrets of suppliers and customers not related to its position, and shall not disclose them to others. The Company signed a confidentiality agreement with customers to protect trade secrets. (IV) Social economy and compliance with laws and regulations Through the establishment of a governance organization and the implementation of internal control mechanisms, ensure that all personnel and operations of the	

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Company truly comply with relevant laws and regulations.	
III. Environmental Issues (I) Does the Company establish an appropriate environmental management system according to its industrial characteristics?	V		(I) The Company passed the certification of the ISO14001 Environmental Management system in 2006, and is expected to obtain the ISO 14064-1 greenhouse gas inventories certification on May 28, 2024. For the Company activities, products, or services related to environmental protection, it established an appropriate environmental management system under the premise of complying with national and international environmental laws and regulations and meeting the requirements of stakeholders. The company implements all environmental work to ensure the safety and health of the employees' work environment and is dedicated to creating a green enterprise.	No significant difference yet
(II)Does the Company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	V		(II) The Company is an IC design house, and the processing and manufacturing of its wafers and IC packages is entrusted to a professional foundry, so there is no problem with a large amount of waste and pollutants. In addition, IC scrap products, packaging cartons, and other wastes that need to be recycled are properly disposed of by Class A enterprise waste removal agencies. In order to effectively improve the green work environment, the Company continue to promote measures to save energy, recycle product packaging materials, and make paperless documentation. The raw materials used in the products comply with the provisions of RoHS and REACH directives of the EU, Chinese RoHS directives, Toxic Substance Control Act (TSCA) of	No significant difference yet

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			the United States, Persistent Organic Pollutants (POPs), and Material Declaration for Products of and for the Electrotechnical Industry (IEC62474) and Halogen-free Control by the IEC. The Company complies with environmental regulations from product design to raw material purchasing.	
(III) Does the Company assess the potential risks and opportunities of climate change to the enterprise now and in the future, and take measures to address climate-related issues?	V		(III) The potential shutdown of the Company operations due to disasters that may be caused by climate change, such as typhoons, floods, power failures, and other emergencies, can cause equipment to fail to operate normally and indirectly increase operating costs. Through the development of green and energy-saving products, the Company improves the efficiency of resources through process improvement to cope with the risks caused by climate change and increase the adoption of products. In addition to the continual concern over international environmental issues and trends, the Company introduced ISO14001 Environmental Management System to ensure compliance with the environmental regulation requirements of the government and customers, in the hope that the impact of operating activities on the environment can be effectively reduced and environmental management performance improved to realize the ultimate goal of sustainable development. The greenhouse gas inventory database of the Company has been fully established and obtained ISO 14064-1 greenhouse gas inventory certification on May 28, 2024.	No significant difference yet
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste	V		(IV) The Company is an IC design house, and the processing and manufacturing of its wafers and IC	No significant difference yet

<table>
<tr><th rowspan="2">Assessment project</th><th colspan="3">Operation</th><th rowspan="2">Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>in the past two years, and formulate policies for energy conservation, carbon reduction, greenhouse gas reduction, and water or other waste management?</td><td></td><td></td><td>packages is entrusted to a professional foundry, so there is no problem of a large amount of waste and pollutants. The electric power needed for the main air conditioning units, office lighting, and equipment of the Company takes up 96% of the Scope 1 & 2 total greenhouse gas emissions. The Company is committed to mitigating the effects of climate change by continuously promoting energy conservation, product packaging recycling, and paperless documents. We actively promote energy conservation and review and improve our practices. We have set a goal of reducing our revenue-based carbon emissions intensity by 1% in the next fiscal year and continue to work towards our goal of net-zero emissions by 2050. As the building where the Company is located shares a common water meter, the overall water consumption of the building increased significantly in 2024. Nevertheless, the Company continues to implement measures such as collecting water usage data, promoting water conservation, and installing water-saving devices to achieve the goals of conserving water resources and protecting the environment.
<table>
<tr><th>Items</th><th>2023</th><th>2024</th></tr>
<tr><td>Scope 1 Emissions (tons)</td><td>18.3669</td><td>15.2279</td></tr>
<tr><td>Scope 2 Emissions (tons)</td><td>388.9196</td><td>384.9776</td></tr>
<tr><td>Water consumption (m^3)</td><td>1773.1511</td><td>2027.4545</td></tr>
</table>
Note：The detailed items and data were revised after verification in 2023.</td><td></td></tr>
<tr><td>IV. Social Issues
(I) Does the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</td><td>V</td><td></td><td>(I)
(i) The Company strictly abides by the labor-related laws and regulations of each operating location, follows the " Universal Declaration of Human</td><td>No significant difference yet</td></tr>
</table>

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Rights", the " UN Global Compact", the "United Nations Guiding Principles on Business and Human Rights" and the "United Nations International Labor Organization" and other internationally recognized human rights standards, and sets Employee policies and specific management plans, and publish the regulations and implementation status on the company's website. (ii) The Company's human rights management policies and specific plans are summarized as follows:	

Human rights policy	Implement measures
No Forced Labour	●Comply with the Employment Services Act and Regulations ●Not identification card or Proving documents of job seekers or employees will be withheld, and no bond will be withheld or collected. ●Provide an employment contract, clearly recording the requirements of appointment, and take office after the applicant agrees to sign. ●Employees can apply for resignation according to their personal wishes and in accordance with the act.
No illegal overtime	●Comply with working time stipulated in accordance with applicable of labor acts and regulations. ●Overtime must be voluntary and an application must be made to the supervisor before overtime occurs. ●Periodical review the overtime and leaves of each department, and inform supervisors about acts and regulations of regular working time and overtime from time to time ●Ensures no illegal overtime by Internal auditing.
No Child Labor	●No employee will be hired less than sixteen years old. ●The recruitments require filling out the application form, verifying the applicant's date of birth and ensuring the accuracy of the information.
Providing a competitive wage and welfare.	●Comply with labor acts and regulations. ●The wage shall not be lower than Statutory Minimum Wage, and any violations shall be reviewed every year based on the minimum wage announced by the competent authority. ●Employees must not be fined or have their wages docked for any reason.

Assessment project	Operation				Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description		
				●Occasional survey of wage and welfare and review employees are in line with that in industry.	
			Diversity and inclusion in workplace	● Fully employ employees with disabilities in accordance with acts and regulations. ●Establish accessible workplace.	
			anti-discrimination/ anti-harassment	●Complying with the relevant regulations of Gender Equality in Employment Act, we have a human rights policy and Letter of declaration, and our personnel regulations also clearly prohibit discrimination and sexual harassment. ●Periodical disseminate or hold training courses to enhance colleagues' awareness of gender equality. ●Having grievance procedure for immediate response and handling.	
			Eliminate unlawful infringement in the workplace.	●Implement the Plan of Prevention of unlawful infringement of employees in the performance of their duties formulated by the company and review Hazard Identification and Risk Assessment Form for Unlawful Infringement Prevention regularly to understand the status and facilitate prevention. ●Representative of the company signed up a written statement on prevention of workplace violence, proclaiming zero tolerance attitude toward workplace violence. ●Having grievance procedure for immediate response and handling.	
			Provide a safe and healthy workplace (occupational safety and health)	●Establish occupational safety and health code of conduct, the plan for preventing and managing ergonomic hazards, the plan for maternal health protection, and the plan for preventing and managing abnormal workload-triggered disorders to create a safe and healthy workplace. ●Periodically inspect the workplace to ensure compliance with acts and regulations to protect the safety of colleagues. ●Periodically hold training and drilling to enhance colleagues' hazard awareness and prevent occupational accident. ●Worker's health services provide related health services and irregular inspections of workplaces in different areas.	
			Personal Data Protection	●Set up personal data protection standards and implement personal data protection measures. ●Periodical disseminate personal data protection.	
			Having supplier management rules and	●Suppliers are regularly evaluated and complied with relevant rules to check their legality. ●Qualified suppliers will be registered	

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			periodical due diligence. and selected.	
(II) Whether the Company has formulated and implemented reasonable staff welfare measures (including salary, vacation and other benefits) and appropriately reflected the results of operating performance in staff salaries?	V		(II) (i) The Company attaches great importance to employee welfare and is committed to creating a friendly workplace for gender equality. We have fair salary and compensation policies, performance evaluation and promotion opportunities that do not discriminate based on gender, race, religious, etc. In 2024, the proportion of female employees was 37.5%, and the proportion of women in corporate executive was 25%. (ii) Article 19 of the Articles of Incorporation prescribes that if there is a profit in a year, no less than 10% should be appropriated as employee remuneration. The employee remuneration appropriated in 2023 was NT$ 48,371 thousand, which was submitted to the shareholders' meeting on June 13, 2024 and paid out on November 7, 2024. In addition, the Company has periodically performance review, and in order to effectively talent retention, it implemented a performance-based salary raise for all employees in January 2024, with an average salary raise of 1.59%; quarterly bonuses are also distributed to business and technical units based on the EPS of each quarter. In addition to the travel subsidy, employees who organize employee trips also enjoy one day of travel leave each year. 92.98% of our employees have worked more than 3 years, which shows the talent retention effect of sharing business results with employees. (iii) The Company's employee	No significant difference yet

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			welfare measures, such as vacations and various holiday bonus, as well as retirement system execution, please refer to the operating overview "Labor Relations" in this annual report part IV; it is also disclosed on the Company's website "Human Resources".	
(III) Does the Company provide a safe and healthy working environment for its employees and regularly carry out safety and health education for employees?	V		(III) The policy of occupational safety and health: With the business philosophy of moving toward a "healthy enterprise", the Company continues to fulfill corporate social responsibilities and fully complies with relevant occupational safety and health acts and regulations. By establishing a perfect occupational safety and health management system, it pays attention to the opinions of employees and the supply chain, takes preventive measures against accident, and sets health promotion into action and protect labor safety, we will make every effort to establish a "safe and healthy", "friendly and caring" and "fun-filled" workplace to achieve the mission of sustainable development. The principle approach is as follows： The internal communication channels are effective and a decision on occupational safety and health is reached. Comply with occupational safety and health acts and regulations and implement occupational safety and health systems. Reduce the incidence of occupational injuries to ensure the safety and health of all employees. All employees participate in active improvements and continuously improve safety and health performance.	No significant difference yet

<table>
<tr><th rowspan="2">Assessment project</th><th colspan="3">Operation</th><th rowspan="2">Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The specific implementation is as follows：
●The Company has formed disaster emergency response organization and a class-1 manager of occupational safety and health affairs.
●Appointed medical institutions provide on-site medical health services and health education every week.
●Giving a physical check-up for all employees every two years and pay attention to the physical and mental health of employees.
●Execute an all-staff disaster emergency response drill every year to train employees on their safety awareness and response.
●Establish an office fire inspection every year to maintain fire-fighting equipment comprehensive.
●The 2024 education and training records for colleagues in need or who have not taken classes are as follows, so that colleagues can enhance their occupational safety knowledge and awareness:
<table>
<tr><th>Class</th><th>Date</th><th>Number</th><th>Hours</th></tr>
<tr><td>Super Practical Guide to Understanding Common Health Check Report Values</td><td>2024/4/19</td><td>10</td><td>1.5</td></tr>
<tr><td>PFC architecture and module product introduction</td><td>2024/5/9</td><td>13</td><td>1</td></tr>
<tr><td>Communication of Hazardous Chemicals</td><td>2024/5/15</td><td>5</td><td>1</td></tr>
<tr><td>Fire and safety talk</td><td>2024/6/26</td><td>14</td><td>1</td></tr>
<tr><td>Information Security</td><td>2024/8/26</td><td>8</td><td>1</td></tr>
<tr><td>A lecture of Unlawful infringement in the workplace</td><td>2024/9/6</td><td>14</td><td>1.5</td></tr>
<tr><td>Power module heat dissipation conference</td><td>2024/9/25</td><td>14</td><td>2</td></tr>
<tr><td>ISO Internal auditors training</td><td>2024/9/26</td><td>5</td><td>1</td></tr>
<tr><td>The measurement skills for short through circuit</td><td>2024/9/18</td><td>8</td><td>1</td></tr>
<tr><td>Green product</td><td>2024/10/9</td><td>6</td><td>1</td></tr>
<tr><td>Protection of ESD</td><td>2024/10/24</td><td>9</td><td>1</td></tr>
<tr><td>Emergency exercising</td><td>2024/10/1</td><td>ALL</td><td>1</td></tr>
<tr><td>The news from on-site medical health</td><td colspan="3">1~4 articles are provided regularly every month</td></tr>
</table>
●In 2024, the number of</td><td></td></tr>
</table>

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			occupational accidents among employees was 0, the number of people affected by was 0, and the ratio among all employees was 0%. ●In 2024, the number of fire was 0, the number of people affected by was 0, and the ratio among all employees was 0%.	
(IV) Has the Company established an effective career development training program for its employees?	V		(IV) The Company has competence training for supervisors and colleagues, including new employee orientation, professional advanced training, etc. The annual education and training plan gave lessons by the Company's professional in-house lecturers train colleagues in their proficiency. If colleagues have other demand for courses, they can apply for external. The cost of external is borne by the Company and applier can apply for public leave. In 2024, there were a total of 19 types of education and training courses, 116 person-times, and a total of 132 hours.	No significant difference yet
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers?	V		(V) All products of the Company are marked in accordance with relevant domestic laws and regulations and international general standards. The Company attaches great importance to customer's opinions. Apart from individual visits, it also provides a product contact window on the Company's website and sets up a special section for interested parties to provide channels for customers to ask questions or appeal or suggest, so as to protect the rights and interests of customers.	No significant difference yet
(VI) Does the Company have a supplier management policy that requires suppliers to follow relevant standards on issues such as environmental protection, occupational safety and health or labor human rights, and what's the implementation of such policy?	V		(VI) The Company has supplier management policy, including compliance with relevant standards on environmental protection, occupational safety and health, or labor rights, and regularly evaluates suppliers. The suppliers selected so far are qualified and authorized.	No significant difference yet

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			Relevant rules and implementation are also published on the Company's website "Corporate Social Responsibility>Supplier Management Policy".	
V. Does the Company make reference to internationally accepted reporting standards or guidelines to prepare sustainability reports and other reports disclosing non-financial information of the Company? Did the previous report obtain the assurance or assurance opinions of the third party verification unit?		V	As of the date of publication of this annual report, the 2024 Sustainability Report has not been completed. It is expected to be completed in June 2025 and submitted before the end of August 2025.	The Company adheres to the business philosophy of Innovation, Quality, Service and Care and incorporates corporate responsibility into the Company's quality and environmental policies to ensure that all employees actively implement environmental protection and corporate social responsibility. In the future, the Company will plan and prepare sustainability reports based on operational requirements to strengthen the disclosure of non-financial information.
VI. If the Company has established sustainable development principles based on Sustainable Development Best Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the principles and their implementation: The company has formulated the Code of Practice on Corporate Social Responsibility to promote and implement sustainable development. There is no significant difference between the actual operation and the Code of Practice of the company.				

Assessment project	Operation			Differences with Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	

VII. Other important information that is helpful to understand the operation of corporate social responsibility:
The Company's 2024 social welfare donations are as follows:

Donee	Donation amount
Chiayi Hospital, Ministry of Health and Welfare (Social Service and Relief Fund)	1,000,000
Hualien County Government (Donation for Hualien 0403 Earthquake Relief)	1,000,000
ROC Foundation for Autistic Children and Adults in Taiwan	100,000
Seed of Love Education Foundation	100,000
Art Association of Oriental Opera	50,000
Boyo Social Welfare Foundation	50,000
Total	2,300,000

Climate-related Information of TWSE/TPEx Listed Companies

1. Disclosure of climate-related information

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td>1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.</td><td>(1) The Company's Board of Directors is the highest governance unit on climate change issues and is responsible for making decisions on specific strategies to address climate-related risks and opportunities, with the Audit Committee overseeing the Company's risk management.
(2) On July 17, 2020, the Company formulated the Risk Management Policy, which was adopted and implemented by the Board of Directors. The Office of the Chairman of the Board of Directors, the Risk Management Team, and the heads of each unit identify and measure the various types of risks, including climate-related risks and opportunities, which the Company may face, and propose appropriate and specific countermeasures, and the Office of the Chairman of the Board of Directors reports to the Audit Committee and the Board of Directors on the status of the implementation of the climate-related risks and opportunities.
(3) The Company actively promotes "Green Enterprise and Energy Saving and Carbon Reduction Activities", implements and enhances the environmental awareness of all personnel, and conducts environmental assessment and sets targets and goals for environmental audits in compliance with laws and regulations and stakeholder requirements. We are committed to continuous improvement, pollution prevention, carbon inventory, and carbon reduction in order to make our internal activities, products, and services environmentally friendly and to open up communication channels with the outside world so as to move toward green enterprise and sustainable management.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term).</td><td>(1) In accordance with the Risk Assessment and Management Procedures, the Risk Management Team requests each unit manager to submit a risk assessment form every year to track and supervise the risks and opportunities identified by each unit and their contingency measures so as to help the Company achieve its goal of sustainable development.
<table>
<tr><th colspan="2">Identification of Climate Impacts</th><th>Risks</th><th>Opportunities</th></tr>
<tr><td rowspan="3">Business</td><td>Short-term</td><td>Inventory obsolescence.</td><td>Reduce inventory and minimize unnecessary production stock.</td></tr>
<tr><td>Medium-term</td><td rowspan="2">Customer demand to reduce carbon emissions.</td><td rowspan="2">The Company implements a carbon reduction program to reduce operating costs, and it is recognized by customers.</td></tr>
<tr><td>Long-term</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td></td><td>
<table>
<tr><td rowspan="3">Strategy</td><td>Short-term</td><td>Costs incurred due to following carbon reduction policies and regulations as a response.</td><td>Green procurement and supplier management to produce products that meet the environmental requirements of customers.</td></tr>
<tr><td>Medium-term</td><td rowspan="2">Transformational costs with net-zero carbon emissions as the Company's goal for all operations.</td><td>Develop and promote low-carbon products.</td></tr>
<tr><td>Long-term</td><td>Achieve ESG objectives and increase trust by investors and customers.</td></tr>
<tr><td rowspan="3">Finance</td><td>Short-term</td><td>Increased costs in corporate restructuring and procurement.</td><td rowspan="3">Regular review of operating and management costs.</td></tr>
<tr><td>Medium-term</td><td>Expansion of investment in R&D and technology.</td></tr>
<tr><td>Long-term</td><td>Increase in operating and investment costs associated with the Net Zero Carbon Policy.</td></tr>
</table>
</td></tr>
<tr><td>3. Describe the financial impacts of extreme weather events and transformational actions.</td><td>In response to climate change and the resulting extreme weather events, such as typhoons, floods, and water disasters, which cause work stoppages and financial impacts to organizations, NIKO, as an IC design company, has commissioned its wafer and IC package processing and manufacturing to three to five professional foundries, so as to reduce the risks caused by extreme weather. By doing so, we assess the possibility of future work stoppages and direct impacts on property to be less likely. Even if the impact of an extreme weather event on the Company is relatively small, NIKO will not stand aloof from it and will actively promote climate change response in the supply chain, energy and greenhouse gas management, hazardous substance management, and responsible manufacturing, in order to create a sustainable operation.</td></tr>
</table>

Item	Status of implementation
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The Board of Directors is responsible for decision-making, the Audit Committee is responsible for supervision, and the Risk Management Team carries out the Company's management process of identifying, evaluating, and tracking the implementation of various operational risks by each unit in accordance with the Risk Management Regulations and the Risk Evaluation Management Procedures. The management process is summarized as follows. For details, please refer to Risk Management of Important Corporate Governance Matters on the Company's website: (1) Risk Scope Definition: Define the various risks related to the Company and include them in the identification items. (2) Risk identification: A questionnaire with a risk assessment form is issued and filled out by each unit. (3) Risk measurement: Evaluate the impact and influence of each risk according to the nature of the Company's business. (4) Risk monitoring: Monitor various risk exposures and excess situations and make appropriate reports and responses. (5) Risk Reporting: Regularly report to the Audit Committee and the Board of Directors on the implementation of risk management. (6) Risk Response: Adopt appropriate response measures for each identified risk. (7) Risk disclosure: Disclose relevant information in accordance with the regulations of the competent authority, and also disclose, if appropriate, relevant information in the annual report and on the Company's website.
5. If scenario analysis is used to evaluate the resilience to climate change risks, please describe the scenarios, parameters, assumptions, analyzing factors, and major financial impacts.	The Company uses risk assessment forms and surveys to evaluate climate change and various risks but does not use situational analysis.
6. If there is a transformation plan for managing climate-related risks, please describe the content of the plan and the indicators and objectives	Climate change is a global challenge to mankind. The global climate change has been becoming more and more serious. In line with the country's 2050 net-zero emissions target, the Company is fully committed to the implementation of carbon emissions reduction actions; we shall do our part to minimize climate change. Through identifying the risks and opportunities of climate change, evaluating the impact of climate-related risks on operations and finances, and promoting various energy-saving, carbon-reducing, and environment-friendly

<table>
<tr><th>Item</th><th>Status of implementation</th></tr>
<tr><td>for identifying and managing physical risks and transformational risks.</td><td>actions, the Company has set up a transformation plan with the following contents, targets, and objectives:
<table>
<tr><th>Transformation Plan</th><th>Indicators</th><th>Targets</th></tr>
<tr><td>Energy Saving</td><td>Electricity Consumption</td><td>Electricity consumption is reduced by at least 1% per year compared to last year.</td></tr>
<tr><td>Greenhouse Gas Emissions</td><td>Scope 1 + Scope 2 Greenhouse Gas Emissions</td><td>Scope 1 + Scope 2 Carbon Emission Intensity in terms of annual revenue is reduced by 1% compared to the previous year.</td></tr>
<tr><td>Valuing Water Resources</td><td>Water Consumption</td><td>Water consumption is reduced by 0.5% per year.
Sharing the same water meter with the community, the Company still implements measures to collect water consumption data, promotes water conservation, and installs water-saving devices.</td></tr>
<tr><td>Waste Reduction</td><td>Amount of waste to be disposed of</td><td>Reduce by 1% annually.</td></tr>
</table></td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be specified.</td><td>The Company has not yet implemented internal carbon pricing.</td></tr>
</table>

Item	Status of implementation
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress achieved each year should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits or the amount of renewable energy certificates (RECs) offset should be described.	The Company is a company with a paid-in capital of less than NT$5 billion. In accordance with the FSC's "Roadmap for the Sustainable Development of Listed Companies," the individual company (i.e., the parent company) should complete the inventory in fiscal year 2026 and the verification in fiscal year 2028; the consolidated subsidiaries should complete the inventory in fiscal year 2027 and the verification in fiscal year 2029. In accordance with the FSC's regulations, the Company completed the plans for the verification schedule of the Parent Company and subsidiaries on June 8, 2022, and March 17, 2023, respectively, and submitted them to the Board of Directors for approval and has been controlling them on a quarterly basis. In the future, the Company will continue to monitor and complete greenhouse gas inventories and verifications in accordance with the reference guidelines and relevant regulations issued by the competent authorities, and report to the Board of Directors on a quarterly basis on the status of the implementation of the plan, as well as set carbon reduction targets, strategies and specific action plans. In order to accurately grasp the situation of greenhouse gases and carbon emissions generated from operational activities, the Company formally launched the greenhouse gas inventory and verification operation in January 2024, introducing ISO14064-1:2018, with 2023 as the baseline year for the inventory, and third-party verification was completed on May 28, 2024.

Item	Status of implementation
	The Company's 2024 self-inventoried greenhouse gas emissions (metric tons of CO2e) are as follows: (Scope of Data - Parent Company)

Parent Company-NIKO-SEM

Scope	Category	Type	Data (ton CO_2e)
Scope 1	Stationary fuel combustion source	Emergency generator	15.2279
	Process emissions	No	
	Mobile sources	Fuel for company vehicles	
	Fugitive sources	Air conditioner, refrigerator, water dispenser, carbon dioxide fire extinguishers, dehumidifiers, refrigerants for company vehicles, septic tanks, refrigerants for constant temperature and humidity machines, dryers for air compressors.	
Scope 2	Purchased electricity	Taiwan Power Company - general electricity	384.9776
	Purchased steam	No	

Item	Status of implementation
9. Greenhouse Gas Inventory and Confirmation.	In order to accurately grasp the situation of greenhouse gases and carbon emissions generated by its operations, the Company formally launched a greenhouse gas inventory and verification operation in January 2024, introducing ISO 14064-1:2018, with 2023 as the baseline year for the inventory, and third-party verification was completed on May 28, 2024. The Company's greenhouse gas reduction target is to reduce the carbon emission intensity in terms of annual revenue by 1% (Scope 1 plus Scope 2) compared to the previous year. Inventory and Verification Planning Parent Company-NIKO-SEM

Work Item	Estimated Completion Time	Actual Completion Time
To determine the establishment of a dedicated (and part-time) unit, the dedicated (and part-time) staff and their scope of responsibilities.	September 2023	October 16, 2023
To formulate inventory planning	April 2024	April 19, 2024
To formulate verification planning	June 2024	May 28, 2024

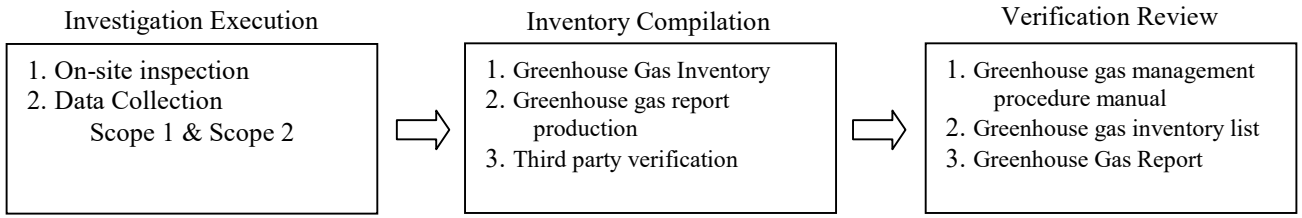
Subsidiaries – Wuxi Super GEM

Work Item	Estimated Completion Time	Actual Completion Time
To determine the establishment of a dedicated (and part-time) unit, the dedicated (and part-time) staff and their scope of responsibilities.	September 2024	June 25, 2024
To formulate inventory planning	April 2025	
To formulate verification planning	June 2027	

Item	Status of implementation
	Subsidiaries –Subsidiaries – SUPER-GROUP

Work Item	Estimated Completion Time	Actual Completion Time
To determine the establishment of a dedicated (and part-time) unit, the dedicated (and part-time) staff and their scope of responsibilities.	December 2024	November 08, 2024
To formulate inventory planning	April 2025	
To formulate verification planning	June 2027	

Three stages of Greenhouse Gas Inspection (ISO14064-1):



Also in a separate entry for "Greenhouse Gas Inventory and Confirmation"

2. Greenhouse Gas Inventory and Confirmation Status

The Company's basic information	The following information should be disclosed according to the sustainable development roadmap for listed companies.
☐ Companies with capitalization of NT$10 billion or more, iron and steel industry, cement industry ☐ Companies with capitalization of NT$5 billion or more but less than NT$10 billion ■ Companies with capitalization of less than NT$5 billion	☐ Parent company's individual inventory ☐ Consolidated financial reporting subsidiary inventory ☐ Parent company's individual confirmation ☐ Consolidated financial reporting subsidiary confirmation

Scope 1	Total Emissions (ton CO2e)	Intensity (tonCO2e/million NT$)	Confirmation Organization	Description of Confirmation Scenario
Parent Company	15.2279	0.00617		The third-party verification is expected to be completed by the end of June of the same year.
Scope 2	Total Emissions (ton CO2e)	Intensity (ton CO2e/million NT$)	Confirmation Organization	Description of Confirmation Scenario
Parent Company	384.9776	0.15597		The third-party verification is expected to be completed by the end of June of the same year.
Scope 3	No			

(VI) Performance of Integrity Management and Differences in Integrity Management Codes of Listed and OTC Companies and Reasons:

Assessment project	Operation			Differences between the Integrity Management Code of Listed and OTC Companies and Reasons
	Yes	No	Summary description	
I. Formulate Integrity Management Policies and Plans				
(I) Has the Company formulated a integrity management policy approved by the Board of Directors, and explicitly stated the policies and practices of the management in the regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	V		(I) The Company passed the Integrity Management Code on November 25, 2011, and amended by decree on March 18, 2022 and approved by resolution of the Board of Directors. Relevant information has been disclosed in the public information platform and the Company's website. The Company's senior management and board members are all responsible for supervision based on the concept of integrity in carrying out their business and have created a sustainable business environment.	No significant difference yet
(II) Has the Company established an assessment mechanism for the risks of dishonest behaviors, regularly analyzed and evaluated the business activities with higher risks of dishonest behaviors within its business scope, and accordingly formulated a plan to prevent dishonest behaviors, and at least covered the preventive measures for the behaviors in the second paragraph of Article 7 of the Conduct Code for Honest Operation of Listed and OTC Companies?	V		(II) In the "procedures and guidelines for integrity operation", the company explicitly prohibits dishonest behaviors such as offering and accepting bribes, offering or accepting illegitimate interests, offering or promising to offer facilitation fees, providing illegal political contributions, engaging in unfair competition, improper charitable donation or sponsorship, divulging trade secrets and damaging the rights and interests of interested parties, and has taken preventive measures or conducted relevant education.	No significant difference yet
(III) Does the company specify the operating procedures, behavior guidelines, disciplinary and complaint systems for violations in the plan to prevent dishonest behaviors, and implement it, and regularly review and revise the previous plan?	V		(III) The company has formulated the "operation procedures and behavior guidelines for honest operation", which specifically regulates the matters that the company's personnel should pay attention to when carrying out business, specifies the operation procedures and behavior guidelines of each scheme, the punishment and appeal system for	No significant difference yet

			violation of regulations, and strengthens the publicity through education and training, so as to ensure the implementation of the operation.	
II. Implementation of Integrity Management				
(I) Does the Company evaluate the credit records of the clients and stipulate the terms of credit behavior in the contracts signed with the clients?	V		(I) The Company has an evaluation mechanism for its clients and suppliers. After evaluation, the Company will sign a contract with the counterparty containing integrity terms depending on its necessity. The rights and obligations of both parties will be specified in detail and kept confidential.	No significant difference yet
(II) Does the Company set up a special unit under the Board of Directors to promote the honest operation of enterprises, and regularly (at least once a year) report to the Board of Directors on its honest operation policies, plans to prevent dishonest behaviors, and supervise the implementation?	V		(II) The chairman's office of the company is responsible for promoting the development, implementation and supervision of business integrity policies and norms, and reports its implementation to the board of directors annually. On November 5, 2024, the board of directors of the company completed the report on the implementation of integrity management for the year of 2024. The relevant implementation situation of integrity management policy of the company in 2024 is as follows: A. Education and training On November 8, 2024, the current directors received the education and guidance of "enterprise integrity management guidance" (10 person times in 1 hour). On October 28, 2024, we carried out the education and guidance of "enterprise integrity management guidance" for business staff (11 person times in 1 hour). Teaching material: enterprise integrity management guidance/ Propaganda on preventing insider trading Other employees completed self-education on the website B. Law compliance guidance The chairman's office promotes the publicity and education of all colleagues in integrity management, in addition to publicizing the specific practices	No significant difference yet

			of integrity management policies and the relevant systems to prevent dishonest management through the company's official website, the company shall regularly announce the relevant norms of integrity operation and prevention of dishonest operation, sign relevant contracts with new employees arrive, and publicize the relevant norms in the training courses for them. C. Communication channel Employees can resport to the management and human resources units through multiple channels, and actively announce the integrity management policy and implementation of integrity management in the website, annual report and other external documents. D. Prosecution system The company set specific reporting systems in the Code of Corporate Governance Practice, Code of Integrity Operation and Code of Conduct for Integrity Operation to actively prevent dishonest behaviors, encourage internal and external personnel to report dishonest behaviors or improper behaviors, and appoint the legal affairs department as the special unit to accept complaints from employees. The interested parties section of the official website provides effective means of communication among employees, shareholders, interested parties and outsiders. At the same time, a whistleblower protection system is established, within which the identity of whistleblowers and the content disclosed are kept confidential, so as to ensure to protect whistleblowers from being improperly handled due to whistleblowing. The company has not reported any dishonest behavior in both 2023 and 2024.	
(III) Does the Company formulate policies to prevent conflicts of interest,	V		(III) The Integrity Management Code drawn up by the Company	No significant difference yet

provide appropriate channels for statements, and well implement the policies?			has clearly defined policies to prevent conflicts of interest and requires all units to implement them. Both inside the Company and on the Company's website, unblocked channels are provided for public employees to state their opinions. In addition, the directors of the Company will avoid discussing and voting on the Board of Directors' proposals when they have an interest in themselves or the legal persons of their representatives, which is harmful to the interests of the Company. (Please refer to the information on the operation of the Board of Directors)	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of honest operation, and has the internal audit unit drawn up relevant audit plans based on the assessment results of risks of dishonest behaviors, and checked compliance with the scheme for preventing dishonest behaviors, or entrusted accountants to carry out the audit?	V		(IV) In order to implement the Integrity Management Code, the Company does not set up external accounts or keep secret accounts. Auditors regularly check the compliance of the accounting system and internal control system and make an audit report and submit it to the Board of Directors.	No significant difference yet
(V) Does the Company regularly organize internal and external education and training for honest operation?	V		(V) The company regularly and irregularly promotes the code of integrity operation in all kinds of meetings,On November 8, 2024, we conducted educational and guidance activity for the current directors on "enterprise integrity management guidance"; on October 28, 2024, similar educational and guidance activity was carried out for the managers"; other employees also completed self-education through the website.In the future, relevant personnel will be assigned to participate in external training as required.	No significant difference yet
III. Operation of the Company's Reporting System (I) Does the Company set up specific reporting and reward systems, establish convenient reporting channels, and assign appropriate specialized personnel for receiving reports?	V		(I) The Company has stipulated in the Integrity Management Code that it shall provide proper reporting channels and shall keep the identity and contents of the reporting confidential. If violations of laws and regulations	No significant difference yet

			or moral codes of conduct are found, they may be reported to independent directors, managers, internal audit supervisors or other appropriate personnel.	
(II) Does the Company have standard operating procedures for the investigation of reported matters, follow-up measures to be taken after the investigation completed, and relevant confidentiality mechanisms?	V		(II) In order to encourage employees to report violations of laws, the Company shall, in accordance with relevant procedures or mechanisms, let employees know that the Company will do its best to protect the privacy of the informant and keep it properly confidential.	No significant difference yet
(III) Does the Company take measures to protect the informant from improper handling due to the report?	V		(III) The Company shall be fully responsible for the confidentiality and protection of the informant.	No significant difference yet
IV. Strengthening Information Disclosure Has the Company disclosed the contents of the Integrity Management Code and its promotion results on its website and public information platform?	V		The Company has formulated Integrity Management Code, which has been disclosed in the Company's official website and the public information platform. The Company will regularly place relevant information on the Company's website and public information platform, ensuring shareholders, interested parties and competent authorities can keep abreast of the Company's general situation.	No significant difference yet
V. If the Company has its own Integrity Management Code according to the Integrity Code for Listed and OTC Companies, please state the difference between its operation and the Code: No significant difference.				
VI. Other important information that is helpful to understand the Company's Integrity Management Code operation: (such as the Company's review and amendment of the Code, etc.) None.				

(VII) Other important information sufficient to enhance understanding of corporate governance operations: None.

(VIII) The implementation of the internal control system shall disclose the following matters:

1. Declaration of Internal Control: Please refer to Market Observation Post System Market Observation Post System > Single company > Corporate Governance> Company regulations/ Internal Control >Internal Control System Statements Announcement section for inquiries https://mops.twse.com.tw/mops/#/web/t06sg20
2. If an accountant is entrusted to examine the internal control system on an ad hoc basis, the accountant's examination report shall be disclosed: None.

(IX) Important resolutions of the shareholders' meeting and the Board of Directors' meeting in the past year and up to the date of publication of the annual report:

1. Important Resolutions of Shareholders' Meeting

Date	Important resolutions	Implementation situation
June 13, 2024 (2024 regular meeting of shareholders)	1. Passed the business report and financial statement of 2023 according to the plan.	-
	2. Passed the Distribution of 2023 earnings.	August 26, 2024 was the base date of ex-rights and dividend and September 24, 2024 was the dividend distribution date. The cash dividend of NT$0.4 and stock dividend of NT$1.40013374 per share has been fully distributed.
	3. The new share issue through capitalization of earnings.	August 26, 2024 was the base date of capital increase from surplus, and 140.013374 shares were allotted free of charge for per 1,000 shares. It was approved by the Financial Supervisory Commission on July 10, 2024 and approved and registered by the Ministry of Economic Affairs on September 12, 2024.

2. Important Resolutions of the Board of Directors

Date	Important resolutions	Securities and Exchange Act § 14-3	Opinions of independent directors and the company's handling of opinions	Resolution of the board of directors
8th meeting of the eighth session February 5, 2024	1.Passed Purchase Guarantee Contract		None	It was approved by the directors present without objection
9th meeting of the eighth session March 12, 2024	1. Passed the draft of the company's business report and financial statements for the year of 2023 and the CPA's audit report. 2. Passed the company's 2023 earnings distribution plan. 3. Passed the new share issue through capitalization of earnings. 4. Passed the formulation of the company's annual bonus plan for managers in 2023. 5. Passed the proposal of the compensation plan for employees and directors in 2023. 6. Passed the company's statement of internal control system in 2023. 7. Passed the assessment of the independence and competency of certified public accountants. 8. Passed the resolution on the convening of the company's ordinary meeting of shareholders in 2024.	V V V	None	It was approved by the directors present without objection
10th meeting of the eighth session May 3, 2024	1. Passed the company's financial report for the first quarter of 2023 and the draft audit report of accountants.		None	It was approved by the directors present without objection
11th meeting of the eighth session June 13, 2024	1. Passed investment through subsidiaries.	V	None	It was approved by the directors present without objection
12th meeting of the eighth session August 2,	1. Passed the Company's financial report for the second quarter of 2024 and the draft audit report of accountants. 2. Passed the relevant matters concerning the Company's ex-rights and dividend in 2024. 3. Passed cash capital increase of subsidiary.	V	None	It was approved by the directors present without

Date	Important resolutions	Securities and Exchange Act § 14-3	Opinions of independent directors and the company's handling of opinions	Resolution of the board of directors
2024	4. Passed investment through subsidiaries.	V		objection
13th meeting of the eighth session November 5, 2024	1. Passed the company's financial report for the third quarter of 2024 and the draft audit report of accountants. 2. Passed the audit plan of the company in 2025. 3. Passed the authorization of the total amount of derivatives transaction in 2025. 4. Passed the distribution of the remuneration of the company's employees, directors and supervisors in 2023. 5. Passed the company's budget for 2025. 6. Passed amendment of "Internal Control System-Sustainable Information Management Operations".	V V	None	It was approved by the directors present without objection
14th meeting of the eighth session March 14, 2025	1. Passed the draft of the company's business report and financial statements for the year of 2024 and the CPA's audit report. 2. Passed the company's 2024 earnings distribution plan. 3. Passed the new share issue through capitalization of earnings. 4. Passed the formulation of the company's annual bonus plan for managers in 2024. 5. Passed the proposal of the compensation plan for employees and directors in 2024. 6. Passed the company's statement of internal control system in 2024. 7. Passed the change of CPA 8. Passed the assessment of the independence and competency of certified public accountants. 9. Passed the revised "Articles of Association" of the company. 10. Passed the revised "Measures for the Prevention of Insider Trading" of the company. 11. Passed the proposal for comprehensive reelection of directors. 12. Passed the list of nominated director candidates. 13. Passed the proposal for relief of noncompetition restrictions on the company's new directors and their representatives. 14. Passed the resolution on the convening of the company's ordinary meeting of shareholders in 2025.	V V V V V	None	It was approved by the directors present without objection

(X) In the latest year and up to the date of publication of the annual report, if the directors or supervisors have different opinions on important resolutions approved by the Board of Directors and have records or written statements, the main contents are as follows: No such situation.

IV. Information of CPA Fees:

Unit: NT$ thousands

Name of accounting firm	Name of CPA	Udit period	Audit fees	non-audit fees	Total	Note
KPMG Taiwan	Fu Hongwen Hong Shigang	2024/01/01~ 2024/12/31	2,575	995	3,570	Non-audit fees: 1. Transfer pricing service fee of NT$575 thousand. 2. Tax compliance audit service fee of NT$420 thousand. 3. Service fee for review of the declaration of surplus capital increase NT$25 thousand.

(I) If an accounting firm is replaced and the audit fees paid in the year of replacement are lower than those in the year before the replacement, the amount, proportion and reason of the decrease in the audit fees shall be disclosed: It is not applicable as the Company has not replaced the accounting firm.

(II) If the audit fees are reduced by more than 10% from the previous year, the amount, proportion and reason of the reduction shall be disclosed: No such situation.

V. Information changing CPA:

The Company's financial statements were originally certified by Fu Hongwen and Hong Shigang of KPMG. Due to the internal organizational adjustments of the firm, Fu Hongwen and Zhuang Junwei became the Company's certification accountants starting from the first quarter of 2025.

VI. The chairman, general manager, or manager in charge of financial or accounting affairs of the Company, who has worked in a firm affiliated with a CPA or its affiliated enterprises in the past year: No such situation.

VII. The latest year and up to the date of publication of the annual report, directors, supervisors, managers and shareholders holding more than 10% of the shares of equity transfer and equity pledge changes:

(I) changes in equity of directors, supervisors, managers and major shareholders:

Please refer to Market Observation Post System

Equity transfer:

Market Observation Post System > Single Company > Equity Change/Securities Issuance > Equity Transfer Information Query > Post-Money Report Form for Insider Shareholding Change

https://mops.twse.com.tw/mops/#/web/query6_1

Changes in equity pledge:

Market Observation Post System > Single Company > Equity Change/Securities Issuance > Dissolution of Internal Personnel Pledge > Announcement of Dissolution of Internal Personnel Pledge

https://mopsov.twse.com.tw/mops/web/STAMAK03_1

(II) Information on equity transfer: None.

(III) Information on equity pledge: None.

VIII. Information on the relationship between the top 10 shareholders, who are related parties or are spouses or relatives within the second degree:

Unit: share; %

Name	Holding shares		Spouses and minor children holding shares		Holding shares joint with the name of others		The names and relationships of the top ten shareholders who are related parties or who are spouses or relatives within the second degree	
	Shares	Share holding ratio	Shares	Share holding ratio	Shares	Share holding ratio	Name	Relationship
Liang Jia Investments Co., Ltd. Representative: Yang Huichiang	4,568,961	5.64	0	0.00	0	0.00	Liang Yuan Investments Co., Ltd.	The chairman is the same person.
							Yang Huichiang	Chairman
							Chang Kuan Investments Co., Ltd.	The chairman is the same person.
							Yang Huizong	Relatives within the second degree of the chairman
Liang Yuan Investments Co., Ltd. Representative: Yang Huichiang	4,008,341	4.95	0	0.00	0	0.00	Liang Jia Investments Co., Ltd.	The chairman is the same person.
							Yang Huichiang	Chairman
							Chang Kuan Investments Co., Ltd.	The chairman is the same person.
							Yang Huizong	Relatives within the second degree of the chairman
Yang Huichiang	3,751,399	4.63	369,702	0.46	0	0.00	Liang Jia Investments Co., Ltd.	Chairman
							Liang Yuan Investments Co., Ltd.	Chairman
							Chang Kuan Investments Co., Ltd.	Chairman
							Yang Huizong	Relatives within the second degree of kinship
Chang Kuan Investments Co., Ltd. Representative: Yang Huichiang	3,441,902	4.25	0	0.00	0	0.00	Liang Jia Investments Co., Ltd.	The chairman is the same person.
							Liang Yuan Investments Co., Ltd.	The chairman is the same person.
							Yang Huichiang	Chairman
							Yang Huizong	Relatives within the second degree of the chairman
China Trust trustee Niko Semiconductor Employees shareholding meeting to trust	1,219,465	1.50	0	0.00	0	0.00	-	-

Name	Holding shares		Spouses and minor children holding shares		Holding shares joint with the name of others		The names and relationships of the top ten shareholders who are related parties or who are spouses or relatives within the second degree	
	Shares	Share holding ratio	Shares	Share holding ratio	Shares	Share holding ratio	Name	Relationship
Yang Huizong	1,190,121	1.47	0	0.00	0	0.00	LiangJia Investments Co., Ltd. Representative: Yang Huichiang	Relatives within the second degree of the chairman
							Liang Yuan Investments Co., Ltd. Representative: Yang Huichiang	Relatives within the second degree of the chairman
							Yang Huichiang	Relatives within the second degree of kinship
							Chang Kuan Investments Co., Ltd. Representative: Yang Huichiang	Relatives within the second degree of the chairman
Huang Zongyuan	834,997	1.03	0	0.00	0	0.00	-	-
Zheng Shaoxian	637,007	0.79	0	0.00	0	0.00	-	-
Huang Zaorong	612,996	0.76	0	0.00	0	0.00	-	-
Li Jincheng	438,540	0.54	0	0.00	0	0.00	-	-

IX. The number of shares held by the Company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvestment enterprise shall be combined to calculate the comprehensive shareholding ratio.

Unit: thousand shares

Transfer to investment	The Company investment		Directors, supervisors, managers and direct or indirect control over the investment of enterprises		Comprehensive investment	
	Shares	Holding proportion	Shares	Holding proportion	Shares	Holding proportion
Jinnrong Investments Co., Ltd.	27,000	100%	—	—	27,000	100%
Power Up Tech.Co.,Ltd.	1,930	100%	—	—	1,930	100%
Wuxi Super GEM Microelectronics Co., Ltd.	—	—	Note	100%	Note	100%
Super Group Semiconductor Co ., Ltd.	—	—	7,028	70.28%	7,028	70.28%
Green Solution Technology Co ., Ltd.	—	—	13,725	45.75%	13,725	45.75%

Note: The limited company is expressed in terms of capital contribution.

III. Fund-raising

I. Capital and Shares

(I) Sources of stock

April 15, 2025 Unit: share; yuan

Year-month	Issue price	Authorized stock		Paid-up stock		Note		
		Shares	Amount	Shares	Amount	Sources of stock	Use property other than cash to offset the share proceeds	Other
October 1998	10	500,000	5,000,000	500,000	5,000,000	Establishment 5,000,000	—	—
September 2002	10	18,000,000	180,000,000	5,000,000	50,000,000	SEO (Note1) 45,000,000	—	—
Febuary 2003	10	53,000,000	530,000,000	17,000,000	170,000,000	SEO (Note 2) 120,000,000	—	—
July 2003	10	53,000,000	530,000,000	20,411,754	204,117,540	Surplus to Investment (Note 3) 34,117,540	—	—
August 2004	12	53,000,000	530,000,000	26,911,754	269,117,540	SEO (Note 4) 65,000,000	—	—
September 2006	10	53,000,000	530,000,000	30,450,000	304,500,000	Surplus to Investment (Note 5) 35,382,460	—	—
September 2006	36	53,000,000	530,000,000	34,950,000	349,500,000	SEO (Note 5) 45,000,000	—	—
November 2006	14.84	53,000,000	530,000,000	35,950,000	359,500,000	Employee stock subscription voucher to share (Note 6) 10,000,000	—	—
April 2007	14.84	53,000,000	530,000,000	36,150,000	361,500,000	Employee stock subscription voucher to share (Note 7) 2,000,000	—	—
July 2007	10	53,000,000	530,000,000	43,165,000	431,650,000	Surplus to Investment (Note 8) 70,150,000	—	—
August 2007	100	100,000,000	1,000,000,000	48,925,000	489,250,000	SEO (Note 9) 57,600,000	—	—
September 2008	10	100,000,000	1,000,000,000	55,217,500	552,175,000	Surplus and capital surplus to investment (Note 10) 62,925,000	—	—
January 2009	25.37	100,000,000	1,000,000,000	55,340,500	553,405,000	Employee stock subscription voucher to share (Note 11) 1,230,000	—	—
September 2009	10	100,000,000	1,000,000,000	60,874,550	608,745,500	Surplus and capital surplus to investment (Note 12) 55,340,500	—	—
October 2009	22.6	100,000,000	1,000,000,000	61,215,050	612,150,500	Employee stock subscription voucher to share (Note 13) 3,405,000	—	—
January 2010	22.6	100,000,000	1,000,000,000	61,289,550	612,895,500	Employee stock subscription voucher to share (Note 14) 745,000	—	—
January 2011	21.6	100,000,000	1,000,000,000	61,419,550	614,195,500	Employee stock subscription voucher to share (Note 15) 1,300,000	—	—
September 2011	10	100,000,000	1,000,000,000	61,251,550	612,515,500	Treasury stock reduction (Note 16) 168,000	—	—
September 2023	10	100,000,000	1,000,000,000	71,051,798	710,517,980	Surplus to investment (Note 17) 98,002,480	—	—

Year-month	Issue price	Authorized stock		Paid-up stock		Note		
		Shares	Amount	Shares	Amount	Sources of stock	Use property other than cash to offset the share proceeds	Other
September 2024	10	100,000,000	1,000,000,000	81,000,000	810,000,000	Surplus to investment (Note 18) 99,482,020	—	—

Note 1: Date of approval by the Ministry of Economic Affairs: September 19, 2002, Document number: F.J.S.Z.No. 091196359.
Note 2: Date of approval by the Ministry of Economic Affairs: February 20, 2003, Document number: J.S.S.Z.No. 09201051430.
Note 3: Date of approval by the Ministry of Economic Affairs: July 18, 2003, Document number: J.S.Z.Z.No. 09232379840.
Note 4: Date of approval by the Ministry of Economic Affairs: August 5, 2004, Document number: J.S.Z.Z.No. 09332524050.
Note 5: Date of approval by the Ministry of Economic Affairs: September 11, 2006, Document number: J.S.Z.Z.No. 09532814090.
Note 6: Date of approval by the Ministry of Economic Affairs: November 3, 2006, Document number: J.S.Z.Z.No. 09533084700.
Note 7: Date of approval by the Ministry of Economic Affairs: April 3, 2007, Document number: J.S.Z.Z.No. 09631886520.
Note 8: Date of approval by the Ministry of Economic Affairs: July 25, 2007, Document number: J.S.Z.Z.No. 09632503780.
Note 9: Date of approval by the Ministry of Economic Affairs: August 24, 2007, Document number: J.S.Z.Z.No. 09632656790.
Note 10: Date of approval by the Ministry of Economic Affairs: September 22, 2008, Document number: J.S.S.Z.No. 09701242380.
Note 11: Date of approval by the Ministry of Economic Affairs: January 15, 2009, Document number: J.S.S.Z.No. 09801008230.
Note 12: Date of approval by the Ministry of Economic Affairs: September 3, 2009, Document number: J.S.S.Z.No. 09801200740.
Note 13: Date of approval by the Ministry of Economic Affairs: October 15, 2009, Document number: J.S.S.Z.No. 09801238660.
Note 14: Date of approval by the Ministry of Economic Affairs: January 11, 2010, Document number: J.S.S.Z.No. 09901004160.
Note 15: Date of approval by the Ministry of Economic Affairs: January 17, 2011, Document number: J.S.S.Z.No. 10001008240.
Note 16: Date of approval by the Ministry of Economic Affairs: September 23, 2011, Document number: J.S.S.Z.No. 10001222340.
Note 17: Date of approval by the Ministry of Economic Affairs: September 15, 2023, Document number: J.S.S.Z.No. 11230173170.
Note 18: Date of approval by the Ministry of Economic Affairs: September 12, 2024, Document number: J.S.S.Z.No. 11330165480.

April 15, 2025 Unit: share

Type of share	Authorized stock					Note
	Shares in circulation			Un-issued shares	Total	
	be listed (OTC)	Not be listed (OTC)	Total			
Registered common stock	81,000,000	0	81,000,000	19,000,000	100,000,000	—

(II) List of major shareholders: Shareholders with a shareholding ratio of more than 5% or a shareholding ratio of the top 10

April 12, 2025

Name of major shareholder \ Shares	Holding shares	Shareholdings proportion (%)
Liang Jia Investments Co., Ltd.	4,568,961	5.64%
Liang Yuan Investments Co., Ltd.	4,008,341	4.95%
Yang Huichiang	3,751,399	4.63%
Chang Kuan Investments Co., Ltd	3,441,902	4.25%
China Trust trustee Niko Semiconductor employees shareholding meeting to trust	1,219,465	1.50%
Yang Huizong	1,190,121	1.47%
Huang Zongyuan	834,997	1.03%
Zheng Shaoxian	637,007	0.79%
Huang Zaorong	612,996	0.76%
Li Jincheng	438,540	0.54%

(III) Dividend policy and implementation status of the Company

1. Dividend policy

The Company's dividend distribution is based on the current year's surplus and the principle of dividend stability. The Company is currently in the growth stage. Based on the Company's future capital demand and long-term financial planning, the Company can distribute the surplus to shareholders in the form of cash dividend, stock dividend or partial cash dividend, partial stock dividend, etc. The cash dividend shall not be less than 10% of the total dividend.

At the present stage, the distribution of surplus is based on the principle of 25%~60% of the distributable surplus for the current year, taking into account the growth of future profits and capital needs, the distribution of stock dividends and cash dividends.

2. The planned dividend distribution in this shareholders' meeting

The proposal for the Company's 2024 distribution of earnings has been approved by the Board of Directors on March 14, 2025, to distribute cash dividends in the amount of NT$ 32,400,000 (NT$ 0.4 per share) to shareholders, and the stock dividend in the amount of NT$ 90,000,000 (NT$ 1.11111111 per share) will be submitted to the annual shareholders' meeting on June 10, 2025. The distribution ratios of cash dividends and stock dividends are 26% and 74% respectively.

3. When major changes are expected in the dividend policy, they should be explained: NA.

(IV) The impact of the proposed free rights issue at this shareholders' meeting on the Company's operating performance and earnings per share:

Item \ Year			2025 (estimated)
Paid-in capital at the beginning of the period			810,000,000
Issuance shares and dividends this year (Note 1)	Cash dividend per share		0.40
	Number of issuance shares per share for capital increase converted from earnings (share)		0.111111111
	Number of issuance shares per share for capital increase converted from capital reserve (share)		—
Changes in operating performance	Operating profit		N/A (Note 2)
	Increase (decrease) ratio of operating profit over the same period of last year（%）		
	Net profit after tax		
	Increase (decrease) ratio of net profit after tax over the same period of last year（%）		
	Earnings per share		
	Increase (decrease) ratio of earnings per share over the same period of last year（%）		
	Annual average return on investment (reciprocal of annual average price-to-earnings ratio) （%）		
Pro forma EPS and price-to-earnings ratio	If all the earnings converted into capital increase are changed to allotment of cash dividends	Pro forma EPS	N/A (Note 2)
		Pro forma annual average return on investment（%）	
	If the capital reserve has not been converted into capital increase	Pro forma EPS	
		Pro forma annual average return on investment（%）	
	If the capital reserve is not undertaken and the earnings converted into capital increase are changed to allotment of cash dividends	Pro forma EPS	
		Pro forma annual average return on investment（%）	

Note 1: The status of issuance shares and dividends for the year 2024 is set out in accordance with the proposal for the distribution of earnings approved by the Board of Directors on March 14, 2025.

Note 2: The Company did not disclose the financial forecast for the year 2025, and thus it is not applicable.

(V) Remuneration of employees, directors and supervisors:

1. The percentage or scope of remuneration for employees, directors and supervisors listed in the Articles of Association of the Company:
   According to the articles of association of the Company, if there is a profit in the year, not less than 10 per cent of the remuneration of employees shall be made and not more than 5 per cent shall be paid by the Directors. Employee compensation is paid by the board of directors in stock or cash, including subordinate or controlling company employees who meet certain conditions. However, when the company still has accumulated losses, it shall reserve the amount of compensation in advance and then allocate the employee's remuneration and the supervisor's remuneration in accordance with the above-mentioned proportion.
2. The basis for estimating the remuneration of employees, directors and supervisors in the current period, the basis for calculating the number of shares allotted with stock dividends and the accounting treatment if the actual allotted amount is different from the estimated amount:
   The Company's employees' remuneration and directors' remuneration are estimated on the basis of the ratio stipulated in the Articles of Association after considering the net profit after tax for the current year, legal reserve and other factors. However, if there is a difference between the actual amount allocated and the estimated amount, it will be listed as profit and loss for the following year.
3. Information on the proposed distribution of employee remuneration approved by the Board of Directors:
   (1). If there is any difference between the amount of employees' cash remuneration, stock remuneration and directors' and supervisors' remuneration allotted and the annual estimated amount of recognized expenses, the number of differences, reasons and handling situations shall be disclosed:
   On March 14, 2025, the Board of Directors approved the proposed allocation of NT$ 45,367 thousand in cash to employees and NT$15,122 thousand for directors, which is not different from the amount estimated in the annual financial report of recognized expenses.
   (2). The amount of remuneration proposed to be allotted to employees' shares and its proportion to the total amount of net profit after tax and total remuneration of employees in the current financial report for individuals or individuals: NA.
   (3). Earnings per share after considering the proposed distribution of remuneration to employees, directors and supervisors: NT$ 2.45.
4. Actual distribution of remuneration for employees, directors and supervisors in the previous year:

Unit: NT$ thousands

Explanation	Actual distribution	Board of Directors approved distribution	Differences
Remuneration of employees	48,372	48,372	NA
Remuneration of directors and supervisors	13,820	13,820	

(VI) Share redemption of the Company: None.

II. Handling of corporate bonds: None.

III. Handling of special share: None.

IV. Handling of overseas depository voucher: None.

V. Handling of employee stock subscription voucher: None.

VI. Handling of new shares restricting employee rights: None.

VII. Handling of M&A (including mergers, acquisitions and splits) or the issuance of new shares by accepting shares of other companies: None.

(I) In the latest year and up to the date of publication of the annual report, mergers and acquisitions have been completed or shares of other companies have been transferred to issue new shares: None.

(2) In the latest year and up to the date of publication of the annual report, the Board of Directors has decided to issue new shares through merger or acquisition of shares of other companies: None.

VIII. Implementation of Funds Utilization Plan

(1) Content of the plan:

As of the quarter before the publication date of the annual report, the previous issuance or private placement of securities has not been completed or completed in the last three years and the planned benefits have not yet been shown: NA.

(2) Implementation

By the end of the quarter before the date of publication of the annual report, the purpose of each plan mentioned in the preceding paragraph shall be analyzed one by one, and the comparison between its implementation and the original planned benefits shall be made. If the implementation progress or benefits are not up to the expected target, the reason, the impact on shareholders' rights and interests and the improvement plan shall be specified: NA.

IV. Operational Overview

I. Business content

(I) Scope of business:

1. Main contents of the business:
   The Company is mainly engaged in the design and marketing of analog integrated circuit products.
2. Operating proportion (2024):

Product item	Operating proportion (%):
Power MOSFET	99.85
Other	0.15
Total	100.00

3. Current product (service) items:
   A. high, medium and low voltage power MOSFET
   B. medium and high voltage Schottky Barrier Diode
4. New products (services) planned to be developed:

Year	Estimated development project
2025	1. Platform development of 2nd-generation Load Switch MV MOSFET
	2. Platform development of the 7th-generation Low gate Charge MV MOSFET
	3. Product development of the 4th-generation SyncPAK power application MOSFET
	4. Product development of the 3rd-generation DrMOS power application MOSFET
	5. Platform and product development of the 4th-generation DrMOS power application MOSFET
	6. Platform development of the 7th-generation Low gate Charge LV MOSFET
	7. Platform development of the 3rd-generation 40V Low gate Charge MOSFET
	8. Platform development of the 5th-generation Load Switch MOSFET
	9. Modules development of the 2nd-generation silicon carbide 1200V Power MOSFET
	10. Platform continuous development of the 3rd-generation silicon carbide 1200V Power MOSFET
	11. Platform development of the 2nd-generation silicon carbide 650V Power MOSFET

(II) General situation of the industry:

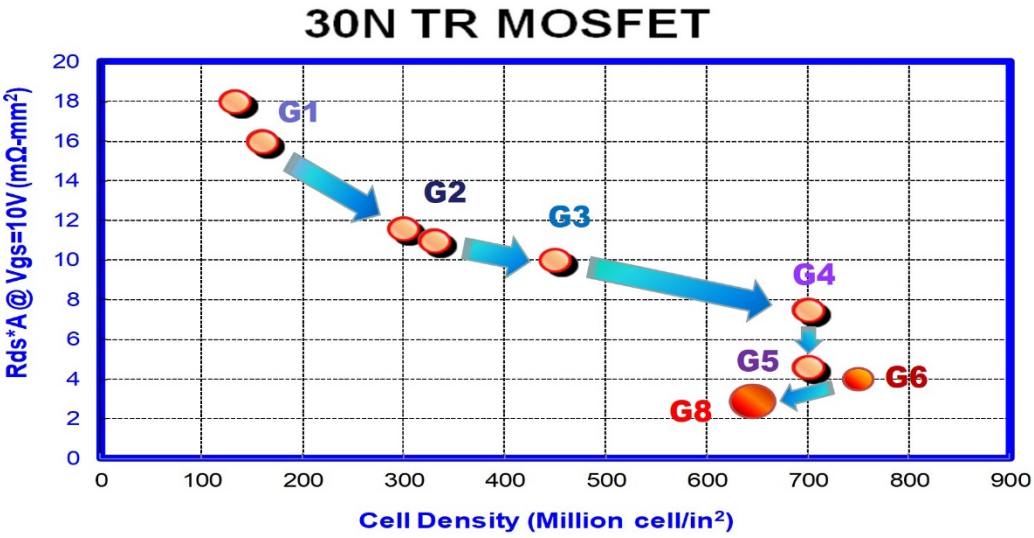
1. Current situation and development of the industry:
   According to preliminary statistics from market research companies, the global traditional personal computer (PC) market will stabilize in 2024, with shipments showing a slight increase. Among them, it is worth noting that as CPU and PC brand manufacturers begin to introduce AI into more models, PCs with AI functions will continue to penetrate, and the application of AI technology in the PC market will gradually increase and become an important driving factor for market growth. Although the PC market faces many challenges and opportunities, PC demand may still pick up in 2025, driven by the replacement trend driven by the end of Windows 10 services and the maturity of AI technology applications.
2. The relevance of the up-, middle- and downstream of the industry:
   Taiwan's semiconductor industry forms a professional division of labor and a vertical and complete industrial structure from design, mask, wafer material, wafer processing, packaging

and testing, together with a channel provider. The IC design industry is located in the upstream of the semiconductor industry, mainly for self-development and design or entrusted by customers. The required integrated circuit layout design is completed through the division of labor such as mask manufacturing, wafer processing and packaging, and finally tested by itself or by a professional testing factory. IC design plays an important role in the supply chain of China's electronics industry. Under the effect of industrial clustering, Taiwan has become the world's second largest IC design research and development center after Silicon Valley.

3. Product development trend:

A. PC computer market

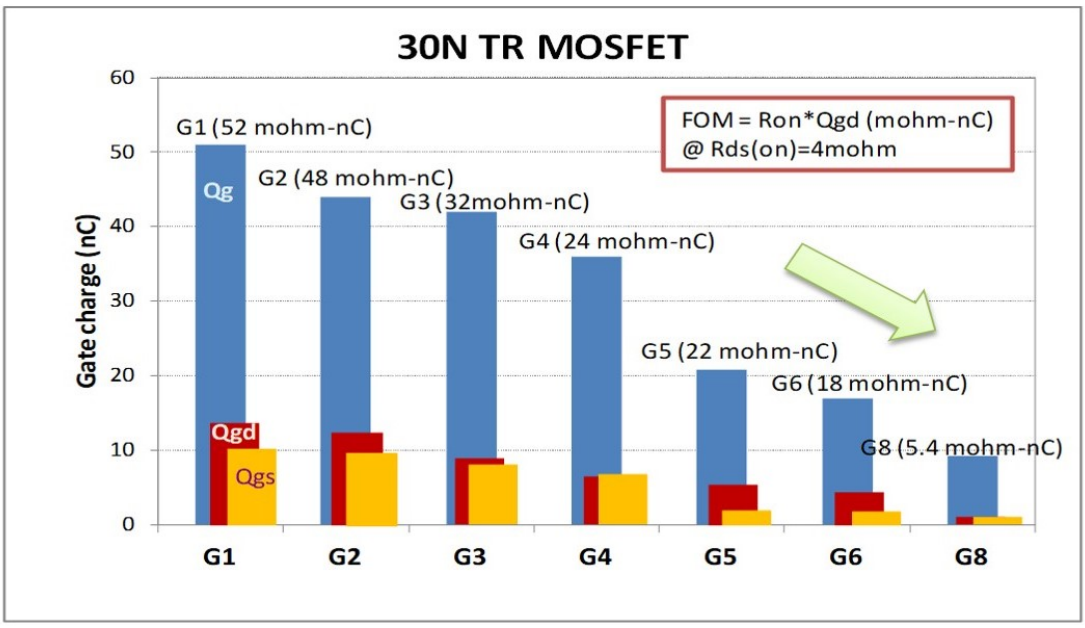
When the performance of the CPU/GPU increases, the wattage also increases which will inevitably increase the demand for power components. DrMOS is a highly integrated product that integrates the DRIVER IC and the upper and lower bridge MOSFETs in the same package. In addition to improving the simplicity of the circuit and reducing the number of components, it can also increase the operating frequency and quickly respond to the dynamics required by the CPU/GPU instantly. current, and can reduce the size of the output inductor and output capacitor, reducing the space required, compared with discrete power component solutions, can greatly reduce the volume and reduce parasitic parameters, improve conversion efficiency, save board space and provide excellent performance, so discrete power components have been gradually replaced by Dr MOS in Vcore applications, and V-Core adopts DrMOS design has become a trend.



Development and Evolution of Niko-Semi Low Voltage Products Generation Process Technology

The Company mainly focuses on the design and development of semiconductor power components, and committed to the development of Low gate Charge structural components process technology. Apart from the evolution of Rdson, of course, dynamic parameters are also an important part that cannot be ignored. The new generation of MOSFET will further break through the limitation of silicon-based materials for Rdson, which means that the volume of packaged finished products with the same specifications will become smaller and the limitation will become more and more relaxed. It can provide powerful power conversion design support that meets the CPU/GPU design platform, whether it is the power demand of the CPU/GPU itself, or the improvement of the space shortage problem caused by the increase in the number of power phases. As the demand for power supply increases in the surrounding area, the space and cost cannot increase, only the volume and cost of power components can meet the requirements. This is the advantage and competitiveness of the Company's new generation of products.

With the development of portable and wearable electronic products becoming more and more vigorous, and with the requirement that the product design be light, thin and short while the output power cannot be changed and reduced, the new generation of packaging size requirements will become more and more strict. The Company has introduced a new packaging technology product (PowerFet). Using new packaging technology can further reduce the impedance and conduction loss generated by packaging and increase heat transfer and dissipation. Its characteristic is that 3 x 3m size package can replace DFN5x6 power element and its thickness is less than 0.5 mm. With the sixth generation of MOSFET series products, the conduction impedance will surpass that of the previous generation. After the optimization and improvement of dynamic parameters (Qgd, Crss), the switching power loss can be effectively reduced, and the heat generation can be effectively reduced to improve the efficiency.



FOM Development and Evolution of Niko-semi Products

B. Power module

Power components are the core of power conversion and circuit control in electronic devices. They are mainly used in frequency conversion, rectification, voltage conversion and power control, and have energy-saving effects. Therefore, power components are widely used in many fields such as industrial electronics, consumer electronics and new energy transportation.

Leveraging the advantages of the new generation of PowerFET packaging technology, the company has further developed compact, high-performance SiC power modules that meet industry needs, demonstrating excellent energy efficiency, size advantages, cost-effectiveness and reliability. Driven by markets such as electric vehicles and charging piles, solar inverters and uninterruptible power supply systems (UPS), wireless charging of electric vehicles and AC/DC conversion systems, variable-frequency home appliances and variable-frequency air conditioners, high-efficiency motor drives and automotive drive inverters, new business opportunities will be created.

In addition, the company has introduced high-power module technology to develop power modules and components suitable for AI server power supplies (PFC, LLC, secondary side DC-DC), which have multiple advantages such as high power density, high reliability and high efficiency, providing a new choice for AI server power supply design.

C. Low loss and high energy conversion efficiency

The issue of green energy conservation has gradually been taken seriously, and the power conversion efficiency demanded by customers is getting higher and higher. Therefore, the

internal resistance required by MOSFET is also getting lower and lower, so the process capability of the fabs will influence the development of this product line.

D. Digital power chip

CPU/GPU's requirements for power IC functions are increasing, and traditional analog ICs cannot meet the needs. Therefore, circuit design will integrate digital and analog. The more powerful the function, the more it can match the development trend of terminal products.

E. High integration degree

Due to the requirement of electronic product volume reduction, besides IC design, wafer processing and packaging, the surrounding circuits and components are also included in IC or package as much as possible to reduce the parasitic effects caused by volume and winding. DrMOS integrates the Drive and power MOSFET into a small package. Compared with discrete solutions, DRM OS reduces the volume and parasitic parameters, improves the conversion efficiency, and enables system designers to save circuit board space and still provide excellent performance. DrMOS & POL products are also produced in response to market demand, so mastering the knowledge of packaging will also affect the planning of future product lines.

4. Competition of products:

The Company adheres to the product development direction of providing customers with effective, innovative and complete power supply solutions, with superior research and development technology and accurate trend mastering ability. In addition to continuously strengthening the types of existing products, the Company also actively develops power modules that integrate control IC and power components, continuously invests research and development resources, builds key packaging technology plants and equipment, develops high-end and differentiated products, and creates products with high unit price, high gross profit and high added value to meet the needs of customers for innovative development. Cooperate with major upstream raw materials, fabs and closed factories to ensure stable supply and quality of raw materials and production capacity, and seek to reduce costs to provide customers with complete application technology, space saving, low cost, stable quality, high efficiency and more convenient power supply solutions. Faced with such a competitive market situation, the Company hopes to ensure the supply of production capacity by combining upstream strategic partners. The Company also strengthens its own product design capabilities, actively improves quality, enters high-end products with higher thresholds, creates products with high unit price, high gross profit and high added value, and expands the provision of technical services to downstream customers to win customer trust.

5. Trend of new semiconductor substitute materials:

Silicon wafer material power semiconductors have been developed for more than 30 years. With the continuous investment and development of the industry, new processes are approaching their material limits. The new generation of wide bandgap power devices (SiC, GaN) can provide more significant benefits than power devices made of silicon. This includes higher operating temperature, high operating voltage, high operating frequency and low power loss (low resistance). These characteristics translate into the following advantages of solid-state power circuit design:

-Due to the reduction of switching and conduction losses and higher operating voltages, currents and frequencies, the conversion efficiency is also relatively improved.

-As higher operating temperature and frequency are allowed and the required cooling system is reduced, the volume and weight of the overall system are also relatively reduced. The effect brought by the change in this material will be an important consideration affecting the system design and power component selection.

6. Strategic alliance:

The Company has accumulated years of experience in MOSFET and packaging, provided professional knowledge and cooperation with professional control chip manufacturers, and used alliance to overcome the weakness of pure chip design industry without independent fabs to strengthen production capacity, cost and technology, and continuously introduce competitive products and services, to improve the efficiency of its products and speed up the time to market, to meet market demand and to obtain business opportunities.

(III) Technology and R&D overview:

1. Research and development expenses invested in the latest year and up to the date of publication of the annual report:

Unit: NT$ thousands

Item/year	2024	As of March 31, 2025
Research and development expenses	211,623	52,528

2. Research and Development achievements in recent five years:

Year	R&D Result
2024	1. Successful of platform development of first generation Load Switch MV MOSFET
	2. Successful of product series development of the 6th-generation Low gate Charge MV MOSFET
	3. Successful of product development of the 4th-generation PowerFET
	4. Successful of platform development of the 4th-generation SyncPAK power application MOSFET
	5. Successful of platform development of the 3rd-generation DrMOS power application MOSFET
	6. Successful of platform development of the 6th-generation Low gate Charge LV MOSFET
	7. Successful of product development of the 2nd-generation 40V Low gate Charge MOSFET
	8. Successful of product development of the 4th-generation Load Switch MOSFET
	9. Successful of platform development of the 2nd-generation silicon carbide 1200V Low Gate charge Power MOSFET

(IV) Long-term and short-term business development plans:

1. Short-term business development plan:

A. Fully grasp the market operation mode and countermeasures of competitors to improve the bargaining power with customers and enable the price period to take into account the market size and profit increase.

B. Fully cooperate with customers' needs to provide differentiated product features, strengthen professional skills of business personnel, improve after-sales service of products and enhance customer satisfaction.

C. For existing major customers, jointly develop products with competitive advantages and uniqueness to consolidate and deepen the cooperative relationship with major customers and improve performance and profits.

D. Actively develop new customers, expand market share for new application areas (Non PC) and new regional customers (mainland China market), create customer value, strengthen brand positioning and reduce the risk of concentrated sales.

E. Strengthen the accuracy of business demand forecast for customers, improve the timeliness of the Company's supply and reduce the risk of overstock.

2. Long-term business development plan:

A. Develop brand value and strengthen the ability to observe and solve customers' needs to "get closer to customers" and establish long-term partnership with important customers to create

business opportunities.

B. Establish a customer relationship management system to immediately respond to and meet the needs of customers, with the goal of establishing a stable and long-term cooperative relationship to become the enterprise consultant of customers. In addition, provide differentiated value-added services for major trading customers to create higher profits.

C. Continue to develop the market for new application products, reduce the operational risks of the market focusing on computers and computer peripherals, and increase the overall market share so as to continuously increase revenue.

II. General Situation of Market and Production and Marketing

(I) market analysis:

1. Proportion of major product sales areas:

Unit: NT$ thousands

Sales area \ Year		2023		2024	
		Amount	Proportion of revenue (%)	Amount	Proportion of revenue (%)
Domestic sales		84,062	3.41	100,496	4.07
Export sales	Asia	2,379,649	96.56	2,366,349	95.87
	Others	828	0.03	1,416	0.06
Total		2,464,539	100.00	2,468,261	100.00

2. Market share:

The Company's products can be widely used in various industrial fields, such as computers and peripheral equipment, communications products, consumer electronics products, automotive electronics, industrial electronics products and the like.

According to the latest investigation report of IC Insights, among all kinds of power components, the most growing products are high-voltage MOSFET (over 200V) and IGBT module. However, the Company's products do not have a significant market share, but it still aims to increase the market share and profit in the future.

3. The future supply and demand situation and growth of the market:

A. Global power semiconductor market

The third type of compound semiconductor - silicon carbide (SiC) has the characteristics of high temperature resistance, high voltage resistance, fast action, etc., and can be widely used in high power, high frequency and high temperature electronic power systems, such as electric vehicles and electric vehicle charging equipment, solar panels Inverters and other fields. According to a report by a market research institution, the market size of silicon carbide (SiC) as a power semiconductor material will grow to US$4.5 billion in 2020-2026, and it is estimated that the market size of silicon carbide (SiC) power components will reach US$6.3 billion in 2027; in 2021-2027, the compound annual growth rate (CAGR) of the overall silicon carbide (SiC) power device market will be 34%.

In order to pursue higher efficiency, faster charging time, longer mileage, and lighter product volume and weight in the electric vehicle industry, more and more car manufacturers have introduced SiC materials and replaced traditional silicon-based IGBTs with SiC MOSFET. It mainly includes applications such as drive inverter (Traction Inverter), on-board charger (OBC) and DC transformer. At present, more than 20 countries around the world have enacted a ban on the sale of automobile electrification or fuel vehicles. The target time frame falls between 2025 and 2050, which will accelerate the development of the new energy electric vehicle industry, and the market size growth of SiC power semiconductors is looking forward to.

B. Future growth

The rise of generative AI has driven the development of AI, changing the business model and working style of enterprises. By using cloud computing or creating a high-performance computing environment within the enterprise to train AI models, various types of creative content such as images and audio are no longer out of reach. However, the computing load of generative AI is gradually shifting to the edge, closer to the data source, using the computing power of the device to generate and respond in real time, thereby improving work efficiency and productivity. AI PCs have come into being. Led by the mature application of AI technology, the PC market is expected to maintain steady growth in the next few years.

4. Competitive advantages:

A. Strong R&D team

Being continuously engaged in the R & D, design and manufacturing of power components, our company is a design company with comprehensive capabilities of high and low voltage power components and special semiconductor process design;In addition, due to our design capability for special semiconductor process, and the fact we have actively cooperated with the wafer foundry, provided timely technical support to accelerate the development of new processes and new products, we have won the priority commitment of upstream suppliers in reducing product costs and improving product functions.

B. Perfect service and excellent quality control

Our company can also provide system manufacturers with free design services of control IC and matching power components on the application line, so that manufacturers can shorten the product development time and reduce the use of components, so as to achieve the purpose of reducing costs, and obtain high evaluation from customers on the quality of supply and delivery time.

5. Advantages and disadvantages of the Company's development vision and countermeasures:

A. Advantages

- The threshold of professional technology is high, and in the absence of economies of scale, the backward cannot compete with the advanced in terms of cost, which hinders entry and is not easy to be replaced.
- The concept of green environmental protection has gradually received attention, and high-efficiency power management has gradually become a necessary function for all electronic products.
- The analog IC market is cumulative rather than substitutive, and analog IC products have a long service life.
- There is no need to compete with advanced process products such as Chipset, CPU or DRAM for limited wafer generation plant capacity.
- The quality of domestic analog IC design company products has gradually been accepted by customers. In addition, the market share of domestic manufacturers is still low and there is still much room for growth.
- The supply of upstream raw materials is limited and there is no need to bargain for products.

B. Disadvantages

- Semiconductor processes such as BCD and BiCMOS required for domestic high-level analog IC are not yet mature.
- New competitors continue to join in low-grade products, which will not affect the market share of the company but will still cause the price to drop.
- Upstream raw material supply is tight and production capacity is limited, which is not conducive to expanding the share.

C. Countermeasures

- Continuously develop new processes to effectively improve product characteristics and reduce costs.
- Continue to develop upstream suppliers to ensure sufficient and stable production capacity and obtain necessary resources.
- Continue to develop high-end products and get rid of low-cost competitive products.
- Committed to expanding overseas markets and distribution, and build direct contact with major international factories to obtain first-hand technical information.
- Improve the control ability of production and marketing to ensure the normal supply of goods and to control the cost within a certain range.

(II) Important uses and production processes of major products:

1. Important uses of major products:

The Company's products are widely used in: computer motherboard, VGA card, notebook computer, tablet computer, personal digital assistant (PDA), digital camera, smart phone, power supply, portable charger, computer fan, liquid crystal television (TFT LCD_TV), liquid crystal display (TFT LCD_Monitor), liquid crystal display (LCD), LED lighting, Set-top Box (STB) and netcom products, as well as automotive electronics/vehicle charging market, Power Bank, battery application, etc.

2. Production process:

A. Market demand survey to determine product development direction or design in line with customer demand.
B. Development and design of new products and determination of product specifications.
C. Mask manufacturing and trial production.
D. Commissioning wafer production.
E. Wafer testing.
F. Outsourcing package.
G. IC testing.
H. Product packaging and processing.
I. Shipment of finished products.

IC design — Fabricatio — IC — Cutting — IC testing — Packing

(III) Main raw material supply situation:

The Company's main raw material is epitaxial and its main supplier is Episil semiconductor. Wafer foundry is UMC and Vanguard. Packaging/testing is mainly produced by GEM, Tongfu microelectronics, GTBF, JCET Group, Micro-silicon, etc. At present, the Company has good relations with suppliers and stable supply conditions.

(IV) Customer information that has accounted for more than 10% of the total commodity purchased (sold) in any of the last two years:

1. Major suppliers in the last two years:

Unit: NT$ thousands

Item	2023				2024			
	Name	Amount	Ratio of net purchase in the whole year [%]	Relations with issuers	Name	Amount	Ratio of net purchase in the whole year [%]	Relations with issuers
1	Vender 23029	369,718	22.67	NA	Vender 23029	377,595	22.30	NA
2	Vender 21015	363,794	22.31	NA	Vender 21015	363,326	21.46	NA
3	Vender 21002	295,157	18.10	NA	Vender 21002	278,998	16.48	NA
	Other	602,182	36.92	NA	Other	673,430	39.76	NA
	Net purchase	1,630,851	100.00		Net purchase	1,693,349	100.00	

Note: The purchase amount includes the processing fee.

Reason for increase or decrease:

The Company's major suppliers can be divided into three categories: silicon wafer raw material suppliers, wafer fabs and sealed suppliers. The changes in the Company's major suppliers in the last two years are the results of considering changes in market supply and demand, supplier prices and quality.

2. Major sales customers in the last two years:

Unit: NT$ thousands

Item	2023				2024			
	Name	Amount	Ratio of net sales in the whole year [%]	Relations with issuers	Name	Amount	Ratio of net sales in the whole year [%]	Relations with issuers
1	Customer H0716	309,537	12.56	NA	Customer H0716	206,317	8.36	NA
2	Customer K0665	212,837	8.64	NA	Customer K0665	265,009	10.74	NA
	Other	1,942,165	78.80	NA	Other	1,996,935	80.90	NA
	Net sales	2,464,539	100.00		Net sales	2,468,261	100.00	

Reason for increase or decrease:

The Company's main sales customers in the last two years are motherboard industry customers. Changes in overall customers are due to the increase or decrease of sales amount in response to changes in market supply and demand.

III. Information on employees

Unit: person

Year		2023	2024	As of April 15, 2025
Number of employees	Research and development department	48	48	49
	Production department	49	49	47
	Business department	28	28	28
	Management department	25	25	26
	Total	150	150	150
Average age		43.84	44.49	44.55
Average service age		11.54	12.3	12.19
Academic background ratio	Master or above	14.76%	17.08%	18.05%
	Bachelor	74.58%	73.17%	72.94%
	High school	9.84%	8.94%	8.20%
	Below high school	0.82%	0.81%	0.81%

IV. Information on environmental expenditure

(I) For the most recent year and up to the date of publication of the annual report, the total amount of losses (including compensation) and penalties incurred due to environmental pollution, and the future countermeasures (including improvement measures) and possible expenditures (including the estimated amount of losses, penalties and compensation that may occur if no countermeasures are taken), if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

The Company is an IC design industry and because the nature of the industry is not manufacturing, there is no environmental pollution. The Company is moving towards the vision

of green enterprise and sustainable development. It is certified and certified by ISO14001 every year. It is strictly regulated and protected in accordance with laws and relevant measures. Therefore, the Company has not suffered any loss or punishment due to environmental pollution. It is estimated that the possibility of future losses and punishment due to environmental pollution is extremely low.

(II) Description of the company response to environmental management requirements:

(1) Environmental management policy

NIKO-SEM actively promotes "Green Enterprise and Energy-saving and Carbon Emission Activities" as a whole, and implements measures to improve the environmental awareness of all staff members to comply with laws, regulations and stakeholder requirements. This is used as the main premise to evaluate the environmental considerations and establish relevant environment review goals.

NIKO-SEM is committed to continual improvement, pollution prevention, carbon inventory, and carbon emission reduction to ensure that its internal activities, products, and services have an appropriate environmental impact. NIKO-SEM also opens channels for external communication and aims to move towards green enterprise and sustainable management and development. As such, NIKO-SEM has established environmental policies and goals as important indicators for green management

- Doing the best for the continued improvement and the creation of a green enterprise.
- Committing ourselves to the caring for the earth, to the maintaining and feedback of our social responsibility to our community.

(2) Management guidelines

NIKO-SEM responds to climate change, manages energy and greenhouse gases, manages hazardous substances, and practices responsible manufacturing.

It conducts regulatory audits periodically to ensure conformity with new laws and regulations.

NIKO-SEM also conducts internal audits and external third-party investigations annually to ensure the effective operation of its management system.

In addition to its continual concern over international environmental issues and trends, NIKO-SEM has introduced the ISO14001 Environmental Management System to comply with environmental protection regulations, from product design to raw material purchasing, and to ensure compliance with government environmental regulation requirements while pursuing operational performance.

NIKO-SEM expects to effectively reduce the impact of its operating activities on the environment and improve its environmental management performance to achieve the ultimate goal of sustainable development.

(3) Environmental goals

NIKO-SEM operates in an office environment, and electricity needed for main air conditioning units, office lighting, and equipment accounts for 96.19% of the Scope 1 & 2 total greenhouse gas emissions. NIKO-SEM revenue-based carbon emissions intensity in 2024 was 1.89% lower than in 2023. We continue to promote energy conservation and review and improve our practices. We have set a goal of reducing our revenue-based carbon emissions intensity by 1% in the next year and continue to work towards our goal of net-zero emissions by 2050.

Year	Greenhouse gas emissions (tons)	Revenue (million NT$)	Emission intensity (tons CO2e)
2023	407.2865	2,464.53	0.1653
2024	400.2055	2,468.26	0.1621

V. Information on labor relations

(I) staff welfare measures, continuing education and training:

Benefits:

1. Raise and promotions are carried out every year based on the result of the performance of enterprise and individual evaluation.
2. Annual employee bonus.
3. Pension appropriated.
4. Deapartment dinner
5. Free and Periodically physical chek-up
6. Club subsidy
7. Annual domestic or overseas travel subsidy and travel leave
8. Birthday benefits, Holiday bouns, Wedding benefits, Maternity benefits, Injury or sickness benefits, Funeral grant
9. Labor insurance, National health insurance, Group insurance
10. Business travel insurance
11. Emergency Aid
12. A fixed proportion of the monthly turnover is appropriated to the employee welfare committee for coordinational use.
13. Employees are entitled to 7 days of paternity leave before and after the delivery of their spouse.
14. On-site medical health services
15. Niko-sem encourages breastfeeding and sets up a breastfeeding (collecting) room. Employee can request family care leave and parental leave.

Continuing education and training:

Niko-sem encourages employees to participate in various educational training courses and seminars, whether organized internally or externally.We arrange internal lecturers or irregular external lecturers to teach every year, including new employee training, internal lectures, seminars, meetings, job function guidance, etc..For the purpose of enhancing employee capabilities, improving work efficiency and quality, establishing a learning organizational culture, makes employees to gel.

(II) The internal auditors and financial and accounting personnel of the Company have obtained relevant certificates as follows:

Name of license	Financial department	Audit office
CPA	1	0
CIA	1	0

(III) Continuing education and training of employees

Item	Number of courses	Total number of person-time	Total time(hour)	Total cost(NT$)
On-the-job training	19	116	216.5	49,000

(IV) Retirement system and implementation:

A. Retirement system

The Old Pension System (The Old Fund):

Niko-sem has a defined employee retirement policy, which covers all employees who were formally hired before June 30, 2005. According to the regulations, the payment of pension is calculated based on the number of years of services and the average wage of the six months before retirement. Every employee will receive two bases for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45.

Niko-sem has set up a Supervisory Committee for Labor Retirement Reserves, and in accordance with the provisions of the Labor Standards Act, the Labor Retirement Reserve Fund is allocated at a monthly rate of 3% of the total salary, which is deposited in a special account in the Bank of Taiwan. When the pension is actually paid, it is necessary to apply to the competent authority and the special reserve account after being reviewed by the Pension Management Committee, and if there is any shortfall, Niko-sem will pay it.

Defined contribution plan (Individual Labor Pension Accounts):

Starting from 1st Jul, 2005, Niko-sem has comlied with Labor Pension Act (hereinafter referred to as the "New Labor Pension System").

If employees who are subject to employee retirement policy choose to apply for New Labor Pension System or employees who hired after the implementation of New Labor Pension System, their service years will be changed to the defined contribution plan.

Defined contribution plan, in accordance with Labor Pension Act, Niko-sem borne to the labor pension personal specific account of the Bureau of Labor Insurace at a contribution rate of 6% of the employee's monthly wage. These recognized Niko-sem’s expenses.

B. Terms and procedures of applying for Retirement

Niko-sem applied the following conditions in accordance with acts and regulations：

Voluntary retirement (The article 53 of Labor Standards Act)

A worker may apply for voluntary retirement in any of the following situations:

1. Where the worker attains the age of 55 and has worked for 15 years.
2. Where the worker has worked for more than 25 years
3. Where the worker attains the age of 60 and has worked for 10 years.

Workers who meet the requirements for voluntary retirement are entitled to request retirement at any time. Even if the employer terminates the labor contract in accordance with Article 11 of the Labor Standards Act with an advance notice, he shall still pay pension according to Articles 55 and 84-2 of the same Act.

Mandatory Retirement (Art. 54 of the Labor Standards Act)

An employer cannot force a worker to retire unless any of the following situations has occurred:

1. Where the worker attains the age of sixty-five.
2. Where the worker is unable to perform his/ her duties due to disability.

Niko-sem may accord to Section 2, Article 54, request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below 55.

Employees who qualify for voluntary retirement can apply for retirement to Niko-sem within the legal advance notice, and the Human Resources Department will assist employees in handling retirement procedures in accordance with acts and regulation.

C. Execution

In 2024, there were 0 people who have reached retirement age and 2 people apply for voluntary retiremen, and the total number of retired people was 2.

(V) Agreement between labors:

The Company's labor relations are harmonious, and comprehensive measures are formulated for employees' incentive, communication, training, welfare and retirement to combine the interests of employees and the Company.

(VI) List the losses suffered as a result of labor disputes in the latest year and up to the date of publication of the annual report, and disclose the estimated amount that may occur at present and in the future and the corresponding measures:

The Company's labor policies are implemented in accordance with the latest laws and regulations and labor relations are good, so there is no loss due to labor disputes at present. It is estimated that the possibility of future losses due to labor disputes is extremely low.

(VII) Measures to protect the working environment and personal safety of employees:

The Company's primary goal is to provide employees with a safe, healthy and comfortable working environment, promote a friendly working environment with harmonious labor relations and mutual trust, and implement relevant laws and regulations on environmental protection, safety and health policies. The Company has no factory and its office is dedicated to the following matters:

Item	Content
Access control safety	1. The building is equipped with security guards all day and set up access control system.
	2. Regular patrol boxes are set up at the post-agency police station.
Maintenance and inspection of various equipment	1. The Company cooperates with the routine fire inspection every year.
	2. According to the labor safety and health regulations, employees' drinking water, electrical equipment, fire fighting equipment and the like are regularly inspected and maintained on a weekly, monthly and quarterly basis.
Disaster prevention measures and contingency	1. The Company regularly conducts disaster prevention and rescue drills and sets up disaster reporting personnel every year.
	2. According to the labor safety and health regulations, the relevant corresponding measures and operation contents of personnel at all levels are clearly regulated in case of major disasters.
	3. Prepare general affairs for employee safety and health, and be in charge of labor safety and health business.
Physiological hygiene	1. Health examination: On-the-job personnel shall undergo regular health examination every 2 years according to the Labor Safety and Health Law.
	2. The workplace is completely non-smoking.
	3. Daily the cleaner cleaning the workplace, disinfect the floor with bleach every week and entrust a professional cleaning company to carry out routine disinfection and waxing every six months.
Mental hygiene	1. Education and training: Upgrade professional knowledge courses related to work and strengthen special lectures on knowledge and ability.
	2. Expression of opinions: Set up common areas and public announcement areas to provide channels for employees to express their opinions, vent their emotions and learn interactively.
	3. Sexual harassment prevention and control: According to the Gender Equality at Work Act, the complaint channels and punishment provisions are stipulated in the work rules.
Notification of hazard factors in contractor's operation	1. In accordance with the government regulations, the Company will kindly explain the work safety essentials prior to the contractor before working.
	2. Clearly require the contractor to implement relevant protective measures and personnel safety equipment.
Insurance and medical care	1. Insure labor insurance (including occupational hazard insurance) and health insurance in accordance with the law. In addition to employee medical insurance and cancer insurance with insurance companies, the Company also provides employee dependents with preferential rates to cover medical insurance and cancer insurance.
	2. Insure the employer's compensation contract liability insurance for employees to apply for insurance claims due to injury accidents.
	3. For employees hospitalized, solatium shall be given.

VI. Information security management

(I) Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.

Infocom Security Risk Management Framework

The information unit of the company is responsible for formulating the research, establishment and evaluation of information security management policies, plans, technical specifications and other matters. The employees of the unit, the relevant units of the connection operation and the manufacturers that provide information services shall abide by it. The audit unit conducts audits every year in accordance with the "Information Security Management Regulations" to evaluate the effectiveness of the internal control of the company's information operations.

Information Security Policy

In order to implement the information security policy, ensure the company's data, system, network security and protect the interests of the company and its customers, the company has formulated "internal control system - electronic computer cycle" and "information security management measures" to achieve the following policy objectives.

- ■Ensure the confidentiality, integrity and availability of information assets
- ■Ensure the stable and continuous operation of the information system
- ■Appraisal and evaluation information related duties and staff data access rights
- ■Prevent unauthorized modification or use of data and systems
- ■Regular information environment security audit

Specific management plan

- ■Internet and information security management and control
  - ➢ Control of access rights for personnel in the server host equipment room
  - ➢ Set up firewall and set connection rules
  - ➢ Automatically filter users' Internet access to websites that may be linked to Trojans, ransomware or malicious programs
  - ➢ Use anti-virus software and automatically update the virus pattern to reduce the chance of virus infection
  - ➢ Automatic email scanning threat protection against unsafe attachment files, phishing emails, spam emails and malicious links
  - ➢ Designated custodian and designated person to inspect important information assets
- ■Data access control
  - ➢ User data access authority control and regular password change
  - ➢ Transferred personnel to cancel the original authority
  - ➢ Outsourced manufacturers sign security control contracts to prevent data from being stolen, tampered with, sold, leaked and improperly backed up
  - ➢ Clear the storage device data before the equipment is scrapped
- ■Disaster recovery mechanism
  - ➢ Establish a system backup mechanism and implement off-site backup
  - ➢ Regularly rehearse system recovery every year
- ■Promotion and inspection
  - ➢ Regularly conduct information security education and training
  - ➢ Regularly carry out information security inspections every year

(II) Losses, possible impacts and countermeasures due to major information security incidents in the most recent year and as of the date of publication of the annual report:

As of the date of publication of the annual report, the company has not had any major information security incidents affecting the company's operations in the most recent year.

VII. Important Contracts

Contractual quality	Party	The starting and ending date of the contract	Main content	Restrictions
Selling	CustomerM0073	2006/06/13～	product sales contract	NA
processing	Vender 23029	2021/1/1~2023/12/31	packaging / testing	NA
processing	Vender 23029	2021/5/7~	supply assurance	NA
processing	Vender 23029	2021/11/30~	supply assurance	NA

V. Financial situation and financial performance review analysis and risk issues

I. Financial status

Unit: NT$ thousands

Item / Year	2024	2023	Difference	
			Amount	%
Current assets	3,129,453	2,900,795	228,658	7.88%
Investments accounted for using equity method	89,955	170,603	(80,648)	-47.27%
Property, plant and equipment	367,940	313,827	54,113	17.24%
Other assets	162,073	149,098	12,975	8.70%
Total assets	3,749,421	3,534,323	215,098	6.09%
Current liabilities	557,197	668,256	(111,059)	-16.62%
Total liabilities	570,874	671,601	(100,727)	-15.00%
Share capital	810,000	710,518	99,482	14.00%
Capital surplus	674,954	630,512	44,442	7.05%
Retained earnings	1,596,934	1,522,160	74,774	4.94%
Total equity	3,178,547	2,862,722	315,825	11.03%

Note: If the rate of increase or decrease reaches 20% and the amount reaches NT$ 10 million, an explanation will be given.

Analysis of change of increase/decrease ratio:

1. The decrease in Investments accounted for using equity method is mainly due to the investment was included in the consolidated entity after the control was acquired in 2024.

II. Financial Performance

(I) Comparative Table of Financial Performance:

Unit: NT$ thousands

Item / Year	2024	2023	Increase or decrease amount	Change ratio (%)
Operating revenue	2,468,261	2,646,539	3,722	0.15%
Operating costs	1,796,272	1,821,235	(24,963)	-1.37%
Gross profit from operations	671,989	643,304	28,685	4.46%
Operating expenses	444,274	378,024	66,250	17.53%
Net operating income	227,715	265,280	(37,565)	-14.16%
Non-operating income and expenses	15,934	19,413	(3,479)	-17.92%
Profit before income tax	243,649	284,693	(41,044)	-14.42%
Income tax expenses	40,336	74,891	(34,555)	-46.14%
Profit	203,313	209,802	(6,489)	-3.09%

Note: If the rate of increase or decrease reaches 20% and the amount reaches NT$ 10 million, an explanation will be given.

Analysis of change of increase/decrease ratio:

1. The decrease in income tax expenses is mainly due to the decrease in profits in 2024.

(II) Expected sales amount and its basis, the possible impact on the Company's future financial business and the corresponding measures

1. Expected sales amount and its basis:
   Based on the sales amount in 2024, recent orders and market information, the Company expects the total sales volume in 2025 to decrease slightly from that in 2024.
2. Possible impact on the Company's future financial business and the corresponding measures:
   The Company actively develops the non-PC market and disperses operational risks. In addition, the Company's financial performance is stable and its cash flow is normal. Internal management actively improves processes and saves costs and reduces the impact of economic boom cycle or industrial competition on business interests through management.

III. Cash flow

(I) Analysis of cash flow changes in recent years:

Item / Year	2024	2023	Increase or decrease amount	Change ratio (%)
Net cash flows from operating activities(used in)	25,914	254,872	(228,958)	(89.83)
Net cash flows from investing activities(used in)	174,084	(51,796)	225,880	436.10
Net cash flows from financing activities(used in)	(31,871)	(26,816)	5,055	18.85

Analysis of change of increase/decrease ratio:

1. Operating activities:
   The decrease in net cash flows from operating activities is mainly due to the impact of the time difference between the collection and payment of accounts receivable and accounts payable in 2024.
2. Investing activities:
   The increase in net cash flows from investing activities is mainly due to the cash inflow from mergers in 2024.

(II) Improvement plan for insufficient liquidity:

The Company has no shortage of liquidity in the recent year.

(III) Analysis of cash liquidity in the coming year:

Unit: NT$ thousands

Cash balance at beginning of period	Net cash flow from operating activities in whole year	Cash flows from investment and fund raising	Cash surplus	Remedies for insufficient cash	
			(insufficient) amount	Investment plan	Financial plan
1,546,015	45,639	(151,075)	1,440,579	-	-

1. Analysis of cash flow changes in the coming year:
   (1) Operating activities: Estimated slight growth in revenue in 2025 and maintaining profit, resulting in net cash flow from operating activities.
   (2) Investment activities: Mainly the cash outflow of purchasing equipment and masks.
   (3) Fund-raising activities: Mainly the cash outflow of fund-raising activities such as dividend payment.
2. Remedial measures and liquidity analysis for estimated cash shortage: NA.

IV. Impact of major capital expenditure on financial business in recent years

(I) Utilization of major capital expenditures and sources of funds: None.

(II) Expected potential benefits: NA.

V. The recent annual reinvestment policy, the main reasons for its profits or losses, improvement plans and investment plans for the coming year:

(I) Reinvestment policy:

The Company's reinvestment is mainly based on strategic investments such as investment holding and business expansion of the parent company.

(II) Profit or loss from reinvestment:

The investments using equity method by the Company in 2024 are:

1. In order to provide customers with a complete power management plan, the Company has reinvested in Green Solution Microelectronics for strategic alliance. Investment profit of 2024 is NT$ 6,293 thousand.
2. In order to the overall operation parrangement, the Company has reinvested in Super Group Semiconductor Co., Ltd. Investment profit of 2024 is NT$ 7,098 thousand.
3. In order to serve customers nearby, the Company has reinvested in Wuxi Super GEM Microelectronics to provide product quality monitoring and testing services. Its income is sufficient to meet the Company's operating expenses, thus making a profit. Investment profit of 2024 is NT$ 2,570 thousand.

(III) Improvement plan: Increase the functions of each company, help expand the market and create revenue.

(IV) Investment plan for the coming year: None.

VI. Risk assessment and countermeasures of the latest year and up to the date of publication of the annual report

(I) The impact of interest rate, exchange rate changes and inflation on the Company's profits and losses and future countermeasures:

1. Impact of interest rate on the Company's profits and losses and future countermeasures

   The Company's financial cost of 2024 is NT$ 101 thousand, which was extremely low. Therefore, interest rate changes had no significant impact on the Company's profit and loss.

2. Impact of exchange rate changes on the Company's profits and losses and future countermeasures

   The main quotation currency of the Company's products for sale and purchase processing is USD, so exchange rate changes have a certain impact on the Company's profit and loss. Considering the exchange rate risks, the Company's specific practices are as follows:

   A. The Company's financial personnel collect relevant information on exchange rate changes at any time, and adjust the foreign currency positions held according to the actual capital demand and exchange rate trend to reduce exchange rate risks.

   B. The Company continues to expand the proportion of foreign currency denominated purchases and adjusts the loan currency without increasing loan. By offsetting foreign currency assets and liabilities, exchange rate risks will be greatly reduced to achieve the goal of natural hedging.

   C. The Company is engaged in derivative financial commodity trading for the purpose of hedging, and reduces the risks that may arise from exchange rate fluctuations by engaging in pre-sale forward foreign exchange trading and exchange for profits trading.

3. The impact of inflation on the Company's profits and losses and future countermeasures

   At present, the Company has not had any significant impact on the Company's profit and loss due to inflation. The Company regularly tests the statistical data of the Chief Accounting Office of the Executive Council, research reports and economic indicators of major economic research institutions and professional investment institutions at home and

abroad, and collects relevant information to provide the management level with decision-making tests.

(II) Policies for engaging in high-risk, high-leverage investments, loan of funds to others, endorsement and guarantee, and derivatives trading, main reasons for profits or losses, and future countermeasures:

1. Engaged in high risk, high leverage investment transactions
   The Company has not engaged in high-risk and highly leveraged investments in the latest year and up to the date of publication of the annual report.

2. Loans to other parties
   When the Company loans to other parties, it shall do so in accordance with the provisions of the Company's "Operational Procedures for Loaning to other parties" and only after the approval of the Board of Directors. At present, the Company has no loans to other parties.

3. Guarantees and endorsements for other parties
   When handling Guarantees and endorsements for other parties, the Company shall comply with the provisions of the Company's "Operational Procedures for Endorsements and Guarantees" and only after the approval of the Board of Directors. At present, the Company has no guarantees and endorsements for other parties.

4. Trading in derivative instruments
   The Company engages in Forward and SWAP accordance with the Company's "Operating Procedures for Trading Derivatives". Its main purpose is to avoid risks arising from exchange rate changes in foreign currency assets and liabilities. The Company's hedging strategy is to hedge within the range of real net position demand and should not result in significant profits or losses.

(III) Future research and development plans and the research and development costs expected to be invested

For this year's research and development plan, please refer to part V for the operating overview and technical and research and development overview. The Company's future research and development plan will continue to strengthen the synchronous research and development of new products such as high and low voltage power MOSFET, and expand applications outside the PC market. The research and development cost invested by the Company will maintain 5%~10% of the revenue, and the estimated research and development cost in 2025 is NT$ 156,397 thousand.

(IV) The impact of major policy and legal changes at home and abroad on the Company's financial business and countermeasures:

The Company is always aware of changes in important policies and laws at home and abroad and proposes timely countermeasures. As of the date of publication of the annual report, the Company has not been affected by changes in important policies and laws at home and abroad that affect the Company's financial business.

(V) The impact of technological and industrial changes on the Company's financial business and countermeasures:

The Company pays close attention to the trend of technological and industrial changes at any time. At present, in addition to researching and developing new products for listing, the Company also aims at improving the quality of existing products and reducing costs to increase market competitiveness.

(VI) Impact of corporate image change on corporate crisis management and countermeasures:

The Company's corporate image is good and there is no significant change in the latest year and up to the date of publication of the annual report, therefore, there is no problem of corporate crisis management caused by the change in corporate image.

(VII) Expected benefits, possible risks and countermeasures of M&A:
The Company has not conducted any M&A in the latest year and up to the date of publication of the annual report.

(VIII) Expected benefits, possible risks and countermeasures of plant expansion:
The Company has not expanded its plant in the latest year and up to the date of publication of the annual report.

(IX) Risks and countermeasures of centralized purchase or sale of commodities:

1. Risks of centralized purchase and countermeasures
The Company's main raw material suppliers are Episil-Precision Corp, wafer foundry is UMC, Vanguard; Packaging/testing is mainly made up of GEM, Tongfu Microelectronics, GTBF, JCET Group, and Micro-silicon, etc.. The suppliers are mostly well-known manufacturers at home and abroad. In addition to maintaining good relations with existing suppliers, the Company will appropriately decentralize its purchasing clients depending on business development and industrial changes in the future. After reviewing the purchase situation in the latest year, there is no risk of over-concentration of purchase. There has been no shortage or interruption of supply in the latest year and up to the date of publication of the annual report, and the supply source is still stable.

2. Risks of centralized sales and countermeasures
The Company has established long-term and stable cooperative relations with many world-class customers under the development of diversified customers in the original main industries and the application and products spanning other industries. By combining these customers and the Company's competitive advantages, the Company can ensure long-term and stable growth. The company aims to spread risks by spreading customers so as to reduce the significant influence of a single customer or a small number of customers on the Company. After reviewing the latest annual sales situation, there is no risk of over-concentration.

(X) The impact, risks and countermeasures of the large-scale transfer or replacement of shares of directors, supervisors or major shareholders holding more than 10% of shares on the Company:
During the latest year and up to the date of publication of the annual report, the Company's directors, supervisors or major shareholders holding more than 10% of the shares did not have any substantial transfer of shares.

(XI) The impact, risks and countermeasures of the change of management rights on the Company:
The Company has not changed its management rights in the latest year or up to the date of publication of the annual report.

(XII) For litigious or non-litigious matters, the Company and its directors, supervisors, chief executives, substantial principals, major shareholders with a shareholding ratio of more than 10% and subordinate companies shall list the major litigious, non-litigious or political litigations that have been decided or are still in the process of being litigated, and if the results may have a significant impact on shareholders' rights or securities prices, the facts of the dispute, the amount of the bid, the date of commencement of the litigation, the major litigious parties and the situation as of the date of publication of the newspaper shall be disclosed: None.

(XIII) Other important risks and countermeasures: None.

VII. Other Important Matters: None.

VI. Special Records

I. Relevant Information of Related Enterprises: (December 31, 2024)

(I) Consolidated Business Report of related enterprises:
Please refer to Market Observation Post System
Market Observation Post System > Single Company > Electronic Document Download > Three Forms and Documents for Related Enterprises
https://mopsov.twse.com.tw/mops/web/t57sb01_q10

(II) Consolidated Financial Statements of Related Enterprises:

The entities that are required to be included in the consolidated financial statements of NIKO SEMICONDUCTOR CO., LTD. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, NIKO SEMICONDUCTOR CO., LTD. and Subsidiaries do not prepare a separate set of consolidated financial statements.

(III) Relationship Report: It is not applicable as the company is not a subordinate company of other companies.

II. For the latest year and up to the date of publication of this annual report, the case of private placement of securities, the date and amount of approval by shareholders or the board of directors, the basis and conformity of price setting, the method selected by a specific person and the necessity of conducting private placement shall be disclosed, and the plan for capital utilization shall be completed upon receipt of the full amount of shares or prices, and the capital utilization of private placement of securities and the implementation of the plan shall be disclosed:

The Company has no private placement of securities in the latest year and up to the date of publication of the annual report.

III. In the latest year and up to the date of publication of the annual report, subsidiaries held or disposed of the Company's shares:

The Company has not held or disposed of the Company's shares by any subsidiary company in the latest year and up to the date of publication of the annual report.

IV. Other necessary supplementary matters: None.

VII. Matters with Significant Impact on Shareholders' Rights or Securities Prices In the Latest Year and up to the Date of Publication of the Annual Report

In the latest year and up to the date of publication of the annual report, the Company has not had any matters that have a significant impact on shareholders' rights and interests or the price of securities as stipulated in Paragraph 3, Paragraph 2, Article 36 of the Securities Exchange Act.