

Ultra Chip, Inc.
2024 Annual General Shareholders' Meeting Minutes
(Translation)

Convention Method: Physical Convention of Annual General Shareholders' Meeting

Date and Time: May 16, 2024(Thursday) 9:00 a.m.

Location: 2F, No. 327, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City (Lily Conference)

Total shares represented by shareholders present in person or by proxy: 40,148,578 shares (including 6,029,355 shares casted electronically), accounting for 53.57% of total number of outstanding shares with voting right 74,942,078 shares(excluding 127,000 shares without voting rights).

Directors present: Chairman Yi-Tung Hsu, Director Chih-Cheng Chou, Independent Director He-Wei Wang.

Non-voting delegates: CPA Hai-Yueh Huang, Lawyer Litseng Chen.

Chairman: Yi-Tung Hsu

Recorder: Sheng-Fang Wang

One. Call Meeting to Order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

Two. Chairperson's Remarks: (Ommitted)

Three. Report Items:

I. 2023 Business Report. (Please see attachment I)

II. Audit Committee's Review Report on the 2023 Financial Statements. (Please see attachment II)

III. Report on 2023 Remunerations of Directors and Employees.

Explanation: For the Company's profit in 2023, according to the provisions of the Article of Incorporation, remuneration of directors at an amount of NT\$2,012,491 is proposed for distribution, and remunerations of employees at an amount of NT\$6,117,973 proposed to be distributed in cash. Such amounts are consistent with the account estimates.

IV. Report on the Execution of 2023 Private Placement for Common Shares.

Explanation: On May 18, 2023, the shareholders' meeting resolved to authorize the board of directors to conduct a private placement for Common Shares for a total amount of up to 10,000,000 shares. The private placement may be carried out by installments within one year of the date of the resolution of the shareholders meeting. Because the issuance period is about to expire, it is planned not to continue to handle this private placement within the

remaining period, and resolution by the Board of Directors.

Four. Ratification Items:

Proposal 1

Proposed by the Board of Directors

Proposal: 2023 business report and financial statements, submitted for ratification.

Explanation: I. The Company's 2023 consolidated financial statements, parent company only financial statements) and business report have been approved by the Board of Directors through resolution and have also been submitted to the Audit Committee for review.

II. For 2023 business report and financial statements (including consolidated financial statements), please refer to Attachment I and Attachment III, submitted for ratification.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 39,168,490 shares were represented at the time of voting.

	Votes in Favor	Votes against	Invalid Votes	Votes abstained / Not Voted
Voting Results	38,799,521	13,092	0	355,877
% of the Represented Share Present	99.05%	0.03%	0%	0.90%

Proposal 2

Proposed by the Board of Directors

Proposal: 2023 earnings distribution proposal, submitted for ratification.

Explanation: I. The Company's 2023 distributable earnings is NT\$1,045,338,896. According to the provisions of the Company Act and the Articles of Incorporation, it is proposed to distribute shareholders' cash dividends at an amount of NT\$38,000,000, and the undistributed earnings at the end of the period after distribution is NT\$1,007,338,896.

II. For the present shareholders' cash dividends, the earnings of 2023 are to be distributed in priority. For the insufficient amount, the distributable balances from other years are to be deferred for distribution. The cash dividend is calculated to the integer dollar value, and the numbers after the decimal places are truncated. For the total amount of the odd numbers less than one dollar, the Chairman is authorized to assign specific personnel to make adjustments.

III. After this proposal is approved by the general shareholders' meeting, for the ex-dividend date, issuance date and other relevant matters, the Chairman is authorized to specify such dates and matters for the distribution thereof.

IV. For the distribution of dividends, in case of subsequent change in the share capital of the Company and the number of outstanding shares is affected such that the shareholders' dividend ratio needs to be adjusted, the Chairman is authorized to handle such matter with full discretion.

V. For the 2023 earnings distribution table established, please refer to Attachment IV. This proposal has been approved by the Audit Committee, and is hereby submitted for approval.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 39,168,490 shares were represented at the time of voting.

	Votes in Favor	Votes against	Invalid Votes	Votes abstained / Not Voted
Voting Results	38,800,269	17,341	0	350,880
% of the Represented Share Present	99.05%	0.04%	0%	0.89%

Five. Discussion Items:

Proposal 1

Proposed by the Board of Directors

Proposal: The amendments to "The Procedures for Acquisition or Disposal of Assets." is submitted for review.

Explanation: I. To meet the requirements of the law, it is proposed to amend part of the provisions of the Company's Procedures for Acquisition or Disposal of Assets.

II. For the Comparison Table for the Procedures for Acquisition or Disposal of Assets. Before and After Amendment, Please refer to Attachment V.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 39,168,490 shares were represented at the time of voting.

	Votes in Favor	Votes against	Invalid Votes	Votes abstained / Not Voted
Voting Results	38,794,011	14,456	0	360,023
% of the Represented Share Present	99.04%	0.03%	0%	0.91 %

Proposal 2

Proposed by the Board of Directors

Proposal: The amendments to "The Articles of Incorporation" is submitted for review.

Explanation: I. To meet the requirements of the actual operating needs of the Company, it is proposed to amend part of the provisions of the Company's Procedures for The Articles of Incorporation.

II. For the Comparison Table for the Procedures for The Articles of Incorporation. Before and After Amendment, Please refer to Attachment VI.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 39,168,490 shares were represented at the time of voting.

	Votes in Favor	Votes against	Invalid Votes	Votes abstained / Not Voted
Voting Results	38,809,156	14,455	0	344,879
% of the Represented	99.08 %	0.03 %	0%	0.88 %

Share Present				
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Proposal 3

Proposed by the Board of Directors

Proposal: Issuance of new restricted employee shares is submitted for review.

Explanation: The Company plans to issue new restricted employee shares according to relevant regulations of “Paragraph 8 of Article 267 of the Company Act” and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, Within the limit of 1,000,000 shares. For the relevant matters, Please refer to Attachment VII.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 39,168,490 shares were represented at the time of voting.

	Votes in Favor	Votes against	Invalid Votes	Votes abstained / Not Voted
Voting Results	38,789,498	30,088	0	348,904
% of the Represented Share Present	99.03 %	0.07 %	0%	0.89 %

Proposal 4

Proposed by the Board of Directors

Proposal: The proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement is submitted for review.

Explanation: I. In order to meet the needs of future operation and development, the Company will increase its own capital, strengthen financial structure, enhance capital adequacy rate, improve international competitiveness and ensure the long-term cooperative relationship with strategic partners. Therefore, it is proposed to request the Shareholders' Meeting to authorize the Board of Directors to choose one method from two methods: issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, to handle it in one time or multiple times, within the limit of not more than 10,000,000 shares, depending on market conditions and the Company's capital demand, in accordance with relevant laws and regulations.

II. For the description of the proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, please refer to Attachment VIII.

III. For this proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, the main contents of the issue plan,

include the actual issue price, number of shares, issue conditions, amount of private placements, capital increase benchmark date, planned projects, expected progress and expected possible benefits, etc., and all other matters related to the issue plan. It is proposed to request the Shareholders' Meeting to authorize the Board of Directors to adjust, determine and handle above matters according to market conditions. If it is necessary to change or amend it, as instructed by the competent authority, based on operational evaluation or due to objective environment, the Board of Directors shall be authorized to handle it with full authority.

IV. For this proposal of issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, the rights and obligations of the common shares issued or privately placed this time are the same as those of the original ordinary shares, except that the private securities are transferred within three years after delivery in accordance with Article 43-8 of the Securities and Exchange Act.

V. Except the scope of authorization above-mentioned or stipulated by laws and regulations, it is proposed to request the Shareholders' Meeting to authorize the Chairman or the person designated by him/her to handle all matters related to issuing common shares to participate in overseas depositary receipts by increasing cash capital or issuing common shares by increasing cash capital in the way of private placement, and sign relevant contracts and documents.

VI. Chairman is authorized to handle the above matters not covered with full authority according to laws. It is hereby submitted for approval.

Resolution: RESOLVED, that the above proposal be and hereby was approved as proposed.

Voting Results: 39,168,490 shares were represented at the time of voting.

	Votes in Favor	Votes against	Invalid Votes	Votes abstained / Not Voted
Voting Results	38,492,218	331,801	0	344,471
% of the Represented Share Present	98.27 %	0.84 %	0%	0.87 %

Six. Extraordinary Motions: None.

Seven. Adjournment: The meeting was adjourned at 10:33 am

<The video recording of this annual shareholder's meeting shall prevail in the event of any discrepancy between this meeting minutes and the video recording.>

2023 Business Report

I.2023 operating results

1. Planned implementation results for operating

Unit: NT\$ 1,000

Accounting items	2022	2023	Difference in amount	Growth rate %
Operating revenue	2,516,131	1,852,883	(663,248)	(26.36)
Gross profit	1,082,024	639,855	(442,169)	(40.86)
Net amount after tax (excluding non-controlling interests)	517,286	84,169	(433,117)	(83.73)

In the post-pandemic era after 2023, the overall global economy is still affected by many uncertain factors such as high inflation and geopolitics, which have slowed down the demand in the end market and the buying interest in the consumer market. System manufacturers of the semiconductor supply chain have faced excessive inventory levels due to the weak end demand and the slow de-stocking of the supply chain, although sporadic short orders and urgent orders were already seen in the second half of 2023, it was still difficult to reverse the decline caused by the sluggish economy in the first half of the year. In 2023, the consolidated revenue declined by 26.36% from the level in 2022, and the operating gross profit and net profit after tax were significantly lower than 2022 due to the falling product prices, and the provision for the loss of obsolescence of inventory.

2. Analysis of financial revenue and expenditure as well as profitability

Items		2022	2023
Financial structure	Percentage of liabilities to assets (%)	40.22	28.90
	Percentage of long-term funds to fixed assets (%)	540.48	596.68
Solvency	Current ratio (%)	185.12	244.35
	Quick ratio (%)	93.51	123.56
Profitability	Return on assets (%)	14.05	2.97
	Return on shareholders' equity (%)	24.72	4.15
	Net profit margin (%)	22.95	5.41
	Earnings per share (NT\$)	7.01	1.13

3. Research and development status

In terms of research and development, NT\$ 336,337 thousand was paid for research and development in 2023, accounting for about 18% of the turnover of NT\$ 1,852,883 thousand. In the future, the Company will continue to invest in the development of new display technologies in addition to continuously optimizing existing products to expand new application fields. It is estimated that the investment and expenses on research and development of new products and technologies will maintain 15%~20% of the total turnover in the future.

II. The future of company

The Company's electronic paper products are mainly used as electronic shelf labels, especially during the epidemic period, which can effectively reduce contact among personnel in physical stores, improve the automation of retail services, and conform to the global trend of energy saving and carbon reduction. It is expected that the sales volume will continue to grow year by year after the demand in the terminal market recovers and in the mass production of new products. The Company will continue to develop driver IC with higher resolution and lower power consumption in the future, improve the efficacy of product and conform to the global trend of green energy saving and target of Net Zero Emissions. The Company is committed to promoting the diversification of terminal product applications, maintaining stable expansion of production capacity and optimizing cost structure, so as to keep the market competitiveness of electronic-paper driver IC. After combining the original touch technology, the sales volume of STN products in new application fields, such as smart home appliances, smart meters and vehicle meters, have grown steadily. In the future, the Company will continue to enhance marketing and strive for a stable supply of production capacity, to meet the customer's demand.

Looking forward to 2024, enterprises need to be more flexible in the allocation of production capacity, manpower and funds. The Company will re-examine the allocation of production capacity in each process, effectively improve product quality and reduce production costs, so as to achieve the most efficient production combination. At the same time, the Company will actively invest in the research and development of new products and technologies, enhance the competitiveness of products, and stabilize the R&D personnel, to hope to achieve new success in revenue and profit when the global economy recovers in the future. Under the rapidly changing global economy, the sustainable management is still our goal. The Company will actively invest in the research and development of new display technologies, and pursue the driver IC with higher quality and saving energy and electricity, to hope to create maximum benefits for all shareholders!

Chairman Yu-Tung Hsu

President Yu-Tung Hsu

Accounting Officer Sheng-Fang Wang

Attachment II

Ultra Chip Inc.
Audit Committee's Review Report

The Board of Directors have prepared the Company's 2023 consolidated financial statements and parent company only financial statements, which have been audited by CPAs Hai-Yueh Huang and Cheng-Chuan Yu of Deloitte Taiwan, and audit reports of unqualified opinion with emphasized paragraphs or paragraphs of other matters and of unqualified opinion have been issued respectively. Accordingly, we have reviewed the aforementioned financial statements and the audit reports along with the business report and earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to

The Company's 2024 Annual General Shareholders' Meeting

Audit Committee Convener: Chien-Hua Hsu

March 22, 2024

Independent Auditors' Report

To the Board of Directors and Shareholders of Ultra Chip Inc.:

Audit Opinion

We have audited the consolidated balance sheet as of December 31, 2023 and 2022 and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, of Ultra Chip Inc. and subsidiaries (referred to as “the Group”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We have conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm subject to the independence regulations have maintained independent from the Group in accordance with the Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year 2023. Such matters have been reflected in the entirety of the consolidated financial statements audited

and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

Key audit matters for the Group's 2023 consolidated financial statements for the year are stated as follows:

Authenticity of operating revenue from key audit customers

The operating revenue of the Group mainly comes from the design and sale of display driver IC, and the customers (referred to as “key audit customers”) with operating revenue and gross profit margin fluctuations greater than the Group’s overall average level of change who are among the top 10 sales customer groups in 2023, their operating revenues are considered material to the consolidated financial statements. Whether the income actually occurred is the significant risk predefined in the Statements of Auditing Standards. Accordingly, we have listed whether the operating revenue from some of the key audit customers actually occurred as a key audit matter of the current year.

Please refer to Note 4 (12) of the consolidated financial statements for detailed accounting policy on the income recognition. Please refer to Notes 24 and 40 of the consolidated financial statements for relevant disclosure of the operating revenue.

Through understanding of relevant internal control procedures, we have designed relevant internal control audit procedures to cope with such risk, in order to verify and assess whether relevant internal control operations during sales transactions are effective, and we have also obtained the income statements of key audit customers for the whole year from the Group. After checking, adjustment and verification of data integrity, appropriate samples were selected from the statement, and the transaction party’s basic information, credit terms were examined and inquired, orders and shipping documents were randomly inspected, and the payment receipt party and transaction party were verified for consistency, in order to understand whether there has been any abnormality in the transactions. In addition, we have also reviewed whether there has been any subsequent major sales return and allowance, in order to determine whether there is any material misstatement in the income of key audit customers.

Other Matters

Ultra Chip Inc. has prepared the parent company only financial statements for the years ended 2023 and 2022, to which we have also issued an independent auditor's report with unqualified opinion and provided for reference.

Responsibilities of Management Level and Those Charged with Governance for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the responsibilities of the management include assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The purpose of our audit of the consolidated statements is to obtain reasonable assurance on whether the entirety of the consolidated financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Group have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Hai-Yueh Huang

CPA Cheng-Chuan Yu

Securities and Futures Commission
Approval Document No.
Tai-Cai-Zheng-Liu-Zi No. 0920131587

Securities and Futures Commission Approval
Document No.
Tai-Cai-Zheng-Liu-Zi No. 0930128050

February 23, 2024

Ultra Chip Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 590,086	17	\$ 940,347	23
1110	Financial assets at fair value through profit or loss - current (Note 7)	20,520	1	20,680	-
1136	Financial assets at amortized cost - current (Note 9)	166,494	5	135,866	3
1170	Accounts receivable (Notes 10 and 24)	217,455	6	187,392	5
1220	Current income tax assets (Note 26)	92	-	31	-
130X	Inventories (Note 11)	910,647	27	1,421,026	34
1478	Refundable deposits - current (Note 16)	18,921	1	214,029	5
1479	Other current assets (Note 16)	90,224	3	79,133	2
11XX	Total current assets	<u>2,014,439</u>	<u>60</u>	<u>2,998,504</u>	<u>72</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	76,104	2	12,460	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	30,137	1	24,257	1
1600	Property, plant and equipment (Note 13)	413,602	12	441,676	11
1755	Right-of-use assets (Note 14)	11,950	-	22,684	-
1780	Intangible assets (Note 15)	20,898	1	33,192	1
1840	Deferred income tax assets (Note 26)	225,826	7	199,751	5
1920	Refundable deposits - non-current (Note 16)	556,797	17	411,415	10
1990	Other non-current assets (Note 16)	13,830	-	9,347	-
15XX	Total non-current assets	<u>1,349,144</u>	<u>40</u>	<u>1,154,782</u>	<u>28</u>
1XXX	Total assets	<u>\$ 3,363,583</u>	<u>100</u>	<u>\$ 4,153,286</u>	<u>100</u>
Code	Liabilities and equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 17)	\$ 395,000	12	\$ 78,669	2
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,000	-
2130	Contract liabilities - current (Note 24)	25,363	1	113,474	3
2170	Accounts payable (Note 19)	169,665	5	250,510	6
2200	Other payables (Note 20)	125,953	4	229,132	5
2230	Current income tax liabilities (Note 26)	50,669	2	71,570	2
2280	Lease liabilities - current (Note 14)	8,946	-	10,799	-
2320	Long-term borrowings due in one year and corporate bonds payable (Note 17 and 18)	45,118	1	792,094	19
2399	Other current liabilities (Note 21)	3,695	-	63,516	2
21XX	Total current liabilities	<u>824,409</u>	<u>25</u>	<u>1,619,764</u>	<u>39</u>
	Non-current liabilities				
2540	Long-term borrowings (Note 17)	133,308	4	26,719	1
2570	Deferred income tax liabilities (Note 26)	11,032	-	11,302	-
2580	Lease liabilities - non-current (Note 14)	3,470	-	12,462	-
25XX	Total non-current liabilities	<u>147,810</u>	<u>4</u>	<u>50,483</u>	<u>1</u>
2XXX	Total liabilities	<u>972,219</u>	<u>29</u>	<u>1,670,247</u>	<u>40</u>
	Equity attributable to shareholders of the parent (Notes 23 and 28)				
	Capital				
3110	Common share capital	750,616	22	750,263	18
3140	Share capital collected in advance	124	-	1,528	-
3170	Share capital awaiting retirement	-	-	(240)	-
3100	Total share capital	<u>750,740</u>	<u>22</u>	<u>751,551</u>	<u>18</u>
3200	Capital surplus	<u>356,529</u>	<u>11</u>	<u>356,199</u>	<u>9</u>
	Retained earnings				
3310	Statutory reserves	204,243	6	152,168	4
3320	Special reserves	24,750	1	-	-
3350	Unappropriated earnings	<u>1,045,161</u>	<u>31</u>	<u>1,237,817</u>	<u>30</u>
3300	Total retained earnings	<u>1,274,154</u>	<u>38</u>	<u>1,389,985</u>	<u>34</u>
3400	Other equity	(16,156)	(1)	(24,750)	(1)
3500	Treasury shares	(3,544)	-	(3,544)	-
31XX	Total equity attributable to owners of the parent company	<u>2,361,723</u>	<u>70</u>	<u>2,469,441</u>	<u>60</u>
36XX	Non-controlling interests (Note 23)	<u>29,641</u>	<u>1</u>	<u>13,598</u>	<u>-</u>
3XXX	Total equity	<u>2,391,364</u>	<u>71</u>	<u>2,483,039</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 3,363,583</u>	<u>100</u>	<u>\$ 4,153,286</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: Expressed in NT\$ thousand,
except for earnings per share in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 24)	\$ 1,852,883	100	\$ 2,516,131	100
5000	Operating costs (Notes 11 and 25)	<u>1,213,028</u>	<u>65</u>	<u>1,434,107</u>	<u>57</u>
5900	Gross profit	<u>639,855</u>	<u>35</u>	<u>1,082,024</u>	<u>43</u>
	Operating expenses (Note 25)				
6100	Selling and marketing expenses	83,118	4	76,985	3
6200	Administrative expenses	121,694	7	137,565	5
6300	Research and development expenses	<u>336,337</u>	<u>18</u>	<u>421,313</u>	<u>17</u>
6000	Total operating expenses	<u>541,149</u>	<u>29</u>	<u>635,863</u>	<u>25</u>
6500	Net other income and expenses (Notes 25)	(<u>312</u>)	<u>-</u>	(<u>181</u>)	<u>-</u>
6900	Operating profit	<u>98,394</u>	<u>6</u>	<u>445,980</u>	<u>18</u>
	Non-operating income and expenses (Notes 25 and 29)				
7100	Interest income	12,928	1	5,837	-
7190	Net miscellaneous income	5,656	-	10,317	-
7020	Other gains and losses	3,936	-	(11,144)	-
7050	Finance costs	(14,268)	(1)	(13,912)	(1)
7630	Net foreign exchange gain or loss	<u>8,339</u>	<u>1</u>	<u>140,292</u>	<u>6</u>
7000	Total non-operating incomes and expenses	<u>16,591</u>	<u>1</u>	<u>131,390</u>	<u>5</u>
7900	Net income before tax	114,985	7	577,370	23
7950	Income tax expenses (Note 26)	(<u>14,797</u>)	(<u>1</u>)	(<u>96,806</u>)	(<u>4</u>)
8200	Current net profit	<u>100,188</u>	<u>6</u>	<u>480,564</u>	<u>19</u>

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Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income				
	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit programs (Note 22)	\$ -	-	\$ 5,414	-
8316	Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income (Note 23)	5,880	-	(20,161)	(1)
8349	Income taxes related to the items not re-classified (Note 26)	-	-	(1,949)	-
8310		<u>5,880</u>	<u>-</u>	<u>(16,696)</u>	<u>(1)</u>
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 23)	(1,003)	-	1,391	-
8399	Income tax related to items may be reclassified into profit or loss (Note 26)	<u>200</u>	<u>-</u>	<u>(278)</u>	<u>-</u>
8360		<u>(803)</u>	<u>-</u>	<u>1,113</u>	<u>-</u>
8300	Total Other comprehensive income of the year	<u>5,077</u>	<u>-</u>	<u>(15,583)</u>	<u>(1)</u>

8500	Total comprehensive income (loss) for the year	<u>\$ 105,265</u>	<u>6</u>	<u>\$ 464,981</u>	<u>18</u>
	Net income attributable to:				
8610	Owners of the parent company	\$ 84,169	5	\$ 517,286	21
8620	Non-controlling interests	<u>16,019</u>	<u>1</u>	<u>(36,722)</u>	<u>(2)</u>
8600		<u>\$ 100,188</u>	<u>6</u>	<u>\$ 480,564</u>	<u>19</u>
	Total comprehensive income attributable to:				
8710	Owners of the parent company	\$ 89,246	5	\$ 501,703	20
8720	Non-controlling interests	<u>16,019</u>	<u>1</u>	<u>(36,722)</u>	<u>(2)</u>
8700		<u>\$ 105,265</u>	<u>6</u>	<u>\$ 464,981</u>	<u>18</u>
	Earnings per share (Note 27)				
9710	Basic	<u>\$ 1.13</u>		<u>\$ 7.01</u>	
9810	Diluted	<u>\$ 1.12</u>		<u>\$ 6.73</u>	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

		Equity attributable to owners of the company														
									Other equity							
		Common share capital	Share capital collected in advance	Share capital awaiting retirement	Capital surplus (Note 24(2))	Retained earnings			Exchange differences on translation of the financial statements of foreign operations	Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	Unearned compensation of employees	Treasury shares	Total	Non-controlling interests	Total equity	
Code						Statutory reserves	Special reserves	Unappropriated earnings								
A1	Balance as of January 1, 2022	\$ 744,500	\$ 6,300	\$ -	\$ 351,873	\$ 84,603	\$ 8,898	\$ 1,033,733	(\$ 7,952)	\$ 10,590	(\$ 677)	(\$ 30,382)	\$ 2,201,486	\$ 42,849	\$ 2,244,335	
	2021 Appropriation and distribution of retained earnings (Note 23(3))															
B1	Appropriation of legal reserve	-	-	-	-	67,565	-	(67,565)	-	-	-	-	-	-	-	
B3	Provision of special reserve	-	-	-	-	-	(8,898)	8,898	-	-	-	-	-	-	-	
B5	Shareholders' cash dividends	-	-	-	-	-	-	(258,000)	-	-	-	-	(258,000)	-	(258,000)	
	Other change of capital surplus:															
C15	Distribution of cash dividends by capital surplus (Note 23(3))	-	-	-	(37,000)	-	-	-	-	-	-	-	(37,000)	-	(37,000)	
D1	2022 Net profit	-	-	-	-	-	-	517,286	-	-	-	-	517,286	(36,722)	480,564	
D3	2022 Other comprehensive income (loss) after tax	-	-	-	-	-	-	3,465	1,113	(20,161)	-	-	(15,583)	-	(15,583)	
L3	Treasury shares transferred to employees (Notes 23(6) and 28)	-	-	-	23,431	-	-	-	-	-	-	26,838	50,269	-	50,269	
M7	Changes in ownership interest in subsidiaries (Note 12, 23 and 30)	-	-	-	2,759	-	-	-	-	-	-	-	2,759	7,441	10,200	
N1	Share-based payment transactions (Notes 23(1), (2) and 28)	5,763	(4,772)	(240)	14,557	-	-	-	-	-	(7,663)	-	7,645	-	7,645	
O1	Adjustment of capital surplus of subsidiaries (Note 23(2) and 28)	-	-	-	579	-	-	-	-	-	-	-	579	30	609	
Z1	Balance as of December 31, 2022	750,263	1,528	(240)	356,199	152,168	-	1,237,817	(6,839)	(9,571)	(8,340)	(3,544)	2,469,441	13,598	2,483,039	
	2022 Appropriation and distribution of retained earnings (Note 23(3))															
B1	Appropriation of legal reserve	-	-	-	-	52,075	-	(52,075)	-	-	-	-	-	-	-	
B3	Provision of special reserve	-	-	-	-	-	24,750	(24,750)	-	-	-	-	-	-	-	
B5	Shareholders' cash dividends	-	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)	-	(200,000)	
D1	2023 Net profit	-	-	-	-	-	-	84,169	-	-	-	-	84,169	16,019	100,188	
D3	2023 Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(803)	5,880	-	-	5,077	-	5,077	
I1	Repurchase of convertible bonds (Notes 18 and 23(2))	-	-	-	61	-	-	-	-	-	-	-	61	-	61	
N1	Share-based payment transactions (Notes 23(1), (2) and 28)	1,033	(1,404)	(440)	(198)	-	-	-	-	-	3,517	-	2,508	-	2,508	
	Other change of capital surplus:															
C17	Changes in other capital reserves (Note 23(2))	-	-	-	89	-	-	-	-	-	-	-	89	-	89	
O1	Adjustment of capital surplus of subsidiaries (Note 23(2) and 28)	-	-	-	378	-	-	-	-	-	-	-	378	24	402	
T1	Cancellation of new restricted employee shares (Note 23(1))	(680)	-	680	-	-	-	-	-	-	-	-	-	-	-	
Z1	Balance as of December 31, 2023	\$ 750,616	\$ 124	\$ -	\$ 356,529	\$ 204,243	\$ 24,750	\$ 1,045,161	(\$ 7,642)	(\$ 3,691)	(\$ 4,823)	(\$ 3,544)	\$ 2,361,723	\$ 29,641	\$ 2,391,364	

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	\$ 114,985	\$ 577,370
A20010	Income and expense item		
A20100	Depreciation expense	81,380	96,089
A20200	Amortization expense	20,507	17,796
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,979)	10,940
A20900	Finance costs	14,268	13,912
A21200	Interest income	(12,928)	(5,837)
A21300	Dividend income	(1,493)	(1,458)
A21900	Share-based compensation costs	2,296	27,032
A22500	Losses on disposal of property, plant and equipment	312	181
A23100	Gains on repurchase of corporate bonds	(957)	-
A23500	Losses (recovery gain) on impairment of refundable deposits	(14,980)	116,542
A24100	Net loss (gain) on foreign currency exchange	6,207	(62,184)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(35,308)	289,955
A31200	Inventories	510,407	(871,951)
A31240	Other current assets	(21,602)	11,139
A31990	Other non-current assets	10,531	(2,347)
A32125	Contract liabilities - current	(88,111)	22,763
A32150	Accounts payable	(80,541)	(146,223)
A32180	Other payables	(62,704)	(10,749)
A32230	Other current liabilities	(796)	880
A33000	Cash provided by operating activities	438,494	83,850
A33100	Interest received	12,928	5,837
A33200	Dividends received	1,493	1,458
A33300	Interest paid	(3,350)	(3,076)
A33500	Income taxes paid	(61,914)	(165,668)
AAAA	Net cash inflow (outflow) from operating activities	<u>387,651</u>	<u>(77,599)</u>

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Code		2023	2022
	Cash flow from Investing activities		
B00100	Acquisition of financial assets measured at fair value through profit or loss	(\$ 58,761)	(\$ 12,000)
B00040	Acquisition of financial assets carried at amortized cost	(30,628)	-
B00050	Disposal of financial assets measured at amortized cost	-	12,836
B02700	Proceeds from acquisition of property, plant and equipment	(78,370)	(75,806)
B03700	Decrease in refundable deposits	59,988	118,283
B04500	Acquisition of intangible assets proceeds	(17,179)	(36,924)
BBBB	Net cash inflow (outflow) from investing activities	(124,950)	6,389
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	316,309	-
C00200	Decrease in short-term borrowings	-	(97,229)
C01300	Repurchase of corporate bonds	(769,287)	-
C01600	Borrowing of long-term borrowings	107,463	6,028
C03100	Decrease in guarantee deposits	(53,326)	(105,486)
C04020	Repaid principal of lease liabilities	(10,806)	(10,431)
C04500	Cash dividends paid	(200,000)	(295,000)
C04600	Issuance of new restricted shares	-	2,000
C04800	Exercise of employee stock options	731	3,215
C05100	Treasury shares sold to employees	-	26,775
C05800	Change in non-controlling interests (Note 23(7))	-	10,200
C09900	Others (Note 23(2))	89	-
CCCC	Net cash outflow from financing activities	(608,827)	(459,928)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(4,135)	1,154
EEEE	Decrease in cash and cash equivalent	(350,261)	(529,984)
E00100	Cash and cash equivalents at the beginning of the year	940,347	1,470,331
E00200	Cash and cash equivalents at the end of year	\$ 590,086	\$ 940,347

The accompanying notes are an integral part of the consolidated financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Independent Auditors' Report

To the Board of Directors and Shareholders of Ultra Chip Inc.:

Audit Opinion

We have audited the parent company only balance sheet as of December 31, 2023 and 2022 and the parent company only statement of comprehensive income, parent company only statement of changes in equity, parent company only statement of cash flows for January 1 to December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies, of Ultra Chip Inc. (referred to as “the Company”).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We have conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm subject to the independence regulations have maintained independent from the Company in accordance with the Code of Ethics and performance other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the Company for the year 2023. Such matters have been reflected in the entirety of the parent company only financial

statements audited and throughout the process of the opinion formation. We do not provide opinions separately for such matters.

Key audit matters for the Company's 2023 parent company only financial statements for the year are stated as follows:

Authenticity of operating revenue from key audit customers

The operating revenue of Ultra Chip, Inc. mainly comes from the design and sale of display driver IC, and the customers (referred to as “key audit customers”) with operating revenue and gross profit margin fluctuations greater than the Company’s overall average level of change who are among the top 10 sales customer groups in 2023, their operating revenues are considered material to the parent company only financial statements. Whether the income actually occurred is the significant risk predefined in the Statements of Auditing Standards. Accordingly, we have listed whether the operating revenue from some of the key audit customers actually occurred as a key audit matter of the current year.

Please refer to Note 4(13) of the parent company only financial statements for detailed accounting policy on the income recognition. Please refer to Note 25 of the parent company only financial statements for relevant disclosure of the operating revenue.

Through understanding of relevant internal control procedures, we have designed relevant internal control audit procedures to cope with such risk, in order to verify and assess whether relevant internal control operations during sales transactions are effective, and we have also obtained the income statements of key audit customers for the whole year from the Company. After checking, adjustment and verification of data integrity, appropriate samples were selected from the statement, and the transaction party’s basic information, credit terms were examined and inquired, orders and shipping documents were randomly inspected, and the payment receipt party and transaction party were verified for consistency, in order to understand whether there has been any abnormality in the transactions. In addition, we have also reviewed whether there has been any subsequent major sales return and allowance, in order to determine whether there is any material misstatement in the income of key audit customers.

Responsibilities of Management Level and Those Charged with Governance for the Parent Company Only Financial Statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as the management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, the responsibilities of the management include assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

The purpose of our audit of the parent company only statements is to obtain reasonable assurance on whether the entirety of the parent company only financial statements contain any material misstatement caused by fraud or error, and to issue the audit report. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Auditing Standards cannot guarantee the discovery of material misstatement in the parent company only financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the parent company only financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Company have significant

uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Company to have no ability for continuous operation.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Company and provide opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion for the Company.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Hai-Yueh Huang

CPA Cheng-Chuan Yu

Securities and Futures Commission
Approval Document No.

Tai-Cai-Zheng-Liu-Zi No. 0920131587

Securities and Futures Commission Approval
Document No.

Tai-Cai-Zheng-Liu-Zi No. 0930128050

February 23, 2024

Ultra Chip Inc.
Parent Company Only Balance Sheet
December 31, 2023 and 2022

Unit: NT\$ thousand

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	\$ 496,457	16	\$ 772,624	20
1110	Financial assets at fair value through profit or loss - current (Note 7)	20,520	1	20,680	-
1136	Financial assets at amortized cost - current (Note 9)	113,361	4	113,399	3
1170	Accounts receivable (Notes 10 and 25)	197,604	6	139,138	4
1180	Accounts receivable - related party (Notes 10, 25 and 33)	18,400	-	21,647	1
130X	Inventories (Note 11)	866,466	28	1,302,101	34
1478	Refundable deposits - current (Note 17)	18,921	1	214,029	6
1479	Other current assets (Notes 17, 23 and 33)	85,735	3	115,858	3
11XX	Total current assets	<u>1,817,464</u>	<u>59</u>	<u>2,699,476</u>	<u>71</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current (Note 7)	76,104	3	12,460	-
1517	Financial assets at fair value through other comprehensive income - non-current (Note 8)	30,137	1	24,257	1
1550	Investments under equity method (Note 12)	66,467	2	118,144	3
1600	Property, plant and equipment (Note 13)	284,537	9	285,941	8
1755	Right-of-use assets (Note 14)	9,662	-	18,310	-
1760	Investment property (Note 15)	69,024	2	70,033	2
1780	Intangible assets (Note 16)	7,806	-	15,002	-
1840	Deferred income tax assets (Note 27)	165,696	5	132,894	4
1920	Refundable deposits - non-current (Note 17)	556,190	18	410,768	11
1990	Other non-current assets (Notes 17 and 23)	12,213	1	2,523	-
15XX	Total non-current assets	<u>1,277,836</u>	<u>41</u>	<u>1,090,332</u>	<u>29</u>
1XXX	Total assets	<u>\$ 3,095,300</u>	<u>100</u>	<u>\$ 3,789,808</u>	<u>100</u>
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 18)	\$ 300,000	10	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	10,000	-
2130	Contract liabilities - current (Note 25)	24,551	1	32,223	1
2170	Accounts payable (Notes 20 and 33)	161,628	5	152,001	4
2200	Other payables (Notes 21 and 33)	107,157	3	183,712	5
2230	Current income tax liabilities (Note 27)	50,669	2	71,570	2
2280	Lease liabilities - current (Note 14)	7,237	-	8,673	-
2320	Corporate bonds payable due in one year (Note 19)	30,175	1	778,025	20
2399	Other current liabilities (Notes 22 and 33)	3,030	-	62,741	2
21XX	Total current liabilities	<u>684,447</u>	<u>22</u>	<u>1,298,945</u>	<u>34</u>
	Non-current liabilities				
25XX	Non-current liabilities				
2540	Long-term borrowings (Note 18)	35,000	1	-	-
2570	Deferred income tax liabilities (Note 27)	11,032	1	11,027	1
2580	Lease liabilities - non-current (Note 14)	2,483	-	9,720	-
2670	Other non-current liabilities (Notes 22 and 33)	615	-	675	-
	Total non-current liabilities	<u>49,130</u>	<u>2</u>	<u>21,422</u>	<u>1</u>
2XXX	Total liabilities	<u>733,577</u>	<u>24</u>	<u>1,320,367</u>	<u>35</u>
	Equity (Notes 24 and 29)				
	Capital				
3110	Common share capital	750,616	24	750,263	20
3140	Share capital collected in advance	124	-	1,528	-
3170	Share capital awaiting retirement	-	-	(240)	-
3100	Total share capital	<u>750,740</u>	<u>24</u>	<u>751,551</u>	<u>20</u>
3200	Capital surplus	<u>356,529</u>	<u>12</u>	<u>356,199</u>	<u>9</u>
	Retained earnings				
3310	Statutory reserves	204,243	6	152,168	4
3320	Special reserves	24,750	1	-	-
3350	Unappropriated earnings	1,045,161	34	1,237,817	33
3300	Total retained earnings	<u>1,274,154</u>	<u>41</u>	<u>1,389,985</u>	<u>37</u>
3400	Other equity	(16,156)	(1)	(24,750)	(1)
3500	Treasury shares	(3,544)	-	(3,544)	-
3XXX	Total equity	<u>2,361,723</u>	<u>76</u>	<u>2,469,441</u>	<u>65</u>
	Total liabilities and equity	<u>\$ 3,095,300</u>	<u>100</u>	<u>\$ 3,789,808</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: Expressed in NT\$ thousand,
except for earnings per share in NT\$

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 25 and 33)	\$ 1,530,862	100	\$ 2,237,814	100
5000	Operating costs (Notes 11, 17, 26 and 33)	<u>1,053,702</u>	<u>69</u>	<u>1,204,797</u>	<u>54</u>
5900	Gross profit	477,160	31	1,033,017	46
5910	Unrealized gain with subsidiaries	(12,188)	-	(14,229)	(1)
5920	Realized gain with subsidiaries	<u>13,738</u>	<u>1</u>	<u>16,687</u>	<u>1</u>
5950	Net operating gross profit realized	<u>478,710</u>	<u>32</u>	<u>1,035,475</u>	<u>46</u>
	Operating expenses (Notes 26 and 33)				
6100	Selling and marketing expenses	50,789	3	47,406	2
6200	Administrative expenses	94,005	6	108,494	5
6300	Research and development expenses	<u>204,468</u>	<u>14</u>	<u>268,098</u>	<u>12</u>
6000	Total operating expenses	<u>349,262</u>	<u>23</u>	<u>423,998</u>	<u>19</u>
6500	Net other income and expenses (Notes 26 and 33)	<u>2,884</u>	<u>-</u>	<u>2,496</u>	<u>-</u>
6900	Operating profit	<u>132,332</u>	<u>9</u>	<u>613,973</u>	<u>27</u>
	Non-operating income and expenses (Notes 26 and 33)				
7100	Interest income	12,424	1	5,435	-
7190	Net miscellaneous income	8,973	-	10,531	-
7020	Other gains and losses	3,936	-	(11,144)	-
7050	Finance costs	(11,079)	(1)	(11,152)	-
7070	Share of loss on equity method of subsidiaries (Note 12)	(65,440)	(4)	(110,403)	(5)
7630	Net foreign exchange gain or loss	<u>11,348</u>	<u>1</u>	<u>140,413</u>	<u>6</u>
7000	Total non-operating incomes and expenses	(<u>39,838</u>)	(<u>3</u>)	<u>23,680</u>	<u>1</u>

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net income before tax	\$ 92,494	6	\$ 637,653	28
7950	Income tax expenses (Note 27)	(8,325)	-	(120,367)	(5)
8200	Current net profit	<u>84,169</u>	<u>6</u>	<u>517,286</u>	<u>23</u>
	Other comprehensive income				
	Items not reclassified				
	subsequently to profit or				
	loss				
8311	Remeasurement of				
	defined benefit				
	programs (Note 23)	-	-	5,414	-
8316	Unrealized valuation				
	gain or loss on				
	investments in				
	equity instruments at				
	fair value through				
	other comprehensive				
	income	5,880	-	(20,161)	(1)
8349	Income taxes related to				
	the items not				
	re-classified (Note				
	27)	-	-	(1,949)	-
8310		<u>5,880</u>	<u>-</u>	<u>(16,696)</u>	<u>(1)</u>
	Items that may be				
	reclassified subsequently				
	to profit or loss				
8361	Exchange differences				
	on translation of the				
	financial statements				
	of foreign operations				
	(Note 24)	(1,003)	-	1,391	-
8399	Income tax related to				
	items may be				
	reclassified into				
	profit or loss (Notes				
	24 and 27)	<u>200</u>	<u>-</u>	<u>(278)</u>	<u>-</u>
8360		<u>(803)</u>	<u>-</u>	<u>1,113</u>	<u>-</u>
8300	Total Other				
	comprehensive				
	income of the year	<u>5,077</u>	<u>-</u>	<u>(15,583)</u>	<u>(1)</u>
8500	Total comprehensive income				
	(loss) for the year	<u>\$ 89,246</u>	<u>6</u>	<u>\$ 501,703</u>	<u>22</u>
	Earnings per share (Note 28)				
9710	Basic	<u>\$ 1.13</u>		<u>\$ 7.01</u>	
9810	Diluted	<u>\$ 1.12</u>		<u>\$ 6.73</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT\$ thousand

									O t h e r e q u i t y				
		Retained earnings							Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gain or loss on investments in debt instruments at fair value through other comprehensive income	Unearned compensation of employees	Treasury shares	Total equity
Code		Common share capital	Capital collected in advance	Share capital awaiting retirement	Capital surplus	Statutory reserves	Special reserves	Unappropriated earnings					
A1	Balance as of January 1, 2022	\$ 744,500	\$ 6,300	\$ -	\$ 351,873	\$ 84,603	\$ 8,898	\$ 1,033,733	(\$ 7,952)	\$ 10,590	(\$ 677)	(\$ 30,382)	\$ 2,201,486
	2021 Appropriation and distribution of retained earnings												
B1	Appropriation of legal reserve	-	-	-	-	67,565	-	(67,565)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	(8,898)	8,898	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(258,000)	-	-	-	-	(258,000)
C15	Distribution of cash dividends by capital surplus	-	-	-	(37,000)	-	-	-	-	-	-	-	(37,000)
D1	2022 Net profit	-	-	-	-	-	-	517,286	-	-	-	-	517,286
D3	2022 Other comprehensive income (loss) after tax	-	-	-	-	-	-	3,465	1,113	(20,161)	-	-	(15,583)
L3	Treasury shares transferred to employees (Notes 24(6) and 29)	-	-	-	23,431	-	-	-	-	-	-	26,838	50,269
N1	Share-based payment transactions (Notes 24(1), (2) and 29)	5,763	(4,772)	(240)	14,557	-	-	-	-	-	(7,663)	-	7,645
M7	Changes in ownership interest in subsidiaries (Note 12)	-	-	-	2,759	-	-	-	-	-	-	-	2,759
O1	Adjustment of capital surplus of subsidiaries	-	-	-	579	-	-	-	-	-	-	-	579
Z1	Balance as of December 31, 2022	750,263	1,528	(240)	356,199	152,168	-	1,237,817	(6,839)	(9,571)	(8,340)	(3,544)	2,469,441
	2022 Appropriation and distribution of retained earnings												
B1	Appropriation of legal reserve	-	-	-	-	52,075	-	(52,075)	-	-	-	-	-
B3	Provision of special reserve	-	-	-	-	-	24,750	(24,750)	-	-	-	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	-	(200,000)	-	-	-	-	(200,000)
D1	2023 Net profit	-	-	-	-	-	-	84,169	-	-	-	-	84,169
D3	2023 Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(803)	5,880	-	-	5,077
I1	Repurchase of convertible bonds (Notes 19, 24(1) and (2))	-	-	-	61	-	-	-	-	-	-	-	61
N1	Share-based payment transactions (Notes 24(1), (2) and 29)	1,033	(1,404)	(440)	(198)	-	-	-	-	-	3,517	-	2,508
C17	Changes in other capital reserves (Note 24(2))	-	-	-	89	-	-	-	-	-	-	-	89
O1	Adjustment of capital surplus of subsidiaries	-	-	-	378	-	-	-	-	-	-	-	378
T1	Cancellation of new restricted employee shares (Note 24(1))	(680)	-	680	-	-	-	-	-	-	-	-	-
Z1	Balance as of December 31, 2023	\$ 750,616	\$ 124	\$ -	\$ 356,529	\$ 204,243	\$ 24,750	\$ 1,045,161	(\$ 7,642)	(\$ 3,691)	(\$ 4,823)	(\$ 3,544)	\$ 2,361,723

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu

Managerial Officer: Yu-Tung Hsu

Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

		Unit: NT\$ thousand	
Code		2023	2022
	Cash flows from operating activities		
A10000	Net income before tax	\$ 92,494	\$ 637,653
A20010	Income and expense item		
A20100	Depreciation expense	46,081	62,562
A20200	Amortization expense	10,090	10,700
A20400	Net loss (gain) on financial assets at fair value through profit or loss	(2,979)	10,940
A20900	Finance costs	11,079	11,152
A21200	Interest income	(12,424)	(5,435)
A21300	Dividend income	(1,493)	(1,458)
A21900	Compensation costs from share-based payments	1,894	26,423
A22400	Share of loss on equity method of subsidiaries	65,440	110,403
A22500	Net losses on disposal of property, plant and equipment	-	181
A23100	Gains on repurchase of corporate bonds	(957)	-
A23500	Losses (recovery gain) on impairment of refundable deposits	(14,980)	116,542
A23900	Unrealized gain from sale among affiliated companies	12,188	14,229
A24000	Realized gain from sale among affiliated companies	(13,738)	(16,687)
A24100	Net loss (gain) on foreign currency exchange	3,743	(55,069)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivable	(63,486)	298,161
A31160	Accounts receivable - related party	2,966	19,612
A31200	Inventories	435,635	(877,013)
A31240	Other current assets	30,143	(57,918)
A31990	Other non-current assets	-	8,186
A32125	Contract liabilities - current	(7,672)	25,825
A32150	Accounts payable	12,286	(207,801)
A32180	Other payables	(56,571)	(10,884)
A32190	Other payables - related party	67	-
A32230	Other current liabilities	(746)	819
A33000	Cash provided by operating activities	549,060	121,123
A33100	Interest received	12,424	5,435
A33200	Dividends received	1,493	1,458

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Code		2023	2022
A33300	Interest paid	(\$ 368)	(\$ 320)
A33500	Income taxes paid	(61,823)	(165,668)
AAAA	Net cash inflow (outflow) from operating activities	<u>500,786</u>	(<u>37,972</u>)
	Cash flow from Investing activities		
B00040	Acquisition of financial assets carried at amortized cost	-	(83)
B00050	Disposal of financial assets measured at amortized cost	38	-
B00100	Acquisition of financial assets and liabilities at fair value through profit and loss	(58,761)	(12,000)
B02700	Proceeds from acquisition of property, plant and equipment	(52,026)	(62,752)
B04500	Acquisition of intangible assets proceeds	(15,244)	(14,435)
B03700	Decrease in refundable deposits	<u>59,947</u>	<u>111,416</u>
BBBB	Net cash inflow (outflow) from investing activities	(<u>66,046</u>)	<u>22,146</u>
	Cash flow from financing activities		
C00100	Increase in short-term borrowings	300,000	-
C00200	Decrease in short-term borrowings	-	(83,040)
C01600	Increase in long-term borrowings	35,000	-
C01300	Repurchase of corporate bonds	(769,287)	-
C03100	Decrease in guarantee deposits	(53,326)	(105,096)
C04020	Repaid principal of lease liabilities	(8,673)	(8,388)
C04500	Cash dividends paid	(200,000)	(295,000)
C04600	Issuance of new restricted shares	-	2,000
C04800	Exercise of employee stock options	731	3,215
C05100	Treasury shares sold to employees	-	26,775
C05400	Subsidiary equity acquired (Note 12)	(12,838)	(66,860)
C09900	Others (Note 24(2))	<u>89</u>	<u>-</u>
CCCC	Net cash outflow from financing activities	(<u>708,304</u>)	(<u>526,394</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>2,603</u>)	(<u>928</u>)
EEEE	Decrease in cash and cash equivalent	(276,167)	(543,148)
E00100	Cash and cash equivalents at the beginning of the year	<u>772,624</u>	<u>1,315,772</u>
E00200	Cash and cash equivalents at the end of year	<u>\$ 496,457</u>	<u>\$ 772,624</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.
2023 Earnings Distribution Table

Item	Unit: NT\$	
	2023	Amount
Unappropriated retained earnings at beginning of the period		960,992,526
Net income after tax of 2023	84,168,683	
Appropriation of 10% of legal reserve	(8,416,868)	
Reversal of special reserve to distributable earnings	8,594,555	84,346,370
Current distributable earnings		1,045,338,896
Distribution item		
Shareholders' bonus - cash, NT\$0.50705826 per share is proposed for distribution (Note)		(38,000,000)
Undistributed earnings at the end of the period		<u>1,007,338,896</u>

Note: The distribution of cash dividends is calculated based on the outstanding number of shares of 74,942,078 shares as of March 22, 2024.

Chairman: Yu-Tung Hsu Managerial Officer: Yu-Tung Hsu Accounting Officer: Sheng-Fang Wang

Ultra Chip Inc.

Comparison Table for the "Procedures for Acquisition or Disposal of Assets "Before and After Amendment

After Amendment	Before Amendment	Description
<p>Article 11 Procedures for Acquisition or Disposal of Derivatives</p> <p>I. Transaction principles and directives (I)~(V) omitted</p> <p>(VI) Establishment of contract total amount and loss limit</p> <p>1. Contract total amount</p> <p>The Department of Finance shall manage the overall position of the Company in order to avoid transaction risks. The hedge trade amount shall not exceed two-thirds of the overall net position of the Company. If it exceeds the limit of two-thirds, it shall be reported to the President for approval.</p> <p>2. Establishment of loss limit</p> <p>(1) The purpose of the hedging operation of the Company is to eliminate or reduce exchange rate or interest rate risk, rather than for the purpose of gaining profits. Accordingly, such operation shall be performed based on actual transactions, in principle. The total amount of overall hedge contracts shall not exceed the hedge demand derived from the actual transactions of the Company in the next six months.</p> <p>(2) Regarding hedge trades for the purpose of risk aversion, <u>the maximum loss of one single contract and the maximum loss of all contracts combined shall not exceed 20% of the total transaction amount.</u></p>	<p>Article 11 Procedures for Acquisition or Disposal of Derivatives</p> <p>I. Transaction principles and directives (I)~(V) omitted</p> <p>(VI) Establishment of contract total amount and loss limit</p> <p>1. Contract total amount</p> <p>The Department of Finance shall manage the overall position of the Company in order to avoid transaction risks. The hedge trade amount shall not exceed two-thirds of the overall net position of the Company. If it exceeds the limit of two-thirds, it shall be reported to the President for approval.</p> <p>2. Establishment of loss limit</p> <p>(1) The purpose of the hedging operation of the Company is to eliminate or reduce exchange rate or interest rate risk, rather than for the purpose of gaining profits. Accordingly, such operation shall be performed based on actual transactions, in principle. The total amount of overall hedge contracts shall not exceed the hedge demand derived from the actual transactions of the Company in the next six months.</p> <p>(2) Regarding hedge trades for the purpose of risk aversion, <u>it is necessary to set up the maximum loss limit.</u></p>	To meet the requirements of the law

Ultra Chip Inc.

Comparison Table for the "Articles of Incorporation "Before and After Amendment

After Amendment	Before Amendment	Description
<p>Article 6 The total capital of the Company shall be in the amount of NT\$1.84 billion, divided into 184 million shares, at NT\$10 per share, and for the undistributed shares, the board of directors is authorized to perform share issuance at discrete times.</p> <p>For the total capital described in the preceding paragraph, 11.5 million shares are reserved as the shares for the employee stock option certificates and the exercise of the share subscription right, and the board of directors is authorized to establish the procedures for actual issuance, followed by issuance at discrete times through resolution.</p> <p>Where the price of employee stock option certificates issued by the Company is lower than the Company's common share price closed on the date of issuance, or treasury shares are transferred to employees at a price lower than the average price of actual repurchase of shares , such issuance and transfer of shares shall only be made when the consents of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.</p> <p><u>The remuneration tools of the Company include the treasury shares</u></p>	<p>Article 6 The total capital of the Company shall be in the amount of NT\$1.84 billion, divided into 184 million shares, at NT\$10 per share, and for the undistributed shares, the board of directors is authorized to perform share issuance at discrete times.</p> <p>For the total capital described in the preceding paragraph, 11.5 million shares are reserved as the shares for the employee stock option certificates and the exercise of the share subscription right, and the board of directors is authorized to establish the procedures for actual issuance, followed by issuance at discrete times through resolution.</p> <p>Where the price of employee stock option certificates issued by the Company is lower than the Company's common share price closed on the date of issuance, or treasury shares are transferred to employees at a price lower than the average price of actual repurchase of shares , such issuance and transfer of shares shall only be made when the consents of attending shareholders representing more than two-thirds of the total voting rights in a shareholders' meeting attended by shareholders representing a majority of the total issued shares.</p>	To meet the requirements of the actual operating.

After Amendment	Before Amendment	Description
<u>repurchased, employee share subscription warrants, issuance of new shares and issuance of new restricted employee shares according to the Company Act and the Securities and Exchange Act, and the subjects for assignment, issuance or subscription employees shall include employees of controlling or subordinate companies and satisfying certain criteria. The board of directors is authorized to specify said certain criteria.</u>		
Article 29 These Article of Incorporation were duly enacted on August 3, 1999. The 1st amendment was made on August 16, 1999. The 19th amendment was made on May 12, 2022. · <u>The 20th amendment was made on May 16, 2024.</u>	Article 29 These Article of Incorporation were duly enacted on August 3, 1999. The 1st amendment was made on August 16, 1999. The 19th amendment was made on May 12, 2022.	To add the revised date.

Ultra Chip Inc. Content of Proposal for Issuance of New Restricted Employee Shares

The Company plans to issue new restricted employee shares according to relevant regulations of “Paragraph 8 of Article 267 of the Company Act” and the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, and relevant matters are described in the following:

I. Total issuance amount: Within the limit of 1,000,000 shares and based on the calculation of par value of NT\$10 per share, the total issuance amount is NT\$10,000,000.

II. Issuance criteria:

1. Issue price: The present issue price shall be NT\$10 per share.
2. Type of shares issued: Ordinary shares.
3. Vesting condition: The employee subscribed to the restricted stocks in accordance with the Rules shall remain employed until the last date of each vesting period from the record date, without engaging in any behavior that violates the Company's employment contract, working rules, management measures, Ethical Corporate Management Best Practice, Code of Conduct, and all other Company rules (collectively referred to as "Contract and Company Rules"). Simultaneously, the Company must meet the overall financial performance indexes, and the employee must achieve a score of 80% for the Employee Personal Performance Index for the most recent year before the annual last day of each vesting period, without having any major disciplinary record. The ratio of restricted stocks that fulfill the respective vesting conditions is as follows:

Maturity period (The following shall be considered from the record date of the capital increase)	Vesting ratio	Company's overall financial performance indicator (Note)	Personal work performance indicator
Matured for two year	50%	Net income before tax with 5% of growth from last year	When the personal performance score reaches above 90 points (inclusive) without having any major disciplinary record, it can be exercised according to 100% of the vesting percentage. When the personal performance score is between 80 points (inclusive)~89 points, it can be exercised according to 50% of the vesting percentage. When the personal performance score is below 79 points, it cannot be exercised.
Matured for three years	25%	Net income before tax with 5% of growth from last year	
Matured for four years	25%	Net income before tax with 5% of growth from last year	

Note: It refers to the net Income before tax audited by the CPAs, and the estimated employees' and directors' remuneration of the current year has been deducted.

4. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: The Company reserves the right to take the following measures if an employee, who has subscribed to the restricted stocks in accordance with the Rules, fails to meet the vesting conditions by the specified period as aforementioned. For the handling method in the event of inheritance, such matter shall be handled in accordance with the Regulations for Issuance of New Restricted Employee Shares of the Company.
 - (I) The employee shall not be entitled to the allocation of restricted stocks if the Company has not met the vesting conditions regarding the overall financial performance indexes as stipulated in aforementioned of the Rules.
 - (II) The employee shall not be entitled to receive the allocation of restricted stocks if they have not fulfilled the vesting conditions outlined in aforementioned of the Rules, which include achieving a score of 80% or above for the Employee Personal Performance Index for the most recent year before the last day of each vesting period, and having no major disciplinary record during the period.
 - (III) The Company may determine whether the Employee will be awarded the allocation of restricted stocks for the specific year or subsequent years if the employee has failed to meet the vesting conditions, including compliance with the contract and company rules, and the employee shall not contest the preceding decision made by the Company.
 - (IV) The Company shall repurchase the shares that do not meet the vesting conditions outlined in the preceding paragraphs (I) to (III) at the issuing price, and handle their cancellation in accordance with the law.

III. Employee qualification and number of subscribed shares:

1. Employee qualification: Full-time employees include the employees of parents or subsidiaries within the official formation of the Company on the date when the board of directors reaches a resolution on the grant of new restricted employee shares.
2. Number of subscribed shares:
 - (1) The employees who are awarded with restricted stock awards and the number of such restricted stock awarded will be individually determined by the Chairman before each issuance of restricted stock awards, with consideration given to factors such as position, title, work requirements, loyalty and dedication, cooperation in work attitude, performance, overall contribution, specific achievements, and other conditions necessary for management, which shall then be reported for the consent of the Board of Directors before implementation. For employees who are managerial officers or directors, approval by the Remuneration Committee must be obtained first, which shall then be submitted to the Board of Directors for approval. For employees who are not managerial officers, approval by the Audit Committee must be obtained first, which shall then submitted to the Board of Directors for approval.
 - (2) The cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56-1 in the

aforementioned Regulations Governing the Offering and Issuance of Securities by Securities Issuers, plus the cumulative number of new restricted employee shares shall not exceed 0.3% of the total number of shares issued, and the cumulative number of shares granted to a sole employee through the issuance of employee stock warrants in accordance with paragraph 1, Article 56 in said Regulations shall not exceed 1% of the total number of shares issued.

- IV. Necessity of present issuance of new restricted employee shares: The main purpose is to attract and retain professional talents, to encourage employees and to improve employee cohesion, thereby achieving benefits for the Company and shareholders jointly.
- V. Amount of possible expenses, dilution of the Company's earnings per share and other impacts on shareholders' equity:
 - 1. Amount of possible expenses: The total number of new restricted employee shares of the present issuance is less than 1,000,000 shares, and the shares are non-transferable before satisfying the vesting conditions. Based on the meeting notice mailing date of the board of directors (March 14, 2024) and the closing price of ordinary shares of the Company at NT\$79.5, the estimated amount of possible expenses is approximately NT\$69,500 thousand.
 - 2. Dilution of the Company's earnings per share and other impacts on shareholders' equity: According to the vesting period of four years proposed, the estimated amount of possible expenses are NT\$27,510 thousand, NT\$27,510 thousand, NT\$10,136 thousand and NT\$4,344 thousand respectively. Based on the calculation of the current total number of shares issued of 74,942,078 shares, the possible reduced amounts of earnings per share are NT\$0.37, NT\$0.37, NT\$0.14 and NT\$0.06 respectively. Accordingly, it has limited effect on the earnings per share dilution of the Company; therefore, there is no major effect on the shareholders' equity.
- VI. For the shares subscribed by employees before satisfying the vesting conditions, the employees' rights are restricted, including but not limited to the following, and except for inheritance arising from death due to occupational accidents, employees shall not sell, pledge, transfer, provide as a gift, set, or make any disposal via other means on the new restricted employee shares of insurance subscribed under these Regulations.
- VII. After the issuance of the new restricted employee shares, the shares subscribed by employees, before satisfaction of the vesting conditions, shall be submitted to the Company or the institution designated by the Company for custody immediately.
- VIII. This proposal is approved by the Audit Committee, and after the approval by the shareholders' meeting and reporting to the competent authority with effective filing, the chairman is authorized to further specify the actual issuance date and relevant matters. In case of any amendment of laws, instruction of the competent authority or other matters such that there is a need for subsequent revision of this proposal, and if there is any other unspecified matters, the chairman is also authorized to have the full discretion to handle such matters.

Ultra Chip Inc.

Issuing common shares to participate in overseas depositary receipts by increasing cash capital or Issuing common shares by increasing cash capital in the way of private placement

I. Purpose and amount of financing: In order to meet the needs of future operation and development, the Company will increase own capital, strengthen financial structure, enhance capital adequacy rate, improve international competitiveness and ensure the long-term cooperative relationship with strategic partners. Therefore, it is proposed to request the Shareholders' Meeting to authorize the Board of Directors to choose one method from the following methods for financing to handle it in one time or multiple times, within the limit of not more than 10,000,000 shares, depending on market conditions and the Company's capital demand, in accordance with relevant laws and regulations, in proper time.

II. Financing methods and handling principles

(I) Issue common shares to participate in overseas depositary receipts by increasing cash capital

1. In this proposal of cash capital increase, it is proposed to keep 10%~15% of the total amount of new shares issued for employees to subscribe, according to Article 267 of the Company Act, and it is proposed to authorize Chairman to determine the employee subscription method; for the remaining 85%~90%, the original shareholders shall give up the preemptive rights and all of them shall be allocated for public offering as the original securities participating in the issuance of overseas depositary receipts, in accordance with Article 28-1 of the Securities and Exchange Act. The shares abandoned by the employees or the remaining shares minus the shares subscribed by the employees shall be subscribed by the specific person contacted by Chairman, or included in the original securities participating in the issuance of overseas depositary receipts, as required by the market.

2. In accordance with Article 9 of Taiwan Securities Association "Self-discipline Rules for Underwriters' Members to Guide Issuing Companies to Raise and Issue Securities", the issue price for this issuance of common shares to participate in overseas depositary receipts by increasing cash capital shall not be lower than the closing price of the Company's common shares in the centralized trading market on the pricing date, as well as 80% of average share price of the simple arithmetic average of the closing price of

common shares calculated on one day among the first, third and fifth business days before the pricing date, minus stock dividends excluding rights (or minus capital excluding rights), and excluding dividends. However, if the relevant laws and regulations in Taiwan change, the pricing method shall be adjusted in accordance with the provisions of the laws and regulations. Since stock prices in Taiwan often fluctuate violently in the short term, it is proposed to authorize Chairman to determine the issue price through negotiation with securities underwriter, in accordance with international practice, with reference to the international capital market, the market in Taiwan and book building, etc., in order to improve the acceptance of overseas investors.

3. At this time, new common shares will be issued by increasing cash capital, within the limit of no more than 10,000,000 shares, to participate in the issuance of Overseas Depositary Receipts, with a maximum dilution ratio of 13.34% to the original shareholders' equity. However, after this capital increase has benefits, the Company's competitiveness will be enhanced and shareholders will benefit from it; in addition, the issue price of overseas depositary receipts is determined based on the fair market price of common shares in the centralized market in Taiwan. The original shareholders can still buy common shares in the stock market in Taiwan at the issue price of overseas depositary receipts, without bearing the exchange risk and liquidity risk, and the rights and interests of the original shareholders can be kept, so there is no a significant impact on the rights and interests of the original shareholders.

4. This financed funds are expected to be used for one item or multiple items required by the Company's long-term development. The implementation of this plan is expected to strengthen the Company's international competitiveness and improve its operational efficiency, and will also be beneficial to shareholders' rights and interests.

5. After this proposal of cash capital increase is reported to the competent authority and becomes effective, Chairman will be authorized to determine subscription base date and capital increase base date and handle matters related to this cash capital increase.

(II) Issue common shares by increasing cash capital in the way of private placement

According to Article 43-6 of the "Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities", the following matters shall be stated:

1. Basis and rationality for determining price of private placements;

(1) The price of private common shares shall be not lower than 80% of the higher price between the prices calculated according to the following two benchmarks on the pricing date.

a. The share price after simple arithmetic average of the closing price of common

shares calculated on one day among the first, third and fifth business days before the pricing date, minus stock dividends excluding rights and cash dividends, and plus capital reduction and including rights.

b. The share price after simple arithmetic average of the closing price of common shares calculated on the thirtieth business day before the pricing date, minus stock dividends excluding rights and cash dividends, and plus capital reduction and including rights.

(2) For the actual pricing date and the actual issue price of private common shares, it is proposed to authorize the Board of Directors to determine them within the range of not less than the percentage approved by the Shareholders' Meeting, according to relevant laws and regulations, depending on the future market conditions and the selected strategic investors, after they are submitted to the Shareholders' Meeting for approval. The basis for determining the above-mentioned the price of private common shares is not only in line with the relevant provisions of “Directions for Public Companies Conducting Private Placements of Securities”, but also in view of the fact that within three years from the date of delivery, there are restrictions on the object and number for transferring private securities, and it is not allowed to apply to the competent authority for re-handling of public offering and OTC trading less than three years after delivery. Therefore, such price determination shall be reasonable.

2. The way to choose a specific person:

(1) The object of this private common shares is limited to the specific persons who meet the requirements of Article 43-6 of “Securities and Exchange Act” and provisions of the letter Financial-Supervisory-Securities-Corporate- No.1120383220 on September 12, 2023.

(2) At present, the Company has not agreed on any subscribers, but the selection method and purpose, necessity and expected benefits of the subscribers are as follows:

a. Selection method and purpose: The subscribers are selected based on the principle of adding value to the Company, and those who can directly or indirectly improve the business performance of the Company in the future will be given priority.

b. Necessity and expected benefits: The subscribers will help the Company to upgrade technology, reduce costs, expand market development or strengthen the relationship between suppliers and customers by their own experience, technology, knowledge, brand or reputation.

3. Necessary reasons for private placements, allowable amount of private placements, use of funds and expected benefits:

(1) Reasons for not adopting public offering:

Compared with public offering, the provision that private securities cannot be freely transferred within three years will ensure the long-term cooperative relationship between the Company and strategic investment partners; in addition, by authorizing the Board of Directors to handle private placement according to the actual operational needs of the Company, the mobility and flexibility of the Company in financing can also be improved effectively.

(2) Allowable amount of private placements: It is proposed to be handled within the limit of 10,000,000 common shares, each with a denomination of NT\$ 10, and the total amount for private placements will be calculated according to the final price of private placements.

(3) Use of funds and expected benefits:

Expected handling times	Expected number of private shares	Use of funds	Expected benefits
The first time	3,000,000 shares	Used for increasing working capital and/or repaying liabilities.	Used for enhancing working capital and solvency, and improving financial structure.
The second time	3,000,000 shares		
The third time	4,000,000 shares		
As to the expected number of private shares at the first, second and third times, all or part of the previously unissued shares and/or the shares to be issued subsequently may be issued at the same time when they are handled at each time.			

4. According to Article 43-8 of the “Securities and Exchange Act” and the relevant laws and regulations of the competent authority, this private common shares shall not be freely transferred within three years from the date when the Company delivers the private common shares, except under certain circumstances as stipulated by laws and regulations; three years after the delivery of the private common shares, the Company shall apply to the competent authority for re-handling of the public offering and OTC trading of the private common shares in accordance with relevant laws and regulations.