

# Solid State System Co., Ltd.

# 2025 Annual Report

Published on: March 31, 2026

Check the Annual Report at: <http://mops.twse.com.tw>  
Company Website: <https://www.3system.com.tw>

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Tel.: (02) 2703-5000  
Website: <https://www.capital.com.tw>
- IV. The Name of CPAs, the Name, Address, Website and Telephone Number of the Accounting Firm for the Most Recent Annual Financial Report  
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Name of Accounting Firm: Lan-Jai CPAs' Firm  
Address: No. 88, Weixin Street, Zhubei City, Hsinchu County Taiwan (R.O.C.)  
Tel.: (03)656-1578  
Website: <http://www.lanjaicpa.com.tw>
- V. The Name of Any Exchanges where the Company's Securities are Traded Offshore, and the Method by which to Access Information on Said Offshore Securities: None
- VI. Company Website: [https : //www.3system.com.tw](https://www.3system.com.tw)

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## Chapter 1. Letter to Shareholders

In 2025, the Company operating revenue of NT\$281,877,000. Due to intense price competition across various product lines, the overall gross margin was around 13%, resulting in a net loss after tax of NT\$172,070,000. Looking back at 2025, the tightening supply of memory and the slowdown in global consumer market demand created short-term volatility and pressure. Despite short-term challenges, the Company continued to invest in R&D, optimize its product portfolio, and adjust business strategies to prepare for the next wave of growth opportunity.

In the area of NAND Flash controller ICs, the Company continues to develop USB 3.0 controller ICs that support advanced-generation TLC/QLC 3D NAND Flash from various Flash vendors. In particular, support for QLC 3D NAND Flash from multiple suppliers has become increasingly comprehensive. The Company will further strengthen the promotion of Type-A/Type-C dual-interface USB flash drives and QLC-based solutions. Looking ahead from 2025 to 2026, product development will focus on next-generation, cost-competitive USB 3.2 Gen I controller ASICs, featuring enhanced error detection and correction capabilities, higher-speed I/O interfaces, and lower-power LTT technologies. These advancements are designed to meet the evolving requirements of next-generation 3D NAND, including faster read/write speeds and more robust error correction, while also reducing production costs and improving gross margins. In addition, for NAND Flash SSD solutions, the Company will continue to monitor market opportunities and develop PCIe-interface SSD solutions that support advanced-generation 3D NAND. In terms of long-term product development and market planning, the Company will leverage its core strengths and align with market trends, while working closely with customers' product and market strategies to ensure steady progress.

In the USB Audio segment, from 2024 to 2025, the ongoing U.S.–China trade tensions have continued to weigh on the market, leading to a sharp decline in China's export orders. As a result, intense domestic competition has emerged within China, characterized by "involution," where not only finished product manufacturers face fierce competition, but IC suppliers are also under significant competitive pressure. Among consumer IC suppliers, competition now extends beyond specifications and pricing to include rivalry between established and emerging brands. Over the past two years, more than a dozen USB Audio brands of varying sizes have rapidly entered the market, sweeping across the consumer audio segment. Within a single year, these competitors have introduced two generations of product iterations, covering both wired and wireless solutions. This has created substantial pressure on Taiwanese IC suppliers. However, the Company has been operating in this market for over a decade as an established player. In 2025, the Company continued to strengthen customer support by providing customized application software tailored to different client needs, along with high-quality, Taiwan-based mass production services. As a result, it has not been completely impacted by the low-price competition trend. Looking ahead to 2026, the Company will continue to enhance customer support and plans to complete the design of new digital audio application products for customer validation. The year 2026 will be a challenging one, but the Company aims to leverage its long-standing reputation and customer trust to steadily introduce new digital audio solutions, offering customers more flexible application options while avoiding participation in the low-price competition in China, thereby forging a differentiated path forward.

In the MEMS segment, in 2025 the Company successfully developed and mass-produced a highly stable and efficient airflow sensing MEMS sensor. In addition, for the PreAmp ASIC paired with MEMS microphones, the Company has also successfully developed and mass-produced a digital interface ASIC supporting high signal-to-noise ratio (SNR). Going forward, the Company will

continue to develop digital microphones with higher acoustic overload point (AOP) and SNR to expand into other high-end application markets. In terms of market expansion, MEMS microphones have already established a strong reputation across applications such as TWS earbuds, ANC headphones, smart home devices, security and surveillance systems, array applications, and automotive use cases. Furthermore, MEMS microphone products for hearing aid applications have also entered mass production and shipment. Meanwhile, both airflow sensing MEMS sensors and MEMS microphone sensors have begun volume shipments. Looking ahead, the Company will not only strengthen the promotion of high-SNR MEMS microphone products but also introduce application-driven features based on market demand, including AI detection applications and ultrasonic sensing for autonomous parking. In existing application areas, in addition to deepening relationships with current customers, the Company will actively expand its reach to similar customer segments to capture the gradual recovery in market demand, while also pursuing growth opportunities by developing new application markets.

The Company began evaluating entry into the HBM (High Bandwidth Memory) market and related product technologies in 2024 and completed its fundraising by the end of the same year. However, during the execution of the plan, changes in the overall industry environment and technical conditions made it difficult to secure the high-end DRAM and advanced packaging resources required for HBM development. As a result, related costs increased to approximately two to three times the original estimates, significantly raising development expenses. In addition, during project execution, the Company's originally targeted key customers were affected by international trade and technology control restrictions, which limited wafer fabrication and cooperation conditions and consequently impacted the overall project timeline. Furthermore, some potential partners were unable to secure funding as expected, hindering subsequent development and tape-out plans and slowing collaboration progress. These factors have made it difficult to advance the original R&D plan, and the short-term product development timeline remains uncertain. Considering the Company's future working capital constraints, and in order to safeguard shareholder interests and enhance capital utilization efficiency, the remaining unutilized funds from the original fundraising will be fully reallocated to strengthen working capital, thereby supporting the Company's ongoing R&D activities and day-to-day operational needs.

In 2025, the Company's overall operations remained in a loss position. The Company has initiated relevant reviews and evaluations and will, based on actual market conditions and operational efficiency, adjust its business direction in a timely manner. Such adjustments may include product line optimization, resource reallocation, or discontinuation of certain product developments. Looking ahead, the Company will continue to uphold the principles of prudent management and continuous innovation, carefully advancing its operational plans to lay a solid foundation for returning to a growth trajectory, while striving to create long-term value for shareholders.

We sincerely thank all shareholders for their support and patience. Looking forward, we will continue striving together to seize the next wave of growth.

Chairman/President      Tim Hu

## Chapter 2. Corporate Governance Report

### I. Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branch Units

#### (I) Information on Directors

Unit: shares; % March 29, 2026

| Title    | Nationality/<br>Place of<br>Registration | Name                               | Gender/<br>Age<br>(Note 1) | Date<br>Elected | Term       | Date of<br>First<br>Election | Shareholding When<br>Elected |                           | Current Shareholding |                       | Shareholding by<br>Spouse and Minor<br>Children |                       | Shareholding by<br>Nominees |                       | Major (Education)<br>Working<br>Experiences  | Other Position<br>Concurrently Held<br>at the Company<br>and Other<br>Companies  | Other Executives,<br>Directors or Supervisors<br>Who Are Spouses or<br>within the Second Degree<br>of Kinship with Another |      |              | Remark |
|----------|--|------------------------------------|----------------------------|-----------------|------------|------------------------------|------------------------------|---------------------------|----------------------|-----------------------|---|-----------------------|-----------------------------|-----------------------|--|--|--|------|--------------|--------|
|          |  |                                    |                            |                 |            |                              | Number of<br>Shares          | Sharehol<br>ding<br>Ratio | Number of<br>Shares  | Shareholding<br>Ratio | Number<br>of<br>Shares                          | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |  |  | Title  | Name | Relationship |        |
| Chairman | R.O.C./USA                               | Tim Hu                             | Male<br>61-70              | 2024.05.29      | 3<br>years | 2003.11.2<br>8               | 336,161                      | 0.56                      | 364,212              | 0.50                  | 93,723  | 0.13                  | 0                           | 0                     | Division Chief,<br>Macronix<br>International Co.,<br>Ltd.<br>R&D Chief<br>University of<br>Missouri,<br>Columbia,<br>Master(E ECS)Mas<br>ter                           | President, Solid<br>State System Co.,<br>Ltd.  | None   | None | None         | None   |
| Director | Japan                                    | KIOXIA<br>Corporation              | no                         | 2024.05.29      | 3<br>years | 2017.9.22                    | 3,375,480                    | 5.93                      | 3,375,480            | 4.63                  | 0   | 0                     | 0                           | 0                     | None   | Director, Kioxia<br>Advanced<br>Semiconductor<br>Taiwan Co., Ltd.<br>Director, Kioxia<br>Taiwan Co., Ltd.<br>Director, Qun<br>Dong Electronics<br>Co., Ltd.<br>Director, Phison<br>Electronics Corp. | None   | None | None         | None   |
|          | Japan                                    | Representative:<br>Hatanaka Kojiro | Male<br>51-60              | 2024.05.29      | 3<br>years | 2017.9.22                    | 0                            | 0                         | 0                    | 0                     | 0   | 0                     | 0                           | 0                     | Memory Division<br>NAND System<br>Engineering<br>Department<br>General Manager,<br>Senior Manager,<br>Department of<br>Electrical<br>Engineering,<br>Kyushu University | Senior Director,<br>Memory Division,<br>NAND System<br>Engineering<br>Department   | None   | None | None         | None   |
| Director | R.O.C.                                   | Jeffrey Lin                        | Male<br>61-70              | 2024.05.29      | 3<br>years | 1998.11.1<br>1               | 1,697,971                    | 2.98                      | 2,097,722            | 2.87                  | 8,162   | 0.01                  | 0                           | 0                     | Manager,<br>Macronix<br>International Co.,<br>Ltd.<br>Department of<br>Electrical<br>Engineering,<br>National Tsing<br>Hua University                                  | Chief Technology<br>Officer, Solid State<br>System Co., Ltd.<br>Chairman, VICHIP<br>Corporation<br>Limited   | None   | None | None         | None   |

| Title                | Nationality/<br>Place of<br>Registration | Name             | Gender/<br>Age<br>(Note 1) | Date<br>Elected | Term       | Date of<br>First<br>Election | Shareholding When<br>Elected |                           | Current Shareholding |                       | Shareholding by<br>Spouse and Minor<br>Children |                       | Shareholding by<br>Nominees |                       | Major (Education)<br>Working<br>Experiences  | Other Position<br>Concurrently Held<br>at the Company<br>and Other<br>Companies               | Other Executives,<br>Directors or Supervisors<br>Who Are Spouses or<br>within the Second Degree<br>of Kinship with Another |      |              | Remark |
|----------------------|--|------------------|----------------------------|-----------------|------------|------------------------------|------------------------------|---------------------------|----------------------|-----------------------|---|-----------------------|-----------------------------|-----------------------|--|---|--|------|--------------|--------|
|                      |  |                  |                            |                 |            |                              | Number of<br>Shares          | Sharehol<br>ding<br>Ratio | Number of<br>Shares  | Shareholding<br>Ratio | Number<br>of<br>Shares                          | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |  |   | Title  | Name | Relationship |        |
| Director             | R.O.C.                                   | Chiao-Sung ,Yang | Male<br>21-30              | 2025.05.27      | 3<br>years | 2025.05.27                   | 0                            | 0                         | 0                    | 0                     | 0   | 0                     | 0                           | 0                     | Guangrui International Co., Ltd. – Firmware Engineer<br>Aibebi Co., Ltd. – Product Manager<br>National Taiwan University, Department of Engineering Science and Ocean Engineering  | Hongling Technology Co., Ltd. – Firmware Engineer<br>Jia Zong Industrial Co., Ltd. – Director | None   | None | None         | None   |
| Independent Director | R.O.C.                                   | Cheermore Huang  | Male<br>61-70              | 2024.05.29      | 3<br>years | 2018.6.8                     | 160,810                      | 0.28                      | 135,810              | 0.19                  | 0   | 0                     | 0                           | 0                     | Chairman and General Manager of Yili Technology Co., Ltd.<br>Master's degree from the Graduate Institute of Electrical Engineering at Tsinghua University  | Director, Chuang Wang Optoelectronics Co., Ltd. (Hong Kong)                                   | None   | None | None         | None   |
| Independent Director | R.O.C.                                   | James Hou        | Male<br>51-60              | 2024.05.29      | 3<br>years | 2018.6.8                     | 0                            | 0                         | 0                    | 0                     | 0   | 0                     | 0                           | 0                     | Assistant Vice President for Innovative Applications, IBM Taiwan<br>Vice President, Provision Information Co., Ltd.<br>Master, Information Science, Ohio State University<br>Master, Department of Computer Science, National Tsing Hua University | 1984 Co., Ltd. Chairman   | None   | None | None         | None   |

| Title                   | Nationality/<br>Place of<br>Registration | Name                 | Gender/<br>Age<br>(Note 1) | Date<br>Elected | Term       | Date of<br>First<br>Election | Shareholding When<br>Elected |                           | Current Shareholding |                       | Shareholding by<br>Spouse and Minor<br>Children |                       | Shareholding by<br>Nominees |                       | Major (Education)<br>Working<br>Experiences  | Other Position<br>Concurrently Held<br>at the Company<br>and Other<br>Companies  | Other Executives,<br>Directors or Supervisors<br>Who Are Spouses or<br>within the Second Degree<br>of Kinship with Another |      |              | Remark |
|-------------------------|--|----------------------|----------------------------|-----------------|------------|------------------------------|------------------------------|---------------------------|----------------------|-----------------------|---|-----------------------|-----------------------------|-----------------------|--|--|--|------|--------------|--------|
|                         |  |                      |                            |                 |            |                              | Number of<br>Shares          | Sharehol<br>ding<br>Ratio | Number of<br>Shares  | Shareholding<br>Ratio | Number<br>of<br>Shares                          | Shareholding<br>Ratio | Number<br>of<br>Shares      | Shareholding<br>Ratio |  |  | Title  | Name | Relationship |        |
| Independent<br>Director | R.O.C.                                   | Ke Zhi Huang         | Male<br>61-70              | 2024.05.29      | 3<br>years | 2024.05.2<br>9               | 0                            | 0                         | 0                    | 0                     | 0   | 0                     | 0                           | 0                     | Group Leader<br>(Principal<br>Engineer), Institute<br>of Materials and<br>Optoelectronics,<br>Chinese Academy<br>of Sciences<br><br>Ph.D., Department<br>of Power<br>Mechanical<br>Engineering,<br>Tsinghua<br>University  | Project Manager,<br>Crazy Click<br>Software<br>Development Co.,<br>Ltd.<br>Director, Yang<br>Ming Optics Co.,<br>Ltd.<br>Director, Shengde<br>International R&D<br>Co., Ltd.<br>Independent<br>Director, Jia Zong<br>Industrial Co., Ltd.<br>Independent<br>Director, Jiuhue<br>Optoelectronics<br>Co., Ltd. | None   | None | None         | None   |
| Independent<br>Director | R.O.C.                                   | Anne Chan(Note<br>1) | Female<br>41-50            | 2024.05.29      | 3<br>years | 2024.05.2<br>9               | 0                            | 0                         | 0                    | 0                     | 0   | 0                     | 0                           | 0                     | Manager, Finance<br>Committee,<br>Raystar<br>Technology Co.<br>Manager, Finance<br>and Accounting<br>Department, Nixon<br>Electronics Co.<br>Auditor-in-Charge,<br>SINTRONIC<br>TECHNOLOGY<br>CO.<br>Leadership Team,<br>Chin-Yeh<br>Chung-Shin<br>Associates, Inc.<br>M.B.A., Graduate<br>School of<br>Accounting,<br>Soochow<br>University | Director of<br>Finance, Hersheng<br>Technology Co.   | None   | None | None         | None   |

Note: Actual age is expressed as a range

Note 1: Resigned on March 25, 2026.

1. Major Shareholders of Institutional Shareholders

March 29, 2026; %

| Name of Institutional Shareholder | Major Shareholders of Institutional Shareholders | Shareholding Ratio |
|-----------------------------------|--|--------------------|
| KIOXIA Corporation                | Kioxia Holdings Corporation                      | 100.00%            |

2. Major Shareholders of Institutional Shareholders with Juristic Persons as Their Major Shareholders

March 29, 2026; %

| Name of Juristic Person              | Major Shareholder                               | Shareholding Ratio |
|--------------------------------------|---|--------------------|
| Kioxia Holdings Corporation (Note 1) | Toshiba Corporation                             | 20.69%             |
|                                      | BCPE Pangea Cayman 2, Ltd.                      | 14.18%             |
|                                      | BCPE Pangea Cayman 1A, L.P.                     | 6.14%              |
|                                      | BCPE Pangea Holdings Cayman Limited Partnership | 5.68%              |
|                                      | Goldman Sachs Group, Inc.                       | 4.22%              |
|                                      | BCPE Pangea Cayman, L.P.                        | 3.09%              |
|                                      | HOYA Corporation                                | 2.97%              |
|                                      | Pioneer Group, Inc.                             | 1.28%              |
|                                      | BlackRock, Inc.                                 | 1.05%              |
|                                      | FMR LLC   | 0.92%              |

Note (1). The above information is sourced from the website ([https://www.investing.com/equities/kioxia-holdings-ownership?utm\\_source=chatgpt.com](https://www.investing.com/equities/kioxia-holdings-ownership?utm_source=chatgpt.com)) (As of March 31, 2026)

3. Disclosure of professional qualifications of directors and their independence:

| Qualifications<br>Name | Professional Qualification and Work Experience | Independence Analysis | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|------------------------|--|-----------------------|--|
|------------------------|--|-----------------------|--|

| Qualifications<br>Name   | Professional Qualification and Work Experience   | Independence Analysis   | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|--|--|---|--|
| Chairman<br>Tim Hu   | Mr. Hu Tim Hu has served as the Company's General Manager for over 20 years, from July 1995 to the present. He previously held the position of Department Director at Macronix International Co., Ltd. and Director of Research and Development at Atronics International, Inc. He holds a Master of Science degree in Electrical Engineering and Computer Science (EECS) from the University of Missouri, Columbia. He possesses the business, technical, financial, and operational judgment required for the role, as well as the necessary industry experience. (Note 1) | The Company's General Manager holds 364,212 shares, representing 0.50% of the total shares, and serves as an ordinary director. | None   |
| Director,<br>KIOXIA<br>Corporation<br>Representative:<br>Hatanaka Kojiro | Mr. Hatanaka Kojiro serves as Senior Director, Memory Division, NAND System Engineering Department of Kioxia Corporation.. He holds a degree in Department of Electrical Engineering and Computer Science, School of Engineering, Kyushu University. He has the ability in the areas of commerce, technology, finance and operation judgment, and has industry experience required. (Note 1)   | Shareholding of 3,375,480 shares, accounting for 4.63%; serves as Director.   | None   |
| Director,<br>Jeffrey Lin   | Mr. Jeffrey Lin has served as the Company's Chief Technology Officer for over 23 years, since November 2003. He holds a degree in Electrical Engineering from Tsinghua University. He possesses the business, technical, financial, and operational judgment required for the role, as well as the necessary industry experience. He has extensive experience in the field of IC design and previously served as a manager at Macronix International Co., Ltd. (Note 1)  | Shareholding of 2,097,722 shares, accounting for 2.87%; served as a Director.   | None   |
| Director,<br>Chiao-Sung ,Yang  | Mr. Chiao-Sung ,Yang has served as a firmware engineer at Hongling Technology Co., Ltd. and as a director at Jia-Zong Industrial Co., Ltd. since 2025. He previously served as a firmware engineer at Guangrui International Co., Ltd. and as a product manager at Aibaby Co., Ltd. He holds a degree in Engineering Science and Ocean Engineering from National Taiwan University. He possesses business, technical, financial, and operational judgment skills, as well as the practical experience required in the industry. (Note 1)                                     | Shareholding of 0 shares, accounting for 0%; served as a Director.  | None   |

| Qualifications<br>Name                  | Professional Qualification and Work Experience  | Independence Analysis   | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|---|---|---|--|
| Independent Director<br>James Hou       | <p>Since 2017, Mr. James Hou has served as Chairman of 1984 Co., Ltd. He has previously held positions including Assistant General Manager of IBM Taiwan's Innovation Applications Division, Deputy General Manager of Puyuan Information Co., Ltd., and Chairman of BoguNet (Co., Ltd.), Chairman of Daqian Intelligence (Co., Ltd.), and AI Consultant at Jiezhi Business Intelligence Technology (Co., Ltd.) (6816). He holds a Master of Science in Computer Science from The Ohio State University and a Master of Science in Computer Science from National Tsing Hua University. He possesses business, technology, financial, and operational judgment, as well as the work experience required by the industry. (Note 1)</p> | <p>Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Company or its affiliated enterprises; Does not hold shares of the Company; Not being a director, supervisor or employee of a company having a specified relationship with the Company; No pay received by for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.</p>                  | None   |
| Independent Director<br>Cheermore Huang | <p>Mr. Cheermore Huang has served as a director of Chuang Wang Optoelectronics Co., Ltd. (Hong Kong) since 2019. He previously served as chairman and general manager of Yili Technology Co., Ltd., as well as an independent director of Innolux Corporation and a supervisor of Rui Zhi Co., Ltd. He holds a master's degree in electrical engineering from Tsinghua University. He possesses business, technological, financial, and operational judgment, as well as the practical experience required in the industry. (Note 1)</p>  | <p>Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Company or its affiliated enterprises; Shareholding of 135,810 shares, accounting for 0.19%; Not being a director, supervisor or employee of a company having a specified relationship with the Company; No pay received by for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.</p> | None   |

| Qualifications<br>Name                        | Professional Qualification and Work Experience  | Independence Analysis   | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director |
|---|---|---|--|
| Independent Director<br>Ke Zhi Huang          | Mr. Huang Ke-zhi has served since 2024 as Project Manager at Crazy Point Software Development Co., Ltd., Director of Yangming Optics Co., Ltd., and Director of Shengde International R&D Co., Ltd., an Independent Director of Jia-Zong Industrial Co., Ltd., and an Independent Director of Jiuhue Optoelectronics Co., Ltd. He previously served as a Team Leader (Principal Engineer) at the Institute of Materials and Optoelectronics, Academia Sinica, and holds a Ph.D. in Power Mechanical Engineering from Tsinghua University. He possesses business, technological, financial, and operational judgment capabilities, as well as the work experience required by the industry. (Note 1) | Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Company or its affiliated enterprises; Does not hold shares of the Company; Not being a director, supervisor or employee of a company having a specified relationship with the Company; No pay received by for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years. | 2  |
| Independent Director<br>Anne Chan<br>(Note 2) | Ms. Anne Chan has served as Director of Finance at HeSheng Technology Co., Ltd. since 2024. She previously held positions as Finance and Accounting Manager at Ruiyun Technology Co., Ltd., Finance and Accounting Manager at Lichi Electronics Co., Ltd., and Audit Supervisor at Xinchuang Technology Co., Ltd., as well as Team Leader at Deloitte Touche Tohmatsu LLP. She holds a Master's degree in Accounting from Soochow University. She possesses business acumen, technical expertise, financial acumen, and operational judgment, as well as the work experience required by the industry. (Note 1)   | Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Company or its affiliated enterprises; Does not hold shares of the Company; Not being a director, supervisor or employee of a company having a specified relationship with the Company; No pay received by for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years. | None   |

Note 1. Not under any of the circumstances stated in Article 30 of the Company Act.

Note 2. Resigned on March 25, 2026.

#### 4. Diversity and independence of the Board of Directors:

##### 1. Diversity Policy of Board Members

The Company has established the Procedures for the Election of Directors, Article 2 of which stipulates that the directors of the Company shall generally have the knowledge, skills, and experience necessary to

perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- I. Ability to make operational judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to conduct management administration.
- IV. Ability to conduct crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Ability to lead.
- VIII. Ability to make policy decisions.

## 2. Implementation of Diversity Policy of Board Members

### Seniority of Independent Director:

| Name               | Title                | 3 years below | 3 to 9 years | 9 years above |
|--------------------|----------------------|---------------|--------------|---------------|
| Cheermore Huang    | Independent Director |               | ○            |               |
| James Hou          | Independent Director |               | ○            |               |
| Ke Zhi Huang       | Independent Director | ○             |              |               |
| Anne Chan (Note 1) | Independent Director | ○             |              |               |

Note 1: Resigned on March 25, 2026.

| Diversity Item<br>Name                             | Gender | Ability to Make Operational Judgments | Accounting and Financial Analysis Ability | Management Administration Ability | Crisis Management Ability | Knowledge of the Industry | International Market Perspective | Ability to Lead | Ability to Make Policy Decisions |
|--|--------|---------------------------------------|---|-----------------------------------|---------------------------|---------------------------|----------------------------------|-----------------|----------------------------------|
| Tim Hu   | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| KIOXIA Corporation Representative: Hatanaka Kojiro | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| Jeffrey Lin  | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| Chiao-Sung, Yang                                   | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| Cheermore Huang                                    | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| James Hou  | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| Ke Zhi Huang                                       | Male   | √                                     | ○   | √                                 | √                         | √                         | √                                | √               | √                                |
| Anne Chan(Note 1)                                  | Female | √                                     | √   | √                                 | √                         | √                         | √                                | √               | √                                |

Note: ○means to having partial ability.

Note1: Resigned on March 25, 2026.

## (II) Independence of the Board of Directors:

3S's current Board of Directors consists of eight members, including four independent directors (one of whom is a female independent director) and two directors who are employees (accounting for 50% and 25% of the total board membership, respectively). One of the independent directors resigned on March 25, 2026, and will be replaced at the next shareholders' meeting.

All directors of the company are aged between 29 and 70. The independent directors all meet the requirements for independence under the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the entire board of directors complies with Article 26-3, Paragraph 3 of the Securities and Exchange Act, more than half of the directors do not have a marital relationship or a relative relationship within the second degree of kinship with any other director, and therefore the Company's board of directors meets the requirements for independence. For information on each director's education, gender, professional qualifications, work experience, and diversity, please refer to the director information in this annual report.

(III) President, Vice Presidents, Assistant Vice Presidents, and Heads of Divisions and Branch Units

Unit: shares; % March 29, 2026

| Title                 | Nationality | Name       | Gender | Date Elected | Shareholding     |                    | Shares Held by Spouse and Minor Children Shareholding |                    | Shareholding by Nominees |                    | Experience (Education)   | Other Position Concurrently Held at the Company and Other Companies | Managerial Officer who Are Spouses or within the Second Degree of Kinship |      |              | Remark |
|-----------------------|-------------|------------|--------|--------------|------------------|--------------------|---|--------------------|--------------------------|--------------------|--|---|---|------|--------------|--------|
|                       |             |            |        |              | Number of Shares | Shareholding Ratio | Number of Shares                                      | Shareholding Ratio | Number of Shares         | Shareholding Ratio |  |   | Title   | Name | Relationship |        |
| President             | R.O.C./USA  | Tim Hu     | Male   | 2006.07.07   | 364,212          | 0.50               | 93,723  | 0.13               | 0                        | 0                  | Division Chief, Macronix International Co., Ltd.<br>R&D Chief, Atronics International, Inc.<br>Master (EECS), University of Missouri, Columbia   | None  | None  | None | None         | None   |
| Vice President of R&D | R.O.C.      | Cheng Liou | Male   | 2001.09.03   | 14,957           | 0.02               | 0   | 0                  | 0                        | 0                  | Manager, Memory Application Department, Macronix International Co., Ltd.<br>Associate Engineer, Industrial Technology Research Institute<br>Master, Institute of Electrical Engineering, National Tsing Hua University | None  | None  | None | None         | None   |

| Title   | Nationality | Name         | Gender | Date Elected | Shareholding     |                    | Shares Held by Spouse and Minor Children Shareholding |                    | Shareholding by Nominees |                    | Experience (Education)  | Other Position Concurrently Held at the Company and Other Companies | Managerial Officer who Are Spouses or within the Second Degree of Kinship |      |              | Remark |
|---|-------------|--------------|--------|--------------|------------------|--------------------|---|--------------------|--------------------------|--------------------|---|---|---|------|--------------|--------|
|   |             |              |        |              | Number of Shares | Shareholding Ratio | Number of Shares                                      | Shareholding Ratio | Number of Shares         | Shareholding Ratio |   |   | Title   | Name | Relationship |        |
| Finance /Accounting and Corporate Governance Director | R.O.C.      | Joepye Tseng | Female | 2017.11.2    | 62,085           | 0.09               | 0   | 0                  | 0                        | 0                  | Deputy Manager, Finance Department, Solid State System Co., Ltd.<br>Accounting Department, China University of Technology | None  | None  | None | None         | None   |
| Senior Vice President (Note 1)                        | R.O.C.      | Flink Chiu   | Male   | 2017.4.19    | 101,221          | 0.14               | 338   | 0                  | 0                        | 0                  | Vice President, PANJIT International Inc.<br>Department of Public Finance, Feng Chia University                           | None  | None  | None | None         | None   |

Note 1: Retired on March 13, 2026.

## II. Remuneration Paid During the Most Recent Fiscal Year to Directors (Including Independent Directors), the President and Vice Presidents

### (I) Remuneration Paid to Directors and Independent Directors

December 31, 2025; Unit: NT\$ thousand/thousand shares

| Title                | Name   | Remuneration Paid to Directors |  |                                   |  |                                   |  |               |  | Sum of A+B+C+D and the sun of Ratio to Net Income |  |             |  | Relevant Remuneration Received by Directors who Are Also Employees |  |                                  |  |                                |       | Sum of A+B+C+D+E+F+G and the sun of Ratio to Net Income |  | Remuneration from Invested Companies Other than Subsidiaries or the Parent Company |       |        |        |       |
|----------------------|--|--------------------------------|--|-----------------------------------|--|-----------------------------------|--|---------------|--|---|--|-------------|--|--|--|----------------------------------|--|--------------------------------|-------|---|--|--|-------|--------|--------|-------|
|                      |  | Base Compensation(A)           |  | Retirement Allowance (B) (Note 1) |  | Director Remuneration(C) (Note 2) |  | Allowances(D) |  | The Company                                       | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | Salary, Bonus, and Allowance (E)                                   |  | Retirement Allowance(F) (Note 1) |  | Employee Compensation (Note 2) |       | The Company   | All Companies in Consolidated Financial Statements |  |       |        |        |       |
|                      |  | The Company                    | All Companies in Consolidated Financial Statements | The Company                       | All Companies in Consolidated Financial Statements | The Company                       | All Companies in Consolidated Financial Statements | The Company   | All Companies in Consolidated Financial Statements |   |  |             |  | The Company  | All Companies in Consolidated Financial Statements | The Company                      | All Companies in Consolidated Financial Statements | Cash                           | Stock |   |  |  | Cash  | Stock  | Cash   | Stock |
|                      |  |                                |  |                                   |  |                                   |  |               |  |   |  |             |  |  |  |                                  |  |                                |       |   |  |  |       |        |        |       |
| Chairman             | Tim Hu   | 0                              | 0  | 0                                 | 0  | 0                                 | 0  | 24            | 24   | 24  | 24   | -0.01%      | -0.01%   | 2,294  | 2,294  | 108                              | 108  | 0                              | 0     | 0   | 0  | 2,426  | 2,426 | -1.41% | -1.41% | 0     |
| Director             | Jeffrey Lin  | 0                              | 0  | 0                                 | 0  | 0                                 | 0  | 24            | 24   | 24  | 24   | -0.01%      | -0.01%   | 2,780  | 2,780  | 0                                | 0  | 0                              | 0     | 0   | 0  | 2,804  | 2,804 | -1.63% | -1.63% | 0     |
| Director             | KIOXIA Corporation Representative: Hatanaka Kojiro | 0                              | 0  | 0                                 | 0  | 0                                 | 0  | 21            | 21   | 21  | 21   | -0.01%      | -0.01%   | 0  | 0  | 0                                | 0  | 0                              | 0     | 0   | 0  | 21   | 21    | -0.01% | -0.01% | 0     |
| Director             | Chiao-Sung ,Yan g (Note 5)                         | 0                              | 0  | 0                                 | 0  | 0                                 | 0  | 12            | 12   | 12  | 12   | -0.01%      | -0.01%   | 0  | 0  | 0                                | 0  | 0                              | 0     | 0   | 0  | 12   | 12    | -0.01% | -0.01% | 0     |
| Independent Director | Cheermore Huang                                    | 360                            | 360  | 0                                 | 0  | 0                                 | 0  | 21            | 21   | 381   | 381  | -0.22%      | -0.22%   | 0  | 0  | 0                                | 0  | 0                              | 0     | 0   | 0  | 381  | 381   | -0.22% | -0.22% | 0     |
| Independent Director | James Hou  | 360                            | 360  | 0                                 | 0  | 0                                 | 0  | 24            | 24   | 384   | 384  | -0.22%      | -0.22%   | 0  | 0  | 0                                | 0  | 0                              | 0     | 0   | 0  | 384  | 384   | -0.22% | -0.22% | 0     |
| Independent Director | Ke Zhi Huang                                       | 360                            | 360  | 0                                 | 0  | 0                                 | 0  | 21            | 21   | 381   | 381  | -0.22%      | -0.22%   | 0  | 0  | 0                                | 0  | 0                              | 0     | 0   | 0  | 381  | 381   | -0.22% | -0.22% | 0     |
| Independent Director | Anne Chan(Note 6)                                  | 360                            | 360  | 0                                 | 0  | 0                                 | 0  | 21            | 21   | 381   | 381  | -0.22%      | -0.22%   | 0  | 0  | 0                                | 0  | 0                              | 0     | 0   | 0  | 381  | 381   | -0.22% | -0.22% | 0     |

Note 1. It is the pension contributions made according to law.

Note 2. The Company did not distribute earnings for 2025

Note 3. The policies, systems, standards, and structure for the remuneration of the independent directors, and state the correlation to the remuneration according to the responsibilities, risks time commitment and other factors:  
The fixed remuneration of independent directors shall be the remuneration prescribed in accordance with the Articles of Incorporation of the Company, shall be proposed by the remuneration committee in consideration of the industry level and submitted to the Board of Directors for conclusion, and shall not include the director's remuneration appropriated from annual profit.

Note 4. Unless disclosed in the above table, remuneration received in the most recent fiscal year by the Directors for providing services (e.g. serving as a non-employee consultant) to the companies in the consolidated financial statements: None.

Note 5. Elected in the by-election for directors held on May 27, 2025, and assumed office.

Note 6.: Resigned on March 25, 2026.

\* The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. Therefore, this table is for information disclosure purposes, instead of taxation.

(II) Remuneration to the President and Vice Presidents

December 31, 2025; Unit: NT\$ thousand/thousand shares

| Title                 | Name               | Salary(A)   |  | Retirement Allowance(B) |  | Bonus and Allowances(C) |  | Employee Compensation(D) |       |  |       | Sum of A+B+C+D and the sun of Ratio to Net Income (%) |  | Remuneration from Invested Companies Other than Subsidiaries or the Parent Company |
|-----------------------|--------------------|-------------|--|-------------------------|--|-------------------------|--|--------------------------|-------|--|-------|---|--|--|
|                       |                    | The Company | All Companies in Consolidated Financial Statements | The Company             | All Companies in Consolidated Financial Statements | The Company             | All Companies in Consolidated Financial Statements | The Company              |       | All Companies in Consolidated Financial Statements |       | The Company   | All Companies in Consolidated Financial Statements |  |
|                       |                    |             |  |                         |  |                         |  | Cash                     | Stock | Cash   | Stock |   |  |  |
| President             | Tim Hu             | 6,210       | 6,210  | 324                     | 324  | 938                     | 938  | 0                        | 0     | 0  | 0     | 7,472<br>-4.34%                                       | 7,472<br>-4.34%                                    | 0  |
| Vice President of R&D | Cheng Liou         |             |  |                         |  |                         |  |                          |       |  |       |   |  |  |
| Senior Vice President | Flink Chiu(Note 1) |             |  |                         |  |                         |  |                          |       |  |       |   |  |  |

\* The content of remuneration disclosed in this table is derived based on a concept different from the concept of income stipulated in the Income Tax Act. Therefore, this table is for information disclosure purposes, instead of taxation.

Note 1: Retired on March 13, 2026.

Range of Remuneration

| Range of Remuneration Paid to the President and Vice Presidents | Name of President and Vice President |  |
|---|--------------------------------------|--|
|   | The Company                          | All Companies in Consolidated Financial Statements |
| Less than NT\$1,000,000   |                                      |  |
| NT\$ 1,000,000 (inclusive) ~ NT\$ 2,000,000 (exclusive)         |                                      |  |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)           | Tim Hu; Flink Chiu; Cheng Liou       | Tim Hu; Flink Chiu; Cheng Liou                     |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)           |                                      |  |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)          |                                      |  |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)         |                                      |  |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)         |                                      |  |
| NT\$ 30,000,000 (inclusive) ~ NT\$ 50,000,000 (exclusive)       |                                      |  |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)        |                                      |  |
| More than NT\$100,000,000                                       |                                      |  |
| Total   | 3 persons                            | 3 persons  |

(III) Remuneration of the Company's Top Five Executives

December 31, 2025; Unit: NT\$ thousand/thousand shares

| Title  | Name                | Salary(A)   |  | Retirement Allowance(B) |  | Bonuses and Allowances(C) |  | Employee Compensation(D) |       |  |       | Sum of A+B+C+D and the sun of Ratio to Net Income (%) |  | Remuneration from Invested Companies Other than Subsidiaries or the Parent Company |
|--|---------------------|-------------|--|-------------------------|--|---------------------------|--|--------------------------|-------|--|-------|---|--|--|
|  |                     | The Company | All Companies in Consolidated Financial Statements | The Company             | All Companies in Consolidated Financial Statements | The Company               | All Companies in Consolidated Financial Statements | The Company              |       | All Companies in Consolidated Financial Statements |       | The Company   | All Companies in Consolidated Financial Statements |  |
|  |                     |             |  |                         |  |                           |  | Cash                     | Stock | Cash   | Stock |   |  |  |
| Chief Technology Officer                             | Jeffrey Lin         | 2,379       | 2,379  | 0                       | 0  | 425                       | 425  | 0                        | 0     | 0  | 0     | 2,804<br>-1.63%                                       | 2,804<br>-1.63%                                    | 0  |
| President  | Tim Hu              | 2,258       | 2,258  | 108                     | 108  | 60                        | 60   | 0                        | 0     | 0  | 0     | 2,426<br>-1.41%                                       | 2,426<br>-1.41%                                    | 0  |
| Vice President of R&D                                | Cheng Liou          | 1,820       | 1,820  | 108                     | 108  | 123                       | 123  | 0                        | 0     | 0  | 0     | 2,051<br>-1.19%                                       | 2,051<br>-1.19%                                    | 0  |
| Senior Vice President                                | Flink Chiu (Note 1) | 2,131       | 2,131  | 108                     | 108  | 756                       | 756  | 0                        | 0     | 0  | 0     | 2,995<br>-1.74%                                       | 2,995<br>-1.74%                                    | 0  |
| Finance/Accounting and Corporate Governance Director | Joepye Tseng        | 1,111       | 1,111  | 70                      | 70   | 416                       | 416  | 0                        | 0     | 0  | 0     | 1,597<br>-0.93%                                       | 1,597<br>-0.93%                                    | 0  |

Note 1: Retired on March 13, 2026.

(IV) Separately Compare and Describe Total Remuneration, as A Percentage of Net Income Stated in the Parent Company Only Financial Statements, as Paid by the Company and by Each Other Company Included in the Consolidated Financial Statements During the Past 2 Fiscal Years to Directors, Supervisors, President, and Vice Presidents, and Analyze and Describe Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure:

1. The Company and all companies included in the consolidated report paid the remuneration to Directors, President and Vice Presidents in accordance with Article 17 and Article 21 of the Articles of Incorporation during the past 2 years, respectively as follows:

Unit: NT\$ thousand

| Item                                    | 2024               |                      |       | 2025               |                      |       |
|---|--------------------|----------------------|-------|--------------------|----------------------|-------|
|   | Total remuneration | Net profit after tax | Ratio | Total remuneration | Net profit after tax | Ratio |
| Director<br>President<br>Vice President | 11,483             | (181,153)            | N/A   | 11,836             | (172,070)            | N/A   |

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

- (1) Director remuneration allocation policy

In accordance with Article 21-1 of the Company's Articles of Incorporation, if the Company generates a profit for the fiscal year (i.e., net profit before tax, prior to the deduction of directors' remuneration and employee remuneration), no more than 2% shall be allocated for directors' remuneration and between 1% and 10% shall be allocated for employee remuneration. Five percent of the aforementioned employee remuneration shall be allocated to frontline employees; however, if the Company has accumulated losses, an amount sufficient to offset such losses shall be reserved in advance. The distribution of employee remuneration and director remuneration shall be determined by a resolution of the Board of Directors passed with the attendance of at least two-thirds of the directors and the approval of a majority of the directors present, and shall be reported to the shareholders' meeting. The distribution of employee remuneration and the portion allocated to frontline employees shall be resolved by the Board of Directors to be paid in the form of stock or cash. The recipients may include employees of subsidiaries who meet certain conditions regarding rank, performance, and other criteria, with the specific conditions for distribution to be determined by the Board of Directors. The remuneration of the Company's independent directors shall be paid as a fixed monthly stipend and shall not be subject to the distribution described in the preceding paragraph.

(2) Manager remuneration allocation policy

The Company regularly checks and compares salaries with those of the same industry or talent competitors every year for the purpose of attracting, motivating and retaining talents. The Company's remuneration includes two parts: fixed and variable. The Company has set the performance target incentive reward for managers to fully reflect the performance of individuals and teams.

The Company's remuneration procedures for directors and managers are based on its performance evaluation methods for the Board of Directors and employee performance appraisal, and paid on a reasonable basis by taking into account the individual's contribution to the Company's performance while referring to the Company's operating performance, future risks, development strategies and industry trends. The performance evaluation and remuneration distribution shall be reviewed and approved by the Remuneration Committee and the Board of Directors in accordance with regulations. The Company will review the remuneration distribution policy in due course in light of the overall environment and its business strategies, so as to achieve a balance between the Company's sustainable operation and the interests of stakeholders.

- (3) The Company's remuneration policy is based on the individual's ability, contribution to the Company, and performance, which is positively correlated with business performance. The Company has appropriate control over future risks, and there is also a correlation between remuneration policy and future risk. The overall remuneration package mainly includes base salary, bonuses, employee dividends, and benefits. As for the standards of remuneration, base salary is based on the competitive market situation of the position held by the employee and company policy, while bonuses and employee dividends are based on the achievement of staff, segment objectives or company performance, and benefits are subject to compliance with laws and regulations, taking into account the needs of employees, and shall be designed to be shared among employees.

### III. Implementation of Corporate Governance

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

(2) A total of 7 meetings (A) of the Board of Directors have been held in the most recent fiscal year (2025), with the directors' attendance shown as follows:

| Title                | Name  | Attendance in Person(B) | Attendance by Proxy | Rate of Attendance in Person(%)<br>【B/A】 | Remark  |
|----------------------|---|-------------------------|---------------------|--|---|
| Chairman             | Tim Hu  | 7                       | 0                   | 100                                      | None  |
| Director             | Jeffrey Lin   | 7                       | 0                   | 100                                      | None  |
| Director             | KIOXIA Corporation Representative:<br>Hatanaka Kojiro | 7                       | 0                   | 100                                      | None  |
| Director             | Chiao-Sung ,Yang                                      | 4                       | 0                   | 100                                      | Elected as a Director of the 10th Board on May 27, 2025 (The Board held 4 meetings during the 2025 term; attended all 4 meetings) |
| Independent Director | Cheermore Huang                                       | 7                       | 0                   | 100                                      | None  |
| Independent Director | James Hou   | 7                       | 0                   | 100                                      | None  |
| Independent Director | Ke Zhi Huang  | 7                       | 0                   | 100                                      | None  |
| Independent Director | Anne Chan   | 7                       | 0                   | 100                                      | None  |

Other information required to be disclosed:

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
- (I) Any matter under Article 14-3 of the Securities and Exchange Act: Please refer to major board resolutions on Page 72~75 of the Annual Report.
- (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.
- II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.

| Board Date | Execution of directors' recusal of interest related proposals  |
|------------|--|
| 2025.02.20 | The Company held a board meeting on February 20, 2025, and resolved to approve the performance target setting plan for the Company's executives for 2024. Director Tim Hu and Vice President Cheng Liou did not participate in the discussion or resolution of this matter due to conflicts of interest. |
| 2025.12.18 | (2) The Company held a board meeting on December 18, 2025, and resolved to adopt the performance target setting plan for the   |

|  |  |
|--|--|
|  | Company's management for 2026. Director Director Tim Hu and Vice President Cheng Liou and Vice President Flink Chiu did not participate in the discussion or resolution of this matter due to conflicts of interest.   |
| III.   | A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) shall disclose the cycles, periods, scope, method, contents and other matters of the self-evaluation by the board members of themselves (or peers), and state the implementation status of the board members' evaluation in 2025 as the following table (1):  |
| IV.  | Evaluation of targets (such as establishing an Audit Committee and enhancing information transparency) for strengthening of the functions of the Board of Directors during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:  |
| Targets for Strengthening of the Functions of the Board of Directors         | The Evaluation of Implementation Status  |
| Continue to enhance information transparency                                 | The Company sets a designated unit to be responsible for the disclosure of company information and the update of information on the company website.   |
| Actively establish communication with stakeholders                           | The Company has a spokesperson and an acting spokesperson, through which stakeholders can use as a communication channel. Shareholders' proposals are accepted at the annual shareholders' meeting according to the schedule. Any shareholder with the right to make a proposal may submit an application to the Company during the acceptance period, and the Company will convene a Board of Directors for review in accordance with relevant regulations. |
| Enhance the efficiency and decision-making ability of the Board of Directors | The Company has formulated its Rules of Procedure for Board of Directors Meetings to strengthen the implementation of the functions of the Board of Directors and promote the benign development of the Board's participation in decision-making.  |
| Enhance professional knowledge   | Each year, the Company's directors shall attend training courses for as long as required by the competent authority. The Company encourages board members to participate in various professional courses, and promotes relevant laws and regulations on the board meetings to comply with the laws and regulations.  |

table (1) : Implementation of evaluations of the Board of Directors in 2025:

| Evaluation Cycle | Evaluation Period     | Evaluation Scope   | Evaluation Method                | Self-assessment score   | Evaluation Content  |
|------------------|-----------------------|--------------------|----------------------------------|---|---|
| Once a year      | 2025/01/01~2025/12/31 | Board of Directors | Internal evaluation of the board | The total score is 94 points. Based on the assessment results, this is considered a high score. The company's board of directors is functioning | 1. Level of involvement in company operations<br>2. Improving the quality of board decisions<br>3. Board composition and structure<br>4. Continuing education for directors<br>5. Internal controls |

|             |                       |                        |  |   |   |
|-------------|-----------------------|------------------------|--|---|---|
|             |                       |                        |  | well.   |   |
| Once a year | 2025/01/01~2025/12/31 | Individual directors   | Self-evaluation by the board members of themselves | The average score was 94 points. Based on the evaluation results, this is considered a high score. The Company's directors have given positive evaluations of the performance of all assessment indicators. | <ol style="list-style-type: none"> <li>1. Alignment of the goals and mission of the Company</li> <li>2. Awareness of the duties of a director</li> <li>3. Participation in the operation of the Company</li> <li>4. Management and communication of internal relationship</li> <li>5. The director's professionalism and continuing education</li> <li>6. Internal control</li> </ol> |
| Once a year | 2025/01/01~2025/12/31 | Audit Committee        | Audit Committee Self-Assessment                    | The average score was 95. Based on the assessment results, this is considered a high score. The Company's Audit Committee is functioning effectively.   | <ol style="list-style-type: none"> <li>1. Participation in the operation of the Company</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Improvement of quality of decisions made by the functional committee</li> <li>4. Makeup of the functional committee and election of its members</li> <li>5. Internal control</li> </ol>                           |
| Once a year | 2025/01/01~2025/12/31 | Remuneration Committee | Remuneration Committee Self-Assessment             | The average score was 93 points. Based on the assessment results, this is considered a high score. The Company's Compensation Committee is functioning effectively.   | <ol style="list-style-type: none"> <li>1. Level of involvement in company operations</li> <li>2. Understanding of the responsibilities of functional committees</li> <li>3. Improving the quality of decision-making by functional committees</li> <li>4. Composition of functional committees and selection of members</li> <li>5. Internal controls</li> </ol>                      |

(II) Annual priorities and operations of the Audit Committee

The Company's general shareholders' meeting has elected four independent directors to compose an audit committee, which shall meet at least once a quarter. The Audit Committee is responsible for the implementation of the appropriate presentation of the Company's financial statements, the election of CPAs and their independence and performance, the effective

implementation of the Company's internal control, the Company's compliance with relevant laws and regulations, and control of existing or potential risks of the Company, etc.

Its main functions and powers are as follows:

1. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. Matters bearing on the personal interest of a director.
5. Material asset or derivatives transactions.
6. Material monetary loans, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of attesting CPAs, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairman, managerial officer, and accounting officer.
11. Any other material matter so required by the Company or the Competent Authority.

A total of 7 meetings (A) have been held by the Audit Committee in the most recent fiscal year (2025), with the attendance of independent directors shown as follows:

| Title                | Name            | Attendance in Person(B) | Attendance by Proxy | Rate of Attendance in Person(%)(B/A) | Remark |
|----------------------|-----------------|-------------------------|---------------------|--------------------------------------|--------|
| Independent Director | James Hou       | 7                       | 0                   | 100                                  | None   |
| Independent Director | Cheermore Huang | 7                       | 0                   | 100                                  | None   |
| Independent Director | Ke Zhi Huang    | 7                       | 0                   | 100                                  | None   |
| Independent Director | Anne Chan       | 7                       | 0                   | 100                                  | None   |

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date,

meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:

- (I) Any matter under Article 14-5 of Securities and Exchange Act: Refer to Schedule I.
- (II) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the Board of Directors: None.

II. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.

III. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the Company's finances and business and the methods and outcomes of the communication.

1. Direct communication channels are in place among internal audit supervisors, and the communication works well. The audit supervisor delivers the audit report to the independent directors on a monthly basis, and the independent directors may communicate with the audit supervisor at any time if they think it necessary.
2. The Company convenes the audit committee quarterly, during which the audit director reports to the audit committee members on the implementation of review and interacts with the independent directors. CPAs also attend the audit committee meeting to communicate and interact with other attendants independently on the review of financial statements or on financial, tax or internal control related issues.
3. The important contents of the communication and interaction among the independent directors, CPAs, and internal audit supervisor on the Audit Committee meeting shall be recorded in the Proceedings of the Audit Committee.

#### Schedule I

| Audit Committee                                   | Content of Motion and Follow-up  | Matters referred to in Article 14-5 of the Securities and Exchange Act | Resolutions Passed by More Than Two-thirds of All Directors but Without Approval of the Audit Committee |
|---|--|--|---|
| The 14th Meeting of the 10th Session (2026.03.31) | 1. Supplementary Proposal for a Private Placement of Common Stock through a Cash Capital Increase.                 | ✓  | None  |
|   | 2. Proposal to Amend the Plan for the Use of Funds from the 2024 Cash Capital Increase and Issuance of New Shares. |  |   |
|   | 3. Proposal to Remove Director Tim Hu from Office.   |  |   |
|   | 4. Proposal to Remove Director Jerffery Lin from Office.   |  |   |
|   | 5. Proposal to Remove Director Chiao-Sung ,Yang from Office.   |  |   |

|  |   |   |      |
|--|---|---|------|
|  |   |   |      |
|  | 6. Addition of an Agenda Item to the 2026 Annual General Meeting of Shareholders.   |   |      |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>   |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>                         |   |      |
| The 13 <sup>th</sup> Meeting of the 3rd Session (2026.02.12) | 1. Proposal for the 2025 Annual Business Report and Financial Statements.   | ✓ | None |
|  | 2. Proposal regarding the remuneration of the certified public accountant and the assessment of the accountant's independence and competence. | ✓ |      |
|  | 3. Proposal to replace the Company's certifying public accountant.  | ✓ |      |
|  | 4. Proposal to offset the 2025 loss.  | ✓ |      |
|  | 5. Proposal to prepare the 2025 "Statement on Internal Control".  | ✓ |      |
|  | 6. Proposal to amend the original plan for a private placement of common stock through a cash capital increase.                               | ✓ |      |
|  | 7. Proposal to conduct a private placement of common stock through a cash capital increase.   | ✓ |      |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>   |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>                         |   |      |
| The 12 <sup>th</sup> Meeting of the 3rd Session (2025.12.18) | 1. Proposal for a Bank Forward Foreign Exchange Quota.  | ✓ | None |
|  | 2. 2026 Audit Plan.   | ✓ |      |
|  | 3. 2026 Operating Plan and Budget.  | ✓ |      |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>   |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>                         |   |      |
| The 11 <sup>th</sup> Meeting of the 3rd Session (2025.11.06) | 1. Proposal for the Third Quarter 2025 Individual Financial Statements.   | ✓ | None |
|  | 2. Proposal to amend the Company's "Internal Control System—Payroll Cycle."   | ✓ |      |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>   |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>                         |   |      |
| The 9 <sup>th</sup> Meeting of the 3rd Session (2025.08.07)  | 1. Individual Financial Statements for the Second Quarter of 2025.  | ✓ | None |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>   |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>                         |   |      |
| The 8 <sup>th</sup> Meeting of                               | 1. Individual Financial Statements for the First Quarter of 2025.   | ✓ | None |

|  |  |   |      |
|--|--|---|------|
| the 3rd Session<br>(2025.05.08)                                | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>                            |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>      |   |      |
| The 7 <sup>th</sup> Meeting of the 3rd Session<br>(2025.03.19) | 1. Proposal for a private placement of common stock through a cash capital increase  | ✓ | None |
|  | 2. Proposal for the acquisition of office space for business use or the leasehold interest in such property                | ✓ |      |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>                            |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>      |   |      |
| The 6 <sup>th</sup> Meeting of the 3rd Session<br>(2025.02.20) | 1. Proposal for the 2024 Annual Business Report and Financial Statements   | ✓ | None |
|  | 2. Proposal regarding the remuneration of the independent auditors and the assessment of their independence and competence | ✓ |      |
|  | 3. Proposal for the coverage of losses for the 2024 fiscal year  | ✓ |      |
|  | 4. Proposal for the preparation of the 2024 "Statement on Internal Control"  | ✓ |      |
|  | 5. Proposal to amend the original plan for a private placement of common stock through a cash capital increase             | ✓ |      |
|  | 6. Proposal to conduct a private placement of common stock through a cash capital increase                                 | ✓ |      |
|  | <b>Resolution Results of the Audit Committee: Adopted by all members of the Audit Committee</b>                            |   |      |
|  | <b>The Company's Response to the Resolution Results of the Audit Committee: Approved by all the Directors present</b>      |   |      |

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

| Evaluation Item   | Implementation Status |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Description  |  |
| I. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies? | V                     |    | The Company has established its Corporate Governance Best Practice Principles in accordance with law, and disclosed it on the Market Observation Post System (MOPS) and implemented accordingly? | No material deviation  |

| Evaluation Item  | Implementation Status |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Description  |  |
| II. Shareholding structure and shareholders' rights  |                       |    |  |  |
| (I) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? | V                     |    | (I) The Company has set up a spokesman system, and authorized the spokesman to handle matters as described on the left.  | No material deviation  |
| (II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?  | V                     |    | (II) The Company entrusts a professional stock transfer agency to handle the matter, and regularly declares and discloses the list of major shareholders and the ultimate controllers of major shareholders in accordance with the law, and maintains a good relationship with major shareholders to keep control at all times.  | No material deviation  |
| (III) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?  | V                     |    | (III) For the internal control systems, the Company has formulated the management rules for related party transaction, as well as Transaction Procedures for Specific Companies, Group Enterprises and Related Persons and Subsidiary Management Measures, which explicitly provide standards for the operation, finance and business transactions of related companies to establish a risk control mechanism. | No material deviation  |
| (IV) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?  | V                     |    | (IV) The Company has formulated its Ethical Corporate Management Best Practice Principles and Ethical Code of Conduct and implemented accordingly.   | No material deviation  |
| III. Composition and responsibilities of the Board of Directors  |                       |    |  |  |
| (I) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?  | V                     |    | (I) The Board of Directors is diversified and has a board performance evaluation program and annual performance targets. The Company's Board of Directors consists of seven male directors and one female director. In addition to the four independent directors, the Company also invites professionals with   | Except for the voluntary establishment of other functional committees, others are in compliance                      |

| Evaluation Item   | Implementation Status |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Description  |  |
| (II) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the Audit Committee?   |                       | V  | (II) The Company has not set up a remuneration committee or other functional committees other than the Audit Committee   |  |
| (III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the Board of Directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? | V                     |    | (III) The Board of Directors of the Company has formulated the Board performance Evaluation Method. And the Company has conducted and evaluated the performance of the Board of Directors in 2025, and submitted it to the Board of Directors (2026.02.12) for adoption and as a reference for directors' remuneration and nomination for reappointment.   |  |
| (IV) Does the Company regularly evaluate the independence of the CPAs?  | V                     |    | (IV)3S held the 13 th meeting of the third session of the Audit Committee on 2026.02.12. The audit quality indicators (AQIs) submitted by certified accountants have been adopted for the review of the independence, suitability, appointment and annual remuneration proposal of certified accountants. , as the basis for appointing a visa accountant. It has been confirmed that the accountant has no other financial interests or business relationship with the company except the fees for visa and financial and tax cases, and the accountant's family members do not |  |

| Evaluation Item   | Implementation Status |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Description  |  |
|   |                       |    | violate the independence requirements. Since 2026,3S has required certified accountants to provide a "Detached Independence Statement" every year. At the same time, the company's financial department has assessed that the company's certified accountants meet the company's independence assessment standards (please refer to Table 1 for instructions), and are qualified to serve as the company's certified accountants . When the board of directors of the company discusses the independence and appointment of certified accountants, it also submits the personal resume of the accountants and the statement of independence of each accountant for the discussion of the board of directors to evaluate their independence. The latest assessment was passed by the Audit Committee on 2026.02.12 and submitted to the Board of Directors on 2026.02.12. |  |
| IV. Does the Company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)? | V                     |    | <p>The Company has set up a corporate governance working group, with the President as the convenor and 1 to 3 members from the management office, legal affairs, secretariat, and audit office.The finance/accounting director will also serve as the corporate governance director in May 4,2023.</p> <p>The main responsibilities of the working group are as follows:<br/> (I) Develop and plan an appropriate company system and organizational structure to promote the independence of the Board of Directors, the Company's transparency and compliance with laws and regulations, and the implementation of internal audit and internal control.</p>   | No material deviation  |

| Evaluation Item   | Implementation Status |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Description   |  |
|   |                       |    | (II) The working group shall consult the directors prior to the board meeting to plan and draw up the agenda, and shall notify all directors to attend at least 7 days prior to the meeting and provide sufficient materials for the directors to understand the contents of the relevant topics; If the topic content is related to a stakeholder and should be recused by the stakeholder as appropriate, the counterpart party will be reminded in advance.<br>(III) Register the date of shareholders' meeting every year in accordance with the law; prepare the Notice of Meeting, the Meeting Handbook, and the minutes to the Shareholders' Meeting within the statutory period, and handle the registration of change after the amendment of Articles of Incorporation or the reelection of directors. |  |
| V. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues? | V                     |    | The Company has set up a spokesman system, a website and other channels to provide the information about the Company's operations and finance, and also set up an E-mail address to properly handle the opinions of interested parties by a designated personnel.   | No material deviation  |
| VI. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?  | V                     |    | The Company appoints Capital Securities Co., Ltd. as the agent for its stock affairs.   | No material deviation  |
| VII. Information disclosure<br>(I) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?   | V                     |    | (I) The Company has set up a website that is maintained and updated by dedicated personnel, and disclose information regarding its financials, business, and corporate governance status on the MOPS.   | No material deviation  |

| Evaluation Item  | Implementation Status |    |  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Description  |  |
| (II) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?  | V                     |    | (II) The Company has designated the management office to be responsible for the collection and disclosure of company information in accordance with laws and regulations, and set up a spokesman and acting spokesman. The company website is available in Chinese and English, with links to investor conferences available for reference.  |  |
| (III) Does the Company publish and report its annual financial statements within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?  | V                     |    | (III) The Company published and reported its annual financial report within the time limit specified, and did not do so before two months after the end of the fiscal year. And the financial reports of the first, second and third quarters and the revenue of each month are earlier than the specified deadline.   |  |
| VIII. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)? | V                     |    | (I) Employee rights and interests:<br>The Company has always treated employees in good faith and protected the legitimate rights and interests of employees in accordance with the Labor Standards Act.<br><br>(II) Employee care:<br>The Company has established a good relationship of mutual trust with its employees through a welfare system that enriches and stabilizes the lives of employees and a good education and training system. Such as: Establish an employee benefit committee to regularly organize domestic and international travel, year-end party and various club activities, with a view to winning honor, professionalism and mutual trust in these activities; Encourage employees to participate in internal and external training to enhance relevant knowledge; Pay attention to the health of employees by taking out group insurance and arranging | No material deviation  |

| Evaluation Item | Implementation Status |    |   | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof |
|-----------------|-----------------------|----|---|--|
|                 | Yes                   | No | Description   |  |
|                 |                       |    | <p>regular staff health check-ups;<br/>Organize regular staff discussions and attach importance to labor-management relations;<br/>Develop employee retirement measures to stabilize employees' retirement life.</p> <p>(III) Investor relations:<br/>Set up an investor inquiry website and a dedicated contact hotline to handle shareholder inquiries and suggestions.</p> <p>(IV) Supplier relations:<br/>The Company has always maintained a good cooperative relationship with suppliers.</p> <p>(V) Rights of stakeholders:<br/>The Company has set a spokesman to communicate with investors and stakeholders, and has made public information in accordance with the law and formulated relevant measures to promote corporate governance, so as to protect the basic rights and interests of investors and fulfill the Company's responsibilities to shareholders.</p> <p>(VI) Continuing education of Directors:<br/>Please refer to table 2 below for the information of continuing education of Directors in 2025 The directors of the Company have a certain professional background and practical experience in their personal areas of expertise. The Company arranges relevant courses for directors in line with the trends of the laws and regulations of Taiwan.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company's risk assessment mainly focused on the Company itself. The Risk Management Measures was adopted by the Board of Directors in 2020 as the highest guiding principle of the</p> | No material deviation  |

| Evaluation Item | Implementation Status   |    | Description  | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|-----------------|---|----|--|--|
|                 | Yes   | No |  |  |
|                 |   |    | <p>Company's risk management. Each management unit regularly assesses and reviews risk matters and reports to the President, who shall then summarize major risk matters and report to the Board of Directors on a regularly basis. The Company conducts prevention and control of possible risks in the process of operation and management, and formulates relevant early warning measures. In addition, the Company conducts risk assessments related to the Company's operations based on the principle of materiality, as a reference for the Company's risk management and operation strategies to effectively identify, measure and control the risks of the Company and to control the risks arising from the operating activities within an acceptable range.</p> <p>(VIII) Implementation of customer policies:<br/>The Company maintains a good and stable relationship with each customer to create a stable and continuous environment for the Company's profit and sustainable operation.</p> <p>(IX) Liability insurance for Directors and Supervisors: The Company has taken out liability insurance for Directors and Supervisor in the amount of US\$10,000,000 in 2025 for an insurance period from January 1, 2025 to January 1, 2026.</p> |  |
| IX.             | <p>Please describe the improvements made in response to the corporate governance assessment results published by the Corporate Governance Center of the Taiwan Stock Exchange Corporation for the most recent fiscal year, and propose priority areas for improvement and corresponding measures for any issues that have not yet been addressed.</p> <p>The Company conducts an annual self-assessment based on the corporate governance assessment criteria and makes year-on-year improvements in accordance with the evaluation indicators; no significant deficiencies have been identified.</p> |    |  |  |



Table (1) Accountant Independence Assessment Report

| Evaluation Items  | Independence |   |
|---|--------------|---|
|   | Y            | N |
| 1. Situations that have direct or significant indirect financial interests with 3S that affect independence.  | ✓            |   |
| 2. Has not served as a director, supervisor, or other position that directly and significantly affects this audit case at present or in the past two years.                         | ✓            |   |
| 3. There is no defense of the position or opinion of 3S and its related parties, which may cause independence to be questioned.   | ✓            |   |
| 4. There is no close relationship with 3S and its related persons, directors, and managers, and it may be excessively concerned about or sympathetic to the interests of customers. | ✓            |   |
| 5.No received or felt the intimidation from 3S, and not be able to maintain objectivity and clarify professional doubts.  | ✓            |   |
| 6. During the period of the 2025 financial statements of the Republic of China, there was no non-audit service provided to 3S that may affect the detached independence.            | ✓            |   |
| 7. Obtain an independent statement from an accountant.  | ✓            |   |
| 8. Other circumstances that may affect detached independence.   | ✓            |   |

Table (2) Continuing education of Directors:

| Title                   | Name                            | Date       | Training Institution  | Course Name   | Training Hours |
|-------------------------|---------------------------------|------------|---|---|----------------|
| Chairman                | Tim Hu                          | 2025/11/06 | Taiwan Investor Relations Association                               | Corporate Digital Transformation—Case Studies on AI and Emerging Technologies         | 3              |
| Representative Director | Representative: Hatanaka Kojiro | 2025/11/06 | Taiwan Investor Relations Association                               | Corporate Digital Transformation—Case Studies on AI and Emerging Technologies         | 3              |
|                         |                                 | 2025/11/07 | Taiwan Investor Relations Association                               | Stakeholder Engagement and Management   | 3              |
| Director                | Jeffrey Lin                     | 2025/11/06 | Taiwan Investor Relations Association                               | Corporate Digital Transformation—Case Studies on AI and Emerging Technologies         | 3              |
| Director                | Chiao-Sung ,Yang                | 2025/08/22 | Republic of China Industrial and Commercial Development Association | Training for Company Directors and Supervisors—2025 Taishin-Shin Kong Net-Zero Summit | 3              |
|                         |                                 | 2025/11/06 | Taiwan Investor Relations Association                               | Corporate Digital Transformation—Case Studies on AI and Emerging Technologies         | 3              |
| Independent Director    | James Hou                       | 2025/02/07 | Securities and Futures Market Development Foundation of the         | Series of Courses for Directors, Supervisors, and Corporate                           | 3              |

|                      |                 |            |   |   |   |
|----------------------|-----------------|------------|---|---|---|
|                      |                 |            | Republic of China   | Governance Officers - U.S.-China Economic Outlook and Taiwanese Industry Prospects Post-U.S. Election |   |
|                      |                 | 2025/11/06 | Taiwan Investor Relations Association                                   | Corporate Digital Transformation—Case Studies on AI and Emerging Technologies                         | 3 |
| Independent Director | Cheermore Huang | 2025/11/06 | Taiwan Investor Relations Association                                   | Corporate Digital Transformation—Case Studies on AI and Emerging Technologies                         | 3 |
| Independent Director | Ke Zhi Huang    | 2025/07/09 | Taiwan Stock Exchange   | 2025 Cathay Sustainable Finance and Climate Change Summit   | 6 |
|                      |                 | 2025/11/06 | Taiwan Investor Relations Association                                   | Corporate Digital Transformation - AI and Emerging Technology Application Cases                       | 3 |
| Independent Director | Anne Chan       | 2025/07/10 | Accounting Research and Development Foundation of the Republic of China | Analysis of Common Deficiencies in Financial Statement Reviews and Key Internal Control Regulations   | 6 |
|                      |                 | 2025/11/06 | Taiwan Investor Relations Association                                   | Corporate Digital Transformation - AI and Emerging Technology Application Cases                       | 3 |

## (IV) Composition and Implementation Status of the Remuneration Committee

## 1. Information on Remuneration Committee Members

| Capacity<br>(Note 1)                  | Name               | Qualifications | Professional Qualification<br>and Work Experience   | Independence Analysis   | Number of<br>Other Public<br>Companies<br>where the<br>Individual<br>Concurrently<br>Serves as a<br>Remuneration<br>Committee<br>Member |
|---------------------------------------|--------------------|----------------|---|---|---|
| Independent<br>Director<br>(Convenor) | James Hou          |                | Mr. James Hou has served as Chairman of 1984 Co., Ltd. since 2017. He has previously held positions including Innovation Applications Manager at IBM Taiwan, Deputy General Manager at Puyuan Information Co., Ltd., Chairman of Bogu Network Co., Ltd., Chairman of Daqian Intelligence Co., Ltd., and AI Consultant at Jiezhi Business Intelligence Technology Co., Ltd. (6816). He holds a Master of Science in Computer Science from The Ohio State University and a Master of Science in Computer Science from National Tsing Hua University. He possesses business, technology, financial, and operational judgment capabilities, as well as the practical experience required by the industry. | Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Company or its affiliated enterprises; does not hold shares of the Company; not being a director, supervisor or employee of a company having a specified relationship with the Company; no pay received by for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years. | None  |
| Independent<br>Director               | Cheermore<br>Huang |                | Mr. Cheermore Huang has served as a director of Chuang Wang Optoelectronics Co., Ltd. (Hong Kong) since 2019. He previously served as chairman and general manager of Yili Technology Co., Ltd., as well as an independent director of Innolux Corporation and a supervisor of Rui Zhi Co., Ltd. He holds a master's degree in electrical engineering from Tsinghua University. He possesses business, technological, and financial acumen, as well as operational judgment and the practical experience required in the industry.  | Serve as an independent director, conforming to the conditions of independence, including but not limited to the fact that he, his spouse or his relatives within the second degree are not directors, supervisors or employees of the Company or its affiliated enterprises; shareholding of 135,810 shares, accounting for 0.19%; not being a director, supervisor or employee of a company having a specified relationship with the Company; no pay received by for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof         | None  |

|                      |              |   |  |   |
|----------------------|--------------|---|--|---|
|                      |              |   | within the past 2 years.   |   |
| Independent Director | Ke Zhi Huang | Mr. Huang Ke-zhi has served since 2024 as Project Manager at Crazy Dot Software Development Co., Ltd., Director at Yang Ming Optics Co., Ltd. Director of Yang Ming Optics Co., Ltd. Director of Shengde International R&D Co., Ltd. Independent Director of Jia Zong Industrial Co., Ltd. Independent Director of Jiuhe Optoelectronics Co., Ltd. He previously served as Team Leader (Principal Engineer) at the Institute of Materials and Optoelectronics, Academia Sinica. He holds a Ph.D. in Power Mechanical Engineering from Tsinghua University. He possesses business, technological, financial, and operational judgment capabilities, as well as the work experience required by the industry. | As an independent director, I meet the criteria for independence, including but not limited to the following: neither I nor my spouse or any relative within the second degree of kinship holds any position as a director, supervisor, or employee of the Company or its affiliated companies; I do not hold any shares in the Company; I do not hold any position as a director, supervisor, or employee of any company with a specific relationship to the Company; and I have not received any compensation in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliated companies. | 1 |

## 2. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Current Term: From May 29, 2024 to May 28, 2027. The Remuneration Committee held 2 meetings(A) in the most recent fiscal year, the qualifications and attendance of the committee members are shown as follows:

| Title            | Name            | Attendance in Person (B) | Attendance by Proxy | Rate of Attendance in Person (%) [B/A] | Remark |
|------------------|-----------------|--------------------------|---------------------|--|--------|
| Convenor         | James Hou       | 2                        | 0                   | 100                                    |        |
| Committee Member | Cheermore Huang | 2                        | 0                   | 100                                    |        |
| Committee Member | Ke Zhi Huang    | 2                        | 0                   | 100                                    |        |

(3) The discussions and resolutions of the Remuneration Committee and the Company's response to the members' opinions:

| Remuneration Committee                          | Content of Motions   | Resolution Results  | The Company's Actions in Response to the Remuneration Committee's Opinions                         |
|---|--|---|--|
| The 3rd Meeting of the 6th Session (2025.02.20) | 1. The Company's Managers' Performance Goals for Fiscal Year 2025 Have Been Finalized. | Adopted by all members of the Audit Committee with consents | Adopted by the Board of Directors with consents and implemented in accordance with the resolution. |
| The 4th Meeting of the 6th Session (2025.12.18) | 1. The Company's Managers' Performance Goals for Fiscal Year 2026 Have Been Finalized  | Adopted by all members of the Audit Committee with consents | Adopted by the Board of Directors with consents and implemented in accordance with the resolution. |

Other information required to be disclosed:

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

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

| Item   | Implementation Status |    |  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|---|
|  | Yes                   | No | Description  |   |
| I. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board? | V                     |    | The Company has set up a "Sustainable Development Group", chaired by the President. Each department complies with the Company's Sustainable Development Best Practice Principles and other relevant policies to implement their responsibilities for sustainable development, and reports to the board on a quarterly basis.   | No material deviation   |
| II. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?  | V                     |    | The Company's risk assessment mainly focused on the Company itself. The Risk Management Measures was adopted by the Board of Directors in 2020 as the highest guiding principle of the Company's risk management. Each management unit regularly assesses and reviews risk matters and reports to the President, who shall then summarize major risk matters and report to the Board of Directors on a regularly basis. The Company conducts prevention and control of possible risks in the process of operation and management, and formulates relevant early warning measures. In addition, the Company conducts risk assessments related to the Company's operations based on the principle of materiality, as a reference for the Company's risk management and operation strategies to effectively identify, measure and control the risks of the Company and to control the risks arising from the operating activities within an acceptable range. | No material deviation   |
| III. Environmental issues<br>(I) Has the Company set an environmental management system designed to industry characteristics?  | V                     |    | (I) The Company attaches great importance to environmental protection management and maintenance, and has formulated relevant  | No material deviation   |

| Item  | Implementation Status |    | Description  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|---|
|   | Yes                   | No |  |   |
| (II) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?   | V                     |    | <p>management measures according to the characteristics of the industry. The Company's main products are integrated circuit (IC) control chips, which are produced by outsourced processing. In addition to entrusting the production to a qualified processing third party that has passed the inspection and meets the requirements of environmental protection laws and regulations, the Company also requires such third party to meet the environmental protection testing requirements in terms of production process. In addition, in response to the implementation of the European Union Directive on the Restriction of Hazardous Substances (RoHS), the Company has designated special personnel to be responsible for responding to RoHS-related requirements and implementing countermeasures since 2006.</p> <p>(II) The Company strives to reduce packaging materials and reuse packaging filling materials to reduce waste generation, reduce environmental load and achieve sustainable use of resources.</p> | No material deviation   |
| (III) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them? | V                     |    | <p>(III) The Risk Management Measures was adopted by the Board of Directors in 2020 as the Company's highest guiding principle in managing climate change risk. Each management unit regularly assesses and reviews climate change risk issues and reports to the President, who shall then report to the Board of Directors on a regularly basis. In line with the government's 2050 net zero carbon emission target, the "Sustainable Operation Development Team" was established on March 31, 2022.</p>   | No material deviation   |

| Item | Implementation Status |    | Description   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|------|-----------------------|----|---|---|
|      | Yes                   | No |   |   |
|      |                       |    | <p>The Company's current assessment in response to climate change focused on the increase in the price of greenhouse gas emissions. The Company takes action plans to reduce the consumption of natural resources, including improving product energy efficiency, green supply chain management, raw material and waste management, product packaging reduction and recycling, cloud office, reducing operating carbon dioxide concentration and improving energy efficiency in line with the industry. The Company also attaches great importance to the management and maintenance of environmental protection, and regularly carries out promotion and requires the cooperation of all units. The policy is as follows:</p> <ol style="list-style-type: none"> <li>1. Full use of paper - advocate double-sided printing to reduce logging and the degree of greenhouse effect.</li> <li>2. Save energy - advise to turn off lights, turn off air conditioners when leaving and save water, and use energy-saving lamps.</li> <li>3. Garbage classification - carry out garbage classification and resource recovery in accordance with the business waste control regulations of Environmental Protection Administration.</li> <li>4. No smoking policy - promote tobacco hazard control law and enforce no-smoking policy in public places.</li> <li>5. The Company pays attention to the cleanliness of the relevant internal and external environment, and strengthens the internal and external publicity of</li> </ol> | No material deviation   |

| Item | Implementation Status |    | Description  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|------|-----------------------|----|--|---|
|      | Yes                   | No |  |   |
|      |                       |    | environmental maintenance, so as to develop a sustainable development environment. |   |

| Item  | Implementation Status |          | Description   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
|---|-----------------------|----------|---|---|---------|----------|------|--------|---|------|--------|--------|--|---------|----------|------|----------|---|------|----------|--------|--|---------|----------|------|------|---|------|------|----|-----------------------|
|   | Yes                   | No       |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| (IV) Did the Company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes? | V                     |          | <p>(IV) The Company's greenhouse gas emissions, volume of water consumption and total weight of waste in the past two years are as follows:</p> <p>Inventory scope and category:<br/>The scope of this analysis is limited to our Hsinchu headquarters (the Shenzhen office was not included last year; data for Shenzhen is disclosed separately in the table below).</p> <p><b><u>Category one:</u></b><br/><u>2024 and 2025 Scope 1: Direct greenhouse gas emissions from sources owned or controlled by the company:</u></p> <p>Year Total Emissions (metrictons)<br/>(Hsinchu/Shenzhen)</p> <table border="1"> <thead> <tr> <th></th> <th>Hsinchu</th> <th>Shenzhen</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>3.4483</td> <td>-</td> </tr> <tr> <td>2025</td> <td>2.4047</td> <td>4.1976</td> </tr> </tbody> </table> <p><b><u>Category two:</u></b><br/><u>2024 and 2025 Scope 2: Indirect greenhouse gas emissions from the use of purchased electricity, heat, or steam:</u></p> <p>Year Total Emissions (metrictons)<br/>(Hsinchu/Shenzhen)</p> <table border="1"> <thead> <tr> <th></th> <th>Hsinchu</th> <th>Shenzhen</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>259.6888</td> <td>-</td> </tr> <tr> <td>2025</td> <td>226.7599</td> <td>2.9530</td> </tr> </tbody> </table> <p><b><u>Statistics of water consumption in 2024 and 2025:</u></b><br/><u>Year Water Consumption (units)</u><br/>(Hsinchu/Shenzhen)</p> <table border="1"> <thead> <tr> <th></th> <th>Hsinchu</th> <th>Shenzhen</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>1031</td> <td>-</td> </tr> <tr> <td>2025</td> <td>1048</td> <td>46</td> </tr> </tbody> </table> |   | Hsinchu | Shenzhen | 2024 | 3.4483 | - | 2025 | 2.4047 | 4.1976 |  | Hsinchu | Shenzhen | 2024 | 259.6888 | - | 2025 | 226.7599 | 2.9530 |  | Hsinchu | Shenzhen | 2024 | 1031 | - | 2025 | 1048 | 46 | No material deviation |
|   | Hsinchu               | Shenzhen |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| 2024  | 3.4483                | -        |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| 2025  | 2.4047                | 4.1976   |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
|   | Hsinchu               | Shenzhen |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| 2024  | 259.6888              | -        |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| 2025  | 226.7599              | 2.9530   |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
|   | Hsinchu               | Shenzhen |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| 2024  | 1031                  | -        |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |
| 2025  | 1048                  | 46       |   |   |         |          |      |        |   |      |        |        |  |         |          |      |          |   |      |          |        |  |         |          |      |      |   |      |      |    |                       |

| Item   | Implementation Status |    | Description  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|---|
|  | Yes                   | No |  |   |
| IV. Social issues<br>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | V                     |    | The Company abides by the relevant labor laws and regulations and has developed relevant management procedures with reference to the Universal Declaration of Human Rights formulated by the United Nations. Relevant issues in practice include: <ol style="list-style-type: none"> <li>1. No operating locations or suppliers that violate or seriously endanger freedom of association and collective bargaining.</li> <li>2. No operating locations and suppliers with significant risk of child labor.</li> <li>3. No operating locations and suppliers with significant risk of forced or compulsory labor incidents.</li> <li>4. No incidents in violating the rights of aborigines.</li> <li>5. No human rights complaints.</li> <li>6. No discrimination occurred.</li> <li>7. No violation of laws and regulations related to the social issues, and no fines.</li> <li>8. No significant physical or potential negative impact of the supply chain on human rights has occurred. As part of the global electronics industry supply chain, the Company takes the planning and implementation of the Code of Conduct for Responsible Business Alliance as its top priority, and treat all colleagues with dignity and respect. Meanwhile, we urge and require suppliers who have direct contact with the Company to follow the Code of Conduct for Responsible Business Alliance, hoping to enhance the social</li> </ol> | No material deviation<br><br>No material deviation  |
| (II) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and   | V                     |    | responsibility of the industry and the awareness of world citizens through the common efforts of the entire supply chain.<br>(II) Employee salary/compensation: The Company conducts employee performance appraisal every year, with department and individual   | No material deviation   |

| Item   | Implementation Status |    | Description   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|---|
|  | Yes                   | No |   |   |
| other benefits), and are business performance or results appropriately reflected in employee salary/compensation?                                      |                       |    | <p>performance results, and manages employee rewards, punishments and promotions.</p> <p>(1) Employee Welfare Measures:<br/>The Company has established an Employee Welfare Committee dedicated to planning diverse employee welfare programmes to enhance employee happiness and sense of belonging. For details of the measures adopted by the Company, please refer to pages 113 to 115 of the Annual Report under the section on Employee Welfare Measures.</p> <p>(2) Diversity and equality in workplace:<br/>The Company has achieved equal pay for equal work for men and women, provided equal promotion opportunities, and maintained over 7.5% women in executive positions, promoting sustainable and inclusive economic growth. In 2025 the Company' female employees accounted for 29 % on average, and female executives accounted for 7.5 % on average.</p> <p>(3) Business performance is reflected in employee salary/compensation:<br/>The Company conducts a market salary survey every year, and adjusts the salary according to the market salary level, economic trends and individual performance to maintain overall salary competitiveness.</p> | No material deviation   |
| (III) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees? | V                     |    | (III)<br>3S adheres to the core philosophy of 'people-oriented' and is committed to creating a safe and healthy working environment. Relevant regulations are incorporated into the "Occupational Safety and Health Regulations." For details of the  | No material deviation   |

| Item  | Implementation Status |    |   | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|---|---|
|   | Yes                   | No | Description   |   |
|   |                       |    | measures taken by the company, please refer to pages 116-118 of the annual report, which outlines the measures for work environment and employee safety protection.   |   |
| (IV) Does the Company establish effective career development and training plans for its employees?  | V                     |    | (IV) The Company organizes career development programs or educational training for employees from time to time, and provides online courses for employees and online learning platforms from external professional organizations to enhance employees' career skills.   | No material deviation   |
| (V) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?       | V                     |    | (V) The Company is in compliance with relevant laws and regulations as well as international standards when it comes to marketing and labeling of products and services.  | No material deviation   |
| (VI) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation? | V                     |    | (VI) The Company has established management policies related to suppliers, such as Suppliers' Environmental Prohibited Substances Management Regulations and Environmental Restricted Substances Control Procedures. For all products designed, manufactured and sold by the Company, the products produced by suppliers are regulated to be in compliance with the regulations on the restriction of prohibited and restricted substances and the recognition of green products of suppliers. The Company regularly commissions qualified ISO 17025-accredited laboratories for testing of returned product samples every year to ensure the compliance with laws and regulations of products. | No material deviation   |
| V. Does the Company refer to international reporting standards or guidelines when preparing its   | V                     |    | The company will prepare a sustainability report for the year 2025 and publish it by the end of   | No material deviation   |

| Item  | Implementation Status |    | Description  | Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--------------|---|
|   | Yes                   | No |              |   |
| sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?   |                       |    | August 2026. |   |
| <p>VI. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations:</p> <p>The Company has formulated its Corporate Social Responsibility Best Practice Principles, Ethical Corporate Management Best Practice Principles, Rules of Procedure for Board of Directors Meetings, Remuneration Committee Charter, Rules of Procedure for Shareholders Meetings, the rules of shareholders' meeting, Internal Control System, Implementation Rules for Internal Audit, Procedures for Acquisition and Disposal of Assets, Procedures for Lending Funds to Others, etc. to follow.</p>   |                       |    |              |   |
| <p>VII. Other important information to facilitate better understanding of the Company's promotion of sustainable development:</p> <p>Solid State always believes that, as a member of society, a company must fulfill its civic responsibilities and integrate them into our daily operations. In practice, Xinchuang fulfills its civic responsibilities through corporate commitments, social care, and employee welfare. Corporate Commitment: We enhance corporate governance through the operations of our Board of Directors, Audit Committee, Compensation Committee, and other bodies, as well as our audit systems, to ensure full accountability to key stakeholders. Furthermore, through our commitment to quality control—which has become an integral part of our corporate culture—we strive for continuous innovation in design, production quality, and reliability, thereby fulfilling our responsibilities to our customers and the environment.</p> |                       |    |              |   |

### VIII. Climate Information

| Project  | Implementation Status   |
|--|---|
| 1. Oversight and governance of climate-related risks and opportunities by the Board of Directors and | <p><b>Board of Directors</b></p> <p>The Board of Directors serves as the highest oversight body for climate-related issues. The Board is responsible for reviewing climate risks and opportunities, approving short-, medium-, and long-term response strategies, and ensuring that the company's operational direction aligns with global carbon reduction trends and environmental regulatory requirements.</p> <p><b>Sustainable Development Task Force</b></p> <p>At the management and operational level, the General Manager leads the “Sustainable</p> |

| management.  | <p>Development Task Force” in collaboration with various departments to coordinate climate change management activities. These include greenhouse gas inventories, identification of risks and opportunities, assessment of potential climate impacts on the supply chain, promotion of energy-saving and carbon reduction measures, and performance tracking. Starting in 2024, climate issues have been incorporated into the Company’s key sustainability management priorities. The “Sustainable Business Development Team” regularly reports on the implementation of climate management to the Board of Directors, enabling the governance level to fully grasp progress and request strategic adjustments as necessary.</p>   |                                    |                          |   |  |   |                                 |  |                               |                          |  |                           |  |         |              |         |              |                |           |                                    |                      |   |  |   |
|--|--|------------------------------------|--------------------------|---|--|---|---------------------------------|--|-------------------------------|--------------------------|--|---------------------------|--|---------|--------------|---------|--------------|----------------|-----------|------------------------------------|----------------------|---|--|---|
| <p>2. How the identified climate risks and opportunities affect the company’s business, strategy, and finances (short-term, medium-term, and long-term).</p> | <p>To assess the potential resilience of the Company’s strategies and business model under various climate scenarios, the Company conducts scenario analysis in accordance with IFRS S2 and the TCFD framework to evaluate changes in risks faced by its operational sites. The key risk/opportunity items, potential financial impacts, and timeframes are summarized as follows:</p> <p>3S regularly reviews the company’s medium- to long-term operational direction and monitors the potential impact of issues such as climate change, low-carbon transition, and operational continuity on business operations. In response to domestic and international climate policy trends and the market’s growing focus on sustainable development, the company continues to incorporate climate-related risks and opportunities into operational assessments to strengthen overall operational resilience and value chain management.</p> <p>The Company follows the TCFD and IFRS S2 frameworks to systematically identify climate-related risks and opportunities and assess their potential current and future impacts on the business model and all segments of the value chain. Given that the Company operates in the semiconductor design industry, the relevant impacts are primarily reflected through indirect channels such as the supply chain, outsourced manufacturing, logistics, and customer demand. Accordingly, the Company reviews the direction of adjustments to its business model, project management, and resource allocation to address changes in the external environment as well as regulatory and market requirements.</p> <p>Through the above approach, the Company aims to gradually enhance its management capabilities regarding climate-related issues while maintaining operational stability, thereby assisting report users in gaining a more comprehensive understanding of the impact of climate issues on Xinchuang Technology’s business model and value chain.</p> <table border="1" data-bbox="343 1473 1497 1921"> <thead> <tr> <th colspan="2" rowspan="2">Risk/Opportunity Category Risk/</th> <th rowspan="2">Risk/ Opportunity Description</th> <th colspan="2">Impact on Business Model</th> <th colspan="2">Impact on the Value Chain</th> </tr> <tr> <th>Current</th> <th>Expectations</th> <th>Current</th> <th>Expectations</th> </tr> </thead> <tbody> <tr> <td>Physical Risks</td> <td>Immediate</td> <td>Extreme shifts in climate patterns</td> <td>No immediate impact.</td> <td>Extreme weather events may impact outsourced manufacturing, logistics, and delivery schedules; companies need to incorporate these risks into their business continuity management.</td> <td>Climate change is gradually affecting upstream industries such as agriculture, energy, and logistics, thereby indirectly increasing uncertainty.</td> <td>Extreme weather events may damage infrastructure and supply systems in specific regions, increasing the risk of disruptions in the value chain and delivery delays.</td> </tr> </tbody> </table> |                                    |                          |   |  |   | Risk/Opportunity Category Risk/ |  | Risk/ Opportunity Description | Impact on Business Model |  | Impact on the Value Chain |  | Current | Expectations | Current | Expectations | Physical Risks | Immediate | Extreme shifts in climate patterns | No immediate impact. | Extreme weather events may impact outsourced manufacturing, logistics, and delivery schedules; companies need to incorporate these risks into their business continuity management. | Climate change is gradually affecting upstream industries such as agriculture, energy, and logistics, thereby indirectly increasing uncertainty. | Extreme weather events may damage infrastructure and supply systems in specific regions, increasing the risk of disruptions in the value chain and delivery delays. |
| Risk/Opportunity Category Risk/  |  | Risk/ Opportunity Description      | Impact on Business Model |   | Impact on the Value Chain  |   |                                 |  |                               |                          |  |                           |  |         |              |         |              |                |           |                                    |                      |   |  |   |
|  |  |                                    | Current                  | Expectations  | Current  | Expectations  |                                 |  |                               |                          |  |                           |  |         |              |         |              |                |           |                                    |                      |   |  |   |
| Physical Risks   | Immediate  | Extreme shifts in climate patterns | No immediate impact.     | Extreme weather events may impact outsourced manufacturing, logistics, and delivery schedules; companies need to incorporate these risks into their business continuity management. | Climate change is gradually affecting upstream industries such as agriculture, energy, and logistics, thereby indirectly increasing uncertainty. | Extreme weather events may damage infrastructure and supply systems in specific regions, increasing the risk of disruptions in the value chain and delivery delays. |                                 |  |                               |                          |  |                           |  |         |              |         |              |                |           |                                    |                      |   |  |   |

|                  |                          |   |  |  |   |  |
|------------------|--------------------------|---|--|--|---|--|
| Transition Risks | Policies and Regulations | Increased Pricing of Greenhouse Gas Emissions                         | No immediate impact.   | As policies such as carbon fees and carbon taxes are implemented, related costs from suppliers may gradually be passed on. Companies need to incorporate carbon costs into their procurement and project management processes and adjust their operational and resource allocation strategies accordingly. | Climate policies are gradually impacting the upstream semiconductor manufacturing and packaging/testing industries, indirectly affecting cost structures and the stability of delivery schedules. | Carbon pricing schemes may exacerbate cost pressures along the supply chain; companies need to strengthen supplier evaluations and diversify their supply chains to mitigate the risk of disruptions in the value chain. |
|                  | Policies and Regulations | Product and Service Requirements and Regulation                       | Increasing demands from customers and regulators regarding product compliance and information disclosure are gradually raising the complexity of design and project management | If regulatory requirements continue to tighten, companies will need to incorporate more compliance and sustainability considerations into their product design processes, which will affect the pace of product planning and development.  | These requirements have been passed down through customers and the supply chain, impacting outsourced manufacturing and data management processes.  | Regulatory and market requirements may drive greater transparency across the entire value chain, increasing the need for supply chain collaboration and information integration.   |
|                  | Technology               | Replacing Existing Products and Services with Low-Carbon Alternatives | Market focus on low-power consumption and energy-efficient design is gradually increasing, influencing the direction of existing product design.                               | Failure to adapt to low-carbon and energy-saving trends may reduce the competitiveness of existing products; conversely, possessing relevant design capabilities will create market opportunities.   | Demand for low power consumption and energy efficiency has already influenced customers' product planning and supply chain selection.   | The value chain will place greater emphasis on energy efficiency at the design stage and the sustainability capabilities of the supply chain, affecting partner selection and market positioning.                        |
|                  | Market                   | Rising Raw Material Costs   | The company does not directly procure raw materials, so fluctuations in raw material prices have not yet had a direct impact on its business model.                            | If climate or policy factors lead to rising costs for materials used in semiconductor manufacturing, these costs may be passed on through the supply chain, affecting project costs and pricing strategies.  | Fluctuations in the costs of certain materials and production capacity have already emerged in upstream industries.   | Rising prices for raw materials and production capacity may intensify cost pressures in the supply chain, affecting the stability of the overall value chain.  |

|               |            |   |   |  |  |  |
|---------------|------------|---|---|--|--|--|
|               | Market     | Changes in Consumer Preferences                       | Demand in end markets for energy-efficient and low-carbon applications is gradually increasing, indirectly influencing the direction of our customers' product designs.       | If the company can keep pace with relevant industry trends, it will help expand into new markets; otherwise, its ability to secure orders may be compromised.        | Consumer preferences have been reflected in design and supply chain requirements through customer feedback.            | All links in the value chain will place greater emphasis on product energy efficiency and sustainability performance, which will influence long-term partnerships.                                       |
|               | Reputation | Increased Stakeholder Attention and Negative Feedback | Investors and customers are paying greater attention to corporate sustainability initiatives, raising expectations regarding information disclosure and management practices. | Insufficient responsiveness may damage corporate reputation and erode trust among partners, putting pressure on operational stability.                               | Stakeholder concerns have already influenced customer procurement and partnership evaluations.                         | Sustainability performance and risk management capabilities will become key considerations in value chain partnerships.  |
| Opportunities | Market     | Developing Low-Carbon Products                        | Designing low-power, high-efficiency chips to enhance performance and energy savings.   | Adopt sustainable design principles to expand low-power applications (AIoT, smart devices).  | Chip design takes power consumption into account, while manufacturing and packaging are handled by existing foundries. | Implement chip carbon footprint management and collaborate with foundries and packaging/testing facilities to optimize process energy efficiency, reducing carbon emissions across the entire lifecycle. |
|               | Market     | Selecting Green Suppliers                             | Environmental management and energy-saving measures have been incorporated into the supplier selection process.   | Establish green procurement and ESG assessment mechanisms, and require major contract manufacturers and packaging and testing facilities to reduce carbon emissions. | Monitor the environmental impact of key supply chains and ensure transparency of information.                          | Implement supply chain carbon emissions tracking and improvement strategies to enhance the sustainability value of products and the company.   |

| Risk/Opportunity Category | Risk/Opportunity Description        | Potential Time Horizon |             |           | Financial Impact During the Reporting Period   |
|---------------------------|-------------------------------------|------------------------|-------------|-----------|--|
|                           |                                     | Short-term             | Medium-term | Long-term |  |
| Physical Risks            | Extreme changes in climate patterns | V                      | V           | V         | This risk may affect the short, medium, and long term. The relevant financial impact on the current period is as follows: To address this risk, fire insurance has been purchased, resulting in a cash outflow of approximately NTD40,000. |

|                 |   |  |   |   |   |
|-----------------|---|--|---|---|---|
| Transition Risk | Increased Pricing of Greenhouse Gas Emissions                         |  | V | V | This risk may affect the medium and long term; there is currently no material financial impact on the current period            |
|                 | Transition Risk Increased Pricing of Greenhouse                       |  | V | V | This risk may have an impact in the medium to long term; there is currently no material financial impact for the current period |
|                 | Replacing existing products and services with low-carbon alternatives |  | V | V | This risk may affect the medium and long term; there is currently no material financial impact                                  |
|                 | Rising raw material costs   |  | V | V | This risk may have an impact in the medium to long term; there is currently no material financial impact for the current period |
|                 | Changes in Consumer Preferences                                       |  | V | V | This risk may have an impact in the medium to long term; there is currently no material financial impact.                       |
|                 | Increased stakeholder concerns and negative feedback                  |  | V | V | This risk may have an impact in the medium to long term; there are currently no relevant financial implications                 |

3. Financial impacts of extreme weather events and transition actions.

In response to the identified climate-related risks and opportunities, the Company has established management practices tailored to their nature and continues to assess operational resilience under various climate scenarios. The Company adopts the analytical framework recommended by the TCFD and, with reference to the scenarios outlined in the IPCC Sixth Assessment Report (AR6), has selected SSP2-4.5 (lower emissions pathway) and SSP5-8.5 (higher emissions pathway) as the primary assessment benchmarks. Compared to the RCP models of the past, which relied solely on greenhouse gas concentration estimates, the “Shared Socioeconomic Pathways” (SSP) framework more comprehensively incorporates factors such as social, economic, and technological development, enabling companies to understand the potential evolution of future climate risks in a manner closer to reality.

**Financial Impact of Extreme Weather Events**

In terms of risk identification, the Company focuses on climate factors with a high degree of relevance to its core operations. These include the potential impact of extreme weather events on supply chains, logistics, and delivery schedules, as well as the potential impact of carbon pricing schemes and changes in relevant regulations on cost structures and compliance requirements. The Company also monitors evolving market and customer expectations regarding low-carbon products and responsible supply chains. These assessments are primarily qualitative, comprehensively considering the scope of impact, severity, and likely timeframe, and serve as a reference for management in operational planning and risk management.

**Financial Impact of Transition Initiatives**

In response to global climate governance trends and supply chain decarbonization requirements, the Company continues to advance transition initiatives such as greenhouse

gas inventories, information disclosure, and energy conservation and carbon reduction, and incorporates these into operational management and resource allocation assessments. Overall, the financial impact of these transition initiatives is primarily reflected in increased compliance and disclosure costs.

4. How are the processes for identifying, assessing, and managing climate risks integrated into the overall risk management system?

In light of the potential impacts of climate change on our operating environment, the Company has gradually established procedures for identifying and assessing climate-related risks, in accordance with IFRS S2 and the TCFD (Task Force on Climate-related Financial Disclosures) framework, to serve as a reference for operational adjustments and resilience management. These activities are carried out in accordance with the Company's existing division of responsibilities. By integrating external climate trends, industry policy developments, and the Company's operational characteristics, we regularly assess the physical and transition risks we face, which serves as the foundation for subsequent management and disclosure.

In terms of risk identification, the Company focuses on climate factors closely related to its core business operations, including the potential impact of extreme weather events on supply chains, logistics, and delivery schedules, as well as the potential impact of changes in carbon pricing schemes and relevant regulations on cost structures and compliance requirements. We also monitor evolving market and customer expectations regarding low-carbon products and responsible supply chains. The assessment primarily employs qualitative analysis, comprehensively considering the scope of impact, severity, and potential timeframe, to provide management with a reference for operational planning and risk management.

Going forward, the Company will continue to adhere to its existing risk management framework, while aligning with international sustainability standards, government climate policies, and changes in the market environment, to review the key areas and methods of climate risk assessment. This will serve as a reference for internal management and operational decision-making, enabling the Company to address the potential impacts of climate-related uncertainties on its operations.

**Climate Change Risk Identification, Assessment, and Management Process**

1. Risk and Opportunity Identification and Assessment:

Integrate climate-related physical risks and transition risks with the Company's operational characteristics, outsourced manufacturing and supply chain conditions, and trends in regulatory and customer requirements into the annual enterprise risk assessment.

2. Risk Assessment:

Using the company's risk matrix, risks are scored based on impact severity and likelihood of occurrence. These assessments are integrated with the enterprise risk management process and internal control systems to serve as the basis for risk prioritization and management.

3. Risk Management:

Assessment results are incorporated into sustainability management initiatives and tracked in reports to management (including the Board of Directors when necessary), serving as a reference for supply chain management, business continuity management, and resource allocation.

4. Improvement and Monitoring:

Regularly review the effectiveness of existing management measures in light of external regulations, climate change trends, and operational conditions. Update risk response strategies and related procedures (e.g., supply chain contingency planning, delivery time risk management, and information disclosure processes) as necessary.

The Company conducts scenario analysis in accordance with the Framework for Climate-related Financial Disclosures (TCFD) and references the “Shared Socioeconomic Pathways” (SSPs) proposed in the IPCC’s Sixth Assessment Report (AR6). To assess the potential changes and financial impacts of future physical risks, the Company selected two scenarios—SSP2-4.5 (moderate emissions scenario) and SSP5-8.5 (very high emissions scenario)—for simulation. This comparison of the severity of climate hazards under different emission pathways helps identify key risk trends and serves as a critical basis for planning subsequent resilience strategies and management measures.

The scenario analysis for the Company’s **transition risk** is as follows:

5. When conducting scenario analysis to assess resilience to climate change risks, the Company should describe the scenarios, parameters, assumptions, analysis factors, and key financial impacts used.

| SSP Scenarios | Transition Risk Scenario Assumptions  | Estimated Potential Financial Impacts  |
|---------------|---|--|
| SSP2-4.5      | Global climate policies are implemented gradually, with stable economic growth proceeding in parallel with the low-carbon transition, resulting in a temperature rise of approximately 2.7°C. | <p>In this context, requirements regarding carbon disclosure, product carbon footprints, and supply chain management in Taiwan and major markets are expected to gradually increase. The potential financial impacts on the Company primarily include:</p> <ul style="list-style-type: none"> <li>■ Increased costs for carbon reporting and disclosure: To comply with regulations and meet customer requirements, the company may need to allocate more resources to greenhouse gas inventories, supply chain data collection, carbon footprint reporting, and necessary third-party verification, which may result in higher administrative expenses.</li> <li>■ Supply Chain Carbon Cost Pass-Through Risk: Costs incurred by outsourced wafer foundries and packaging and testing facilities due to carbon fees, energy transition, or carbon reduction investments may gradually be reflected in pricing terms, affecting the</li> </ul> |

|          |   |   |
|----------|---|---|
|          |   | <p>company's project costs and gross margin structure.</p> <ul style="list-style-type: none"> <li>■ Impact of carbon fees on the Company: Based on the government's estimate of a carbon fee of approximately NT\$1,200 to NT\$1,800 per ton for 2030, and using the Company's current emissions of approximately 236.202 tons of CO<sub>2e</sub> as a basis, the potential carbon fee costs are estimated to be between NT\$283,400 and NT\$425,200. The overall impact is relatively limited, and the effect on the Company's overall operations and financial structure remains within manageable limits.</li> <li>■ Higher customer procurement and compliance thresholds: Customers may request additional environmental information or sustainability-related documentation; if response times are too long or data is incomplete, this may increase project communication costs and impact order fulfillment efficiency.</li> <li>■ Operational and project management costs: To mitigate the uncertainties of the transition, the company may need to strengthen supplier management, risk assessment, and contingency planning, which will result in higher associated operational costs.</li> </ul> <p>Overall, the financial impacts under the SSP2-4.5 scenario primarily consist of gradually increasing management and compliance costs, which may place some pressure on operating costs and gross margins, though the changes are relatively predictable.</p> |
| SSP5-8.5 | <p>With weakened global cooperation, continued growth in fossil fuel use, and a lack of clear emission reduction measures, global temperatures rise by approximately 3.6°C.</p> | <p>In a high-emission scenario, while short-term policy implementation may be inconsistent, the pressure to transition may manifest more abruptly in the medium to long term due to climate impacts and policy convergence. The potential financial implications for companies include:</p> <ul style="list-style-type: none"> <li>■ One-time investment risks related to compliance and disclosure: If policy or client requirements increase rapidly in the short term, the company may need to allocate additional resources within a short timeframe to establish data management, disclosure processes, and</li> </ul>   |

|   |  |  |
|---|--|--|
|   |  | <p>internal control mechanisms (e.g., system development, consulting support, audit fees, and staff training), resulting in the recognition of expenses and operational pressure.</p> <ul style="list-style-type: none"> <li>■ Increased Supply Chain Costs and Price Volatility: Amid energy price fluctuations, rising carbon costs, and uncertainties in production capacity scheduling, supply chains may drive up outsourcing costs and increase quote volatility, impacting the company’s ability to control project costs and maintain pricing flexibility.</li> <li>■ Increased Customer Demands and Collaboration Risks: As market and stakeholder attention grows, customers may impose stricter sustainability requirements on the supply chain; if a company and its supply chain partners are unable to provide the necessary information in a timely manner, this may affect collaboration terms, project timelines, or opportunities to secure orders.</li> <li>■ Indirect impacts on reputation and financing conditions: If external expectations regarding a company’s sustainability efforts rise, this may increase the company’s investment in reputation management and communication; at the same time, it may also have an indirect impact on financing costs or partnership evaluations (depending on the company’s and market’s circumstances).</li> </ul> <p>Overall, the risks under the SSP5-8.5 scenario include not only management costs but also cost volatility, strategic adjustments, and opportunity costs, which may result in significant pressure for adaptation and transition.</p> |
| <p>The analysis of the Company’s physical risk scenarios is as follows:</p> |  |  |
| <p>SSP Scenarios</p>  | <p>Physical Risk Scenario Assumptions</p>  | <p>Estimated Potential Financial Impact</p>  |
| <p>SSP2-4.5</p>   | <p>Global climate policies are implemented gradually, with stable economic growth proceeding in tandem</p> | <p>In this scenario, while extreme weather events have not worsened across the board, seasonal disruptions may still occur:</p> <ul style="list-style-type: none"> <li>■ Outsourced Manufacturing and Delivery Risk: If wafer foundries, packaging and</li> </ul>  |

|          |  |  |
|----------|--|--|
|          | <p>with the low-carbon transition, resulting in a temperature rise of approximately 2.7°C.</p>   | <p>testing facilities, or surrounding logistics hubs are affected by events such as typhoons, heavy rains, or heat waves, production scheduling and shipping arrangements may be disrupted, leading to delivery delays or adjustments to project schedules.</p> <ul style="list-style-type: none"> <li>■ Fluctuations in Shipping and Expedited Fees: To maintain delivery schedules, additional costs may arise from expedited shipping (such as air freight) or adjustments to shipping routes, resulting in fluctuations in logistics costs.</li> <li>■ Operational Costs and Impact on Contract Performance: If changes in delivery times affect customer project milestones, this may increase communication and project management costs and may also result in certain contract performance costs (such as rush fees, rescheduling, and management costs).</li> </ul> <p>Overall, the financial impacts under the SSP2-4.5 scenario are predominantly <b>indirect and event-driven costs</b>, primarily driven by fluctuations in supply chain lead times and increased rush-order fees; the extent of the impact depends on the frequency of events and the supply chain’s responsiveness.</p> |
| SSP5-8.5 | <p>With weakened global cooperation, continued growth in fossil fuel use, and a lack of clear emission reduction actions, global temperatures rise by approximately 3.6°C.</p> | <p>Under high-emission scenarios, the frequency and intensity of extreme events may increase, resulting in more direct physical impacts and greater uncertainty. The financial implications for companies may include:</p> <ul style="list-style-type: none"> <li>■ Under high-emission scenarios, the frequency and intensity of extreme events may increase, resulting in more direct physical impacts and greater uncertainty. The financial implications for companies may include: <ul style="list-style-type: none"> <li>Supply chain disruptions and production scheduling costs: If outsourced wafer fabrication, packaging and testing, or critical logistics hubs are affected by events such as severe typhoons, flooding, or prolonged power outages, this may result in significant delivery delays and difficulties in</li> </ul> </li> </ul>  |

|  |   |  |  |
|--|---|--|--|
|  |   |  | <p>production scheduling, as well as increased costs for contingency arrangements and project adjustments.</p> <ul style="list-style-type: none"> <li>■ Contractual and Opportunity Costs of Delivery Delays: Delivery disruptions may lead to order postponements, risks of missing delivery deadlines, or potential customer claims for compensation, and may put pressure on future order intake and pricing terms (depending on contract terms and customer requirements).</li> <li>■ Rising Costs for Expedited Shipping and Alternative Solutions: To mitigate the impact on delivery schedules, companies may need to adopt higher-cost transportation methods or alternative solutions (such as expedited air freight, split shipments, or shifting support to other supply chain nodes), leading to increased volatility in logistics and project costs.</li> <li>■ Rising Insurance and Risk Costs: If extreme events occur frequently, they may lead to higher insurance premiums or deductibles, thereby increasing the risk costs borne by the company.</li> </ul> <p>Overall, the financial impacts under the SSP5-8.5 scenario include not only event-driven costs but also contract performance risks, opportunity costs resulting from delivery uncertainties, and cost volatility, which may increase the difficulty of financial forecasting and put pressure on gross margins.</p> |
| <p>6. If there is a transition plan to manage climate-related risks, describe the plan's content, as well as the indicators and targets used to identify and manage physical and</p> | <p>3S adheres to the national net-zero transition strategy and aligns with the government's implementation timeline to progressively strengthen greenhouse gas management and reduction measures, viewing climate action as a critical foundation for business operational resilience. The Company has established a medium- to long-term carbon reduction roadmap, aiming to reduce Scope 1 and Scope 2 emissions by 5% compared to the base year by 2030 (see Appendix 1), with a 10% reduction by 2040 as the medium- to long-term target.</p> <p>To achieve these goals, the Company will continue to implement energy-saving measures and energy efficiency management (such as upgrading high-energy-consumption equipment, managing electricity usage, and raising awareness), and will evaluate options for utilizing renewable energy based on operational conditions and market supply to enhance carbon reduction outcomes and operational resilience.</p> |  |  |

|   |  |
|---|--|
| transition risks.   |  |
| 7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.  | <p>3S has not yet implemented internal carbon pricing at this stage, but we recognize that it will be an effective tool for driving carbon reduction efforts across all business units. In the future, Xinchuang will continue to develop feasible methodologies and incorporate internal carbon pricing as a key corporate carbon reduction strategy at the appropriate time.</p>   |
| 8. If climate-related targets have been established, please provide information on the activities covered, the scope of greenhouse gas emissions, the planning timeline, and annual progress toward achieving these targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, please specify the source and quantity of the carbon reduction credits or the number of Renewable Energy Certificates (RECs) used. | <p>1. The Company recognizes the impact of its operations on the climate and continues to promote energy management and greenhouse gas inventories as key initiatives for establishing a foundation for carbon reduction management. The Company calculates its emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol). The Company has designated the inventory completed in 2024 as its base year.</p> <p>The organizational and geographical scope of this inventory covers the Company's primary operational sites, including the Taiwan headquarters and the Shenzhen office. The scope of the inventory encompasses Scope 1, Scope 2, and certain Scope 3 emissions, and includes greenhouse gases such as carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. These greenhouse gases are converted to carbon dioxide equivalents based on their Global Warming Potential (GWP) to illustrate the Company's emissions from energy use, office operations, and supply chain-related activities.</p> <p>Through this inventory, the Company is able to identify key emission sources and management priorities, which serve as the basis for planning subsequent carbon reduction measures and tracking their effectiveness, thereby gradually improving low-carbon operational management.</p> <p>2. The Company has not yet procured renewable energy or obtained renewable energy certificates.</p> |

9.Greenhouse gas inventory and verification status, along with reduction targets, strategies, and specific action plans.

As the Company’s capitalization is less than NT\$5 billion, in accordance with the timeline set forth in the “Roadmap for Sustainable Development of Listed Companies,” the parent company is required to disclose its 2027 greenhouse gas inventory and verification information in its 2028 annual report, and the parent company has completed its 2025 greenhouse gas inventory. For details regarding the Company’s greenhouse gas reduction targets, strategies, and specific action plans, please refer to the disclosures in Sections 1-1 and 1-2.

**1-1 Status of the Company’s Greenhouse Gas Inventory and Verification for the Most Recent**

**Fiscal Year**

**1-1-1 Greenhouse Gas Inventory Information**

Please provide the greenhouse gas emissions (in metric tons of CO<sub>2</sub>e), emissions intensity (in metric tons of CO<sub>2</sub>e per million yuan), and data coverage for the past two fiscal years.

Please describe the scope of information that must be disclosed in accordance with the Sustainability Roadmap for Listed Companies (for relevant timelines, please refer to the dedicated roadmap for listed companies at: <https://isds.tpex.org.tw>):

As the Company’s capitalization does not exceed NT\$5 billion, in accordance with the timeline set forth in the “Sustainability Roadmap for Listed and OTC Companies,” the parent company entity is required to disclose its 2027 greenhouse gas inventory and assurance information in the 2028 annual report. The parent company entity completed its greenhouse gas inventory in 2025.

The Company initiated its first greenhouse gas inventory in 2024, covering its Taiwan headquarters. To enhance the completeness of greenhouse gas disclosures and ensure consistency in management, the Shenzhen office was included in 2025. However, since its emissions did not meet the Company’s materiality threshold, 2024 remains the base year. The detailed inventory results are shown in the table below:

| Year | Scope 1<br>(tons of CO <sub>2</sub> e) | Scope 2<br>(tons of CO <sub>2</sub> e) | Total<br>(tons of CO <sub>2</sub> e) | Emissions intensity<br>(tons of CO <sub>2</sub> e/million) |
|------|--|--|--------------------------------------|--|
| 2024 | 3.4483                                 | 259.6888                               | 263.137                              | 1.1005   |
| 2025 | 6.6158                                 | 229.5865                               | 236.202                              | 0.8380   |

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy-related indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions resulting from the purchase of electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated by the company’s activities that are not energy-related indirect emissions but originate from sources owned or controlled by other entities).

Note 2: The scope of data for direct emissions and energy-related indirect emissions shall be reported in accordance with the schedule specified in Article 4-1, Paragraph 2 of the

“Regulations Governing the Preparation and Filing of Sustainability Reports by Over-the-Counter Listed Companies” (hereinafter referred to as these Regulations) issued by the Taiwan Stock Exchange Corporation. Information on other indirect emissions may be disclosed on a voluntary basis.

Note 3: Greenhouse Gas Inventory Standards: The Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 published by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emission intensity may be calculated per unit of product/service or per unit of revenue; however, data calculated based on revenue (in millions of New Taiwan Dollars) must be disclosed at a minimum.

#### 1-1-2 Greenhouse Gas Assurance Information

Provide a description of the assurance status for the most recent two fiscal years, including the scope of assurance, the assurance body, the assurance criteria, and the assurance opinion.

Please describe the minimum scope of assurance activities that must be conducted in accordance with the Sustainability Roadmap for Listed Companies (for relevant timelines, please refer to the dedicated roadmap for listed companies at: <https://isds.tpex.org.tw>):

The Company’s capital does not exceed NT\$5 billion. In accordance with the timeline set forth in the “Sustainability Roadmap for Listed and OTC Companies,” the parent company entity shall disclose its 2027 parent company entity review and assurance information in its 2028 annual report; the consolidated company shall disclose its 2028 review and assurance information in its 2029 annual report.

The Company has not yet conducted an assurance engagement and will proceed in accordance with the regulatory timeline.

Note 1: The process shall be conducted in accordance with the schedule set forth in Article 4-1, Paragraph 3 of these Operating Procedures.

Note 2: The assurance provider shall comply with the relevant regulations regarding sustainability report assurance providers established by the Taiwan Stock Exchange Corporation and the Taiwan Over-the-Counter Securities Exchange Corporation.

Note 3: For disclosure content, please refer to the best practice examples available on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

#### 1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the base year for greenhouse gas reduction and its associated data, reduction targets, strategies, specific action plans, and the status of target achievement.

To enhance the completeness and consistency of greenhouse gas management, the Company will include its Shenzhen office in the greenhouse gas inventory scope for the 2025 fiscal year, thereby expanding the operational sites covered by the inventory. However, since the emissions from this location do not meet the Company’s materiality threshold, the Company will continue to use the inventory results completed in 2024 as the base year for subsequent carbon reduction management and performance tracking. In 2025, Scope 1 and Scope 2 emissions were 6.6158 metric tons of CO<sub>2</sub>e and 229.5865 metric tons of CO<sub>2</sub>e,

respectively.

## Reduction Targets

3S plans to reduce its total Scope 1 and Scope 2 greenhouse gas emissions by 5% by 2030 and by 10% by 2040, steadily advancing toward its net-zero emissions vision. Greenhouse Gas Reduction Strategy and Action Plan

3S integrates carbon management into its operational strategy and implements the following measures to achieve its carbon reduction goals:

1. **Optimizing Resource Use and Reducing Emissions:** Continuously promoting various resource conservation initiatives and measures covering internal operations and daily management:

- ▶ **Resource Conservation:** Implementing double-sided printing and digitizing operations to reduce paper consumption, decrease demand for forest resources, and mitigate the greenhouse effect.
- ▶ **Energy Conservation and Emission Reduction:** We are strengthening employees' awareness of energy conservation, encouraging them to turn off lights and air conditioning when not in use and to use water wisely. We have also fully adopted energy-saving lighting fixtures and high-efficiency electrical equipment to significantly improve energy efficiency.
- ▶ **Energy Transition:** We are actively exploring the application of renewable energy and gradually moving toward an adjustment of our energy structure to lay the foundation for net-zero emissions.

2. **Promoting the Circular Economy and Waste Management:** Integrating circular economy principles into daily operations and product design, and improving waste management systems:

- ▶ **Resource Recycling:** Strictly adhering to the Environmental Protection Agency's regulations on industrial waste management, establishing comprehensive recycling and sorting mechanisms to reduce the environmental impact of waste.
- ▶ **Packaging Optimization:** Promote resource management models that maximize reuse, reduce product packaging materials, and enhance the recyclability and biodegradability of packaging to achieve eco-friendly packaging.

3. **Creating a Healthy and Low-Carbon Workplace:** Xinchuang is committed to establishing a healthy, eco-friendly, and efficient workplace:

- ▶ **Smart Management:** By adopting cloud technology and smart office solutions, we reduce resource waste associated with traditional office models and effectively lower energy consumption and CO<sub>2</sub> emissions from operations.
- ▶ **Healthy Environment:** We fully implement a smoke-free policy, ensuring all public areas are smoke-free and providing employees with a safe and comfortable work environment.

4. **Deepening Sustainability and Educational Outreach:** Xinchuang integrates sustainability

principles into its corporate culture and promotes company-wide environmental initiatives:

- ▶ Employee and Supplier Education: Regularly organize training sessions and seminars to enhance employees’ and suppliers’ understanding of energy conservation, carbon reduction, and environmental protection.
  - ▶ Supply Chain Collaboration: Through the “Xinchuang Supplier Sustainability Handbook,” we define specific action plans and establish feedback mechanisms to facilitate the implementation and refinement of sustainability strategies.
5. Establishing Long-Term Climate Action Goals: Xinchuang has set short-, medium-, and long-term emission reduction targets as key steps toward achieving net-zero emissions:
- ▶ Environmental Performance Indicators: Gradually improve energy efficiency, reduce carbon intensity, and progressively increase the proportion of green electricity used.
  - ▶ Transparent Disclosure: Regularly publish greenhouse gas emissions data as the core basis for evaluating environmental performance.
  - ▶ Supply Chain Collaboration: Strengthen collaboration with suppliers to ensure that all links in the value chain balance environmental and economic benefits, thereby achieving overall goals.

## Appendix 1

In line with the government’s net-zero transition policy, the Company is progressively strengthening its greenhouse gas management and reduction efforts, and has incorporated climate action as a key component of its efforts to enhance operational resilience. Using 2024 as the base year, the Company has set a target to reduce total Scope 1 and Scope 2 greenhouse gas emissions by 5% by 2030, with a 10% reduction by 2040 as the medium- to long-term goal. To achieve these goals, the Company will continue to implement energy-saving measures and energy efficiency management (such as upgrading high-energy-consumption equipment, managing electricity usage, and raising awareness). Additionally, depending on operational conditions and market supply, we will evaluate plans related to the use of renewable energy to enhance carbon reduction outcomes and operational resilience.

### **Table of Total Absolute Greenhouse Gas Emissions**

| Emission Category | Emission Item         | Subtotal | Total Emissions by Category |
|-------------------|-----------------------|----------|-----------------------------|
| Scope 1           | Stationary Emissions  | 0.0000   | 6.6158                      |
|                   | Mobile Emissions      | 5.5763   |                             |
|                   | Fugitive Emissions    | 1.0395   |                             |
| Scope 2           | Purchased Electricity | 229.5865 | 229.5865                    |

Unit: metric tons of CO<sub>2</sub> equivalent

### **Strategic Objectives Related to Greenhouse Gases, and Corresponding Indicators and Targets**

| Strategic Objectives | Indicators     |                     |                |               | Base Year (2024) | Target     |       |      |           |                             |
|----------------------|----------------|---------------------|----------------|---------------|------------------|------------|-------|------|-----------|-----------------------------|
|                      | Indicator Name | Unit of Measurement | Indicator Type | Current Value |                  | Objectives | Scope | Type | Timeframe | Milestones/ Interim Targets |

| Strategic Objectives       | Indicators  |   |                |               | Base Year (2024) | Target                             |            |                  |           |  |
|----------------------------|---|---|----------------|---------------|------------------|------------------------------------|------------|------------------|-----------|--|
|                            | Indicator Name  | Unit of Measurement                         | Indicator Type | Current Value |                  | Objectives                         | Scope      | Type             | Timeframe | Milestones/ Interim Targets  |
| Net-Zero Emissions by 2050 | Scope 1 Total greenhouse gas emissions                        | Tonnes of carbon dioxide equivalent (tCO2e) | Quantification | 6.6158        | 3.4483           | Greenhouse Gas Emissions Reduction | Individual | Absolute Targets | By 2050   | Reduce total Scope 1 and Scope 2 greenhouse gas emissions by 5% by 2030. Reduce total Scope 1 and Scope 2 greenhouse gas emissions by 10% by 2040. |
|                            | Scope 2 greenhouse gas emissions                              | Tonnes of carbon dioxide equivalent (tCO2e) | Quantification | 229.5865      | 259.6888         | Greenhouse Gas Emissions Reduction | Individual | Absolute Targets | By 2050   |  |
|                            | Total Scope 1 and Scope 2 Greenhouse Gas Emissions (Combined) | Tonnes of carbon dioxide equivalent (tCO2e) | Quantification | 236.202       | 263.137          | Greenhouse Gas Emissions Reduction | Individual | Absolute Targets | By 2050   |  |

At the same time, the Company will continue to reinforce the concept of energy conservation and carbon reduction through internal awareness campaigns and training, encouraging employees to implement relevant practices in their daily operations and management processes to enhance overall participation and consistency in execution. Externally, we will maintain close communication with supply chain partners, focusing on key areas such as outsourced manufacturing, supply chain management, and delivery processes to promote low-carbon operations and information integration, thereby strengthening the stability and resilience of the value chain. Through these internal and external collaborative efforts, the Company will progressively implement various carbon reduction and management measures, steadily advancing toward our established medium- to long-term carbon reduction goals, and continue to create long-term, resilient sustainable value for our stakeholders.

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

| Evaluation Item   | Implementation Status |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Description   |  |
| I. (I) Establishment of ethical corporate management policies and programs<br>Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?   | V                     |    | (I) The Company has formulated its Ethical Corporate Management Best Practice Principles, which is posted on the company website. It stipulates that all directors, managerial officers, employees and trustees of the Company shall uphold the principle of ethical management and actively implement the concept of ethical corporate management.   | No material deviation  |
| (II) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies? | V                     |    | (II) The Company has clearly set out in its Ethical Corporate Management Best Practice Principles the situation of preventing unethical conduct and the relevant operating procedures and behavior guidelines. The Company has also set out a whistleblowing system and procedures in the Ethical Corporate Management Best Practice Principles, and implemented accordingly.                           | No material deviation  |
| (III) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?  | V                     |    | (III) The Company has clearly set out in its Ethical Corporate Management Best Practice Principles the situation of preventing unethical conduct and the relevant operating procedures and behavior guidelines. The Company has also set out a whistleblowing system and procedures in the Ethical Corporate Management Best Practice Principles. And the annual review procedures are in line with the | No material deviation  |

| Evaluation Item  | Implementation Status |    |  | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Description  |  |
|  |                       |    | amendments of regulations and the actual operation of the Company.   |  |
| II. Ethical management practice<br>(I) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?   |                       | V  | (I) The Company conducts basic assessments of the integrity records of its business partners, but does not include specific integrity clauses in contracts signed with business partners.  | not signed   |
| (II) Has the Company set up a dedicated unit to promote ethical corporate management under the Board of Directors, and does it regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?   | V                     |    | (II) To improve the management of corporate social responsibility, the President's office designates appropriate units to be responsible for the amendment, implementation, interpretation, consulting service and notification of the procedures or systems of ethical corporate management. And the annual review procedures are in line with the amendments of regulations and the actual operation of the Company. | No material deviation  |
| (III) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?  | V                     |    | (III) The Company has established a Code of Ethical Conduct to provided policies of interest conflicts prevention, as well as appropriate representation channels, and implement them.   |  |
| (IV) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? | V                     |    | (IV) In order to implement ethical management, the Company has formulated its Ethical Corporate Management Best Practice Principles, Code of Ethical Conduct and Work Rules, which specifically stipulate the matters to be paid attention to by directors, managerial officers, employees and persons with substantial control in the performance of their business, including but                                    |  |

| Evaluation Item                       | Implementation Status |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---------------------------------------|-----------------------|----|---|--|
|                                       | Yes                   | No | Description   |  |
|                                       |                       |    | not limited to prohibition of receiving improper benefits, prohibition of illegal political donations, no business dealings with persons suspected of risks in ethical management, improper charitable donations and the confidentiality obligation of trade secrets and sensitive information obtained for business activities, and compliance with laws and regulations in performing business activities, etc. During the discussion and voting of each board meeting, the attending directors were informed to pay attention to recusal of interest. Regularly promote the education and training of insider trading to employees. The Company has set up complaint mailboxes on internal and external websites, and the audit office is responsible for accepting the investigation and tracking of complaints. In addition, the Company has established an effective accounting system and internal control system for business activities with high risk of unethical management. The audit unit is responsible for planning and executing the audit plan based on the risk assessment. In case of special circumstances, the Company will establish a separate project to audit. Up to now, the Auditing Office has not received reports or complaints of dishonesty or immorality. | No material deviation  |
| (V) Does the Company provide internal | V                     |    | (V) In our daily operations, the  |  |

| Evaluation Item   | Implementation Status |    |   | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Description   |  |
| and external ethical corporate management training programs on a regular basis?   |                       |    | Company places great emphasis on ensuring that all employees adhere to the principle of integrity. As part of our new employee training program, we have incorporated a course on “Information Environment and Cybersecurity Awareness,” which emphasizes the proper safeguarding and confidentiality of both tangible information equipment and intangible information assets to prevent the leakage of company secrets. We also conduct regular “Insider Trading Awareness” sessions to reinforce that employees must not engage in insider trading using non-public information they have access to, nor disclose such information to others. On April 15, 2025, an announcement regarding “Insider Trading” was issued to all employees. Additionally, we conduct regular insider trading awareness sessions for directors during the first quarter of each year and report to the Board of Directors on the implementation of procedures for handling material inside information. |  |
| III. Implementation of complaint procedures<br>(I) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling | V<br>V                |    | (I) The company has established a code of ethical conduct, and employees are encouraged to report to the audit committee if they suspect or discover any violation of laws, regulations or the code of ethical conduct.   | No material deviation  |

| Evaluation Item   | Implementation Status |    |  | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Description  |  |
| complaints received from whistle-blowers?   |                       |    | In addition, if a director, independent director or manager violates the code, the independent director shall notify the chairman, who shall authorize an appropriate person to conduct an investigation and submit the results to the board of directors for a resolution.  | No material deviation  |
| (II) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?   | V                     |    | (II) In accordance with the reporting system as provided in Article 21 of the Ethical Corporate Management Best Practice Principles, any employee who discovers any illegal or ethical behavior may present it to the independent director. The Company will also make every effort to protect the safety of the informant, and the follow-up measures and relevant confidentiality mechanisms to protect them from retaliation. |  |
| (III) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?  | V                     |    | (III) The Company strengthens the promotion of moral concept, encourages employees to report the behavior violating laws and regulations. Whistle-blowers will be fully protected by the Company from retaliation for filing complaints.   |  |
| IV. Strengthening information disclosure<br>Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?   | V                     |    | The Company has developed its Ethical Corporate Management Best Practice Principles and disclosed it on the company website.   | No material deviation  |
| V. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: None.                    |                       |    |  |  |
| VI. Other important information to facilitate a better understanding of the status of operation of the Company's ethical corporate management policies: For relevant information about the Company's Ethical Corporate Management Best Practice Principles, please refer to the Market Observation Post |                       |    |  |  |

| Evaluation Item                       | Implementation Status |    | Description | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---------------------------------------|-----------------------|----|-------------|--|
|                                       | Yes                   | No |             |  |
| System (MOPS) or the company website. |                       |    |             |  |

(VII) Other significant information that will provide a better understanding of the state of

The Company's implementation of corporate governance:

The Company continues to invest resources to strengthen corporate governance operations, and set up a governance zone on the Company website to explain the state of corporate governance, attached with corporate governance related laws and regulations for inquiry and download, and immediately discloses major announcements. Website: <http://www.3system.com.tw/zh-tw/investor/rule>

(VIII) Implementation of internal control system:

1. Internal control statement:

Please refer to the Market Observation Post System for details  
(<https://mopsov.twse.com.tw/mops/web/t06sg20>)

2. This year, no commissioned certified public accountant was engaged to perform a special audit of the internal control system.

(IX) Material Resolutions of A Shareholders Meeting or A Board of Directors Meeting

During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication Date of the Annual report:

1. 2025 Shareholders' Meeting

| <b>Resolutions of Shareholders Meetings</b>  | <b>Implementation Status</b>  |
|--|---|
| Proposals matters:<br>1.To accept the 2024 Business Report and Financial Statements.<br><br>2.To accept the 2024 Deficit Compensation Statement  | Proposals:<br>1.The Company's 2024 standalone financial statements have been approved by the Board of Directors and certified by Certified Public Accountants Zhan Dingxun and Huang Peihua of Lianjie United Certified Public Accountants. Together with the business report, they have been submitted to the Audit Committee for review, and the Audit Committee has issued its review report. The motion was passed by a vote.<br>2.The Company's net loss after tax for the 2024 fiscal year was NT\$324,704,606. It is proposed to offset NT\$190,984,900 of this loss using capital reserves, leaving an accumulated deficit of NT\$133,719,706 at the end of the period. Approved by a vote. |
| Discussion matters:<br>1.Proposal to Amend the Company's Articles of Incorporation.<br>2.To conduct a private placement for the issuance of ordinary shares by way of cash capital increase. | Discussions:<br>1.Number of voting rights held by attending shareholders: 43,744,619. Passed by a vote.<br>2.Number of voting rights held by attending shareholders: 43,744,619. Passed by a vote.  |
| Election matters:<br>1. Proposal to Elect One Director to Fill a Vacancy on the 10th Board of Directors.   | Election :<br>1.Election of 1 director. Number of voting rights held by attending shareholders: 39,661,223. Passed by vote.   |
| Other motions:<br>1. Proposal to Lift the Non-Competition Restrictions on Newly Elected Directors and Their Representatives.   | Other :<br>1.Number of voting rights held by attending shareholders: 43,744,619. Passed by vote   |

2. Board meetings in 2025 and during the current fiscal year up to the date of publication of the annual report

| Session   | Matters Specified in Article 14-3 of the Securities and Exchange Act | Independent Directors' Opinions | Resolutions of Board Meetings   |
|---|--|---------------------------------|---|
| The 14th Meeting of the 10th Session (2026.03.31) | ✓  | None                            | Supplementary Proposal for a Private Placement of Common Stock through a Cash Capital Increase.                 |
|   | ✓  | None                            | Proposal to Amend the Plan for the Use of Funds from the 2024 Cash Capital Increase and Issuance of New Shares. |
|   |  | None                            | Proposal to Remove Director Tim Hu from Office.   |
|   |  | None                            | Proposal to Remove Director Jerffery Lin from Office.   |
|   |  | None                            | Proposal to Remove Director Chiao-Sung ,Yang from Office.   |
|   |  | None                            | Addition of an Agenda Item to the 2026 Annual General Meeting of Shareholders.                                  |
| The 13th Meeting of the 10th Session (2026.02.12) |  | None                            | Business Report and Financial Report for Fiscal Year 2025.  |
|   | ✓  | None                            | Accountant's Compensation and Assessment of Accountant's Independence and Competency.                           |
|   | ✓  | None                            | Proposal to Replace the Company's Certified Public Accountant.  |
|   |  | None                            | Proposal to Allocate Losses for Fiscal Year 2025.   |
|   | ✓  | None                            | Preparation of the "Statement on Internal Control System" for the year 2025.                                    |
|   |  | None                            | Proposal to Define the Scope of the Company's "Frontline Employees."  |
|   | ✓  | None                            | Proposal to Amend the Original Plan for a Private Placement of Common Stock through a Cash Capital Increase.    |
|   | ✓  | None                            | Proposal to conduct a private placement of common stock through a cash capital increase.                        |
|   |  | None                            | Proposal to convene the 2026 Annual General Meeting of Shareholders.  |
|   |  | None                            | Approval of the organizational restructuring plan.  |
|   |  | None                            | Proposal for a salary adjustment for the company's managers.  |

|   |   |      |   |
|---|---|------|---|
|   |   | None | Revise the proposal for setting performance goals for the Company's managers for fiscal year 2026.  |
| The 12th Meeting of the 10th Session (2025.12.18) |   | None | Proposal for a Comprehensive Bank Credit Line.  |
|   | ✓ | None | Proposal for a Bank Forward Foreign Exchange Quota.   |
|   | ✓ | None | Proposal for the Fiscal Year 2026 Audit Plan.   |
|   |   | None | Operating plan and budget for 2026.   |
|   |   | None | Proposal for Setting Performance Targets for the Company's Management for Fiscal Year 2026.   |
|   |   | None | Proposal for the By-Election of the Company's 10th Chairman.  |
| The 11th Meeting of the 10th Session (2025.11.06) |   | None | Proposal for the Company's Third Quarter 2025 Separate Financial Statements.  |
|   | ✓ | None | Proposal to amend the Company's "Internal Control System—Payroll Cycle."  |
| The 10th Meeting of the 10th Session (2025.09.02) |   | None | Proposal to Sign a Contract for the Development of a Digital Microphone ASIC.   |
| The 9th Meeting of the 10th Session (2025.08.07)  |   | None | Approval of the Company's Second Quarter 2025 Standalone Financial Statements.  |
|   |   | None | Approval of the organizational restructuring proposal.  |
|   |   | None | Approval of the Company's 2024 Sustainability Report.   |
|   |   | None | Proposal to Change the Company's Shareholder Services Agent.  |
| The 8th Meeting of the 10th Session (2025.05.08)  |   | None | Financial Statements for the First Quarter of 2025.   |
| The 7th Meeting of the 10th Session (2025.03.19)  |   | None | The Company accepts written proposals and nominations for directors from shareholders holding 1% or more of the shares.   |
|   |   | None | The Company accepts written proposals and nominations for directors from shareholders holding 1% or more of the shares. Motion to lift the non-competition restrictions on newly appointed directors and their representatives. |

|  |   |      |  |
|--|---|------|--|
|  | ✓ | None | Proposal for a Private Placement of Common Stock through a Cash Capital Increase.                            |
|  |   | None | Proposal to Purchase an Office for Business Use or Lease a Right-of-Use Asset.                               |
| The 6th Meeting of the 10th Session (2025.02.20) |   | None | Proposal for the 2024 Annual Business Report and Financial Statements.                                       |
|  | ✓ | None | Proposal on Auditors' Remuneration and Assessment of the Independence and Competence of the Auditors.        |
|  |   | None | Proposal to Allocate Losses for Fiscal Year 2024.  |
|  | ✓ | None | Proposal to Prepare the "Statement on Internal Control Systems" for Fiscal Year 2024.                        |
|  |   | None | Proposal to Amend the Company's Articles of Incorporation.   |
|  |   | None | Proposal to Define Frontline Employees.  |
|  | ✓ | None | Proposal to Amend the Original Plan for a Private Placement of Common Stock through a Cash Capital Increase. |
|  | ✓ | None | Proposal to Conduct a Private Placement of Common Stock for a Cash Capital Increase.                         |
|  |   | None | Proposal to Fill a Vacancy on the Company's 10th Board of Directors.   |
|  |   | None | Proposal to Convene the 2025 Annual General Meeting of Shareholders.   |
|  |   | None | Proposal for Setting Performance Goals for the Company's Managers for 2025.                                  |

(X) Where, During the most recent year and up to the date of publication of the annual report,

the directors had dissenting opinions on important resolutions passed by the board of directors, which were recorded or stated in writing, the main contents of which:

None.( The following is a summary of the directors' remarks; it does not constitute a dissenting opinion.)

| Year | Meeting Date | Session                           | Agenda Item   | Speakers:<br>Directors and Supervisors | Summary of Remarks   |
|------|--------------|-----------------------------------|---|--|--|
| 2025 | 2-Sep        | The 10th Session,<br>10th Meeting | Contract Signing<br>for the<br>Development of a<br>Digital Microphone<br>ASIC | Chiao-Sung, Yang,<br>Director          | 1. Regarding contract payments, is the agent's request for 60% of the total amount as the first installment too high? We recommend maintaining the company's proposed payment terms of 45% of the total amount.  |
|      |              |                                   |   |  | 2. Regarding the contractual agreement allowing the contractor to repurchase products sold under this project, are there any accounting issues? Does the economic substance of the transaction require review by a certified public accountant?  |
|      |              |                                   |   |  | 3. Is there a conflict of interest between the contractor's ability to independently apply for patents related to this project and our company's ownership of the project and its intellectual property rights? Are there any potential legal issues?  |
|      |              |                                   |   | Jeffrey Lin,<br>Chairman               | 1. Regarding the contract payment terms, these will be included as conditions limiting the scope of authorization in accordance with the directors' recommendations, and will be discussed and negotiated with the contractor.   |
|      |              |                                   |   |  | 2. Regarding the contractual terms allowing the contractor to repurchase products sold under this project, we will seek the opinion of the accountant and include this as a key consideration in contract negotiations.  |
|      |              |                                   |   |  | 3. Regarding intellectual property rights, whether the Company is required to pay licensing fees after the contractor applies for a patent will be included as a key consideration in contract negotiations.   |
| 2026 | 31-Mar       | The 10th Session,<br>14th Meeting | Motion to Remove<br>Chiao-Sung, Yang<br>from the Board of<br>Directors        | Jeffrey Lin,<br>Director               | 1. The company has replaced two chairmen in quick succession, which is a major source of concern for both the company and the successors.  |
|      |              |                                   |   |  | 2. If Directors Tim Hu and Jeffrey Lin are removed from office, Director Chiao-Sung, Yang would be in line to succeed as Chairman. However, if he is unfamiliar with the industry and relevant networks, this would create numerous problems for the company's operations, and the newly appointed Chairman would bear full responsibility for these issues. |

#### IV. Information on CPA Professional Fees

- (I) The non-audit fees paid by the Company to the CPA, to the accounting firm of the CPA, and/or to any affiliated enterprise of such accounting firm in 2025 are as follows:

Monetary unit: NT\$ thousand

| Name of Accounting Firm | Name of CPAs                     | Audit Period          | Audit Fees | Non-audit Fees | Total | Note   |
|-------------------------|----------------------------------|-----------------------|------------|----------------|-------|--|
| Lan-Jai CPAs' Firm      | Ting-Hsun Chan and Pei-Hua Huang | 2025.01.01~2025.12.31 | 830        | 440            | 1,270 | Transfer pricing service fees, Tax attestation fees and English financial report |

- (II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

#### V. Information on Replacement of CPAs:

##### (I) About the former accountant

|   |   |                |                                    |
|---|---|----------------|------------------------------------|
| Replacement date  | Approved by the Board of Directors on February 12, 2026   |                |                                    |
| Reason and explanation for replacement  | In accordance with internal reorganization within the accounting firm, effective from the first quarter of 2026, Certified Public Accountant Chan Ting-hsun and Certified Public Accountant Huang Pei-hua will be replaced by Certified Public Accountant Chan Ting-hsun and Certified Public Accountant Chiu Yun-chao. |                |                                    |
| Indicate that the appointer or accountant has terminated or refused to accept the appointment.            | litigant  | accountant     | client                             |
|   | Condition   |                |                                    |
|   | Voluntary Termination of Appointment  | Not applicable | Not applicable                     |
|   | No longer accepting (renewal of) appointment  | Not applicable | Not applicable                     |
| Opinion and reasons for audit reports other than unqualified opinions issued within the latest two years. | none.   |                |                                    |
| Have any disagreement with the issuer ?   | Yes   |                | accounting principles or practices |
|   |   |                | Financial Report Disclosure        |
|   |   |                | Check scope or steps               |

|  |             |       |
|--|-------------|-------|
|  |             | other |
|  | No          | ✓     |
|  | explanation |       |
| Other disclosures<br>(Items 1-4 to 1-7 of<br>Paragraph 6 of Article 10 of<br>this Code should be<br>disclosed) | none.       |       |

**(II) Regarding the successor accountant**

|   |   |
|---|---|
| Firm name   | LAN-JAI CPAs Firm                                       |
| Accountant's name   | Ting-Hsun Chan / Chiu Yun-chao.                         |
| Date of appointment   | Approved by the Board of Directors on February 12, 2026 |
| Consultation matters and results regarding accounting treatment methods or accounting principles for specific transactions and possible issuance of opinions on financial reports before appointment. | none.   |
| The successor accountant's written opinion on matters with which the predecessor accountant disagrees.  | none.   |

(III) There are no matters that the company should respond to in writing within 10 days that the former accountant disagrees with the successor accountant.

VI. The Company's Chairman, President or any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm: None.

VII. The State of Any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake above More than 10 Percent During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

(I) Changes in and Pledge of Shareholding of Directors, Managerial Officers, and Major Shareholders

Unit: In Thousands of Shares

| Title   | Name                            | 2025                            |                                    | As of March 31, 2026            |                                    |
|---|---------------------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
|   |                                 | Change in Number of Shares Held | Change in Number of Shares Pledged | Change in Number of Shares Held | Change in Number of Shares Pledged |
| Chairman and General Manager                                      | Tim Hu                          | 0                               | 0                                  | 0                               | 0                                  |
| Directort   | Jeffrey Lin                     | 0                               | 0                                  | 0                               | 0                                  |
| Director  | Kioxia Corporation              | 0                               | 0                                  | 0                               | 0                                  |
|   | Representative: Hatanaka Kojiro | 0                               | 0                                  | 0                               | 0                                  |
| Independent Director  | Cheermore Huang                 | 0                               | 0                                  | (3)                             | 0                                  |
| Independent Director  | James Hou                       | 0                               | 0                                  | 0                               | 0                                  |
| Independent Director  | Ke Zhi Huang                    | 0                               | 0                                  | 0                               | 0                                  |
| Independent Director  | Anne Chan( Note 1)              | 0                               | 0                                  | 0                               | 0                                  |
| Vice President of R&D   | Cheng Liou                      | 11                              | 0                                  | 0                               | 0                                  |
| Senior Vice President   | Flink Chiu( Note 2)             | (26)                            | 0                                  | (4)                             | 0                                  |
| Financial and Accounting Manager and Corporate Governance Manager | Joepye Tseng                    | 0                               | 0                                  | 0                               | 0                                  |

Note 1: Resigned on March 25, 2026.

Note 2: Retired on March 13, 2026.

(II) Where the counterparty involved in the transfer or pledge of the shareholder's equity is a related party: None.

VIII. Relationship Information, if Among the Company's 10 Largest Shareholders Any One is A Related Party or A Relative Within the Second Degree of Kinship of Another

Unit: shares; March 29, 2026

| Name                            | Current Shareholding |                    | Shareholding by Spouse and Minor Children |                    | Shareholding by Nominees |                    | Name and Relationships of the Top 10 Shareholders Where They are Related Parties, Spouses, or Relatives within the Second Degree of Kinship to Another |                    | Remark |
|---------------------------------|----------------------|--------------------|---|--------------------|--------------------------|--------------------|--|--------------------|--------|
|                                 | Number of Shares     | Shareholding ratio | Number of Shares                          | Shareholding ratio | Number of Shares         | Shareholding ratio | Number of Shares   | Shareholding ratio |        |
| Jiang Zhihao                    | 7,264,386            | 9.96 %             | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |
| Chen Dayu                       | 6,597,646            | 9.04 %             | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |
| Jiang Yulian                    | 5,821,568            | 7.98 %             | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |
| Kingston Technology Corporation | 3,484,652            | 4.78 %             | 0   | 0                  | 0                        | 0                  | None   | None               | None   |
| KIOXIA Corporation              | 3,375,480            | 4.63 %             | 0   | 0                  | 0                        | 0                  | None   | None               | None   |
| Representative: Hatanaka Kojiro | 0                    | 0                  | 0   | 0                  | 0                        | 0                  | None   | None               | None   |
| Tekcore Co. Ltd,                | 3,180,000            | 4.36%              | 0   | 0                  | 0                        | 0                  | None   | None               | None   |
| Representative: Ye Yin Fu       | 0                    | 0                  | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |
| Cao Zhiliang                    | 3,115,826            | 4.27%              | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |
| Jiang Yuchunying                | 2,681,308            | 3.68%              | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |
| Jeffrey Lin                     | 2,097,722            | 2.88%              | 8,162                                     | 0.01%              | (Note)                   | (Note)             | None   | None               | None   |
| Cao Yuming                      | 1,792,000            | 2.46%              | (Note)                                    | (Note)             | (Note)                   | (Note)             | None   | None               | None   |

Note: No data available.

IX. Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Directly or Indirectly by the Company : not applicable.

## Chapter 3. Capital Overview

### I. Capital and Shares

#### (I) Source of Capital

Unit: thousand shares/NT\$ thousand; March 31, 2026

| Month/Year | Issued Price | Authorized Capital |         | Paid-in Capital  |            | Note   |  |         |
|------------|--------------|--------------------|---------|------------------|------------|--|--|---------|
|            |              | Number of Shares   | Amount  | Number of Shares | Amount     | Source of Capital  | Capital Increase by Assets Other than Cash | Others  |
| 1998.11.26 | 10           | 20,000             | 200,000 | 6,000            | 60,000     | Incorporation capital  | None                                       | Note 1  |
| 2000.05.24 | 10           | 20,000             | 200,000 | 10,000           | 100,000    | NT\$40,000 thousand, capital increase in cash  | None                                       | Note 2  |
| 2001.03.28 | 10           | 20,000             | 200,000 | 15,000           | 150,000    | NT\$50,000 thousand, capital increase in cash  | None                                       | Note 3  |
| 2002.06.11 | 12           | 36,000             | 360,000 | 16,500           | 165,000    | NT\$15,000 thousand, capital increase in cash  | None                                       | Note 4  |
| 2002.06.11 | 10           | 36,000             | 360,000 | 21,050           | 210,500    | NT\$45,500 thousand, capital increase from earnings  | None                                       | Note 4  |
| 2003.01.13 | 75           | 36,000             | 360,000 | 27,650           | 276,500    | NT\$66,000 thousand, capital increase in cash  | None                                       | Note 5  |
| 2003.08.28 | 10           | 50,000             | 500,000 | 33,555.3         | 335,553    | NT\$59,053 thousand, capital increase from earnings  | None                                       | Note 6  |
| 2004.11.15 | 10           | 55,000             | 550,000 | 41,490.8         | 414,908.6  | NT\$45,800.3 thousand, capital increase from earnings<br>NT\$33,555.3 thousand, capital increase from capital surplus    | None                                       | Note 7  |
| 2005.09.30 | 10           | 62,000             | 620,000 | 45,596           | 455,960.55 | NT\$24,455.61 thousand, capital increase from earnings<br>NT\$16,596.34, capital increase from capital surplus           | None                                       | Note 8  |
| 2006.08.30 | 10           | 62,000             | 620,000 | 47,336           | 473,360    | NT\$17,399.45 thousand, capital increase from earnings   | None                                       | Note 9  |
| 2007.03.05 | 15           | 62,000             | 620,000 | 47,537           | 475,370    | NT\$2,010 thousand, conversion of employee stock options   | None                                       | Note 10 |
| 2007.05.03 | 15           | 62,000             | 620,000 | 47,646.7         | 476,467.5  | NT\$1,097.5 thousand, conversion of employee stock options   | None                                       | Note 11 |
| 2007.09.07 | 15           | 62,000             | 620,000 | 50,002           | 500,020.53 | NT\$22,653.03 thousand, capital increase from earnings<br>NT\$900 thousand, conversion of employee stock options         | None                                       | Note 12 |
| 2007.11.16 | 17.9、15      | 62,000             | 620,000 | 50,280.8         | 502,808.03 | NT\$2,787.5 thousand, conversion of employee stock options   | None                                       | Note 13 |
| 2008.01.10 | 25           | 62,000             | 620,000 | 56,620.8         | 566,208.03 | NT\$63,400 thousand, capital increase in cash  | None                                       | Note 14 |
| 2008.06.04 | 15           | 62,000             | 620,000 | 54,793.6         | 547,936.78 | NT\$4,008.75 thousand, conversion of employee stock options<br>NT\$22,280 thousand, capital reduction by treasury shares | None                                       | Note 15 |
| 2008.07.08 | 15           | 62,000             | 620,000 | 54,948.5         | 549,485.53 | NT\$1,548.75 thousand, conversion of employee stock options  | None                                       | Note 16 |
| 2008.09.08 | 17.5         | 75,000             | 750,000 | 60,674.5         | 606,745.53 | NT\$57,260 thousand, capital increase by private placement   | None                                       | Note 17 |
| 2009.01.23 | 15           | 75,000             | 750,000 | 60,689.5         | 606,895.53 | NT\$150 thousand, conversion of employee stock options   | None                                       | Note 18 |
| 2009.05.27 | 15           | 75,000             | 750,000 | 60,902.5         | 609,025.53 | NT\$2,130 thousand, conversion of employee stock options   | None                                       | Note 19 |
| 2009.08.28 | 15           | 75,000             | 750,000 | 60,940.5         | 609,405.53 | NT\$380 thousand, conversion of employee stock options   | None                                       | Note 20 |
| 2009.11.27 | 15           | 75,000             | 750,000 | 61,483.5         | 614,835.53 | NT\$5,430 thousand, conversion of employee stock options   | None                                       | Note 21 |
| 2010.04.01 | 15、24.3      | 75,000             | 750,000 | 61,676.8         | 616,768.03 | NT\$1,932.5 thousand, conversion of employee stock options   | None                                       | Note 22 |
| 2010.05.31 | 15、24.3      | 75,000             | 750,000 | 62,154.5         | 621,545.53 | NT\$4,777.5 thousand, conversion of employee stock options   | None                                       | Note 23 |

| Month/Year | Issued Price | Authorized Capital |           | Paid-in Capital  |            | Note   |  |         |
|------------|--------------|--------------------|-----------|------------------|------------|--|--|---------|
|            |              | Number of Shares   | Amount    | Number of Shares | Amount     | Source of Capital  | Capital Increase by Assets Other than Cash | Others  |
| 2010.09.06 | 24.3         | 75,000             | 750,000   | 62,189.5         | 621,895.53 | NT\$350 thousand, conversion of employee stock options   | None                                       | Note 24 |
| 2010.12.13 | 15 · 24.3    | 75,000             | 750,000   | 62,238.8         | 622,388.03 | NT\$492.5 thousand, conversion of employee stock options | None                                       | Note 25 |
| 2011.07.21 | 14.6 · 23.9  | 75,000             | 750,000   | 62,467.8         | 624,678.03 | NT\$2,290 thousand, conversion of employee stock options | None                                       | Note 26 |
| 2011.09.15 | 14.6 · 23.9  | 75,000             | 750,000   | 62,492.8         | 624,928.03 | NT\$250 thousand, conversion of employee stock options   | None                                       | Note 27 |
| 2011.12.16 | 14.6 · 23.9  | 75,000             | 750,000   | 62,548.5         | 625,485.53 | NT\$557.5 thousand, conversion of employee stock options | None                                       | Note 28 |
| 2013.12.25 | 19.2         | 75,000             | 750,000   | 70,048.5         | 700,485.53 | NT\$75,000 thousand, private common stock                | None                                       | Note 29 |
| 2014.03.05 | 23.9         | 75,000             | 750,000   | 70,249.5         | 702,495.53 | NT\$2,010 thousand, conversion of employee stock options | None                                       | Note 30 |
| 2014.06.04 | 23.9         | 75,000             | 750,000   | 70,423.5         | 704,235.53 | NT\$1,740 thousand, conversion of employee stock options | None                                       | Note 31 |
| 2014.08.29 | 23.4         | 75,000             | 750,000   | 70,563.5         | 705,635.53 | NT\$1,400 thousand, conversion of employee stock options | None                                       | Note 32 |
| 2014.11.26 | 23.4         | 75,000             | 750,000   | 70,773.5         | 707,735.53 | NT\$2,100 thousand, conversion of employee stock options | None                                       | Note 33 |
| 2015.04.07 | 23.4         | 75,000             | 750,000   | 70,859.5         | 708,595.53 | NT\$860 thousand, conversion of employee stock options   | None                                       | Note 34 |
| 2015.08.13 | 27           | 120,000            | 1,200,000 | 80,859.5         | 808,595.53 | NT\$100,000 thousand, capital increase in cash           | None                                       | Note 35 |
| 2020.08.25 | 10           | 120,000            | 1,200,000 | 64,687.6         | 646,876.42 | NT\$161,719, capital reduction                           | None                                       | Note 36 |
| 2021.12.07 | 10           | 120,000            | 1,200,000 | 74,687.6         | 746,876.42 | NT\$100,000 thousand, capital increase in cash           | None                                       | Note 37 |
| 2023.07.12 | 10           | 120,000            | 1,200,000 | 49,765.9         | 497,659.34 | NT\$249,217, capital reduction                           | None                                       | Note 38 |
| 2023.12.21 | 20.62        | 120,000            | 1,200,000 | 56,965.9         | 569,659.34 | NT\$72,000 thousand, capital increase in cash            | None                                       | Note 39 |
| 2025.02.08 | 22.00        | 120,000            | 1,200,000 | 72,965.9         | 729,659.34 | NT\$160,000 thousand, capital increase in cash           | None                                       | Note 40 |

Note 1. Incorporated as approved by Letter No. 87352342 issued on November, 26, 1998.

Note 2. Approved by Letter No. (089) 115806 issued on May 24, 2000.

Note 3. Approved by Letter No. (090) 9001105070 issued on March 28, 2001.

Note 4. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09101206500 issued on June 11, 2002.

Note 5. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09201003450 issued on January 13, 2003.

Note 6. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09232589900 issued on August 28, 2003.

Note 7. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09333029510 issued on November 15, 2004.

Note 8. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09432893200 issued on September 30, 2005.

Note 9. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09532759340 issued on August 30, 2006.

Note 10. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09631762180 issued on March 5, 2007.

Note 11. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-09632050500 issued on May 3, 2007.

Note 12. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09601221330 issued on September 7, 2007.

Note 13. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09601282450 issued on November 16, 2007.

Note 14. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09701004610 issued on January 10, 2008.

Note 15. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09701130370 issued on June 4, 2008.

- Note 16. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09701156790 issued on July 8, 2008.
- Note 17. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09701229600 issued on September 8, 2008.
- Note 18. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09801016120 issued on January 23, 2009.
- Note 19. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09801106410 issued on May 27, 2009.
- Note 20. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09801197960 issued on August 28, 2009.
- Note 21. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09801274890 issued on November 27, 2009.
- Note 22. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09901063790 issued on April 1, 2010.
- Note 23. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09901111100 issued on May 31, 2010.
- Note 24. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09901201580 issued on September 6, 2010.
- Note 25. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-09901273770 issued on December 13, 2010.
- Note 26. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10001155000 issued on July 21, 2011.
- Note 27. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10001214440 issued on September 15, 2011.
- Note 28. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10001281590 issued on December 16, 2011.
- Note 29. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10201261980 issued on December 25, 2013.
- Note 30. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10301037510 issued on March 5, 2014.
- Note 31. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10301098880 issued on June 4, 2014.
- Note 32. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10301180600 issued on August 29, 2014.
- Note 33. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10301245970 issued on November 26, 2014.
- Note 34. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10401046520 issued on April 7, 2015.
- Note 35. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10401161940 issued on August 13, 2015.
- Note 36. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-10901147120 issued on August 25, 2020.
- Note 37. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-11001226400 issued on December 7, 2021.
- Note 38. Approved by the Ministry of Economic Affairs Letter No. Economic-Central-11233409970 issued on July 12, 2023.
- Note 39. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-11230230440 issued on December 21, 2023.
- Note 40. Approved by the Ministry of Economic Affairs Letter No. Economic Letter-Commerce-11430006400 issued on February 08, 2025.

Unit: shares; March 31, 2026

| Type of Stock              | Authorized Capital |                 |             | Remark           |
|----------------------------|--------------------|-----------------|-------------|------------------|
|                            | Outstanding Shares | Unissued Shares | Total       |                  |
| Registered Ordinary Shares | 72,965,934         | 47,034,066      | 120,000,000 | Listed OTC stock |

- Note 1. The Company's shares are listed on TWSE, of which 14,250 thousand private shares are restricted from being traded on TWSE.
- Note 2. Information relating to the shelf registration system: Not applicable.

(II) List of Major Shareholders: Name, Number of Shares Held, and Shareholding Ratio of Shareholders with a Stake of 5 Percent or Greater, or Shareholders Who Rank in the Top 10 in Shareholding Percentage

Unit: shares; March 29, 2026

| Name of major shareholder       | Number of shares | Shareholding ratio |
|---------------------------------|------------------|--------------------|
| ZHI HAO JIANG                   | 7,264,386        | 9.96%              |
| TA YU CHEN                      | 6,597,646        | 9.04%              |
| YU LIEN JIANG                   | 5,821,568        | 7.98%              |
| Kingston Technology Corporation | 3,484,652        | 4.78%              |
| KIOXIA Corporation              | 3,375,480        | 4.63%              |
| Tekcore Co. Ltd,                | 3,180,000        | 4.36%              |
| Cao Zhiliang                    | 3,115,826        | 4.27%              |
| Jiang Yuchunying                | 2,681,308        | 3.68%              |
| Jeffrey Lin                     | 2,097,722        | 2.88%              |
| Cao Yuming                      | 1,792,000        | 2.46%              |

(III) Dividend Policy and Its Implementation

1. Dividend policy adopted in the Company's Articles of Incorporation

If the Company's annual financial statements show a surplus, it shall first pay taxes and offset prior-year losses; next, it shall set aside 10 percent of the remaining balance as a statutory reserve; and it shall allocate or reverse the special reserve in accordance with the regulations of the competent authority. If there is still a surplus, no more than 2% of the remaining balance shall be allocated as remuneration for directors and supervisors, and no less than 10% shall be allocated as employee bonuses; of the aforementioned employee bonuses, 5% shall be allocated as bonuses for frontline employees. The recipients of employee stock bonuses may include employees of subsidiaries who meet the conditions set by the Board of Directors; the Board of Directors shall draft a profit distribution proposal, which shall be submitted to the shareholders' meeting for resolution prior to distribution.

The dividend distribution of the Company is based on the current year's earnings and the Company's future capital budget plan and other factors. Dividends and bonuses may be paid in the form of cash or stock, of which the cash dividend shall not be less than 10%. The aforesaid payment method and ratio may be adjusted by resolution of the shareholders' meeting base on actual needs.

2. Distribution of dividends proposed in the shareholders' meeting:

The Company's 2025 earnings distribution proposal was approved by the Board of Directors on February 12, 2026. The opening balance of accumulated losses was NT\$133,719,706; the net loss after tax for the 2025 fiscal year was NT\$172,070,437; and the closing balance of accumulated losses was

NT\$305,790,143. The Annual General Meeting for the current fiscal year (2026) proposes not to distribute dividends.

(IV) Effect on Business Performance and Earnings per Share of Distribution of Stock Dividends Proposed or Adopted at the Most Recent Shareholders' Meeting  
The Company proposed in the Shareholders' Meeting in 2026 that no stock dividends would be distributed to shareholders and employees. Therefore, there is no effect on the Company's business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting.

(V) Remuneration of Employees and Directors

1. The percentages or ranges with respect to the remuneration of the employee and Directors, as set forth in the Company's Articles of Incorporation:

If the Company generates a profit for the fiscal year (i.e., net profit before tax, prior to the deduction of directors' and employees' remuneration), no more than 2% shall be allocated for directors' remuneration, and between 1% and 10% shall be allocated for employees' remuneration. Of the aforementioned employees' remuneration, 5% shall be allocated for frontline employees' remuneration; however, if the Company has accumulated losses, an amount sufficient to offset such losses shall be reserved in advance.

The remuneration of the Company's independent directors shall be paid as a fixed monthly stipend and shall not be subject to profit sharing.

2. The basis for estimating the amount of employee and director remunerations, for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: Not applicable.

3. Distribution of remuneration approved by the Board of Directors: The Company does not intend to distribute any dividend in 2026.

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

The employee bonus and director remuneration to be distributed as resolved by the shareholders' meeting in previous year (2025) of the Company were the same as the original one that proposed for distribution adopted by the Board of Directors and there is no deviation.

(VI) Share Repurchases: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

- IV. Issuance of Global Depository Receipts: None.
- V. Employee Share Subscription Warrants: None.
- VI. New Restricted Employee Shares: None.
- VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Capital Utilization Plan and Its Implementation:

On November 21, 2024, the Company received approval from the Financial Supervisory Commission (FSC) under Document No. FSC-Sec-1130361038 to conduct a cash capital increase for the issuance of new shares in 2024, raising a total of NT\$352 million. All subscription payments were received in full on December 31, 2024. The planned use of funds and assessment for this capital raising project are detailed as follows:

(I) Program content:

Unit: NT thousand

| Project         | Planned completion year | Total funding required | Schedule the progress of capital |        |        |        |
|-----------------|-------------------------|------------------------|----------------------------------|--------|--------|--------|
|                 |                         |                        | Q1                               | Q2     | Q3     | Q4     |
| R&D expenditure | 2024                    | 10,010                 | -                                | -      | -      | 10,010 |
|                 | 2025                    | 101,005                | 49,778                           | 14,100 | 19,435 | 17,692 |
|                 | 2025                    | 240,212                | 104,355                          | 17,460 | 94,327 | 24,070 |
|                 | 2027                    | 86,505                 | 23,060                           | 20,150 | 20,273 | 23,022 |
| total           |                         | 437,732                |                                  |        |        |        |

(II) Implementation status

(1) R&D expenditure

| Project          | Status                |         | Fourth quarter of 2025 | Cumulative Progress | Reasons for Ahead-of-Schedule or Behind-Schedule Status and Improvement Plan  |
|------------------|-----------------------|---------|------------------------|---------------------|---|
| R&D Expenditures | Progress This Quarter | Planned | 17,692                 | 111,015             | The cumulative discrepancy between the planned and actual capital utilization progress stands at 14.38%, primarily because HBM development was still in its initial stages during the fourth quarter of 2025, and the project lead was not appointed until May. Currently, the AI department has 26 |
|                  |                       | Actual  | 17,532                 | 47,905              |   |
|                  | Progress This Quarter | Planned | 4.04%                  | 25.36%              |   |

|       |                        |         |        |         |  |
|-------|------------------------|---------|--------|---------|--|
|       |                        | Actual  | 4.01%  | 10.94%  | R&D personnel, which is still fewer than the originally planned headcount. Furthermore, the company is still evaluating customer product requirements and conducting simulation experiments using its own equipment. At present, only a small number of R&D devices have been purchased, and additional equipment will be acquired in the future based on the actual R&D timeline. Consequently, the actual expenditure for this quarter was lower than the budgeted amount. |
| Total | Cumulative Expenditure | Planned | 17,692 | 111,015 |  |
|       |                        | Actual  | 17,532 | 47,905  |  |
|       | Cumulative Progress    | Planned | 4.04%  | 25.36%  |  |
|       |                        | Actual  | 4.01%  | 10.94%  |  |

(2) Evaluation of implementation benefits

The Company's projected R&D expenditure for this period is NT\$352 million. In accordance with the scheduled plan, R&D activities for the development of a high-bandwidth memory (HBM) controller (hereinafter referred to as the "HBM Base Die") commenced in December 2024. The anticipated benefits from this product are expected to materialize upon completion of development in mid-2027.

## Chapter 4. Operational Highlights

### I. Business Activities

#### (I) Scope of Business

##### 1. Major Contents of Business

The Company is mainly engaged in the design, testing, production and marketing of NAND Flash controller ICs and MEMS (micro-electromechanical) microphones.

##### 2. Proportion of business

Unit: NT\$ thousand

| Type of Product              | Fiscal Year 2025 |                        |
|------------------------------|------------------|------------------------|
|                              | Amount           | Revenue Proportion (%) |
| NAND Flash Controller IC     | 40,684           | 14.43                  |
| Audio IC and others          | 240,359          | 85.27                  |
| Revenue from design services | 834              | 0.30                   |

|                             |         |        |
|-----------------------------|---------|--------|
| Total Net Operating Revenue | 281,877 | 100.00 |
|-----------------------------|---------|--------|

3. Current Products (Services)
  - (1) NAND Flash controller IC
  - (2) MEMS microphone IC
  - (3) Audio IC
  - (4) Intellectual Property and Design Services
4. New Products (Services) Planned for Development
  - (1) USB 3.2 Gen 1 NAND Controller IC
  - (2) SATA/ PCIe SSD (Solid State Disk/Drive) NAND Controller Solution
  - (3) Digital High SNR MEMS Microphone IC
  - (4) Digital High AOP MEMS Microphone IC
  - (5) USB with high sound quality, 24 Bits/96K sample rate Audio Controller and Type C Hi-RES Audio Controller and Audio Controller with external 3D surround sound effect and EQ function.

## (II) Overview of the Industry

### 1. Status and Development of the Industry

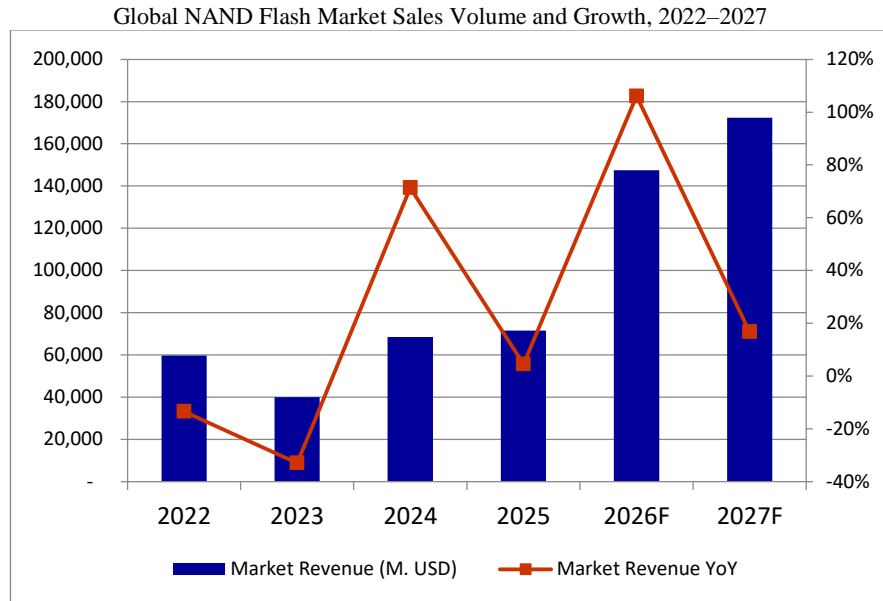
#### (1) NAND Flash

NAND Flash Maker In order to reduce costs, the process has been continuously miniaturized from 90 nanometers to 1x nanometers, but it has been unable to overcome yield and reliability issues. As a result, the industry has turned to 3D NAND Flash TLC chips with a three-dimensional stacking structure and the development of QLC with a 4-bit-per-cell structure, which continue to provide a continuous increase in memory storage capacity per unit area and continue to expand the overall industry.

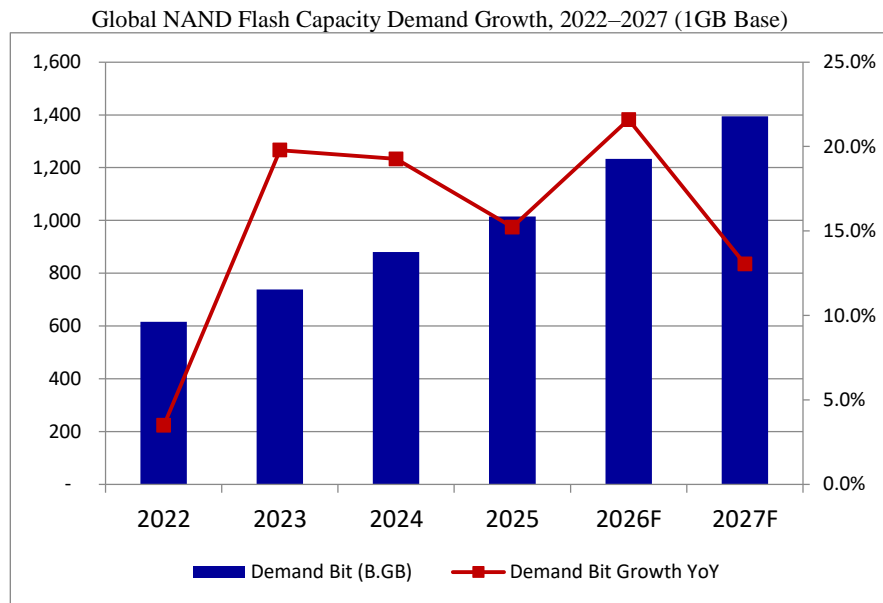
NAND Flash demand is not only for flash memory cards and USB flash drives, but also for embedded storage media such as eMMC, which is widely used in tablet computers and eMMC/UFS applications in smart phones and other smart platforms and mobile devices. Solid state drives (SSDs) are widely used in notebook computers, desktop computers and servers, and flash memory is used as the main storage memory.

According to a survey on global NAND flash capacity demand conducted by market research firm IL CONSULTANT, demand for electronic products declined in the second half of 2022 as the COVID-19 pandemic eased and countries gradually reopened. Inventory levels returned to healthy levels between the first and third quarters of 2023, with the market bottoming out in 2023. Market demand is expected to return to normal in 2024, and total sales revenue will begin to grow. Sales revenue

and demand capacity will see modest growth in 2025. In 2026, driven by the rapid expansion of AI applications and a surge in demand for enterprise-grade solid-state drives (SSDs) for server applications, demand for flash memory is expected to rise, and rising prices will drive significant growth in sales revenue.



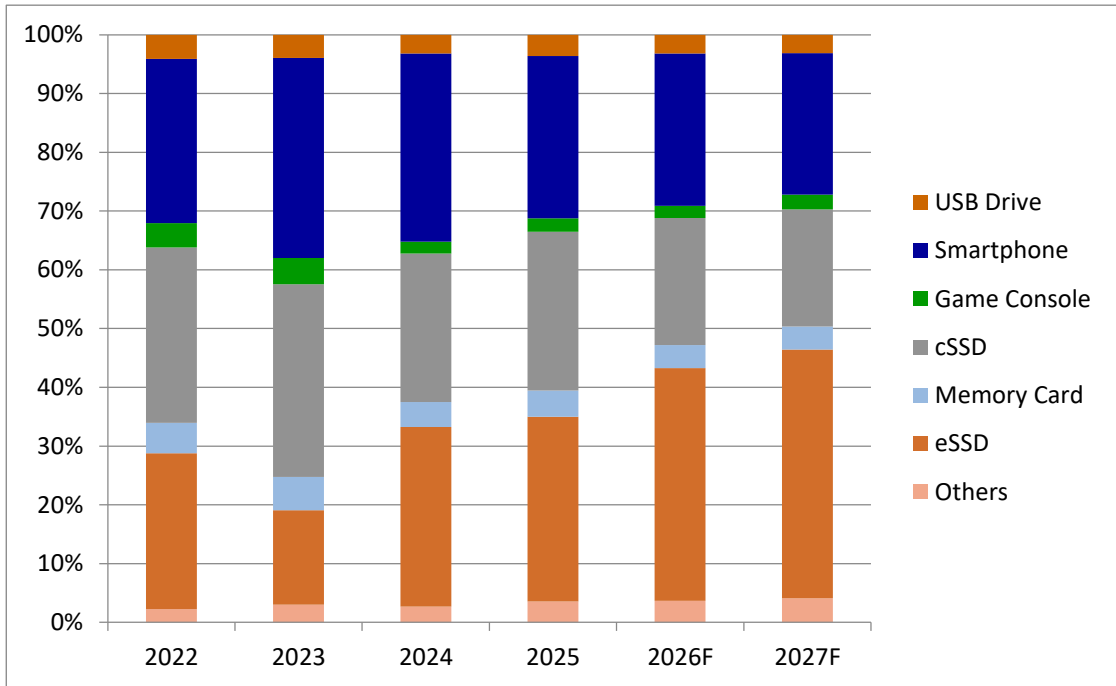
Source: IL CONSULTANT



Source: IL CONSULTANT

According to market research reports on NAND flash capacity demand, the rapid growth of AI applications has led to flash memory being prioritized for higher-end applications, which will impact USB flash drive production, while the enterprise SSD market is experiencing even more significant growth.

Global NAND Flash Application Market Demand, 2022–2027

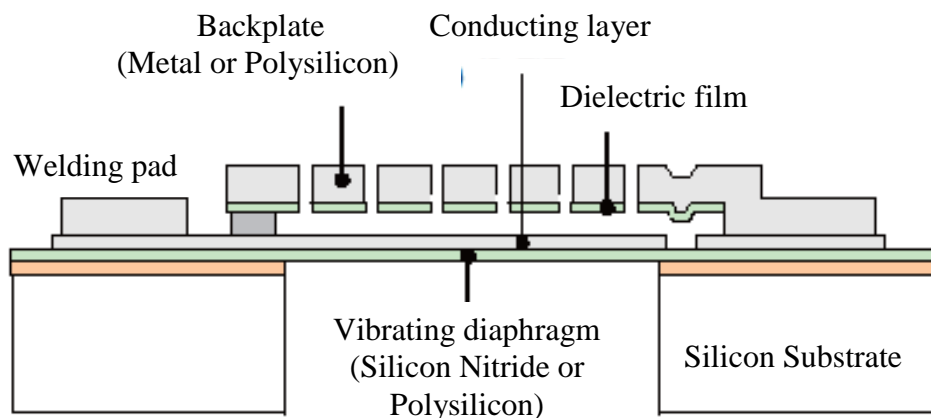


Source: : IL CONSULTANT

## (2) MEMS microphones

A microphone is a transducer that converts sound into an electrical signal for transmission and processing. Microphones are used in many applications as long as it is required voice pick up, such as smart phones, hearing aids, notebooks, tablet, television, surveillance, intercom, smart applications, voice control, vehicle and other applications.

MEMS Microphone sensing chip structure diagram



Source: National Nano Device Laboratories

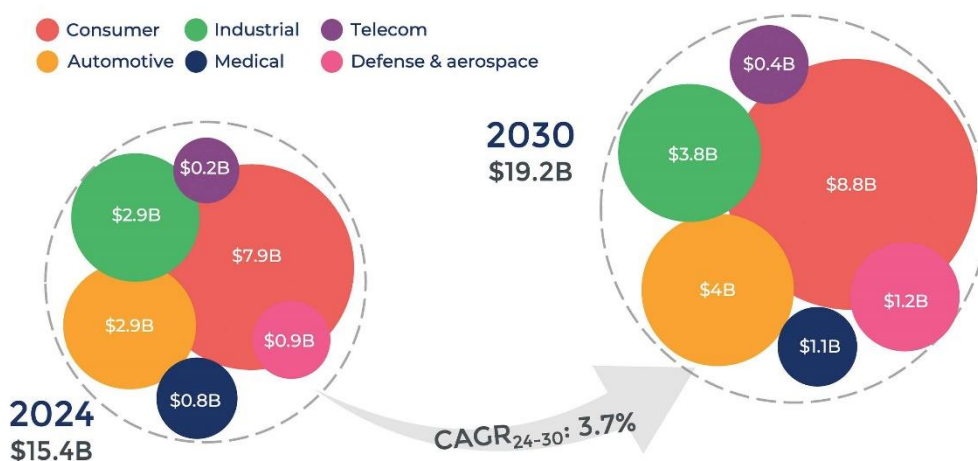
At present, the main types of microphones for sale are ECM electret condenser microphone and MEMS microphone. MEMS means using semiconductor manufacturing processes or other micro-precision technologies to integrate various functions like electronics, motors or

mechanics into a miniaturized component or device. MEMS microphones are designed to be small in size, low in power consumption, and have the following advantages: better suppression of surrounding environmental interference (temperature changes, electromagnetic interference, power fluctuations, etc.), and monomers are consistent highly in performance indicators, and can be mounted automatically. Furthermore, the MEMS components are formed by silicon wafers and mature semiconductor manufacturing processes, so that they can withstand high temperature up to 260°C by surface mounted SMT without impacting performance.

According to a 2025 report by market research firm Yole Development, the global MEMS market is projected to grow from \$15.4 billion in 2024 to \$19.2 billion by 2030, at a compound annual growth rate of 3.7%.

### MEMS MARKET FORECAST, BY END-MARKET

Source: Status of the MEMS Industry 2025 report, Yole Group



All detailed market figures are available in the 2025 report.



www.yolegroup.com | @Yole Group 2025

Source: Yole Development, 2025

According to the latest statistics from IDC, the primary applications of smart home devices include audio-visual entertainment, security and surveillance, smart lighting, smart speakers, and other connected home devices. Global shipments of smart home devices are projected to reach approximately 850 million to 880 million units in 2024, with overall market growth momentum slowing compared to previous periods. Driven by gradual penetration into emerging markets and demand for product upgrades, moderate growth is expected in the coming years, with total shipments anticipated to approach 950 million to 1 billion units by 2026–2027. Considering that each smart home device typically incorporates 1 to 3 MEMS microphones for functions such as voice recognition, far-field audio capture, noise suppression, and environmental sensing, the estimated potential demand for MEMS microphones ranges from 900 million to 3 billion units, indicating that this market still possesses a

significant scale and a stable demand base. As smart home products become increasingly widespread, consumer demand for comfortable and intelligent living continues to rise. In addition to voice recognition technology, smart home devices also leverage artificial intelligence (AI), machine learning, and edge computing to enhance situational awareness and automation capabilities, thereby improving the overall product experience. Overall, the smart home market is expected to maintain a steady growth trajectory, providing the industry with sustained and predictable growth opportunities.



Source: DIGITIMES 2025

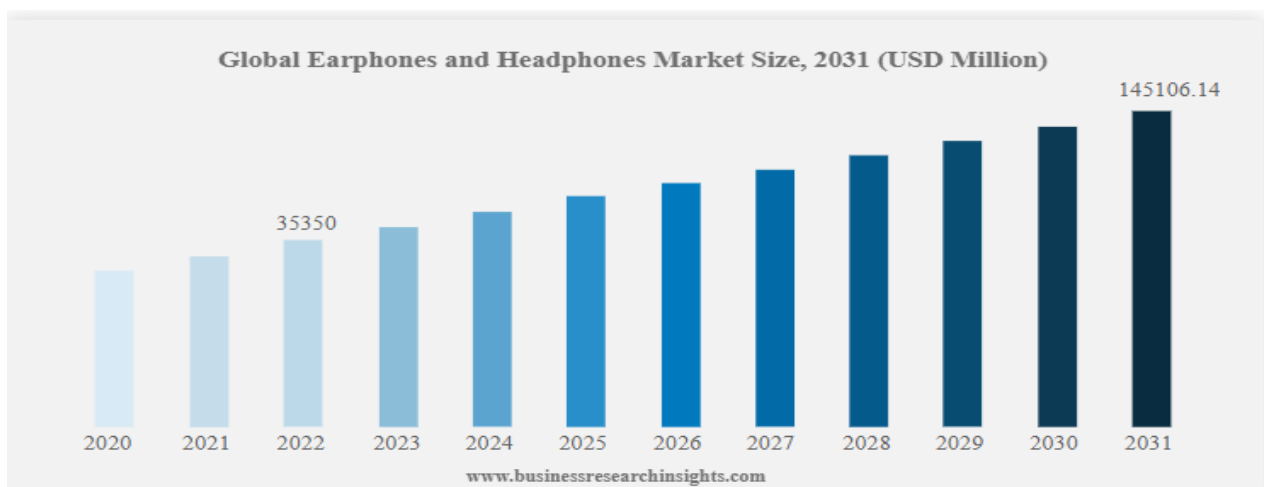
According to statistics from DIGITIMES, global electric vehicle shipments have continued to grow since 2018 and are expected to maintain a steady growth trend in the coming years. As vehicles become increasingly electronic and intelligent, the demand for microphones in automotive applications has grown accordingly. From a functional perspective, automotive microphones are primarily used in in-vehicle communication systems, smart cockpit voice interaction, eCall emergency notification systems, and active noise cancellation (ANC) systems. Smart cockpits and in-vehicle communication systems typically feature approximately 2 to 8 microphones to capture voice signals from all occupants and enhance call and speech recognition quality through voice enhancement and noise suppression technologies. eCall systems are typically equipped with 1 to 2 microphones to ensure clear and stable voice communication between the vehicle and local emergency services in the event of an accident. Active noise cancellation systems generally feature approximately 2 to 6 microphones installed in the cabin to detect interior noise in real time. After system processing, the system emits anti-phase sound waves through the speakers to reduce noise interference

during driving. In terms of vehicle model positioning, entry-level models typically feature active noise cancellation systems with 2 to 4 microphones, while high-end models may be equipped with 6 to 8 or more. Overall, depending on vehicle feature configurations and product positioning, the number of microphones required per vehicle ranges from approximately 5 to 18. Furthermore, market observations indicate that electric vehicles are generally adopting smart cockpits and voice interaction features at a faster pace than traditional internal combustion engine vehicles, leading to a corresponding increase in demand for high-performance microphones. As the penetration rate of electric vehicles continues to rise, the automotive microphone market is expected to become one of the key application areas with significant growth potential.

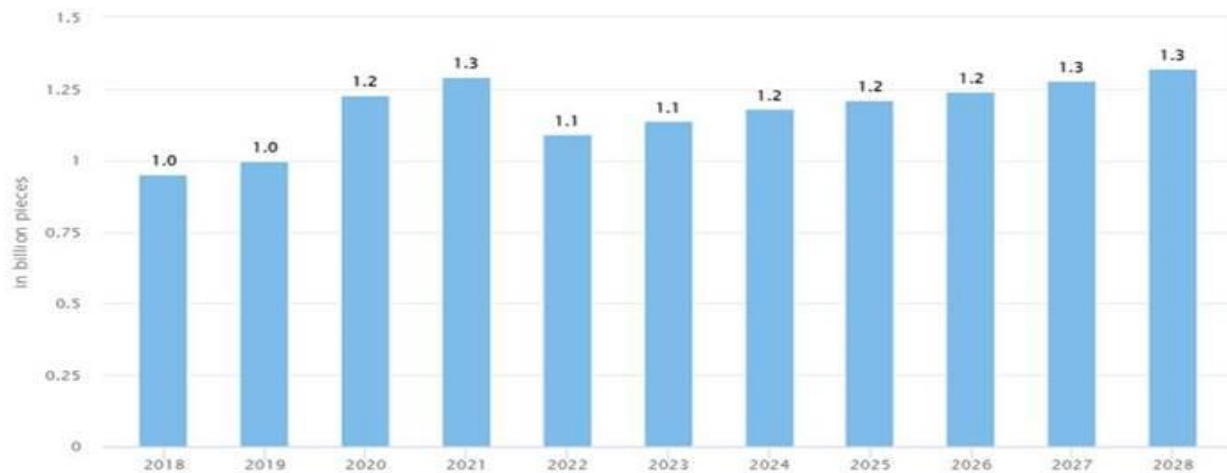
### (3) USB Audio IC

The global headphone market is estimated to be worth \$3.4 billion and is projected to grow at a compound annual growth rate (CAGR) of 8.5% from 2026 to 2033, reaching \$6.8 billion by 2033.

In recent years, driven by the growing demand for efficient communication tools across various industries, the USB headset market has shown significant growth. According to data from market research firms, the global USB headset market was valued at approximately \$1.5 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of about 10.5% from 2023 to 2030. Factors driving this growth include the rise of remote work, advancements in audio technology, and the increasing popularity of online communication platforms. USB headsets are highly favored for their ease of use, superior sound quality, and compatibility with a wide range of devices, making them an indispensable tool for both professional and personal users.



VOLUME VOLUME CHANGE



Most recent update: Mar 2024

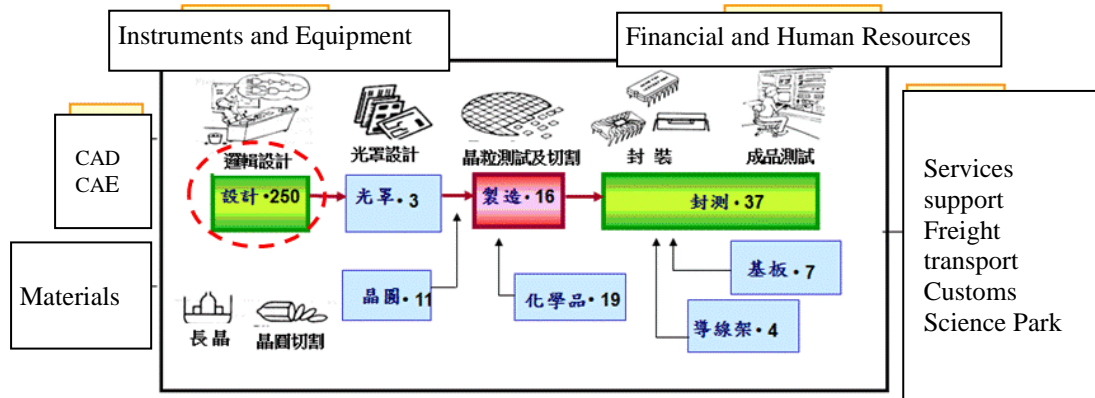
Source: Statista Market Insights

## 2. The Links between the Upstream, Midstream, and Downstream Segments of the Industry Supply Chain

The IC design industry was originally at the forefront of the semiconductor industry system, no upstream. Its midstream and downstream industries were wafer foundry, wafer manufacturing, assembly and testing. Taiwan's IC industry is different from foreign manufacturers in vertical integration of design, manufacturing, assembly and testing. In each production link individual manufacturers join in and have their own specialties, forming a horizontal division of labor system. Taiwan's IC industry ranks first in the world in both wafer foundry and packaging testing, second only to the United States in THE IC design industry, and has become the most important supply chain for the global IC industry.

IC design companies, whose main business is to sell self-designed products or accept designs commissioned by customers, are brain-intensive industries, which require far less capital than wafer manufacturers. IC design industry is an upstream industry in the industrial value chain. Before completing the final product, firstly it must be manufactured into semi-finished wafer products by professional wafer foundry or IDM factory (integrated device manufacturer who is engaged in design, manufacturing, packaging, testing and sales), are then performed a front-end test. Then, it will be transferred to a professional packaging factory for dice cutting and packaging. Finally, the professional testing factory does the post-testing, and after the test, the finished product is sold to the system manufacturers through the sales channel to be a system product.

The correlation diagram of the IC design industry between upstream, midstream and downstream is as follows:



Source: Industrial Technology Research Institute IEK(2013/07)

### 3. Trends of Products

#### (1) Flash Data Storage Industry

Flash Controller is the most important SOC key component in the Flash Data Storage industry besides NAND Flash, and the development direction of the whole industry will also lead the development of Flash Controller.

##### A. Application of portable digital consumer electronics products

Driven by new chipsets from Intel and AMD, USB 3.x has become the standard built-in interface for personal computers, and the proportion of USB 3.x flash drives available on the market has gradually increased as a result. With the widespread adoption of the Type-C interface in smartphones, tablets, and notebooks, demand for Type-C flash drives has also been steadily rising. Additionally, with Apple's iPhone 15 switching from the Lightning connector to Type-C, demand for Type-C USB flash drives is expected to rise further. As prices for USB external hard drives have increased, demand for high-capacity USB external solid-state drives has grown in response. Intel and AMD's new chipsets are also gradually supporting the faster USB 4.x interface. PCs and laptops equipped with USB 4.x Type-C interfaces are also beginning to appear on the market.

##### B. The storage device replacement effect in notebook and desktop Computers

SSDs utilize a random access mechanism, surpassing the semi-sequential, semi-random access methods of conventional hard drives. This accelerates program execution and data read/write operations, offering significant benefits to operating systems, and has made SSDs standard equipment in laptops. With their low power consumption during operation, fast boot times, high reliability, excellent performance, and quiet operation—combined with their

slim, compact design—flash memory has become the ultimate tool for enhancing computer productivity. Following the smooth supply of NAND flash in 2018, SSDs entered a high-growth trend. The decline in flash memory unit prices has driven accelerated growth in SSD unit shipments and pushed up the average capacity of SSDs. SSDs have become the mainstream storage medium, transitioning from SATA and PCIe Gen 3 interfaces to PCIe Gen 4 interfaces. PCIe Gen 5 interfaces were introduced in the second half of last year, and continued growth is expected this year.

#### C. Storage in network server

With no read/write arms, read/write heads, or motors, SSDs offer the advantages of low operating current, low power consumption, minimal heat generation, and fast access speeds. As a result, they have become the optimal choice for high-speed caching storage in the data storage tier architecture of next-generation hyperscale data center network servers. Furthermore, the strong support provided by NVIDIA and AMD GPUs for high-speed AI servers has driven rapid growth in demand for AI servers and a proliferation of AI applications. While AI servers were originally designed primarily for heavy-duty computing, they are increasingly shifting toward inference-focused operations. This trend has also spurred a rise in demand for enterprise-grade solid-state drives.

#### D. Application in other industries

Under the stringent environmental tolerance requirements of certain industries (including the automotive and machine tool sectors), the application market for this segment currently represents a niche, high-profit segment. Until more suitable solutions emerge, the market is expected to retain its growth potential. AI servers require powerful GPUs and high-speed enterprise-grade solid-state drives (SSDs) to process massive amounts of data for learning and generation. The confidentiality of this data is critically important. For users involved in intellectual property rights, the focus is on Edge Computing IoT applications, which also necessitate on-site data storage, presenting another promising market opportunity.

#### (2) MEMS Microphone Industry

Microphone is a basic sound input component, which is widely used everywhere in various products, such as smart phones, toys, mobile phones, headsets, computers, hearing aids, digital cameras, video cameras and stereos, etc. Compared with traditional ECM microphones, MEMS microphones have the advantages of thin and short, tolerable to high and low temperatures, high signal-to-noise ratio, high resistance to electromagnetic interference, excellent high-frequency response, and consistent quality. It has greatly replaced traditional ECM microphones in 3C products application, and the market growth trend is clear.

From the perspective of market application trend, voice input is current mainstream trend, and it is the most direct and convenient way for man-machine interface input. In recent years, voice recognition has made a great leap in cloud data and big data algorithms. In addition, MEMS microphone IC manufactured by semiconductor process can provide the characteristics of higher signal-to-noise ratio (SNR), more consistent Sensitivity and phase quality. Combined with advanced audio source separation, array pointing and other technologies, it can provide higher radio quality for back-end voice recognition and processing. It is remarkable and has become a new development direction of man-machine interface. Now it has been widely used in various applications like smart appliances, smart homes, security monitoring, vehicle and so on, and the market is growing rapidly.

The MEMS microphones will develop towards high performance and diversified applications in the future. Various applications have different requirements of specifications: high SNR, high AOP, frequency response, phase consistency, highly tolerable to special harsh environment and special sensitivity.

### (3) USB Audio IC Industry

There is a wide variety of products available on the market, including wired and wireless USB headsets, designed to meet the preferences and needs of different users. Companies are investing heavily in research and development to enhance features such as noise cancellation, comfort, and battery life. Notably, the growing popularity of online learning and remote meetings has significantly increased the demand for high-quality USB headsets. A report from the U.S. Bureau of Labor Statistics indicates that the number of remote workers in the United States has increased by more than 80% since the onset of the COVID-19 pandemic, further highlighting the importance of reliable communication tools.

A key characteristic of the USB headset market is its alignment with the growing demand for collaborative communication tools. As businesses continue to advance their digital transformation, seamless communication has become essential. USB headsets are an indispensable part of this process, enabling users to easily participate in virtual meetings, webinars, and online training courses. Companies' increasing investment in digital communication infrastructure also reflects the growing acceptance of this technology.

USB headsets are used across multiple industries, including education, healthcare, customer service, and gaming. In the education sector, USB headsets provide an interactive learning experience for students participating in online courses. In the healthcare sector, they are essential for telemedicine services, enabling effective communication between doctors and patients. The customer service industry relies on these devices to improve communication efficiency, while the gaming industry benefits from high-quality audio and immersive experiences. As various

industries continue to evolve, the USB headset market is expected to adapt and thrive to meet the unique needs of each sector.

#### 4. Product Competition

Currently, the NAND flash memory market is dominated by Samsung, KIOXIA (Toshiba)/Western Digital (SanDisk), along with other major international players such as Intel (Solidigm), Micron, and SK Hynix. Backed by substantial capital, China's Yangtze Memory Technologies (YMTC) has begun laying the groundwork for R&D and manufacturing. Coupled with China's robust domestic demand, the company has entered this market and secured a foothold. Competition in the flash memory controller IC sector is also extremely fierce. In line with China's broader strategy of domesticating controller IC production, several Chinese companies have been established to focus on the vast domestic market, in addition to the major Taiwanese players. Beyond the existing SSD controller IC design companies in the U.S. and Taiwan, China has also seen the emergence of several new companies specializing in both consumer and enterprise SSD controller ICs, further intensifying the competition.

MEMS microphones are developed by using foundry offered typical MEMS process. 3S has successfully launched several Digital /analog MEMS microphones are suitable for different applications with different packaging forms. At present, there are many MEMS microphone suppliers in a fiercely competitive market, but there are few manufacturers that actually develop both MEMS sensor and pre-amp ASIC which is the only way to meet the diversified application needs and ensure the stability of product characteristics and supply. Some of MEMS microphone suppliers purchase MEMS sensors, or ASIC, or both, and only engage in packaging and sales. The company is the only MEMS microphone supplier in Taiwan capable of developing products with its own technology and patents on both MEMS Sensor and ASIC. In terms of global market competition, there are roughly five types of suppliers:

| Classification | MEMS Sensor   | ASIC           | Representative enterprises   |
|----------------|---|----------------|--|
| Type 1         | Self-developed  | Self-developed | <ul style="list-style-type: none"> <li>■ Syntiant (MEMS: Sony; ASIC: AMS)</li> <li>■ Infineon (MEMS Infineon, ASIC Infineon)</li> <li>■ Solid State System Co., Ltd. (3S) (MEMS UMC, ASIC X-fab+UMC)</li> <li>■ MEM Sensing (MEMS CRMICRO, ASIC SMIC)</li> <li>■ STMicro (MEMS Omron, ASIC STM)</li> </ul> |
| Type 2         | MEMS sensors / ASICs used in high-end products are purchased from Infineon, |                | <ul style="list-style-type: none"> <li>■ Goertek</li> <li>■ AAC (buy out the production of Omron MEMS Microphone in</li> </ul>   |

| Classification | MEMS Sensor  | ASIC                          | Representative enterprises  |
|----------------|--|-------------------------------|---|
|                | and self-developed MEMS sensors / ASICs are used for low-end products              |                               | SMIC)   |
| Type 3         | Supply MEMS Sensor separately or outsource ASIC for sale after testing and sealing |                               | <ul style="list-style-type: none"> <li>■ NISD</li> <li>■ Fortemedia</li> <li>■ GMEMS</li> </ul>       |
| Type 4         | Outsourcing  | Self-developed and sells ASIC | <ul style="list-style-type: none"> <li>■ Zilltek</li> <li>■ Navosense</li> </ul>                      |
| Type 5         | Outsourcing  | Outsourcing                   | Japan(Hosiden), South Korea(BSE) and many manufacturers mainly from mainland China (such as Gongda..) |

These five different suppliers face intense competition in the global market, Currently, Infineon leads in product technology and has the highest sales in the MEMS chip package market. Syntiant holds the highest market share in finished MEMS microphones. Xinchuang positions itself in the high SNR and stable quality segments, leveraging its advantage of in-house development of both MEMS sensors and ASICs to rapidly provide customers with new application specifications and meet their diverse needs, gradually replacing European and American brands in the market.

For USB audio, there are some similar type of products in the market, however, they are in different market positioning. 3S's USB Audio market positioning is mainly high universality, good compatibility, high cost-performance ratio, with high stability based on a pure hardware architecture. 3S's position is quite different from some similar products in the market which focus more on the developments of DSP and algorithm, 3S's USB Audio mainly focuses on entry-level, easy-to-use and effective product lines, reduces the manpower needs of engineering support and the burden of excessive resources required for customized firmware, and minimizes the dilemma of several IDM manufacturers developing the same type of products to reach brand customers. Most customers believe that our products are substantially different from other brands.

### (III) Overview of Technologies and R&D Work

1. R&D expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

Unit: NT\$ thousand

| Item/Fiscal Year  | 2025    |
|---|---------|
| R&D Expenses  | 124,389 |
| Net Operating Revenue                                   | 281,877 |
| Percentage of R&D Expenses to Net Operating Revenue (%) | 44.13   |

The Company's R&D expenses are mainly invested in analyzing future market development trends and application technologies for new product

promotion, and assisting customers in solving production and design problems, so as to improve the ability of the overall solution. R&D expenses mainly include personnel salary expenses, project expenses and various depreciation and amortization.

2. Technologies or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

| Fiscal Year | R&D results  |
|-------------|--|
| 2025        | <ul style="list-style-type: none"> <li>(1) Launched the Enhanced USB Cap-less Headphone Driver 24-bit/96k Hi-Res Audio IC</li> <li>(2) Completed the design of a new BCH ECC NAND Flash Controller with Type A &amp; Type C control ICs, supporting TLC/QLC NAND Flash.</li> <li>(3) Launched an analog differential interface MEMS microphone</li> <li>(4) Launched a high wind-pressure-resistant series of MEMS microphones</li> <li>(5) UV-resistant analog MEMS microphone for hearing aids</li> <li>(6) Launched USB 3.2 Gen I LDPC controller IC supporting KIOXIA BiCS6 TLC NAND Flash</li> <li>(7) Launched 1300μm x 1300μm MEMS chip</li> <li>(8) Launched high SNR (67dB+) digital MEMS microphone</li> </ul> |
| 2026.3.31   | <ul style="list-style-type: none"> <li>(1) Completed the design of a USB 3.2 Gen I ASIC: supports the new high-speed 3D NAND with a low-power I/O interface, enhances read/write speeds, features an Auto Switch function for Type A and Type C, and includes a control IC with high error correction capability.</li> <li>(2) Tape-out of a high AOP (130 dB) digital MEMS Microphone</li> </ul>  |

#### (IV) Long-term and Short-term Business Development Plans

##### 1. Short-term Business Development Plans

Since the most advanced process of NAND Flash has migrated as the structure of 3D TLC/QLC. We should consider the characteristics of 3D NAND Flash into the design of our Flash controller ICs and solutions. Our company keeps developing NAND Flash controller ICs and solutions to support the latest generation of 3D TLC/QLC. We continuously strengthen product competitiveness, reduce product costs, improve customer service quality, stabilize existing customers, and prudently develop new customers in existing markets and mainland China to enhance the revenue. AI brings the demand of mass storage. AI brings the era of QLC to come earlier. USB product line will support QLC from the different flash makers more.

In terms of MEMS microphone IC products, the company independently develops MEMS sensors and ASIC chips, designs microphone packaging structures, and independently develops mass production testing equipment to

ensure consistent product quality and stable supply. It emphasizes considering different application requirements from the chip development stage and developing products that best meet market needs. With the successive launch of high SNR/high AOP D-mic products this year, it will help expand market share in application markets such as digital TVs, security monitoring, smart wearables, and notebook computers.

Regarding USB audio products, we will maintain our current market share in the short term using existing and updated models. We will continue to promote the new features of the updated models and encourage customers to upgrade, thereby upholding our reputation for consistently high-quality customer service and ensuring a stable supply to the market. Additionally, we are actively developing new product R&D plans and expect to launch a new product generation in 2026.

## 2. Long-term Business Development Plans

3D NAND Flash has become the mainstream usage, and the application markets are expansible in the long term. We aim to stabilize the overall gross margin in USB NAND Flash controller in the consumer market. In information products, we will continue the development of high-speed SSD controller ICs, and continuously and prudently review and distribute existing markets and other rapidly emerging regional markets.

In terms of MEMS microphone IC products, we will target products applicable for seven application areas, including ANC active noise-canceling headsets, AI intelligent applications, security monitoring, automotive, notebook computers, TWS Bluetooth headsets and mobile phones. We have long been operating with brand customers in these seven application fields, and assisting agents to develop various types of customers on the client side. On the other hand, we have conducted in-depth cooperation with the back-end main chip manufacturers to jointly develop the market.

In the USB audio sector, our long-term goal is to focus on the development of wireless audio products. We will optimize codecs for existing products on the market and enhance algorithm support—such as ENC and AEC—to create differentiated new products that boost customer adoption and improve the consumer experience. This will help us gradually establish a roadmap for USB audio products to serve as entry-point devices for the AI era.

## II. Overview of Market, Production and Sale

### (I) Market Analysis

#### 1. Geographic Areas where the main Products and Services are Provided and Supplied

Unit: NT\$ thousand

|             |      |
|-------------|------|
| Fiscal Year | 2025 |
|-------------|------|

| Sales Region   | Amount  | %      |
|----------------|---------|--------|
| Domestic Sales | 64,865  | 23.01  |
| Foreign Sales  | 217,012 | 76.99  |
| Total          | 281,877 | 100.00 |

## 2. Market Share

The Company is a professional IC design firm. Its main products include NAND Flash controller ICs, MEMS microphones, and audio application ICs, as well as related integrated circuit design and technical services. According to the latest report by market research firm IC Insights on the global IC design industry, the market value is projected to reach \$250 billion in 2025, equivalent to approximately NT\$8 trillion. In contrast, the Company's consolidated net revenue for 2025 is NT\$282 million, representing a small share of the total market value. Although our current market share in the overall IC design sector is small, the Company will continue to cultivate its NAND Flash controller IC product line and customer base, while expanding its MEMS microphone IC product line; therefore, there is significant room for future growth.

Unit: NT\$ million; %

| Item  | 2025             |
|---|------------------|
| The Company's operating revenue (A)           | 282              |
| Output value of global IC design industry (B) | NT\$8,000billion |
| Market share of IC design industry (A)/(B)    | 0.0000%          |

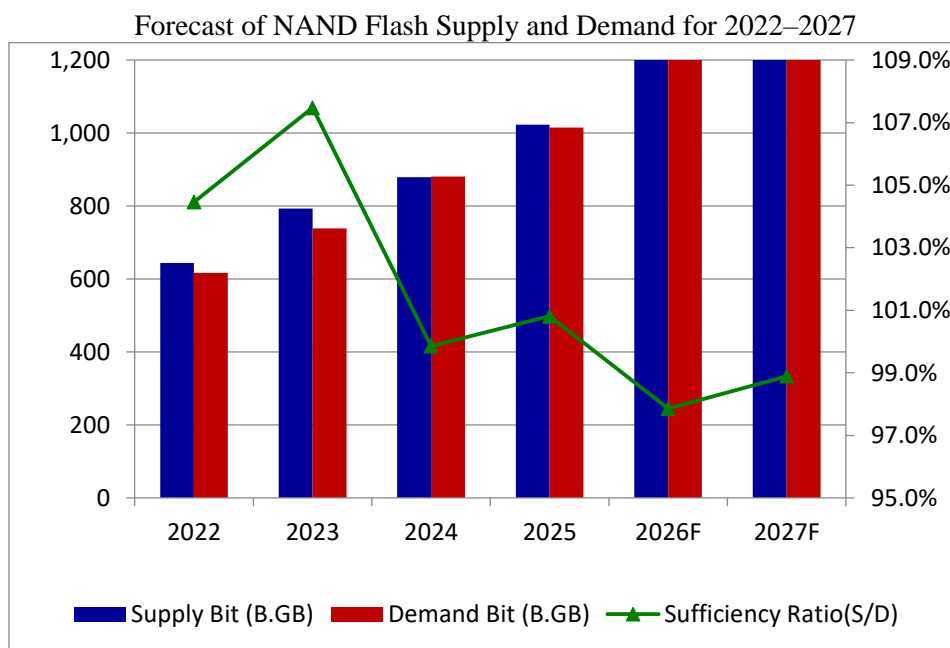
Source: Department of Statistics

## 3. Supply and Demand in the Market and Possible Future Growth

### (1) NAND Flash

According to IL CONSULTANT, NAND Flash has become the primary storage medium for various electronic products. In the second half of 2022, as the COVID-19 pandemic subsided and countries gradually reopened, demand for electronic products declined, and inventory drawdown continued into 2023. While there was a clear oversupply from 2022 to 2023, supply and demand are expected to reach near-balance in 2024. Although the NAND Flash industry has experienced periods of oversupply or shortages at certain times, overall supply and demand remain in a healthy balance and continue to grow steadily. In the long term, market research data projects that overall demand for the NAND Flash memory market will continue to grow from 2022 to 2027. From an application perspective, NAND Flash adoption has rapidly expanded. In addition to smartphones using UFS or eMMC and tablets using eMMC, demand for SSDs in laptops and data centers is also growing rapidly. According to market research reports, in terms of individual market growth, SSDs now account for over 50% of the total NAND Flash

application market demand. Due to the booming development of server applications, demand for enterprise-grade SSDs has surpassed that for consumer-grade SSDs. In the long term, SSDs remain the primary application market driving capacity demand growth and are a key area where the company is actively expanding its business. It is anticipated that by 2026, the extensive use of flash memory in SSDs will lead to supply shortages.



Source: IL CONSULTANT

## (2) MEMS microphones

According to data released by market research firm Yole Development in 2025, the global MEMS microphone market is projected to grow from \$15.4 billion in 2024 to \$19.2 billion by 2030. On the supply side, the sensors for MEMS microphones require specialized semiconductor equipment and processes, which will be the most significant constraint on supply. Unless general semiconductor foundries invest in specialized equipment and collaborate with MEMS microphone manufacturers to develop processes, they will be unable to manufacture or mass-produce these products. Currently, the number of semiconductor fabs with mass production capacity is limited. These include Sony and NJR in Japan, Infineon in Germany and Malaysia, SMIC and CR Micro in mainland China, and UMC in Taiwan—all of which operate 8-inch or 6-inch fabs. Supply remains sufficient for the time being. In the coming years, demand for MEMS microphones is expected to continue growing strongly, driven by new application trends such as cloud voice recognition combined with artificial intelligence (AI) capabilities, as well as edge voice recognition paired with on-device AI. However, the

continued expansion of new 8-inch semiconductor production capacity may face bottlenecks.

### (3) USB Audio IC

The USB audio market has entered a new phase of the audio ecosystem, following the eras of traditional and digital audio. This growth is primarily driven by factors such as the maturation of user audio habits, the expansion of audio content offerings across multiple platforms, and the rise of paid audio streaming services. In the future, further market growth opportunities will emerge as audio products and revenue models continue to mature and the benefits of the audio ecosystem are further refined. Whether in professional settings or personal life, people are placing increasing importance on audio quality. The demand for high-definition audio quality is driving manufacturers to invest in R&D for more advanced technologies, thereby enhancing headphone performance. Additionally, the widespread adoption of video conferencing tools such as Zoom and Microsoft Teams has created significant market demand for headphones designed for clear voice calls. A report by the International Telecommunication Union indicates that global internet usage has grown by over 50% in recent years, significantly boosting the demand for high-performance audio equipment.

## 4. Competitive Niches

### (1) Close cooperation with upstream and downstream industries

Our company specialises in chip design and solution development. Through strategic investment partnerships, we have established a strong presence in the NAND Flash control IC product sector. Our upstream manufacturing partner produces NAND Flash, while our downstream partner is the international brand KIOXIA. This collaboration enables us to access advanced NAND Flash technology data in advance and develop control ICs and solutions tailored to market demands in a timely manner, ensuring the successful introduction of next-generation NAND Flash and related consumer applications into the market. In the SSD market, we collaborate with hardware manufacturers offering advanced manufacturing processes to provide SSD turnkey solutions. Leveraging our firmware expertise and extensive experience in mass-producing NAND Flash application products, we have successfully entered the market.

In terms of MEMS microphone IC products, the Company has long cooperated with semiconductor manufacturers to develop MEMS Sensor process, with packaging plants to develop packaging process, and with equipment plants to develop automatic testing equipment, mastering the

process from semiconductor process, packaging process to automated testing equipment. Based on the market demand, we emphasize considering the application demand from the chip development stage, developing the products closest to the market demand, and providing customers with the most suitable products with close cooperation between the upstream and downstream of the entire industry to create a win-win situation.

The USB Audio product line has long been closely related to the upstream and downstream of the industry chain. In the future, the Company will deepen its relationship with the upstream and downstream of the industrial chain to maintain better product yield and cost advantages.

(2) Master key core technologies

In addition to the critical core technologies we have accumulated in our existing NAND Flash controller IC products, we are also actively developing new MEMS microphone IC products. Starting with the early launch of the world's only single-chip CMOS MEMS microphone to enter mass production, and continuing with the introduction of dual-chip MEMS microphones—which separate the ASIC and MEMS sensor designs to meet mainstream market demands—we have steadily accumulated process components, circuit design, acoustic mechanisms, and packaging and testing, and has fully mastered these critical core technologies.

(3) Master good customer relations

The USB Audio product line has long been closely related to upstream and downstream customers in the industry chain.

In the future, we will deepen the relationship with the upstream and downstream of the industrial chain to maintain better product yield and cost. Based on this advantage, provide high-stability consumer-grade products to maintain customer stickiness.

5. Positive and Negative Factors for Future Development, and the Company's Response to Such Factors

(1) Positive Factors:

A. Flash Controller

- a. NAND Flash supply and its application markets continue to grow strongly

NAND flash manufacturers have been developing NAND flash using 3D stacked structure design and manufacturing technologies. Due to the shortage of flash memory and resulting price increases, storage technology is rapidly shifting from TLC (3-bit-per-cell) to QLC (4-bit-per-cell) to meet market demand

for higher capacity, with the aim of sustaining the overall industry's growth in the coming years. In addition to the continuous demand for increased flash capacity in mobile internet and computing platforms (such as smartphones), another rapidly growing application market is solid-state drives (SSDs), which are replacing traditional mechanical hard drives. Whether it is providing high-speed, low-power data access in high-end servers or offering a superior alternative to traditional hard drives in laptop and desktop applications—one that is lightweight, slim, compact, energy-efficient, and quiet—combined with the demand for embedded storage applications driven by the rapid development of the Internet of Things (IoT), the entire market is poised for growth.

- b. Long-term accumulated firmware and mass production experience on NAND Flash applications finished goods.

Our company works hard on NAND Flash application market many years. We support the latest NAND Flash technology from SLC(1-bit-per-cell) to MLC(2-bit-per-cell), then to TLC(3-bit-per-cell) majorly used now, then to the newest QLC(4-bit-per-cell). Along with the more layers process of NAND Flash, we design Flash controller ICs to support them, and assist the mass production of NAND Flash storage finished goods. These years, NAND Flash progresses 3D structure. We continue releasing USB 2.0 and USB 3.x flash controller ICs to support them for USB Flash Disk at the module house. With our own firmware development and finished goods mass production experience, we co-operate with the international IC design company. We use their advanced SSD controller IC to provide our firmware and software solution to get into rapid growth SSD market. SSD's core technology is included of firmware ability and the mass production experience of NAND Flash finished goods except the advanced process node of SSD hardware. Since we have the ability and experience, we have the change to get into this rapid growth SSD market in the short term under the absence condition of SSD hardware.

- c. Close cooperation with upstream and downstream industries

Our company focuses on changes in the industrial environment and actively strengthens cooperative relationships with upstream and downstream companies in the industry. We have established a long-term strategic partnership with KIOXIA, a leading technology partner. In addition, based on our long-standing reputation, we are also in discussions with other memory module manufacturers regarding potential cooperation opportunities. In the SSD market, we are collaborating with hardware manufacturers that offer advanced manufacturing processes to launch an SSD Turnkey Solution model and enter the market.

## B. MEMS microphones

### a. The MEMS microphone market will continue to grow strongly

Voice recognition brings humans the most natural voice and the convenience of communicating with machines. Combined with increasingly sophisticated AI technologies, the market for MEMS microphones will continue to grow strongly. All kinds of Cloud Applications and terminal Applications Edge Applications have been launched continuously, liberating human hands and vision, improving human efficiency and enabling people to work on multiple matters at the same time. There will also be breakthroughs in human hearing applications. As a result, the development of voice-related applications would be full of imagination, and the market for MEMS microphones will continue to grow strongly with the popularity of voice applications.

### b. Continue to introduce dual-chip digital/analog MEMS microphones for different applications

The company initially adopted standard CMOS processes to mass-produce single-chip CMOS MEMS microphones in response to mainstream market trends. We subsequently switched to a specialized MEMS process to develop dual-chip MEMS microphones, and have since launched a variety of digital and analog MEMS microphones suitable for different applications and featuring various packaging options. By 2025, we had introduced three different sensor structures and four different sizes: 1300 $\mu\text{m}$  x 1300 $\mu\text{m}$ , 1100 $\mu\text{m}$  x 1100 $\mu\text{m}$ , 850 $\mu\text{m}$  x 850 $\mu\text{m}$ , and 700 $\mu\text{m}$  x 700 $\mu\text{m}$ , combined with multiple digital and analog ASICs designed for different requirements, to create a wide range of digital and analog MEMS microphones tailored to the needs of various application markets. Future trends in MEMS microphones will focus on high performance and diversified applications. The specifications required for various applications vary; some are met through ASIC circuit design, while others are addressed through MEMS sensor structural design, different manufacturing processes, or materials. Still others are related to packaging design. Consequently, suppliers that do not develop their own solutions and lack sufficient technical expertise will face significant pressure in meeting customer requirements for diverse applications in a timely manner.

### c. Manufacturers planning for new investment are challenged by the MEMS microphone market

Different from general semiconductor process, MEMS processes require special equipment investments such as Double Side alignment, Deep RIE... and other special process equipment. General semiconductor foundries will first evaluate the

investment risk and then the feasibility of the process technology, and then invest the process development personnel to cooperate with MEMS Microphone design, and continue to invest manpower and time to improve the yield. The reliability issue can only be verified successively after the product is put on the market. It can be a huge challenge for manufacturers planning for new investment in terms of determination and technology.

In addition to the R&D of MEMS microphone components, the Company has also long been developing MEMS microphone-related applications, and has established and accumulated system application technologies as its foundation such as ANC (Active Noise Cancellation, DOA (Direction of Arrival), Beamformer (directional microphone), Offline Voice Recognition etc. By investing in the application market, we can peep and grasp the demands and trends of future product development.

### C. USB Audio

Once USB audio products have obtained the relevant certifications, they possess unique characteristics that cannot be easily replicated. Unless a customer is willing to redesign and recertify the entire finished product—a process that involves extremely high certification costs—customers generally do not readily switch from certified products, except in cases of prolonged stock shortages or cost issues. This factor is extremely advantageous for us, as we have long held a strong position in the entry-level product segment among our customers.

## (2) Harmful Factors and Countermeasures

### A. NAND Flash Controller

Due to the rapid growth of the NAND Flash market and intense competition among domestic and international IC design companies, prices and gross margins for some controller products have been declining year after year. Furthermore, from the supply side of the NAND Flash market, price increases during NAND shortages will negatively impact demand for storage products and lead to a decline in controller sales. The unchanging principle is the need to promptly support the diverse range of NAND Flash solutions adopted by customers to navigate this rapidly evolving market. Furthermore, the shortage of logic wafers since 2020 has led to a continuous decline in controller IC sales over the past two years, while inventory destocking in the consumer market in 2022 and 2023 has also placed pressure on controller IC gross margins and profitability. In recent years, while demand for AI applications has increased and demand for enterprise-grade solid-state drives in cloud applications has been robust, the consumer market has continued to experience sluggish demand.

### Countermeasures:

The USB Controller division continues to maintain and strengthen its partnerships with strategic partners to jointly enhance the value-added features of NAND Flash controller ICs. In product development, we continue to select the most suitable manufacturing processes, streamline designs, and enhance error correction capabilities to reduce product costs, continuously improve product functionality, and maintain product competitiveness. In addition, we will support a wider range of QLC 3D-NAND brands and expand our customer base. Furthermore, to mitigate the impact of market fluctuations in NAND Flash on the sales of the company's SSD Turnkey Solutions, we will continue to provide comprehensive support for all 3D NAND suppliers and prioritize support for customers capable of securing a stable, long-term supply of NAND Flash.

#### B. MEMS microphones

Currently, many of the MEMS microphone suppliers in the market are major international manufacturers. Infineon and Syntiant lead in terms of technological development and market share, ranking first and second globally, respectively. STM's position has weakened, and its market share has declined, while TDK continues to grow. In the dual-chip MEMS microphone market, our company is considered a relative latecomer.

##### Response Strategies:

The MEMS microphones is developing towards high performance and diversified applications in the future. In response to this trend, the Company will make full use of its own technology development advantages to introduce in a flexibly manner a variety of MEMS Sensors with different characteristics, ASICs with different performances and different packages, with a combination of MEMS microphones with advanced, medium and low-end product application specifications as required by customers. In areas with more mature market applications, such as notebook and mobile phone applications, the market supply and demand situation is also more mature. The Company will strive for opportunities of standby suppliers based on product quality and cost performance. In new application fields such as AI intelligent application, surveillance and vehicle-mounted, the Company will continue to increase its market share by strategically and flexibly expanding diversified products to brand customers.

#### C. USB Audio

Currently, the biggest challenge in sales is the rise of similar products from mainland China. As China is currently promoting the domestic production and use of its own chips, many mainland brands are

launching mid-to-high-end USB audio products to target both domestic and international markets. It must be said that these products are indeed very competitive in terms of value for money. In the long run, we need to be more proactive in R&D to design new product specifications and enhance algorithmic capabilities, as well as develop more comprehensive and user-friendly audio applications, in order to maintain our original competitive edge in the future market.

The biggest challenge in 2026 will be the rise of wireless headphones. Whether using Bluetooth or 2.4G solutions, their manufacturing, design, and chip production costs have already caught up with those of the wired headphone market. Therefore, whether in gaming headsets, internet café headsets, or even potential future call center headsets, our shipment volumes will be significantly displaced by wireless headsets. This is a reality we must face seriously and address with urgency.

#### Response Strategies:

USB audio ICs have always been just one segment of the broader audio market, and there aren't actually many manufacturers that have seriously dedicated themselves to this field. However, the market as a whole has remained quite stable over the past 20 years or so. In the early days, it was dominated by companies like Texas Instruments (TI) and others, The 3S USB Audio product line is not particularly extensive. Yet, over the past decade, despite facing market headwinds, the company has thrived because it genuinely understands customer needs, develops products that truly differentiate from competitors, and delivers excellent customer service. Only by continuously advancing audio-related technologies, efficiently launching products tailored to customer needs, and maintaining a sound market pricing strategy can the company sustain growth amid fierce competition.

The current market trend of wireless headphones significantly encroaching on the market share of wired headphones is unlikely to change in the short term by 2026. Since product development and feature planning require time, but wireless products offer clear improvements over wired ones in terms of convenience and design aesthetics, and customers have been actively adopting them since the second half of 2025, This is driven by consumer demand, so the appropriate response is to develop corresponding wireless products or plan wired products with enhanced functionality and design, and to accelerate the launch of such new products.

## (II) Usage and Manufacturing Processes for Main Products

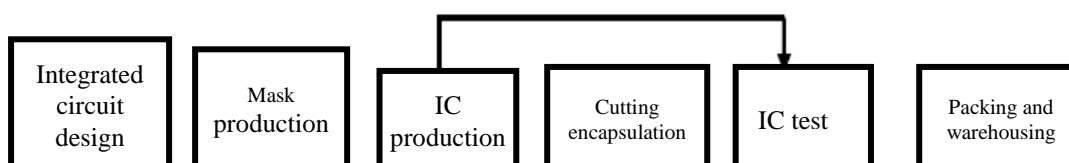
### 1. Important Applications of Main Products

| Type of Main Products    | Important Applications of Functions  |
|--------------------------|--|
| NAND Flash controller IC | Data access with USB Flash Disk through the computer data security control, data storage in mobile device, main data storage for desktop computers and servers, data storage for Edge Computing IOT Device   |
| Audio IC                 | Phone headsets, gaming headsets, headsets and microphones for desktop and notebook computers, TYPE-C headsets, audio converters, computer recording equipment, Type C extended HUB audio source, online live streaming and song-related products, POS and IPC-related audio source devices |
| MEMS microphone IC       | TWS Bluetooth headsets, ANC active noise-canceling headsets, smart applications, notebooks, surveillance, vehicle and mobile phones  |

## 2. Manufacturing Processes for Main Products

### a. IC (NAND controller) & MEMS microphone

The Company is an IC design company, and its wafer manufacturing is commissioned to the foundry. After the initial testing, the wafer produced by the foundry will be sent to the packaging and testing factory for packaging and complete IC function testing.



## (III) Supply Situation for Major Raw Materials

The company's main raw material is silicon wafers, and its suppliers are well-known domestic and foreign wafer foundries. It is a professional wafer foundry, so the quality is stable and the production capacity is good. There should be no doubts about the source of wafer supply.

| Main Raw Materials | Main Suppliers |
|--------------------|----------------|
| Wafer              | Company A      |
| Wafer              | Company B      |

## (IV) List of Major Suppliers/Customers

### 1. Information on Major Suppliers for the Most Recent Two Years

Unit: NT\$ thousand; %

| Item | 2024          |        |  |                              | 2025          |         |  |                              |
|------|---------------|--------|--|------------------------------|---------------|---------|--|------------------------------|
|      | Name          | Amount | Percentage of Annual Net Purchases (%) | Relationship with the Issuer | Name          | Amount  | Percentage of Annual Net Purchases (%) | Relationship with the Issuer |
| 1    | Company A     | 26,130 | 55.50                                  | None                         | Company A     | 97,619  | 67.97                                  | None                         |
| 2    | Company B     | 15,812 | 33.59                                  | None                         | Company B     | 44,350  | 30.88                                  | None                         |
| 3    | Others (Note) | 5,138  | 10.91                                  | None                         | Others (Note) | 1,648   | 1.15                                   | None                         |
|      | Net purchase  | 47,080 | 100.00                                 | N/A                          | Net purchase  | 143,617 | 100.00                                 | N/A                          |

Note: All suppliers accounting for 10 percent or more of the Company's total procurement amount.

## 2. Information on Major Customers for the Most Recent Two Fiscal Years

Unit: NT\$ thousand; %

| Item | 2024          |         |                                    |                              | 2025          |         |                                    |                              |
|------|---------------|---------|------------------------------------|------------------------------|---------------|---------|------------------------------------|------------------------------|
|      | Name          | Amount  | Percentage of Annual Net Sales (%) | Relationship with the Issuer | Name          | Amount  | Percentage of Annual Net Sales (%) | Relationship with the Issuer |
| 1    | KIC           | 32,107  | 13.43                              | Corporate Director           | KIC           | 36,254  | 12.86                              | Corporate Director           |
| 2    |               |         |                                    |                              | Company A     | 66,203  | 23.49                              | None                         |
| 3    | Company B     | 56,232  | 23.52                              | None                         | Company B     | 47,502  | 16.85                              | None                         |
| 4    | Company C     | 29,212  | 12.22                              | None                         | Company C     |         |                                    | None                         |
| 5    | Others (Note) | 121,559 | 50.83                              | None                         | Others (Note) | 131,918 | 46.80                              | None                         |
|      | Net sales     | 239,110 | 100.00                             | N/A                          | Net sales     | 281,877 | 100.00                             | N/A                          |

Note: All customers accounting for 10 percent or more of the Company's total sales amount.

## III. Information on Employees for the Most Recent Two Fiscal Years and during the Current Fiscal Year Up to the Date of Publication of the Annual Report

| Year                |                     | 2024 | 2025 | Year ended March 31 |
|---------------------|---------------------|------|------|---------------------|
| Number of employees | R & D               | 53   | 56   | 43                  |
|                     | Sales               | 21   | 22   | 21                  |
|                     | manager             | 21   | 21   | 20                  |
|                     | manufacturing staff | 5    | 5    | 5                   |

| Year                        |             | 2024 | 2025 | Year ended<br>March 31 |
|-----------------------------|-------------|------|------|------------------------|
| ees                         | Total       | 100  | 104  | 89                     |
| Average age                 |             | 45.3 | 46.4 | 46.3                   |
| Average years of seniority  |             | 10.9 | 11.4 | 11.9                   |
| Educational<br>level<br>(%) | PhD         | 1.0  | 1.9  | 0.0                    |
|                             | Master      | 51.0 | 52.9 | 51.7                   |
|                             | College     | 47.0 | 44.2 | 47.2                   |
|                             | High school | 1.0  | 1.0  | 1.1                    |

#### IV. Disbursements for Environmental Protection

The total amount of losses (including compensation) and disposals due to environmental pollution in the most recent year and up to the date of publication of the annual report, And explain the future countermeasures (including improvement measures) and possible expenditures (including possible if the estimated amount of loss, disposal and compensation cannot be reasonably estimated, it shall explain that it cannot be reasonably estimated Facts): None.

#### V. Labor Relations

##### 1. Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Preserving Employees' Rights and Interests

###### (1) Employee benefit plans

The company has an employee welfare committee that is dedicated to planning a wide range of employee benefits to enhance employee happiness and sense of belonging. These include

1. Caring subsidies and activities: full subsidies for family days (including single employees bringing a friend), domestic and international travel subsidies, gym membership subsidies, club activities, subsidies for weddings, funerals and other celebrations, as well as monthly birthday gifts and birthday afternoon tea for employees, to ensure that employees feel the company's support and care at all stages of life, to enhance employee cohesion and sense of belonging and boost overall morale.

2. The company has maintained a long-term partnership with visually impaired massage therapists recommended by the Association for the Visually Impaired. Employees can book appointments to receive free massage services during their lunch breaks, after work, or on weekends and holidays. This initiative also helps enhance employment stability for people with disabilities. In 2025, a total of 720 employees utilized the service, accumulating approximately 360 hours of service, with the total cost of the partnership amounting to NT\$354,000.

3. The company adopts a flexible work schedule, with employees taking consecutive holidays together and not having to work overtime. There is no culture of irregular and inefficient overtime work. At the same time, in response to the needs of colleagues for family care, the company adopts highly humane management methods such as flexible adjustment of working hours, advance leave, and remote connection to work from home, to create a harmonious and friendly working atmosphere.

4. To encourage work-life balance, employees are encouraged to plan their annual leave, and a leave bonus is given according to the number of days off. In addition, the company provides high-value group medical insurance, subsidises 60% of the premium for employees' dependents, and provides better health protection for employees' families. The company also cooperates with group insurance companies to organise walking activities and provide bonuses to encourage employees to participate.

5. We have signed contracts with local hospitals to provide our employees with subsidies for annual health checks, as well as regular health consultation services by occupational health nurses and specialist doctors.

6. The company provides a shareholding trust incentive mechanism for outstanding employees, as well as interest subsidies for employee housing/car loans, subsidies for parking fees for cars/motorcycles, exclusive parking spaces for pregnant employees, and free automatic ground coffee throughout the day. The company not only cares about the health and long-term development of its employees, but also takes care of its employees in all aspects of life, including food, clothing, housing, transportation, education, and entertainment, with corresponding assistance measures.

The company values good relations between management and employees and has set up transparent communication channels. Labour-management meetings are held quarterly. Although there is no trade union and no collective agreement, the resolutions of all labour-management meetings apply to all employees, demonstrating our high level of concern for the well-being of our employees.

3S is committed to creating a diverse, inclusive and equal workplace, actively promoting gender equality policies, and valuing the balance between employees' work and family lives. We follow the Act of Gender Equality in Employment and provide measures such as contracted child care services and maternity subsidies to support employees' family care benefits.

In addition, in order to ensure that employees with children can balance work and family, in accordance with the provisions of the 'Gender Equality Act,' employees who have worked for the company for at least six months may apply for unpaid parental leave until the child reaches the age of three, for a period of up to two years. Before the application period expires, the company will take the initiative to confirm with the employee whether they wish to return to work, and arrange the follow-up reinstatement procedures, in the hope that the employee can return to work smoothly. The relevant statistics are as follows:

| Statistics on the number of people taking parental leave   | Male | Female |
|--|------|--------|
| Number of people eligible to apply for parental leave in 2025 (A)  | 2    | 2      |
| Number of people who actually applied for parental leave in 2025 (B)   | 0    | 1      |
| Number of people who should have returned to work after parental leave in 2025 (C)   | 0    | 1      |
| Number of people who should have returned to work after parental leave in 2025 and did return to work (D)  | 0    | 1      |
| Number of employees who returned to work after parental leave in 2024 (E)  | 0    | 0      |
| Number of employees who returned to work after parental leave in 2024 and remained in the company for one year (F)   | 0    | 0      |
| Parental leave return rate (D/C)   |      | 100%   |
| Parental leave retention rate (F/E)  |      | 0      |
| <p>Note:</p> <p>A. Number of people eligible to apply for parental leave in 2025: the number of people with children under the age of 3 during the period from 1/1/2025 to 12/31/2025 (Source: based on the year-end group insurance register OR the list of applicants for the birth gift in the past 3 years).</p> <p>B. Actual number of people applying for parental leave in 2025: the number of people applying for parental leave between 2025/01/01 and 2025/12/31.</p> <p>C. Estimated number of employees returning to work after parental leave in 2025: the number of employees whose parental leave expires between 2025/01/01 and 2025/12/31.</p> <p>D. Number of employees who returned to work after parental leave in 2025: the number of employees whose parental leave expired between 2025/01/01 and 2025/12/31 and who returned to work during this period.</p> <p>E. Number of employees returning to work after parental leave in 2024: the number of employees returning to work after parental leave between 2024/01/01 and 2024/12/31.</p> <p>F. Number of employees who returned to work after parental leave and stayed in the company for one year in 2024: the number of employees who returned to work after parental leave and stayed in the company for one year between 2024/01/01 and 2024/12/31.</p> |      |        |

## (2) Employee training

The Company attaches great importance to the professional talents in various fields. In order to enhance the overall competitiveness of the Company and cultivate talents for the Company's sustainable development, the Company has established an education and training program to provide complete pre-service and in-service training, regularly organizes internal training based on the Company's development priorities or internal needs, and encourages

colleagues to participate in a variety of external training courses, including short-term study courses and long-term training courses, to meet the Company's business needs and personal development needs.

The Company provides general, professional and management training courses for employees of different positions in a systematically manner, including:

- 2.1 Management training: The Company plans relevant courses according to the management skills and responsibilities of executives at all levels.
- 2.2 General training: It refers to the general training activities throughout the whole company or at all levels, such as: stress adjustment, health management, career development courses and quality audit courses.
- 2.3 Professional/functional training: It refers to the technical and professional training required by each functional unit.
- 2.4 New employee training: It includes guidance and basic training for new employees.

### (3) Retirement System and Its Implementation

3S has now fully applied the new system to replace the old labour retirement system. The employee retirement system is handled in accordance with the 'Labour Pension Act' formulated by the government. In addition, the negotiated deferred retirement and employee stock ownership trust systems are as follows:

#### 1. Negotiated extension of retirement age:

In line with the amendments to the Labour Standards Act, the company has a deferred retirement system. The company may negotiate with employees who have served the company for 65 years to extend their retirement time.

#### 2. Employee stock ownership trust system:

In addition to regularly allocating reserve funds to the statutory retirement account in accordance with the provisions of the Labour Standards Act and the Labour Pension Act, the company has also established a shareholding trust committee. After regular employees have worked for the company for one year, the company will calculate the monthly contribution amount according to the salary range and use this to purchase company shares on a regular and fixed basis. The company will also allocate a shareholding incentive fund in proportion to the amount of the employee's monthly contribution.

### (4) Labor-management agreements and measures for preserving employees' rights and interests

The Company has always maintained a harmonious labor-management relationship. It holds a "labor-management meeting" on a quarterly basis to fully establish communication channels between labor and management. There was no dispute between labor and management, thus no coordination was required.

### (5) Protection measures for work environment and employees' personal safety

3S adheres to the core concept of ‘people-oriented’ and is committed to creating a safe and healthy working environment, and has incorporated the relevant norms into the Labour Safety and Health Code. The company takes the following measures to fully protect the safety and health of employees:

1. Setting up a 24-hour access control system and implementing access control to ensure the safety of the office environment and restrict the entry of unauthorised personnel, as well as setting up an emergency response liaison mechanism.
2. Regularly inspect fire-fighting equipment, including fire extinguishers, alarms, and emergency lighting systems, to ensure that all equipment is in good working order. Arrange fire escape drills at least twice a year to enhance staff's ability to respond to emergencies, and clearly mark the escape routes and configure emergency equipment in each office area.
3. Carry out monthly maintenance and cleaning of air-conditioning equipment to ensure indoor air quality, and carry out regular disinfection of the office, especially during the influenza season or the high incidence of infectious diseases, to strengthen anti-epidemic measures and create a healthy working environment.
4. Establish an emergency response mechanism, formulate a detailed response plan for fire, earthquake and other disasters, and set up a task force to ensure the implementation of in place; the company is also equipped with first aid kits and medical equipment, and first aid knowledge training on a regular basis.
5. Regular safety and health meetings are held to collect staff's suggestions on the working environment and to further optimise the facilities; in addition, internal and external safety audits are conducted to ensure that all equipment and procedures comply with regulatory requirements and are in line with international standards.
6. The Company has a workplace health service that provides comprehensive care for employee health, such as occupational safety and health, employee health management, health promotion, and safety and health management and education and training, to ensure that employees work in a safe and healthy environment, and to enhance overall job satisfaction and productivity; the doctor conducts two sessions per year, and the nurse practitioner conducts two sessions per month.
7. In addition, the Company employs one Class A Occupational Safety and Health Supervisor, who regularly attends relevant courses at the Hsinchu Vocational Training Center, which is affiliated with the Taiwan Association of Industrial Safety and Health Engineers.

Equipment and safety management:

We have a Type A Occupational Safety and Health Supervisor and a fire prevention manager who is regularly retrained. The office and factory areas are equipped with card access systems, surveillance equipment and security controls to ensure safety management. The company regularly commissions professional organisations to carry out public safety inspections of buildings and obtains certificates of compliance.

In addition, we regularly maintain and inspect electrical and mechanical, fire-fighting, air-conditioning and drinking water equipment, and conduct self-defence and fire-fighting drills every six months to ensure that our staff are well-equipped to deal with emergencies.

Overview of Occupational Safety and Health Promotion

| Programmes                                 | Frequency  | Specific Measures  |         |              |   |  |   |                          |   |   |   |  |   |  |
|--|--|--|---------|--------------|---|--|---|--------------------------|---|---|---|--|---|--|
| Fire Drill Talks and Staff Escape Drills   | Yearly   | <ul style="list-style-type: none"> <li>◆ Twice a year, in conjunction with the Taipower Technology Park, the company conducts firefighting training for firefighters and indoor fire hydrant drills to enhance the emergency response capability of employees.</li> </ul>  |         |              |   |  |   |                          |   |   |   |  |   |  |
| Regular water dispenser filter replacement | Monthly  | <ul style="list-style-type: none"> <li>◆ Monthly replacement of water dispenser filters to ensure clean water quality.</li> <li>◆ Monthly checking of water dispenser operation.</li> </ul>  |         |              |   |  |   |                          |   |   |   |  |   |  |
| Regular carpet cleaning                    | Yearly   | <ul style="list-style-type: none"> <li>◆ Hire cleaners to deep clean the carpets once a year.</li> <li>◆ Use environmentally friendly cleaning agents to ensure a healthy office environment.</li> </ul>   |         |              |   |  |   |                          |   |   |   |  |   |  |
| Health Talks                               | Yearly   | <ul style="list-style-type: none"> <li>◆ Each year, the Human Resources Department plans and conducts seminars to promote employee physical and mental well-being. In collaboration with major local medical institutions, government agencies, and other relevant organizations, we invite specialist physicians, psychological counselors, and other medical professionals to deliver on-site lectures covering topics such as interpersonal communication, emotional intelligence management, and common health issues among office workers who spend long hours sitting. In 2025, a total of five sessions were held, attracting 96 participants, with an employee satisfaction rating of 4.5.</li> </ul> <table border="1" data-bbox="735 1476 1385 1863"> <thead> <tr> <th>Preface</th> <th>Course Title</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Enhancing Communication Skills in Relationships.</td> </tr> <tr> <td>2</td> <td>Positive Actions at Home</td> </tr> <tr> <td>3</td> <td>Osteoporosis Seminar and Screening Event.</td> </tr> <tr> <td>4</td> <td>Spinal Health and Fatigue Relief Techniques.</td> </tr> <tr> <td>5</td> <td>Respiratory Protection and Health Management Strategies.</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>◆ The company is committed to the physical and Mental well-being of its employees. Through a diverse range of workshops, it demonstrates its long-term investment in talent, thereby</li> </ul> | Preface | Course Title | 1 | Enhancing Communication Skills in Relationships. | 2 | Positive Actions at Home | 3 | Osteoporosis Seminar and Screening Event. | 4 | Spinal Health and Fatigue Relief Techniques. | 5 | Respiratory Protection and Health Management Strategies. |
| Preface                                    | Course Title   |  |         |              |   |  |   |                          |   |   |   |  |   |  |
| 1  | Enhancing Communication Skills in Relationships.         |  |         |              |   |  |   |                          |   |   |   |  |   |  |
| 2  | Positive Actions at Home                                 |  |         |              |   |  |   |                          |   |   |   |  |   |  |
| 3  | Osteoporosis Seminar and Screening Event.                |  |         |              |   |  |   |                          |   |   |   |  |   |  |
| 4  | Spinal Health and Fatigue Relief Techniques.             |  |         |              |   |  |   |                          |   |   |   |  |   |  |
| 5  | Respiratory Protection and Health Management Strategies. |  |         |              |   |  |   |                          |   |   |   |  |   |  |

|  |  |  |
|--|--|--|
|  |  | <p>strengthening sustainable development and shareholder value.</p> <p>◆ Enhancing Communication and Team Effectiveness</p> <p>The “Strengthening Communication in Relationships” workshop optimizes employees' emotional management and cross-departmental collaboration, reduces workplace conflicts, and boosts overall productivity and morale.</p> <p>◆ Promoting Work-Life Balance</p> <p>The “Bonus Action at Home” initiative strengthens employees’ family support systems. Emotional support from a harmonious family environment helps stabilize mental well-being, allowing employees to fully dedicate themselves to their work.</p> <p>◆ Preventing Occupational Health Risks</p> <p>The “Osteoporosis Seminar and Screening Event” and “Spinal Health and Fatigue Relief Techniques” help identify skeletal and spinal issues early, provide practical techniques, reduce medical costs, and improve focus.</p> <p>◆ Strengthen Immunity and Ensure Operational Stability</p> <p>The “Respiratory Protection and Health Management Guide” enhances self-protection capabilities, reduces the impact of seasonal illnesses, and ensures team stability and business continuity.</p> <p>◆ These initiatives not only demonstrate the company’s culture of care but also drive work efficiency and satisfaction, creating long-term shareholder returns.</p> |
|--|--|--|

■ Institutionalised management:

Labour meetings were held every three months to enhance communication and cooperation and to continuously improve safety and health policies and measures.

In FY2025, there were no occupational disasters, demonstrating the effectiveness of the company's safety management.

3S will continue to make employee safety its primary goal, optimise the workplace environment, promote a zero-accident culture, and demonstrate its commitment to employee health and safety through various measures, so as to realise the mutual growth and sustainable development of the company and its employees, and to continue to create a high-quality working environment and welfare for its employees.

2. Any Losses Suffered by the Company in the Most Recent Two Fiscal Years and up to the Annual Report Publication Date due to Labor Disputes, and Disclosing an Estimate of Possible Expenses that could be Incurred Currently and in the Future and Measures Being or to be Taken. If a Reasonable Estimate Cannot be Made, an Explanation of the Facts of Why It Cannot be Made Shall be Provided:

(1) Any losses suffered by the Company in the most recent two fiscal years and up to the annual report publication date due to labor disputes: None.

(2) Possible expenses that could be incurred in the future and measures to be taken:

The Company attaches great importance to the welfare of its employees and maintains harmonious labor relations. There has been no labor dispute in the most recent two fiscal years and up to the annual report publication date. It is expected that there will be no major labor dispute in the future.

## VI. Cyber Security Management:

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

The Company attaches great importance to information security and personal data protection management. The Company has established an information security organization to review various information security policies, assess information system risks, plan appropriate response measures and emergency recovery procedures. The Company conducts data backup and restoration tests on a regular basis, and regularly reviews and drills the emergency response and recovery procedures of the system. The Company has established a personal data protection enforcement team to ensure the compliance of protection and management of personal data with laws and regulations. The Company takes inventory of personal data by category to protect the personal data of employees and external customers and manufacturers. The Company promotes information security to internal colleagues from time to time, and establishes the concept of

information security and personal information protection among employees. The Company prevents employees from being attacked by the network when operating the computer information system due to employees' lack of security concept, and prevents the system from being hacked or infected by computer viruses.

The Company has not suffered from any significant cyber security incidents in the most recent two fiscal years and up to the annual report publication date.

- (II) The Company has not suffered from any losses in the most recent two fiscal years and up to the annual report publication date due to significant cyber security incidents.

## VII. Important Contracts

Supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

| Contract Type             | Party                        | Contract Period         | Main Content | Restrictive Clauses |
|---------------------------|------------------------------|-------------------------|--------------|---------------------|
| Lease Agreement           | Yulon Construction Co., Ltd. | 08/01/2024 – 07/31/2026 | Office Lease | None                |
| Credit Facility Agreement | First Commercial Bank        | 03/04/2024 – 03/04/2029 | Loan         | None                |
| Credit Facility Agreement | Chang Hwa Bank               | 06/10/2025 – 07/31/2045 | Loan         | None                |

**Chapter 5.**  
**Review and Analysis of Financial Position and Financial Performance, and Risk Issues**

I. Analysis of Financial Position

Unit: NT\$ thousand

| Item \ Fiscal Year             | 2025      | 2024      | Difference |       |
|--------------------------------|-----------|-----------|------------|-------|
|                                |           |           | Amount     | %     |
| Current Assets                 | 504,899   | 663,785   | (158,886)  | (24)  |
| Property, Plant, and Equipment | 89,767    | 28,065    | 61,702     | 220   |
| Intangible Assets              | 11,151    | 7,360     | 3,791      | 52    |
| Other Assets                   | 11,535    | 21,185    | (9,650)    | (46)  |
| Total Assets                   | 617,352   | 720,395   | (103,043)  | (14)  |
| Current Liabilities            | 132,743   | 96,564    | 36,179     | 37    |
| Non-current Liabilities        | 60,739    | 27,891    | 32,848     | 118   |
| Total Liabilities              | 193,482   | 124,455   | 69,027     | 55    |
| Common Stock                   | 729,659   | 729,659   | -          | -     |
| Capital Surplus                | -         | 190,985   | (190,985)  | (100) |
| Accumulated Deficits           | (305,789) | (324,704) | 18,915     | 6     |
| Total Equity                   | 423,870   | 595,940   | (172,070)  | (29)  |

Explanation of increase (decrease) of 20% or more:

- (1) The decrease in current assets for the period was primarily due to a decrease in cash and cash equivalents, as net cash inflows from operating activities were lower than expected.
- (2) The increase in property, plant, and equipment and non-current liabilities, as well as the decrease in other assets for the period, was primarily due to the expiration of leases for certain office spaces used for business operations. After evaluation, the Company decided not to renew these leases and instead purchased office space using long-term bank loans.
- (3) The increase in intangible assets for the current period was primarily due to the acquisition of USB and AI-related technologies.
- (4) The increase in current liabilities for the current period was primarily due to an increase in accounts payable, resulting from higher purchases of wafers.
- (5) The increase in total liabilities for the current period was primarily due to increases in accounts payable and long-term borrowings.
- (6) The decrease in capital surplus and total equity for the current period was primarily due to the use of capital surplus to offset losses.

II. Analysis of Financial Performance

Unit: NT\$ thousand

| Item \ Fiscal Year | 2025 | 2024 | Amount of Increase (Decrease) | Rate of Change (%) |
|--------------------|------|------|-------------------------------|--------------------|
|                    |      |      |                               |                    |

|                                   |           |           |         |      |
|-----------------------------------|-----------|-----------|---------|------|
| Operating Revenues                | 281,877   | 239,110   | 42,767  | 18   |
| Operating Costs                   | 246,272   | 225,924   | 20,348  | 9    |
| Gross Profit                      | 35,605    | 13,186    | 22,419  | 170  |
| Operating Expenses                | 211,994   | 201,346   | 10,648  | 5    |
| Net Operating Loss                | (176,389) | (188,160) | 11,771  | 6    |
| Non-operating Income and Expenses | 4,319     | 7,007     | (2,688) | (38) |
| Profit Expenses (Loss) before Tax | (172,070) | (181,153) | 9,083   | 5    |
| Income Tax Profit Expenses        | -         | -         | -       | -    |
| Net (Loss) Profit for the period  | (172,070) | (181,153) | 9,083   | 5    |

Explanation of increase (decrease) of 20% or more:

- (1) Gross profit for the period increased, mainly because in the same period last year we recorded a larger inventory valuation loss that impacted gross profit.
- (2) Non-operating income and expenses for the period increased, mainly due to greater currency fluctuations this period, resulting in higher translation losses.

### III. Cash Flow Analysis

#### (I) Analysis of Changes in Cash Flows in the Most Recent Fiscal Year

Unit: NT\$ thousand

| Fiscal Year          | 2025      | 2024     | Rate of Change (%) |
|----------------------|-----------|----------|--------------------|
| Operating Activities | (78,366)  | (65,455) | (20)               |
| Investing Activities | (286,048) | (14,948) | (1,814)            |
| Financing Activities | 18,410    | 369,343  | (95)               |
| Total                | (346,004) | 288,940  | (220)              |

Analysis:

1. Net cash outflow from operating activities for the current period increased compared to the same period last year, primarily due to an increase in purchases of goods during the current period.
2. Net cash outflow from investing activities for the current period increased compared to the same period last year, primarily due to the placement of time deposits and the purchase of property and construction during the current period.
3. Net cash inflow from financing activities for the current period decreased compared to the same period last year, primarily due to the net cash inflow resulting from a cash capital increase during the same period last year.

(II) Future Cash Flow Analysis:

The actual balance of cash and cash equivalents for fiscal year 2025 was NT\$5,560,000 lower than the estimated amount, primarily due to lower-than-expected net cash inflows from operating activities. The projected cash flow for fiscal year 2026 is as follows:

Unit: NT\$ thousand

| Cash and cash equivalents at beginning of 2024 (1)  | Cash flows from operating activities for the Coming Year (2) | Estimated net cash flow from financing and investing activities for the full year (3) | Cash and cash equivalents at end of 2023 (1)+(2)+(3) | Future plan for unenough cash and cash equivalents |                |
|---|--|---|--|--|----------------|
|   |  |   |  | Investment plan                                    | Financial plan |
| 84,663  | (69,374)   | 1,336   | 16,625   | N/A  | N/A            |
| <p>1. Future cash flow analysis :</p> <p>Operating Activities: A net cash outflow is expected for fiscal year 2026, primarily because, although operating revenue has grown, it is still insufficient to cover daily expenses.</p> <p>Investing Activities: A net cash inflow is expected for fiscal year 2026, primarily due to the redemption of time deposits.</p> <p>Financing Activities: A net cash outflow is expected for fiscal year 2026, primarily due to the repayment of bank loans.</p> |  |   |  |  |                |
| <p>2. Future plan for unenough cash and cash equivalents : None.</p>  |  |   |  |  |                |

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year: None.

V. The reinvestment policy of the most recent year, the main reasons for its profits or losses, improvement plans and investment plans for the next year: None.

VI Risk Analysis and Assessment

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

1. Effect on the Profit (Loss) of Changes in Interest Rate and Response Measures to Be Taken in the Future

(1) Effect on the profit (loss) of changes in interest rate

Unit: NT\$ thousand; %

| Item/Fiscal Year | 2025 |
|------------------|------|
|------------------|------|

|  |           |
|--|-----------|
| Interest Expense(A)                                  | 2,185     |
| Net Operating Revenue(B)                             | 281,877   |
| Net Profit (Loss) before Tax(C)                      | (172,070) |
| Interest Expense/Operating Revenue(A)/(B)            | 0.78%     |
| Interest Expense/Net Profit (loss) before Tax(A)/(C) | 1.27%     |

In 2025, the Company's interest expense amounted to NT\$2,185,000, representing approximately 0.78% of operating revenue. Changes in interest rates have not yet had a material impact on the Company's operations.

- (2) Specific measures taken by the Company in response to changes in interest rate

The Company always pays attention to the changes in domestic and foreign economic environment and interest rate, and keeps close contact with banks for more favorable interest rate terms.

2. Effect on the Profit (Loss) of Changes in Exchange Rate and Response Measures to Be Taken in the Future

- (1) Effect on the profit (loss) of changes in exchange rate

| Item/Fiscal Year  | Unit: NT\$ thousand; % |  |
|---|------------------------|--|
|   | 2025                   |  |
| Net Exchange Gain (Loss)  | (1,845)                |  |
| Net Operating Revenue   | 281,877                |  |
| Net Profit (loss) before Tax                                      | (172,070)              |  |
| Ratio of Net Exchange Gain (Loss) to Net Operating Revenue        | 0.65%                  |  |
| Ratio of Net Exchange Gain (Loss) to Net Profit (loss) before Tax | 1.07%                  |  |

The products sold by the Company are primarily priced in U.S. dollars, and purchases are also mainly denominated in U.S. dollars; therefore, fluctuations in the U.S. dollar exchange rate are closely correlated with changes in the Company's foreign exchange gains and losses. For the fiscal year 2025, the Company's foreign exchange (loss) gain was NT\$-1,845 thousand, representing approximately 1.07% of net operating revenue; therefore, exchange rate fluctuations have not had a material impact on the Company's profitability.

- (2) Specific measures taken by the Company in response to changes in exchange rate

The specific measures taken by the Company in response to the risk of exchange rate fluctuations mainly focused on offsetting the foreign currency payable due to purchase and short-term foreign currency bank loans by the increase in foreign currency receivable from the US dollar transactions, so as to achieve the effect of Natural Hedge. In addition, the financial department collects exchange rate information on a daily basis to analyze the future trends of exchange rate, and purchases forward exchange to hedge the net foreign currency position remained after natural hedging in accordance with the Company's Operation Procedures for Acquisition or Disposal of Assets, so as to reduce the risk of exchange rate fluctuations.

3. Effect on the Profit (Loss) of Changes in the Inflation Rate and Response Measures to Be Taken in the Future

A. Effect on the profit (loss):

The Company closely monitors market price fluctuations; therefore, inflation has not yet had a material impact on our profit or loss.

B. Response measures to be taken in the future:

The Company closely monitors changes in the economic environment and market conditions, maintains strong relationships with suppliers and customers to ensure stable raw material prices, and actively seeks out diverse supplier sources to mitigate the significant impact of inflation on profit and loss.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Response Measures to Be Taken in the Future

1. The Company has formulated its Operation Procedures for Acquisition and Disposal of Assets, Operation Procedures for Loaning Funds to Others and the Operation Procedures for Endorsements and Guarantees, which have been adopted by the resolution of the shareholders' meeting for compliance. During the current fiscal year and up to the date of publication of the annual report, the Company have carefully evaluated all its investments, and it did not engage in high-risk investments, highly leveraged investments, loans to other parties, endorsements or guarantees.
2. The Company's policy regarding derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future
  - (1) The Company conducts trading and management of derivatives in accordance with the Operation Procedures for Acquisition and Disposal of Assets adopted by the board of shareholders.
  - (2) The Company mainly trades derivatives for non-trading purposes, mainly in the form of forward exchange contracts, to avoid the risk of assets or

liabilities denominated in foreign currencies arising from exchange rate fluctuations.

- (3) The Company conducts operation in a conservative and prudent manner and will continue to hedge its foreign exchange position and avoid inappropriate risky transactions.

(III) R&D Work to Be Carried Out in the Future and Further Expenditures Expected for R&D Work

Unit: NT\$ thousand

|   | Products Description   | Current Progress  | Expected R&D Expenditure | Expected Mass Production Time | Major Factors Influencing the Success of Future R&D  |
|---|--|-------------------|--------------------------|-------------------------------|--|
| 1 | PCIe 5x4 SSD Flash Controller FW&MP For New 3D NAND Flash      | Under Development | 20,000                   | 2027.2Q                       | 1. Product Firmware Architecture Design<br>2. Product Compatibility<br>3. Product Read/Write Speed and Error Correction Capabilities |
| 2 | New USB3.2 Controller for New 3D NAND Flash                    | Under Development | 60,000                   | 2026.4Q                       | 1. Product Architecture Design<br>2. Product Compatibility<br>3. Product Read/Write Speed<br>4. Error Correction Capability          |
| 3 | High performance Digital MEMS Microphone (Sen-26DB, SNR>69dB)  | Under Development | 15,000                   | 2026.4Q                       | 1. MEMS diaphragm design<br>2. Preamp high SNR circuit design<br>3. Sigma Delta ADC circuit design                                   |
| 4 | High performance Digital MEMS Microphone (SNR 67 DB/AOP 130DB) | Under Development | 15,000                   | 2026.4Q                       | 1. MEMS diaphragm design<br>2. Preamp high SNR circuit design<br>3. Sigma Delta ADC circuit design                                   |

(IV) Effect on the Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response

The Company abides by national policies and laws. Relevant units pay close attention to changes in important policy and legal environment, and coordinate with the adjustment of the Company's internal system and business activities to ensure smooth operation of the Company. The Company will continue to keep

an eye on the changes in important policy and legal environment at home and abroad in the future, and evaluate and respond to the changes as appropriate.

(V) The Impact of Technological Changes (including cybersecurity risks) and Industry Shifts on the Company's Financial Operations and Corresponding Measures

The Company places great emphasis on technical support personnel and capabilities, actively engaging with the market to respond swiftly to industry changes. Moving forward, we will continue to monitor technological changes and developments relevant to our industry in order to launch products that align with market trends.

The Company has established comprehensive network and computer-related information security measures, including network firewalls, spam filtering, antivirus and anti-hacking protection, and off-site backup of critical data. We continuously monitor and implement information security equipment to address new forms of information security threats and attacks exploiting hardware and software vulnerabilities.

The Company ensures the appropriateness and effectiveness of its information security policies and procedures through continuous review and evaluation.

(VI) Effect on the Crisis Management of Changes in the Corporate Image, and Measures to Be Taken in Response

Since its establishment, the Company has been adhering to the business philosophy of integrity, professionalism, quality and innovation, and has moved towards the vision of a world-class manufacturer, actively strengthened internal management and improved management quality and performance, and maintained harmonious labor relations to maintain a good corporate image. No any event that damage the corporate image occurred during the current fiscal year and up to the date of publication of the annual report.

(VII) Expected Benefits and Possible Risks Associated with Any Mergers and Acquisitions, and Measures to Be Taken in Response

The Company has no merger or acquisition plans during the current fiscal year up to the date of publication of the annual report. If any, we will prudently evaluate and consider whether the merger will bring benefits to ensure shareholders' equity.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response

The Company had no plans for plant expansion during the most recent year up to the date of publication of the annual report.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response

1. Purchase:

Since 2021, the production capacity of foundry production and packaging and testing available to the Company has been limited due to the increase in global wafer demand. The Company is currently actively working with major suppliers to increase production capacity and seeking new capacity cooperation with other foundries. In addition, we are also actively switching to more price-competitive packaging and testing manufacturers to increase our cost competitiveness.

2. Sale:

3S's measures to cope with the sales or concentration are as follows:

- (1) Continue to deeply develop technology and do a good job of product planning, and provide customers with the best products in a timely manner.
- (2) Strengthen strategic alliances with equity policies (e.g. private placement).
- (3) Expand customer base to diversify customer concentration by adding the following products.
  - A. Add controller IC products that support NAND Flash applications, such as SSD.
  - B. Expand support for control IC products from various NAND flash manufacturers, such as Samsung, SanDisk, Micron, and YMTC.
- (4) Strengthen sales of MEMS microphone IC and USB Audio to increase product lines and diversify product risks.
- (5) Develop customers in the Greater China region and expand the customer base to diversify the risk of customer consolidation.

(X) Effect upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director, or Shareholder Holding Greater than a 10 Percent Stake in the Company has been Transferred or has otherwise Changed Hands, and Mitigation Measures being or to be Taken: None

(XI) Effect upon and Risk to Company Associated with Any Change in Governance Personnel or Top Management, and Mitigation Measures being or to be Taken

Although there have been no changes affecting one-third of the directors in the most recent fiscal year or as of the date of publication of the annual report, a shareholder proposal to remove directors was submitted during the shareholder proposal period prior to the 2026 Annual General Meeting. As of the date of publication of the annual report, there have been no significant changes to the Company's operational strategies or management policies, and the management team will prioritize maintaining these strategies and policies as its primary objective.

(XII) Litigation or Non-litigation: None.

(XIII) Other Important Risks, and Mitigation Measures being or to be Taken: None.

VII. Other Important Matters: None.

## **Chapter 6. Special Disclosure**

- I. Information on Affiliates : Not applicable
  
- II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year Up to the Date of Publication of the Annual Report: None.
  
- III. Other Supplementary Information: None.

Solid State System Co., Ltd.

Chairman: Tim Hu