

## Strategic Plan to Enhance Corporate Value

### 1. Cost Analysis

#### (1) Weighted Average Cost of Capital (WACC) Analysis:

Our company has consistently adhered to a prudent management philosophy, maintaining a low-leverage capital structure primarily funded by shareholders' equity. As of Q4 2024, our capital structure consists of 38% equity and 62% liabilities. Although liabilities account for 62%, the majority are operating liabilities—such as accounts payable and customer advances—rather than interest-bearing debt from bank loans or high-leverage financing. Therefore, the actual financial risk is minimal, and the capital structure remains sound. We will continue to adopt a conservative and stable debt management strategy going forward.

The company's Cost of Equity is 12.48%. Since we do not have interest-bearing debt, there is no Cost of Debt. Factors influencing both equity and debt financing costs include corporate creditworthiness and operational risk. Through WACC analysis, we are able to evaluate the efficiency of capital utilization, the appropriateness of investment plans, and the rationality of corporate valuation. Our current WACC is 12.48%, slightly lower than the semiconductor equipment industry average of 15.32%. This is mainly due to our relatively lower debt ratio compared to industry peers. We will further analyze these factors to ensure our capital cost remains within a reasonable range.

#### (2 ) Macroeconomic Impact Analysis:

Fluctuations in interest rates, inflation rates, and exchange rates can affect the company's Weighted Average Cost of Capital (WACC). However, since the majority of our transactions are conducted in New Taiwan Dollars (NTD), and we do not have borrowings or corporate bonds, the impact of these factors on our company is relatively manageable. In addition, we regularly conduct macroeconomic analyses to maintain the relative stability of our WACC within a controllable risk range. This enhances our ability to respond to changes in the dynamic market environment, ensures the reasonableness of our capital costs, and helps safeguard the company's financial stability.

### 2 Profitability Assessment

#### (1) Evaluation of Return on Invested Capital (ROIC) and Return on Equity (ROE):

The Company evaluates operational efficiency through the analysis of Return on Invested Capital (ROIC) and Return on Equity (ROE). As of Q4 2024, the Company's ROIC reached 45.90%, significantly higher than the industry average of 16.82%, indicating superior capital utilization efficiency within the semiconductor equipment sector. The Company's ROIC also exceeds its Weighted Average Cost of Capital (WACC), demonstrating effective value creation across its product portfolio. Furthermore, the Company's ROE stood at 52.40%, well above the industry average of 18.40%, reflecting the

Company's strong ability to generate returns on shareholders' equity. These ROIC and ROE figures highlight management's effective capital allocation and underscore the Company's competitiveness in the semiconductor equipment industry.

## **(2) Business Analysis**

On the business front, the Company's automated optical inspection and metrology equipment represented the primary source of revenue in 2024. Driven by the surging demand for high-performance computing and AI applications, the global semiconductor advanced process segment has experienced rapid growth. Additionally, the industry trend toward extreme miniaturization, increasing process complexity, and rising costs has further fueled the demand for process control equipment. In response, the Company continues to invest in R&D and patent deployment to capture growing market opportunities. By integrating the supply chain and enhancing manufacturing technologies, the Company aims to reduce production costs, improve yield rates, and establish long-term partnerships with upstream material and component suppliers. These efforts help mitigate cost fluctuation risks and further enhance overall operational efficiency.

## **3. Market Valuation Analysis**

### **(1) Valuation Level Analysis:**

As of the closing price on April 30, 2025, the Company's Price-to-Book Ratio (PBR) stood at 25.25 times, significantly higher than the industry average of 4.96 times. This premium valuation is primarily attributed to the Company's competitive edge in technological innovation and its continued rollout of competitive products, which have reinforced its market position within the industry. With end-market demand remaining robust amid strong industry trends, we believe the market's higher valuation of the Company is within a reasonable range. We remain committed to ensuring that investor perceptions accurately reflect the Company's intrinsic value.

### **(3) Growth Potential Assessment:**

The Company maintains a cautiously optimistic outlook on the market demand for semiconductor equipment. As both enterprise and consumer adoption and penetration of semiconductor technologies continue to mature, the Company is well-positioned to benefit from favorable market opportunities. The current stock price performance aligns with this underlying growth momentum, and therefore, no adjustments to the Company's business strategy are deemed necessary at this time.

## **4. Corporate Governance Analysis**

### **(1) Board Structure and Independence:**

The Company's Board of Directors consists of ten members, including four independent directors, accounting for two-fifths of the board. All independent

directors possess extensive industry experience and professional expertise.

- **Mr. Weng**, an independent director, previously served as Vice President of Citibank and Chairman of Lehman Brothers Taiwan. He currently leads several investment firms and specializes in corporate financial strategy and investment management.
- **Mr. Tai**, also an independent director, is a co-founder of Acer Inc. and has served as Chairman of Richtek Technology and InveStar Capital Inc.. He currently holds leadership roles in multiple enterprises and is well-versed in the high-tech industry and corporate management.
- **Dr. Liu**, an independent director, is the founding director of the Institute of Technology Law at National Chiao Tung University and has served as a consultant to the Intellectual Property Office of Singapore (IPOS). He specializes in intellectual property rights, high-tech industry operations, and competitive strategy.
- **Mr. Tseng**, an independent director, formerly served as Vice President of Finance at Vanguard International Semiconductor Corporation and brings a wealth of experience in finance and management.

Through a diverse and independent board structure, the Company ensures that board decisions incorporate a wide range of professional perspectives and remain independent from management, thereby providing objective advice and oversight.

#### (2) Effectiveness of Board Operations:

The Company conducts annual performance evaluations of the Board and its functional committees to enhance operational effectiveness. The evaluations cover areas such as participation in corporate operations, decision-making quality, board composition and selection, ongoing education, and internal controls, all aimed at strengthening the Company's governance framework.

#### (4) Information Transparency:

The Company holds regular board meetings and promptly discloses key resolutions after each meeting. Its transparency policy includes the disclosure and explanation of major decisions to ensure that shareholders are well-informed about the Company's operations and strategic direction. Shareholders are also encouraged to raise questions and provide feedback on relevant proposals.

### 5. Risk and Competitive Assessment

#### (1) Macroeconomic Analysis:

The Company operates in a region with a stable and sound macroeconomic environment and monetary policy, which is conducive to business development. Inflation and interest rates remain within reasonable ranges, supporting effective business planning and cost management. On a global scale, the Company may benefit from a gradual recovery in international markets, enabling expansion of overseas operations and cross-border collaborations. However, several

uncertainties remain, including trade tensions, extreme weather events disrupting global supply chains, and rising geopolitical risks. These factors may impact global trade and investment performance, and the Company will continue to monitor and assess these developments closely.

## **(2) Industry Competition Analysis:**

The Company possesses strong technological capabilities and has established long-term, stable relationships within its supply chain. Leveraging advanced technologies, the Company maintains its competitiveness in the semiconductor equipment manufacturing sector. Continuous R&D and innovation enable the Company to deliver high-quality, high-performance products that meet the growing demand for automated optical inspection technologies. Additionally, the Company's stable and efficient supply chain ensures smooth production and delivery, enhancing product competitiveness and reducing production costs.

## **6. Policies and Strategic Plans**

### **(1) Short-Term Enhancement Plan:**

In the short term, to improve capital efficiency, the Company will focus on strengthening customer satisfaction and upholding its core corporate value of quality first. Efforts will be made to deepen partnerships with existing clients and continue allocating development resources toward equipment tailored for advanced packaging processes. By enhancing operational efficiency, increasing capacity utilization, and pursuing reasonable profitability, the Company aims to achieve its short-term business development goals. At the same time, the Company will continue to improve the diversity and independence of the Board of Directors by regularly evaluating board member performance and corporate governance practices, thereby strengthening the Board's oversight of management.

### **(2) Mid- to Long-Term Enhancement Plan:**

Looking ahead, the Company will continue to develop key equipment for advanced packaging processes and further enhance product quality and service standards to align with future semiconductor process trends and create value for customers. The strategic roadmap includes:

- **Marketing Strategy** – Maintain a high-quality, high-performance product image, continuously optimize the global service network, and provide comprehensive after-sales support.
- **Technological Innovation** – Strengthen R&D to enhance the intelligence and performance of inspection equipment, establishing strong technological barriers.
- **Talent Development** – Cultivate top R&D talent to boost innovation capabilities and launch high value-added products and technical services.

The Company is committed to fulfilling its corporate responsibilities, enhancing governance, strengthening core technological competitiveness, building a

sustainable supply chain, and deepening mutual trust and partnerships with customers. These efforts aim to drive shared growth and continuously enhance shareholder value.