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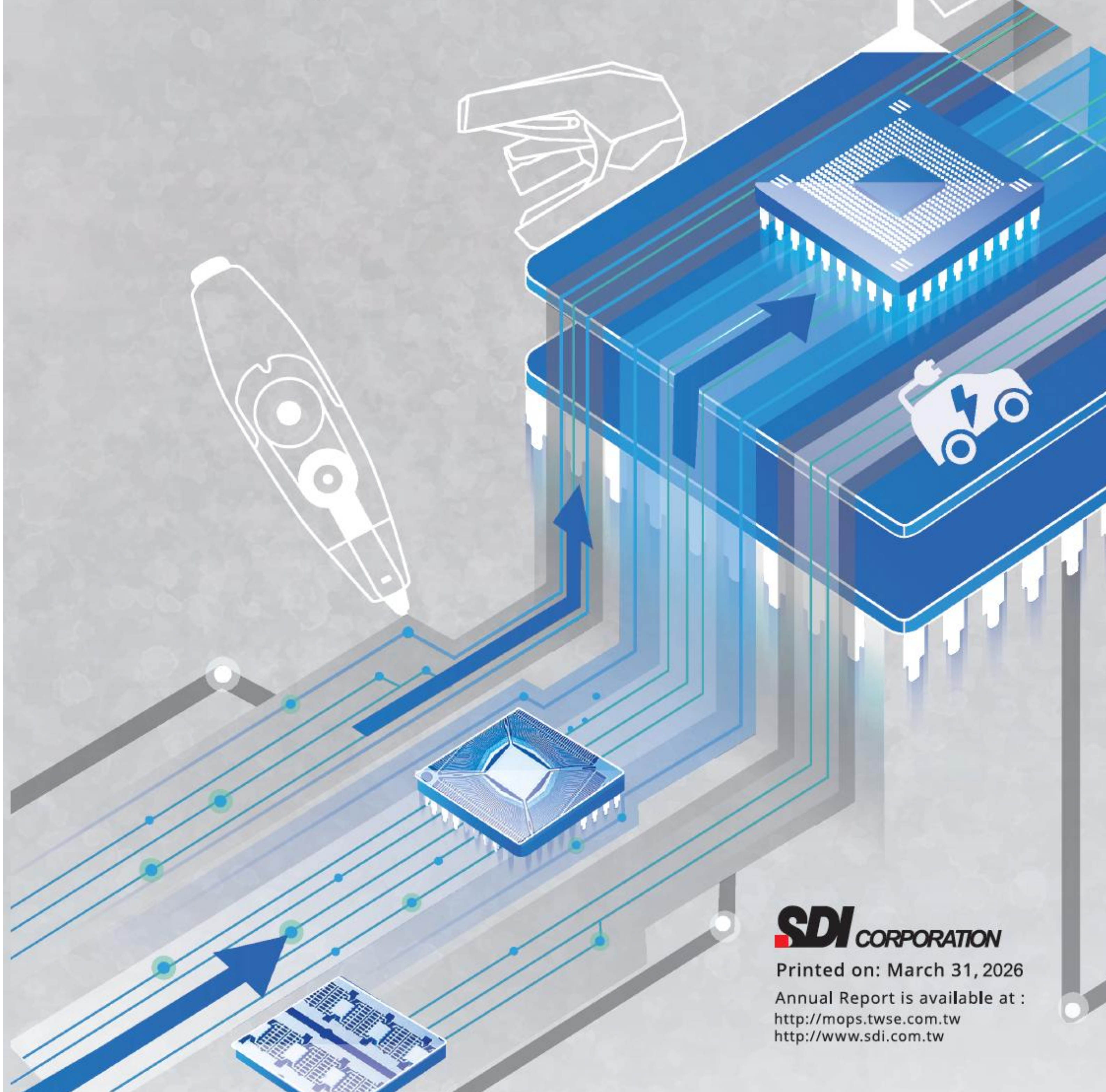
2025

ANNUAL REPORT

Technology-Driven, Green Future



SDI CORPORATION

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Annual Report is available at :

http://mops.twse.com.tw

http://www.sdi.com.tw

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None

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Chapter 1 Letter to Shareholders

I. Report on 2025 business result, future business strategies, and impacts from the external competition, legal environment, and overall economy

Dear Sir/Madam:

The Company has successfully completed its operations for 2025 through the collective efforts of all employees. SDI Group develops its electronics and hardware stationery businesses through innovative research and development and advancements in production technology. It continues to meet the needs and provide optimal solutions for international customers in precision industries such as power and power management by engaging in collaborative development, processes optimization, and diversified sourcing.

The global economy experienced a moderate recovery in 2025. However, the technology competition between China and the United States, regional supply chain restructuring, and tariff policy adjustments affected the configuration of the semiconductor supply chain. Ongoing geopolitical disturbances and other risks also continued to weigh on demand, resulting in only a gradual recovery in consumer goods and durable goods markets. The electronics products of SDI Corporation mainly supplied global IDM customers in fields such as automotive electronics, industrial control, and consumer electronics. In addition to collaborating with customers on the development of new mid- to high-power modules, the Company also invested in process technology needed for global artificial intelligence (AI) and high-performance computing (HPC) to enhance added value. It also continued to invest in process improvement and efficiency enhancement to counter the adverse effects of rising raw material prices and labor costs, despite only a modest recovery in end-market demand. Facing the impact of U.S. tariff policies, the stationery business continued to respond through marketing strategies aimed at increasing domestic demand, introducing new products, and exploring new sales channels, while also reallocating production bases to mitigate impacts. In addition, TEC Brite Technology, an affiliated company, operated in a highly competitive mid- to high-end smartphone market and actively improved its processes and developed new etching application products to enhance revenue and profitability. Chao Hsin Metal, on the other hand, experienced a decline in revenue and profits due to adverse factors such as slowed steel demand and price competition. The Group’s investee electronics company in Jiangsu saw its revenue growth due to clients accelerating the promotion of localized procurement and its commitment to new energy applications. The Group’s investee stationery company in Jiangsu was impacted by U.S.-China tariffs on its revenue. It responded by developing the domestic market in mainland China to mitigate the impact and maintain profitability.

The total revenue of SDI in 2025 was NT$7.342 billion, a decrease of approximately 9.69%. The Group's consolidated revenue was NT$10.247 billion, slightly decreasing by about 5.25%. Net profit for the period was NT$303 million, with basic earnings per share (EPS) of NT$1.66.

In 2025, the uneven pace of industry recovery affected some regional markets, which still faced price competition pressure impacting corporate profitability. SDI Group continued to collaborate with customers to develop high value-added and trend-aligned products, maintaining pricing power for new products, and actively reducing production costs to alleviate price competition pressure.

The adjustment of monetary policies in major global economies affected market capital costs and end-market demand. As SDI's electronics business is primarily export-oriented, significant fluctuations in the U.S. dollar exchange rate in 2025 impacted its revenue and foreign exchange gains and losses. Additionally, changes in interest rates affected capital costs and financial expenses. The SDI Group mitigated these impacts through natural hedging and fund management.

In response to geopolitical and trade policy changes, customers are gradually promoting regional supply chain configurations, requiring suppliers to enhance production flexibility and delivery reliability. To avoid risks such as geopolitical tensions and tariff barriers, the industry has begun diversifying production bases and adjusting supply chains. However, this has also led to increased external investment and ESG-related operating costs. The SDI Group will continue to strategically establish a third production base to enhance flexibility in responding to geopolitical, economic, and supply-demand dynamics.

The automotive electronics and industrial control sectors, after more than a year of inventory adjustment and destocking, have gradually stabilized and are expected to regain growth momentum as demand recovers. Additionally, the demand for AI and HPC continued to grow in 2025. Across major application markets—from cloud data centers and end devices to automotive modules and various industry segments—both hardware and software specifications have been upgraded to meet industry trends and enhance competitiveness. In response, SDI's electronics business is aligning its technological roadmap with industry trends to maintain long-term business growth momentum.

Looking back at 2025, according to the latest data released by the World Semiconductor Trade Statistics (WSTS), global semiconductor sales reached $795.6 billion, marking a significant growth of 26.2% compared to the previous year, one of the strongest annual growths in the industry's history. This growth momentum accelerated significantly in the second half of the year, primarily reflecting strong demand for data center infrastructure and AI-related systems. The logic and memory sectors recorded growth of 38.8% and 39%, respectively, serving as the core drivers promoting market growth. Looking ahead, this growth trend is expected to continue into 2026, with the global semiconductor output likely to approach the US$1 trillion milestone. SDI will actively respond to this industry trend by delving deeply into key technologies and capacity allocation to seize AI-driven long-term growth opportunities, continuously enhancing corporate competitiveness.

Facing external competitive pressures, rising geopolitical and economic risks, and challenges and opportunities related to technological and energy development, SDI's electronics business has proactively expanded into new product development in fields such as new energy, AI, and humanoid technologies to meet new applications and markets brought by industry trends. In addition to continuing to meet the recovering demand of IDM customers in precision industries such as power and power management, the Company is also actively expanding its customer base in semiconductor-related thermal solutions, including core components for CPU, GPU, and AI chips. In the hardware stationery business, marketing activities will focus on developing new products under its own brand, exploring new distribution channels and customers, and leveraging technology to enter medical tool-related applications to increase revenue and profitability.

Looking ahead to 2026, the global economy is expected to continue facing challenges arising from geopolitical tensions, regional conflicts, and tariff barriers. However, the semiconductor market is projected to maintain a growth trend, with AI-related applications serving as the primary growth driver. As SDI enters its 73rd year of operations, the Group will deepen its core technological capabilities and expand its global market presence. It will also identify the risks and opportunities of significant sustainability issues, place strong emphasis on labor rights, accumulate talent capital, and enhance environmental, safety and energy management. Additionally, the Group will strengthen the supervisory functions of the Board of Directors and implement sound risk governance practices to enhance long-term shareholder value. We hope that all shareholders, ladies and gentlemen, will continue to support and assist, allowing the development of SDI Group's business to become more stable and outstanding.

J.S. Chen
SDI Chairman

Analysis of Budget Execution, Financial Revenue and Expenditure, Profitability and Review of R&D in 2025

Unit: NT$ Thousand

Item	2024	2025	Year-Over-Year Chang
Operating revenue	10,814,709	10,247,269	(5.25%)
Gross profit	1,720,854	1,365,039	(20.68%)
Operating expense	892,169	866,298	(2.90%)
Net operating profit	828,685	498,741	(39.82%)
Profit after tax	729,828	344,769	(52.76%)
Basic earnings per share	3.71	1.66	(55.26%)
Return on shareholders' equity	10.04%	4.69%	(53.29%)
Net profit ratio	6.75%	3.36%	(50.22%)
Return on asset	6.32%	3.12%	(50.63%)
R&D appropriation	259,171	268,821	3.72%

Note: No financial forecast has been prepared for 2025

II. 2025 Operating Plan Overview

(I) In Electronic Production and Marketing:

Reflecting on 2025, the ongoing Russia-Ukraine war and the conflict in Israel and Hamas have continued to create global geopolitical instability. Additionally, in April, Trump's implementation of U.S. tariff policy measures caused global economic turmoil. The automotive market experienced low demand throughout the year due to global high inflation and overcapacity in the Chinese car market. However, industrial demand related to AI applications showed signs of gradual increase starting in the second and third quarters. Besides AI-related applications, overall end-user demand did not appear as robust as expected, resulting in annual revenue essentially remaining stable compared to 2024.

Due to the Company's high market share in the automotive sector, global car sales in 2025 reached 91.9 million units with a growth rate of 3.6%. However, global electric vehicle (XEV CAR) sales reached 20.53 million units, achieving a year-over-year growth of 26%. Therefore, under the global trends of electrification and autonomous driving, the demand for semiconductors is expected to continue to grow. The Company's penetration rate in various third-generation power semiconductors for automotive use and lead frames for autonomous driving sensors will also continue to increase.

Additionally, in light of future trends in AI applications and robotics, AI power consumption is expected to increase significantly. Therefore, the Company, in collaboration with its clients, has developed power management components suitable for high-end AI servers and components related to the cooling requirements of HPC. In response to robotics optimization applications, the Company has also developed integrated semiconductor lead frames that combine sensors, motor drive, and control components, all of which lay the foundation for future growth momentum.

(II) Production and Marketing of Hardware Stationery:

1. In the U.S. market, due to tariff uncertainties, customers pulled in orders in the first half of the year, which led to a significant impact on orders in the second half, shrinking due to the trade war. Customers adopted a more conservative ordering approach and even delayed orders. It wasn't until the end of the year, when U.S. tariffs on Taiwan became clearer, that customers began to request delivery of delayed orders. In the Asian market, countries were also affected by U.S. tariffs, leading to sluggish consumption. Additionally, China’s export of excess domestic competition impacted market stability. As tariffs in various countries became more settled by the end of the year, orders gradually recovered, and sales gradually improved.
2. In the domestic market, due to the positive reception of SDI's products by consumers, sales have continued to flourish, especially with the Company's main product, the correction tape, whose market share continues to rise, exceeding 70%. This has also driven the overall sales gross margin upwards, positively contributing to the Company's profitability.

(III) Estimated Sales Volume and Its Evidence:

In 2026, The Company's projected sales volume will be affected by adverse factors such as regional conflicts, US-China competition, and rising tariff-related costs, leading to fluctuations in the growth of the electronics business. However, demand for AI and HPC-related applications will continue to increase with the establishment of hardware infrastructure. Additionally, the Company's investee, Shuen Der (Jiangsu) Co., Ltd. will continue developing semiconductor and new energy industries and continue transitioning toward higher value-added products in the automotive and industrial control sectors. TEC Brite Technology Co., Ltd aims to mitigate the impact of slowing growth in the mid-to-high-end smartphone market by continuously developing new customers and new product applications.

Chapter 2 Corporate Governance Report

I. President, Vice Presidents, Associate Managers, and the Chief Officers of All Divisions and Branch Organizations

(I) Information on Directors

March 23, 2026

Title	Nationality or Place of Registration	Name	Gender Age	Date elected	Term (years)	Date first elected	Shareholding when elected		Current shareholding		Spouse/minor shareholding		Shares Held through Other Parties Shares	
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Chairman	R.O.C.	J.S.Chen	Male Over 71	2024.05.30	3 years	1967.10.17	6,944,794	3.81%	5,974,794	3.28%	4,235,376	2.33%	—	—
Director		Jerome Chen	Male 61~70	2024.05.30	3 years	2003.06.25	3,058,707	1.68%	3,023,707	1.66%	414,816	0.23%	2,950,000	1.62%
Director		Weite Chen	Male 51~60	2024.05.30	3 years	2015.06.24	6,196,614	3.40%	6,196,614	3.40%	21,781	0.01%	4,131,076	2.27%
Director		Wei-Shun Chen	Male 51~60	2024.05.30	3 years	2021.08.26	400,000	0.22%	400,000	0.22%	152,000	0.08%	1,805,000	0.99%
Director		Chieh-hsuan Chen	Male 61~70	2024.05.30	3 years	2003.06.25	0	0.00%	0	0.00%	0	0.00%	—	—
Independent Director		Tsung-ting Chung	Male Over 71	2024.05.30	3 years	2020.06.23	0	0.00%	0	0.00%	0	0.00%	—	—
Independent Director		Kuo-tsao Tseng	Male 61~70	2024.05.30	3 years	2021.08.26	0	0.00%	0	0.00%	0	0.00%	—	—
Independent Director		Wen-Cheng Cheng	Male Over 71	2024.05.30	3 years	2021.08.26	0	0.00%	0	0.00%	0	0.00%	—	—
Independent Director		Lan-ying Huang	Female 51~60	2024.05.30	3 years	2015.06.24 (Note)	0	0.00%	0	0.00%	0	0.00%	—	—

Note: Ms. Lan-Ying Huang was first appointed as an independent director of SDI on June 24, 2015, and resigned on June 22, 2019.

Title	Name	Major experience (education)	Other position concurrently held at the Company or other companies	Executives and Directors who are spouses or within the second degree of kinship			Remarks
				Title	Name	Relationship	
Chairman	J.S.Chen	National Chang-Hua Senior School of Commerce Advisor of Science and Technology Advisors Office, Ministry of Economic Affairs Technical Advisory Committee of Metal Industries R&D Centre Executive director of Taiwan Mold and Die Industry Association	Chairman of TEC Brite Technology Co., Ltd. Representative of Shuen Der (B.V.I.) Corporation	Director Director	Jerome Chen Weite Chen	Second degree of kinship First degree of kinship	(Note)
Director	Jerome Chen	Master of Accounting, National Changhua University of Education Vice President, Taiwan Association of Stationery Industries	Vice president of SDI Corporation Chairman of Shuen Der Stationery (Jiangsu) Co., Ltd.	Chairman	J.S.Chen	Second degree of kinship	
Director	Weite Chen	MBA, Rotterdam School of Management	President of SDI Corporation Chairman of Shuen Der Industry (Jiangsu) Co., Ltd. Supervisor of TEC Brite Technology Co., Ltd.	Chairman	J.S.Chen	First degree of kinship	
Director	Wei-Shun Chen	Master of Business Administration, Tunghai University	Associate Manager of SDI Corporation	—	—	—	
Director	Chieh-hsuan Chen	Ph.D. of Sociology, Tunghai University Professor of the Department of Sociology, Tunghai University Director of the Institute of East Asian Societies and Economies, Tunghai University	Nil	—	—	—	
Independent Director	Tsung-ting Chung	PhD in International Relations from Denver University, USA Professor in Business Management Department, National Yunlin Technology University	Nil	—	—	—	
Independent Director	Kuo-tsao Tseng	Master of Management Sciences, Baker University CPA of Kuo-tsao Tseng Co., CPAs	Nil	—	—	—	
Independent Director	Wen-Cheng Cheng	Master of Business Administration, Feng Chia University Senior Vice President of E.SUN Bank	Independent Director of Chungjye-KY. Independent Director of Apex Dynamics. Inc. Independent Director of Johnson Fine Chemical Co., Ltd.	—	—	—	
Independent Director	Lan-ying Huang	Ph.D. in Business Administration, Nova Southeastern University Professor in Department of Business Administration, National Changhua University of Education	Independent Director of Shian Yih Electronic Industry Co., Ltd. Independent Director of Axman Enterprise Co., Ltd.	—	—	—	

Note: Due to the first degree of kinship between the Chairman and the President, the number of Independent Directors has been increased, and more than half of the Directors do not concurrently serve as employees or managers.

(II) Information on Professional Qualification of Directors and Independence of Independent Directors:

1. Information on Professional Qualification of Directors and Independence of Independent Directors :

Qualification / Name	Professional qualification and experience (Note)	Independence criteria				Number of other public companies where the individual concurrently serves as an Independent Director
		Whether a Director, a spouse or relative within the second degree of kinship is a Director, Supervisor or employee of the Company or any of its affiliates	Number and proportion of shares in the Company held by a Director, a spouse or relative within the second degree of kinship (or in the name of others)	Whether a Director is also a Director, Supervisor or employee of any company in a specific relationship with the Company	Amount of compensation from providing commercial, legal, financial, accounting and other services to the Company or any of its affiliates in the past two years	
J.S.Chen	National Chang-Hua Senior School of Commerce Advisor of Science and Technology Advisors Office, Ministry of Economic Affairs Technical Advisory Committee of Metal Industries R&D Centre Executive director of Taiwan Mold and Die Industry Association	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Nil	—
Jerome Chen	Master of Accounting, National Changhua University of Education Vice President, Taiwan Association of Stationery Industries	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Nil	—
Weite Chen	MBA, Rotterdam School of Management	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Nil	—
Wei-Shun Chen	Master of Business Administration, Tunghai University	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Yes Please refer to P4 of this annual report	Nil	—
Chieh-hsuan Chen	Ph.D. of Sociology, Tunghai University Professor of the Department of Sociology, Tunghai University Director of the Institute of East Asian Societies and Economies, Tunghai University	Nil	Nil	Nil	Nil	—
Tsung-ting Chung	PhD in International Relations from Denver University, USA Professor in Business Management Department, National Yunlin Technology University	Nil	Nil	Nil	Nil	—
Kuo-tsao Tseng	Master of Management Sciences, Baker University CPA of Kuo-tsao Tseng Co., CPAs	Nil	Nil	Nil	Nil	—
Wen-Cheng Cheng	Master of Business Administration, Feng Chia University Senior Vice President of E.SUN Bank	Nil	Nil	Nil	Nil	3
Lan-ying Huang	Ph.D. in Business Administration, Nova Southeastern University Professor in Department of Business Administration, National Changhua University of Education	Nil	Nil	Nil	Nil	2

Note:None of the circumstances in the subparagraphs of Article 30 of the Company Act apply to any of the Directors.

2. Diversification and Independence of the Board of Directors:

(1) According to Article 20 of the Principles of Corporate Governance Practices of SDI specifies that the Board of Directors should diversify the composition of its members; except that the number of Directors concurrently serving as Managers shall not exceed one third, the Company should implement a proper diversified policy on its operation, business model and development needs, including but not limited to the following two criteria:

① Basic conditions and values: Gender, age, nationality and culture, etc.

② Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

(2) Members of the Board of Directors shall have the knowledge, skills and quality required for performing their duties. For achieving the ideal target of corporate governance, the Board of Directors as a whole shall have the following capabilities:
Operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market perspective, leadership and decision making.

(3) Diversification policy and specific management target:
The Company specifies that over 90% of Directors must have the above professional capabilities required for performing their duties.
The directors of the Company shall consist of experts and scholars in industry, finance, business, investment and information. 50% of directors shall have industrial knowledge; at least one director has professional knowledge in operational judgment, accounting and finance, business management, crisis management, industrial knowledge, international market perspective and leadership and decision making; and actively appoint female directors.

(4) Implementation of diversification policy
Over 90% of Directors of the Company achieve the professional capabilities required for performing their duties. In August 2021, two Independent Directors were added to the 19th Board of Directors, thus increasing the number of Independent Directors to four, which accounted for 44% of the nine Directors. This could enhance the professional background and industrial experience of the Board of Directors, and appointed an female director at the 2024 shareholders' meeting.

(5) The professional background of Directors cover accounting, industry, finance, marketing and business management, as well as professional skills and industrial experience required for performing their duties. The specific details of implementation are presented in the table below (industrial experience/expertise, term of Independent Director, gender and age of Directors):

(6) Reason for either gender not reaching one-third representation:
The Company appointed a female director at the shareholders' meeting held in 2024. Subsequent actions will depend on whether the members of the Board of Directors represent a diverse range of professional fields, including operational judgment, accounting and finance, management, crisis management, industry expertise, international market perspective, and leadership decision-making. In addition, a plan will be formulated to ensure that the Board's composition reflects gender diversity, with each gender comprising at least one-third of the members.

Diversified Core Competences / Names of Directors	Major experience (education)	Basic information						Experience/Expertise						
		Gender	Term of Independent Director	Concurrent employee	Age			Operational judgment	Accounting and finance	Business management	Crisis management	Industrial knowledge	International market perspective	Leadership and decision making
					51~ 60	61~ 70	71 or above							
J.S.Chen	National Chang-Hua Senior School of Commerce Advisor of Science and Technology Advisors Office, Ministry of Economic Affairs Technical Advisory Committee of Metal Industries R&D Centre Executive director of Taiwan Mold and Die Industry Association	Male					V	V	V	V	V	V	V	V
Jerome Chen	Master of Accounting, National Changhua University of Education Vice President, Taiwan Association of Stationery Industries	Male		V		V		V	V	V	V	V	V	V
Weite Chen	MBA, Rotterdam School of Management	Male		V	V			V	V	V	V	V	V	V
Wei-Shun Chen	Master of Business Administration, Tunghai University President of Chao Shin Metal Industrial Corporation	Male		V	V			V		V	V	V	V	V
Chieh-hsuan Chen	Ph.D. of Sociology, Tunghai University Professor of the Department of Sociology, Tunghai University Director of the Institute of East Asian Societies and Economies, Tunghai University	Male				V		V		V	V	V	V	V
Tsung-ting Chung	PhD in International Relations from Denver University, USA Professor in Business Management Department, National Yunlin Technology University	Male	Less than 9 years				V	V		V	V	V	V	V
Kuo-tsao Tseng	Master of Management Sciences, Baker University CPA of Kuo-tsao Tseng Co., CPAs	Male	Less than 9 years			V		V	V	V	V	V	V	V
Wen-Cheng Cheng	Master of Business Administration, Feng Chia University Senior Vice President of E.SUN Bank	Male	Less than 9 years				V	V	V	V	V	V	V	V
Lan-ying Huang	Ph.D. in Business Administration, Nova Southeastern University Professor in Department of Business Administration, National Changhua University of Education	Female	Less than 9 years		V			V		V	V	V	V	V

(III) Information on President, Vice Presidents, Associate Managers, and the Chief Officers of All Divisions and Branch Organizations

March 23, 2026

Title	Nationality	Name	Gender	Commencement (appointment) date	Shareholding		Spouse/minor shareholding		Shareholding by nominees	
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
President	R.O.C.	Weite Chen	Male	2019.07	6,196,614	3.40%	21,781	0.01%	4,131,076	2.27%
Vice President		Jerome Chen	Male	2000.03	3,023,707	1.66%	414,816	0.23%	2,950,000	1.62%
Vice President		Jeffrey Chen	Male	2000.03	1,766,224	0.97%	1,250,920	0.69%	2,950,000	1.62%
Associate Manager		James Cheng	Male	2010.10	235,049	0.13%	0	0.00%	0	0.00%
Associate Manager		Yen-hung Chen	Male	2021.08	0	0.00%	0	0.00%	0	0.00%
Associate Manager		Hannah Ou	Female	2025.12	13,000	0.01%	0	0.00%	0	0.00%
Associate Manager		Wei-Shun Chen	Male	2026.03	400,000	0.22%	152,000	0.08%	1,805,000	0.99%
Chief Corporate Governance Officer		Fang-ling Yeh	Female	2023.11	0	0.00%	0	0.00%	0	0.00%

Title	Name	Major experience (education)	Other position concurrently held at the Company or other companies	Managers who are spouses or within the second degree of kinship			Remarks
				Title	Name	Relationship	
President	Weite Chen	MBA, Rotterdam School of Management	Supervisor of TEC Brite Technology Co., Ltd. Chairman of Shuen Der Industry (Jiangsu) Co., Ltd.	—	—	—	(Note)
Vice President	Jerome Chen	Master of Business Management National Changhua University of Education	Chairman of Shuen Der Stationery (Jiangsu) Co., Ltd.	Vice President	Jeffrey Chen	Second degree of kinship	
Vice President	Jeffrey Chen	Bachelor of Automated Control Engineering, Feng Chia University	Director of TEC Brite Technology Co., Ltd. Director of Shuen Der Industry (Jiangsu) Co., Ltd. Director of Shuen Der Stationery (Jiangsu) Co., Ltd.	Vice President	Jerome Chen	Second degree of kinship	
Associate Manager	Hannah Ou	Department of Accounting and Information Technology, National Chung Cheng University Republic of China (Taiwan) Certified Public Accountant	—	—	—	—	
Associate Manager	James Cheng	Master of Business Management National Changhua University of Education	Director and President of Shuen Der Industry (Jiangsu) Co., Ltd. Director of Shuen Der Stationery (Jiangsu) Co., Ltd.	—	—	—	
Associate Manager	Yen-hung Chen	PhD of Materials Engineering, Tatung University	—	—	—	—	
Chief Corporate Governance Officer	Fang-ling Yeh	Master of Accounting, National Chung Cheng University Republic of China (Taiwan) Certified Public Accountant	—	—	—	—	

Note:Due to the first degree of kinship between the Chairman and the President, the number of Independent Directors has been increased, and more than half of the Directors do not concurrently serve as employees or managers.

II. Remuneration Paid During the Most Recent Fiscal Year to General Directors, Independent Directors, President and Vice Presidents

(I) Remuneration of General Directors and Independent Directors (Individual Disclosure of Names and Remuneration Methods)

Title	Name	Remuneration of Directors (Note 4)								Ratio of total remuneration (A+B+C+D) to net income after tax				Relevant remuneration received by directors who are also employees								Ratio of total remuneration (A+B+C+D+E+F+G) to net income after tax				Remuneration received from an invested company other than the Company's subsidiaries or parent company
		Base remuneration (A)		Severance pay and pension (B)		Bonus to Directors (C) (Note 1)		Allowances (D)						Salary, bonus and allowances (E) (Note 2)		Severance pay and pension (F) (Note 3)		Employee bonus (G) (Note 1)								
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated financial statements		
										Total	Ratio	Total	Ratio					Cash amount	Stock amount	Cash amount	Stock amount	Total	Ratio	Total	Ratio	
Chairman	J.S.Chen	7,540	7,540	0	0	1,470	1,470	0	0	9,010	2.97%	9,010	2.97%	1,003	1,003	0	0	0	0	0	0	10,013	3.30%	10,013	3.30%	-
Director	Jerome Chen	0	0	0	0	916	916	0	0	916	0.30%	916	0.30%	5,669	7,087	170	170	214	0	214	0	6,970	2.30%	8,387	2.77%	-
Director	Weite Chen	0	0	0	0	1,587	1,587	0	0	1,587	0.52%	1,587	0.52%	7,258	7,258	200	200	367	0	367	0	9,412	3.10%	9,412	3.10%	-
Director	Wei-Shun Chen	0	2,031	0	0	247	247	0	0	247	0.08%	2,278	0.75%	264	264	0	0	0	0	0	0	511	0.17%	2,542	0.84%	-
Director	Chieh-hsuan Chen	0	0	0	0	350	300	25	25	375	0.12%	375	0.12%	0	0	0	0	0	0	0	0	375	0.12%	375	0.12%	-
Independent Director	Lan-ying Huang	540	540	0	0	0	0	25	25	565	0.19%	565	0.19%	0	0	0	0	0	0	0	0	565	0.19%	565	0.19%	
Independent Director	Tsung-ting Chung	660	660	0	0	0	0	20	20	680	0.22%	680	0.22%	0	0	0	0	0	0	0	0	680	0.22%	680	0.22%	
Independent Director	Kuo-tsao Tseng	540	540	0	0	0	0	25	25	565	0.19%	565	0.19%	0	0	0	0	0	0	0	0	565	0.19%	565	0.19%	
Independent Director	Wen-Cheng Cheng	540	540	0	0	0	0	25	25	565	0.19%	565	0.19%	0	0	0	0	0	0	0	0	565	0.19%	565	0.19%	

Note 1: The shareholders' meeting has not approved SDI's earnings distribution in 2025, and this is the estimated number to be distributed.
Note 2: It excluding the relevant remuneration paid to the driver NT$ 913,000.
Note 3: It is the contribution of severance pay and pension expenses.
Note 4: In addition to the results of Directors' performance evaluation, the Board of Directors is authorized under the provisions of the articles of incorporation to determine the remuneration of directors of SDI based on the extent

of participation and contribution in the operation of SDI, and taking into account the industry standard, and determine and distribute the remuneration of independent directors based on its operation status.

(II) Remuneration of the President and Vice Presidents (Individual Disclosure of Names and Remuneration Methods)

Unit: NT$ Thousand

Title	Name	Salary (A)		Severance pay and pension (B) (Note 1)		Bonuses and allowances (C)		Employee bonus (D) (Note 2)				Ratio of total remuneration (A+B+C+D) to net income after tax (%)				Remuneration received from an invested company other than the Company's subsidiaries or parent company
								SDI		All companies in the consolidated financial statements						
		SDI	All companies in the consolidated financial statements	SDI	All companies in the consolidated financial statements	SDI	All companies in the consolidated financial statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	SDI		All companies in the consolidated financial statements		
President	Weite Chen	3,365	3,365	200	200	3,893	3,893	367	0	367	0	7,825	2.58%	7,825	2.58%	0
Vice President	Jerome Chen	2,858	4,188	170	170	2,812	2,812	214	0	214	0	6,053	2.00%	7,471	2.46%	0
Vice President	Jeffrey Chen	2,772	2,772	124	124	866	866	214	0	214	0	3,996	1.32%	6,084	2.01%	0

Note 1: It is the contribution of severance pay and pension expenses.

Note 2: The shareholders' meeting has not approved SDI's earnings distribution in 2025, and this is the estimated number to be distributed.

(III) Name of Managers with Employee Bonus Allocated and the State of Allocation

December 31, 2025/ Unit: NT$ Thousand

	Title	Name	Stock Amount	Cash Amount	Total	Ratio of Total Amount to Net Income(%)
Managers	President	Weite Chen	—	1,800	1,800	0.59%
	Vice President	Jerome Chen				
	Vice President	Jeffrey Chen				
	Associate Manager	Ray Huang (Note 2)				
	Associate Manager	Hannah Ou (Note 3)				
	Associate Manager	James Cheng				
	Associate Manager	Yen-hung Chen				
	Chief Corporate Governance Officer	Fang-ling, Yeh				

Note1: The shareholders' meeting has not approved SDI's earnings distribution in 2025, and this is the estimated number to be distributed.

Note2: Cessation of office on December 1, 2025.

Note3: Assumption of office on December 1, 2025.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income, as Paid by SDI and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, the President and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage to Operating Performance and Future Risk Exposure:

Unit: NT$ Thousand

Year	Total Remuneration paid to Directors, President and Vice Presidents		Ratio of total remuneration to net income after tax (%)	
	SDI	All companies in the consolidated financial statements	SDI	All companies in the consolidated financial statements
2024	46,064	49,695	6.82%	7.36%
2025	33,730	39,267	11.12%	12.95%

Total remuneration paid to Directors, Independent Directors, President and Vice Presidents is determined by the Board of Directors based on the extent of participation and contribution in the operation of SDI and taking into account the industry standard.

III. Operations of Corporate Governance

(I) Operations of the Board of Directors:

The Board of Directors has held five meetings (A) in the most recent year. Attendance of directors is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%)【B/A】	Remarks
Chairman	J.S.Chen	5	0	100%	
Director	Jerome Chen	5	0	100%	
Director	Weite Chen	5	0	100%	
Director	Wei-Shun Chen	5	0	100%	
Director	Chieh-hsuan Chen	5	0	100%	
Independent Director	Tsung-ting Chung	4	1	80%	
Independent Director	Kuo-tsao Tseng	5	0	100%	
Independent Director	Wen-Cheng Cheng	5	0	100%	
Independent Director	Lan-ying Huang	5	0	100%	

Other matters:

I. With regard to the operation of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Independent Directors' opinions and SDI's handling of such opinions shall be specified:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act: the Company has set up an Audit Committee, not applicable.

(II) In addition to the matters above, the Independent Director has expressed a dissenting or qualified opinion with respect to other proposals resolved by the Board of Directors and has been recorded or prepared as a written declaration: None.

II. Regarding recusals of directors from voting due to conflicts of interests: The Directors recused from discussion and voting on their remuneration.

III. Information on the Board of Directors' self (or peer) assessment interval and period, scope, method and content:

Execution process of the Board of Directors' assessment

Assessment interval	Internal performance assessment: Once every year External performance assessment: An evaluation is conducted at least once every three years by an independent external professional organization or a team of external expert scholars.			
Assessment period	Internal performance assessment: January 1 ~ December 31, 2025 External performance assessment: January 1, 2023 ~ September 30, 2025			
Scope of assessment	Board of Directors		Individual Director	Compensation Committee Audit Committee Sustainable Development Committee
Method of assessment	Self-assessment of the Board of Directors	External evaluation Taiwan Association for Board Governance	Director's self-assessment	Peer assessment
Content of assessment	1. Extent of participation in the operation of SDI 2. Enhancement of Decision-making quality of the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and continuity of Director Internal control	1. Composition and Structure of the Board of Directors 2. Election and Continuing Education of the Board of Directors 3. Degree of participation in the Company's operations 4. Improve the quality of Board of Directors' decision-making 5. Internal control 6. Environmental, Social, and Corporate Governance 7. Value creation	1. Mastery of company goals and tasks 2. Awareness of Director's duties 3. Extent of participation in the operation of SDI 4. Internal relationship and communication, professionalism and continuity of Director 5. Internal control	1. Extent of participation in the operation of SDI 2. Awareness of duties of functional committees 3. Enhancement of decision-making quality of functional committees 4. Composition and member selection of functional committees 5. Internal control (Audit Committee)

IV. Measures taken to strengthen the functionality of the Board in the current and most recent years (such as establishing an Audit Committee, improving information transparency, etc.) and evaluation of execution process: The Company's

Board of Directors has revised and approved the "Rules of Procedure for Board Meetings," "Implementation Rules of Internal Audit," " Procedures for Handling Material Inside Information," " Articles of Sustainable Development Committee," and "Articles of Audit Committee," along with the establishment of the "Pre-Approval Review Procedures for Non-Assurance Services" and the "Procedures for the Preparation and Verification of the Sustainability Report," help to more effectively establish a sound board governance system, enhance supervisory functions, and strengthen management capabilities.

(II) Operational Status of the Audit Committee:

The Audit Committee has held four meetings (A) in the most recent year, and the attendance of Independent Directors is as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%)【B/A】	Remarks
Independent Director	Wen-Cheng Cheng	4	0	100%	
Independent Director	Tsung-ting Chung	3	1	75%	
Independent Director	Kuo-tsao Tseng	4	0	100%	
Independent Director	Lan-ying Huang	4	0	100%	

Other matters:

I. With regard to the operation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, Independent Directors' objection or reservation opinions, contents of major recommended projects, results of Audit Committee's resolutions and SDI's handling of such opinions shall be specified:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date/term	Proposal content	Result of Audit Committee's resolution	SDI's actions in response to the opinions of Audit Committee
2025.2.26 The 3th meeting of the 2st Audit Committee	1. Approved the deliberation of 2024 parent company-only financial statements and consolidated financial statements. 2. Approved the 2024 earnings distribution plan. 3. Approved the 2024 statement on internal control. 4. Approved the evaluation review of the independence and competence of the CPA. 5. Approved the partial amendments to the Articles of Incorporation. 6. Approved the increase and renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie.	All Directors present approved	Submit to the Board of Directors All Directors present approved
2025.5.7 The 4th meeting of the 2st Audit Committee	1. Approval of the proposal for the Company to acquire its subsidiary, Chao Shin Metal Industrial Corporation. 2. Approval of the right-of-use asset proposal for the lease of business premises by the subsidiary, Shuen Der Stationery (Jiangsu) Co., Ltd. 3. Approved the additional accounts receivable beyond normal credit period of three months through the first quarter of 2025 are of no financing nature. 4. Approved the renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie.	All Directors present approved	Submit to the Board of Directors All Directors present approved
2025.8.5 The 5st meeting of the 2nd Audit Committee	1. Approval of the merger proposal with the subsidiary, Chao Shin Metal Industrial Corporation. 2. Approval of the proposal for the construction of Building A at the Changhua Plant. 3. Approval of the proposal to amend certain provisions of the "Terms and Conditions for the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds." 4. Approved the renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie.	All Directors present approved	Submit to the Board of Directors All Directors present approved
2025.11.5 The 6nd meeting of the 2nd Audit Committee	1. Approved the 2026 Audit plan. 2. Approval of the renewal of right-of-use assets lease for business and production-use buildings by the subsidiary, TEC Brite Technology Co., Ltd. 3. Approved the additional accounts receivable beyond	All Directors present approved	Submit to the Board of Directors All Directors present approved

		normal credit period of three months through the third quarter of 2025 are of no financing nature. 4. Approval of the amendment to certain provisions of the "Terms and Conditions for the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds." 5. Approval of the retirement and personnel change of the Company's Financial Officer, Accounting Officer, and Acting Spokesperson.		

(II) Except for the matters above, other resolutions not approved by the Audit Committee, but consented by two thirds of all Directors: None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, state the name of Independent Directors, contents of the resolutions, reasons for recusals and participation in the voting: None.

III. Communications between Independent Directors and the chief internal auditor and CPAs (including substantial matters, methods and results of communication on SDI's financial and business situations):

(I) Communications between Independent Directors and the chief internal auditor:

1. The Internal Audit Department submits the audit report and traceability report completed according to the execution plan to each Independent Director for review.
2. The internal auditors submits reports on significant findings of internal control management and notifies Independent Directors.
3. In addition to receiving audit reports monthly, the independent directors of the Company have an meeting arranged at least once a year by the head of audit to report on the Company's major operations. The implementation and effectiveness of audit operations are thoroughly communicated.

(II) Communications between Independent Directors and CPAs:
CPAs shall present reports on the review (audit) of the quarterly or annual financial reports and the results, as well as various matters required by laws.

(III) Communications between Independent Directors and the chief internal auditor and CPAs for 2024:

Date and nature of meeting	With whom	Theme and content of communication	Proposals and execution result
2025.02.26 Audit Committee	Chief Auditor	● Annual report on the internal audit. ● Internal Control Statement	No objection
	CPA	● Consolidated and individual annual financial statement audit results. ● Explanation of Key Audit Matters (KAM) ● Materiality for the current period ● Uncorrected Adjustments ● Internal control ● Other communication matters(Independence, legal compliance, etc.) ● Other (Expression and disclosure in IFRS18-Financial Statements)	No objection
2025.05.07 Audit Committee	Chief Auditor	● Report on the internal audit for the first quarter.	No objection
	CPA	● The audit results of the financial statements of the first quarter. ● Other Communication Matters:	No objection
2025.08.05 Audit Committee	Chief Auditor	● Report on the internal audit for the second quarter.	No objection
	CPA	● The audit results of the financial statements of the second quarter. ● Other Communication Matters:	No objection
2025.11.05 Audit Committee	Chief Auditor	● Explanation of the execution of audit operations and future audit plans. ● If a significant audit deficiency is found, submit it to the next board meeting for reporting. ● Whistleblowing mailbox setup notification. ● The appeal cases will be compiled and reported later.	No objection
2025.11.05 Audit Committee	Chief Auditor	● Report on the internal audit for the third quarter. ● 2026 Audit plan.	No objection
	CPA	● The audit results of the financial statements of the third quarter. ● 2025 Financial Statement Audit Planning Communication ● Materiality for the current period ● Internal control ● Assessment of Fraud Risks ● Areas of high audit attention and response to identified risks ● Align with IFRS S1 and S2 processes ● Other Communication Matters	No objection

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

Evaluation item		Operations: Yes	Operations: No	Operations: Description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
I.	Does the company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		SDI has established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies	No variance
II.	Shareholding structure & shareholders' rights				
(I)	Does the company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement them in accordance with the procedures?	✓		SDI has a system of spokesperson and deputy spokesperson and has stock affairs personnel and registrar agents, who are in charge of handling shareholder suggestions or disputes.	No variance
(II)	Does the company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		SDI pays attention to the changes in equity of Directors, Supervisors, managers, and substantial shareholders at any time, and inputs the information every month to the information disclosure website specified by the competent authority for public disclosure.	No variance
(III)	Does the company establish and executive the risk management and firewall system within its affiliated companies?	✓		The financial business and accounting of the affiliated companies are operated independently by designated personnel, and the internal control and internal audit system are established following the law and regulations.	No variance
(IV)	Does the company establish internal rules against insiders from using undisclosed information in the market to trade securities?	✓		SDI has formulated the Procedures for Handling Material Inside Information.	No variance
III.	Composition and responsibilities of the Board of Directors				
(I)	Does the Board of Directors drafts any diversification policy and specific management target, and implement them?	✓		The composition of the Board of Directors of SDI considers diversification, formulates appropriate diversified policies and specific management targets on its operation, business style, and development needs, with diversified background and appropriateness (gender, age, nationality, culture, professional background, skills and industrial experience, etc.). For details, please refer to P5~P8 of this annual report.	No variance
(II)	In addition to the legally-required Remuneration Committee and Audit Committee, does the company voluntarily establish other functional committees?	✓		Apart from the Remuneration Committee and the Audit Committee, the Sustainable Development Committee has been founded additionally according to the Company's development needs.	No variance
(III)	Does the company establish the performance evaluation measure and evaluation method of the Board of Directors, conduct a performance evaluation annually and regularly, and submit the results of performance evaluation to the Board of Directors, and apply them as the reference for the salary and remuneration of individual directors and a nomination for renewal?	✓		SDI has formulated the Measures for Performance Evaluation of the Board of Directors, and the performance evaluation shall be conducted annually following the evaluation method. The evaluation results of 2025 were submitted to the Board of Directors on March 3, 2026.	No variance
(IV)	Does the company regularly evaluate the independence of the CPA?	✓		To ensure the reliability of SDI's financial statements and the implementation of corporate governance, SDI regularly evaluates the independence and competence of the CPA every year. The evaluation	No variance

Evaluation item	Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			procedures and standards are as follows: 1. Examine the CPA and members of the audit team are non-stakeholders and meet the independence requirements as shown in Table 1. 2. Obtain the independence declaration issued by the CPA and the information of the Audit Quality Indicators (AQIs) (including five areas such as professional, quality control, independence, supervision, capacity for innovation, and 13 indicators), which were submitted to the Board of Directors for deliberation and approval on March 3, 2026.	
IV. Does the company establish the competent and appropriate number of corporate governance personnel, and designate chief corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information required by Directors and Supervisors to carry out business, assisting Directors and Supervisors to comply with laws and regulations, handling meeting related matters of the Board of Directors and shareholders' meeting under laws, making minutes of the Board meeting and shareholders' meeting, etc.)?	✓		● SDI has appointed a chief corporate governance officer through the resolution of the Board of Directors in 2020. ● On November 2nd, 2023, the Board of Directors made the resolution to appoint Fang-ling Yeh as the dedicated Chief Corporate Governance Officer, with the aim of enhancing the functions of the Board. ● The chief corporate governance officer is responsible for handling meeting related matters of the Board of Directors and shareholders' meeting under the law, and making minutes of the Board meeting and shareholders' meeting, providing the data required by Directors to carry out business, assisting directors to comply with laws and regulations, reporting to the Board of Directors on the review results of the compliance of the qualifications of independent directors with the relevant laws and regulations at the time of their nomination, election and during their tenure of office, handling matters related to the change of directors and other matters in accordance with Articles of Incorporation or contract. ● Please refer to Table 2 for advanced studies in 2025.	
V. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated section on its website for stakeholders, and properly respond to the major corporate social responsibility issues of concern to stakeholders?	✓		SDI has set up a "dedicated section for stakeholders" on its website to properly respond to major corporate social responsibility issues of concern to stakeholders.	
VI. Does the company appoint a professional shareholder service agency to deal with the affairs of the shareholders' meeting?	✓		SDI has appointed the Stock Affairs Agency of Capital Securities Corp. to handle the affairs of the shareholders' meeting.	
VII. Information disclosure				
(I) Does the company have a corporate website to disclose both the company's financial standing and corporate governance status?	✓		A website has been set up, and relevant information on financial operations and corporate governance are disclosed regularly or irregularly according to regulations. Company website: www.sdi.com.tw	
(II) Does the company have other information disclosure channels (e.g. setting up an English website, appointing designated people to handle	✓		SDI has designated the personnel to be responsible for declaring the company's regular and irregular financial operation information, set up a spokesperson and a	

Evaluation item		Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
		Yes	No	Description	
	the collection and disclosure of the company's information, implementing the spokesperson system, and webcasting investor conferences on the company's website)?			deputy spokesperson in accordance with the regulations to implement the spokesperson system, and placed investor conferences on its website. Website: www.sdi.com.tw	
(III)	Does the company publish and declare the annual financial report within two months after the end of the fiscal year, and publish and declare the first, second and third quarter financial reports and the monthly operation in advance before the prescribed time limit?		✓	At present, SDI declares its financial report and operation status before the time limit prescribed by Securities and Exchange Act.	No material difference except annual financial report.
VIII.	Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchase of liability insurance for directors and supervisors)?	✓		1.Employees' interests: Protect employees' legal interests according to the Labor Standards Act. 2.Employee care: Establish employee benefits committee to provide various wedding and funeral subsidies, employee children scholarships, and employee travel subsidies. 3.Investor's relations: Set up IR specialists to deal with shareholder's suggestions. 4.Supplier partnership: Regularly evaluate and praise suppliers and maintain the relationship between both parties. 5.Stakeholders' rights: SDI has legal personnel. Stakeholders may communicate and make suggestions with SDI to safeguard their legitimate interests. 6.Advanced study of Directors: All Directors of SDI have the professional industrial background and practical experience in business management, and shall keep the Directors informed of the update of relevant laws and regulations on corporate governance. Please refer to Table 2 for advanced studies in 2025. 7.Execution process of risk management policies and risk measurement standards: Establish various internal regulations and conduct multiple risk management and assessment under regulations. 8.Execution process of customer policies: SDI maintains a stable and good relationship with customers. 9.The company purchases liability insurance for Directors: Directors and managers are covered by liability insurance every year. 10.Intellectual Property Management Plan: The Company coordinates with various projects and regulations to properly implement the protection of patents, trademarks, copyrights, and trade secrets . Based on the principle of safeguarding and enhancing core competitiveness, it integrates intellectual property strategies, research and development strategies, and operational strategies to pursue maximum corporate benefits. (1.) Project Protection Measures: To align intellectual property management with the group's operational growth goals, all relevant departments such as intellectual property, research and development, and marketing regularly hold review meetings on the overall	No variance

Evaluation item	Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			management of the Company's intellectual property rights. They dynamically adjust intellectual asset management to protect research and development outcomes, provide strategic protection, and safeguard marketing interests. To enhance intellectual property governance, the Company has implemented the Taiwan Intellectual Property Management System (TIPS) (2.) Trade Secret Protection: The Company strictly requires the research and development units and related departments to adhere to the principles of trade secret confidentiality. Without the consent of the Company or its supervisors, undisclosed technical data must not be disclosed externally. Additionally, during the initial stages of new product development, the research and development unit evaluates the innovation of the product, its related technology, and processes, and determines the feasibility of patent and copyright protection, or whether it should be classified as a trade secret or consider other alternatives. The Company regularly reports intellectual property-related matters to the Board of Directors in the fourth quarter of each year, with the most recent report submitted on November 5, 2025. The main implementation details for 2025 is as follows: (1.) Conduct educational training on topics such as TIPS responsible personnel training, basic concepts of intellectual property, internal regulations related to intellectual property, intellectual property management policies and objectives, an overview of patents, etc., and complete the 2025 TIPS (A-level) and corporate governance compliance training course in intellectual property law. (2.) The Company's intellectual property assets include 739 granted patents and 220 registered trademarks globally, with continued optimization of the layout for key technologies and products. (3.) The implementation of trade secrets is as follows: Confidentiality clause in employment contract: There are trade secret protection clauses for new employees. Education and Training: Bilingual versions, new staff training, and annual retraining. Data inventory, classification, and labeling: Each department regularly conducts inventory checks and defines access scope. Those not within the circulation scope require applying for approval.	

Evaluation item	Operations			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			Physical space segregation and control: Physical spaces are managed according to the level of confidentiality, with corresponding entry and exit controls for internal and external personnel, as well as control over 3C products. The Company obtained approval for the Taiwan Intellectual Property Management System (TIPS) (Class A) in 2024, and the certificate is valid until December 31, 2025.	

IX. Please explain the improvement made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, in the latest year and provide the priorities and plans for improvement with items yet to be improved.

SDI conducts self-evaluation every year based on the corporate governance evaluation project and improves year-by-year based on the index evaluation project to enhance corporate governance.

The improvement in 2025 is as follows:

1. Completion of the signing of the SBTi commitment, actively promoting carbon reduction actions in response to the goals of the "Paris Agreement."
2. Disclosure of the "Enterprise Value Enhancement Plan" and presentation of the report to the Board of Directors.
3. Disclosure of the implementation status of the employee satisfaction survey and its subsequent improvement plans.
4. Disclosure of the Personal Data Protection Policy and its implementation status.

Priority enhancements and measures in 2026:

1. Disclosure of the policy linking executive compensation to ESG-related performance evaluations.
2. Formal submission of carbon reduction targets to the SBTi and full execution of related measures to progressively achieve the committed goals.
3. Planning for the establishment of a Nomination Committee.
4. Disclosure of investor engagement activities.
5. Evaluating the implementation of an Employee Stock Ownership Trust (ESOT) plan to strengthen employee retention mechanisms and align employee interests with those of shareholders.

Table 1: Evaluation Standards for Independence of the CPA

Evaluation item		Evaluation results	Independence
1.	Whether the CPA has a direct or material indirect financial interest relationship with SDI	No	Yes
2.	Whether the CPA has financing or guarantee activities with SDI or its Directors	No	Yes
3.	Whether the CPA has a close business relationship and a potential employment relationship with SDI	No	Yes
4.	Whether the CPA and members of the audit team have served as directors, managers or have a significant influence on the audit work in SDI at present or in the last two years	No	Yes
5.	Whether the CPA has provided SDI with non-audit services that may directly affect the audit work	No	Yes
6.	Whether the CPA holds shares of SDI or affiliated companies	No	Yes
7.	Whether the CPA has acted as the defender of SDI or coordinated conflicts with other third parties on behalf of SDI	No	Yes
8.	Whether the CPA has a relative relationship with SDI's Directors, managers or personnel who have a significant influence on the audit case	No	Yes

Table 2: Advanced studies for Directors and Corporate Governance Officers in 2025:

Title	Name	Date	Organizer	Course title	Hours of study
Chairman	J.S.Chen	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
Director	Jerome Chen	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3

Title	Name	Date	Organizer	Course title	Hours of study
Director	Weite Chen	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
Director	Chieh-hsuan Chen	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
Director	Wei-Shun Chen	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
Independent Director	Tsung-ting Chung	2025/10/01	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
		2025/05/29	Taiwan Corporate Governance Association	IFRS18: Presentation and disclosure in financial reports	3
Independent Director	Kuo-tsao Tseng	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
Independent Director	Wen-Cheng Cheng	2025/08/05	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/07/22		Development Advocacy Meeting - Taichung Session	3
		2025/06/30		Sustainability, Risk, and Cybersecurity Issues in the AI Era	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
		2025/05/12		Preparing for the Future: Discussing Business Continuity Management	3
		2025/07/09	Taiwan Stock Exchange Corporation	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6
		2025/05/09	Securities and Futures Institute	2025 Insider Trading Prevention Seminar	3
Independent Director	Lan-ying Huang	2025/11/07	Taiwan Corporate Governance Association	Board of Directors Cybersecurity Governance and Oversight Strategy	3
		2025/08/05		Responsibilities and obligations of Directors under corporate governance regulations	3
		2025/05/29		IFRS18: Presentation and disclosure in financial reports	3
		2025/05/08		Trump 2.0, the Death of Globalization, and Regional Wars	3
Financial Director	Ray Huang (Note 1)	2025/6/26-27	Accounting Research and Development Foundation	Issuers, securities firms, and stock exchanges accounting officers continuing education program	12
		2025/08/08	Taiwan Corporate Governance Association	Responsibilities and obligations of Directors under corporate governance regulations	3
Financial Director	Hannah Ou (Note 2)	2025/06/11	Accounting Research and Development Foundation	Legal responsibilities related to employee fraud and internal control and audit practices	6
		2025/10/29		Sustainable Information Preparation and Filing Practices Workshop	6
Chief Corporate Governance Officer	Fang-ling Yeh	2025/04/11	Accounting Research and Development Foundation	Analysis of Regulations Related to Sustainability and Financial Reporting	6
		2025/04/30		Sustainable Information Preparation and Filing Practices Workshop	6
		2025/05/29	Taiwan Corporate Governance Association	IFRS18: Presentation and disclosure in financial reports	3
		2025/07/21-22		Greenhouse Gas Management Workshop and Sustainable Development Advocacy Meeting - Taichung Session	9
		2025/08/05		Responsibilities and obligations of Directors under corporate governance regulations	3

Note 1: Cessation of office on December 1, 2025.

Note 2: Assumption of office on December 1, 2025.

(IV) Remuneration Committee and Sustainable Development Committee

1. Composition, Responsibilities, and Operations of the Remuneration Committee

The Board of Directors of SDI approved the establishment of the Remuneration Committee on

December 15, 2011.

(1) Information of Remuneration Committee Members

March 31, 2026

Capacity	Name (Qualification)	Professional qualification and experience	Independence criteria	Number of other public companies where the individual concurrently serves as a Remuneration Committee member
IndependentDirector(convener)	Tsung-ting Chung	Please refer to page 5 for the information on Directors.		0
Independent Director	Kuo-tsao Tseng			0
Independent Director	Lan-ying Huang			2

(2) Operational Status of the Remuneration Committee

① SDI's Remuneration Committee consists of 3 members.

② Term of Office: May 30, 2024 to May 29, 2027. The Remuneration Committee has held two meetings (A) in 2025 and the qualifications and attendance of the members are as follows:

Title	Name	Attendance in person as a non-voting participant (B)	By proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Tsung-ting Chung	2	—	100%	
Committee Member	Kuo-tsao Tseng	2	—	100%	
Committee Member	Lan-ying Huang	2	—	100%	

I. Discussion and resolution of Remuneration Committee in 2025:

Remuneration Committee	Proposal content and subsequent treatment	Resolution	SDI's actions in response to the opinions of Remuneration Committee
2025.2.26 The 2th meeting of the 6th Remuneration Committee	1. Review the remuneration distribution plan of SDI's employees and Directors in 2024. 2. The manager's and chief Auditor's performance salary adjustment plan of SDI in 2025 was intended to be in accordance with all employees. Implement according to the approved content, various assessments, and measures for performance evaluation.	All Directors present approved	Submit to the Board of Directors All Directors present approved
2025.11.5 The 3st meeting of the 6th Remuneration Committee	1. Continuous adoption of the current salary standard and structure of SDI's managers and chief Auditor. 2. Approval of the proposal to establish the Employee Stock Ownership Trust (ESOT) plan for mid-to-senior level employees of the Company. Implement according to the approved content.	All Directors present approved	Submit to the Board of Directors All Directors present approved

II. Other matters:

1. If the Board of Directors does not adopt or amend the recommendation of Remuneration Committee, the date of the meeting, session, content of the motion, resolution by the Board of Directors and SDI's response to the Remuneration Committee's opinion (e.g. if the salary and remuneration passed by the Board of Directors exceed the recommendation of Remuneration Committee,, the circumstances and cause for the difference shall be specified) shall be specified: None.
2. If there were resolutions of the Remuneration Committee to which members objected or expressed reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.

2. Composition, Responsibilities, and Operations of the Sustainable Development Committee

(1) Information of Sustainable Development Committee Members

Title	Name	Major experience (education)	Areas of Expertise
Director (Convener)	Weite Chen	MBA, Rotterdam School of Management	Business Management, Sustainable Development
Independent Director	Tsung-ting Chung	PhD in International Relations from Denver University, USA Professor in Business Management Department, National Yunlin Technology University	Corporate Governance, International Relations, Social Research
Independent Director	Wen-Cheng Cheng	Master of Business Administration, Feng Chia University Senior Vice President of E.SUN Bank	Corporate Governance, Finance

(2) Operational Status of the Sustainable Development Committee

① Duties of the Sustainable Development Committee:

- Formulation of the Company's sustainable development policy.
- The Company's sustainable development involves setting goals, strategies, and implementation plans for sustainable governance, ethical corporate management, and environmental and social aspects.
- The Company regularly reviews, tracks, and revises the implementation and effectiveness of sustainable development, and reports regularly to the Board of Directors.
- Take into account the concerns and communication plans of different stakeholders, such as shareholders, customers, suppliers, employees, government, non-profit organizations, communities, and the media.

② The term of office for this committee: May 30, 2024 to May 29, 2027. The Sustainable Development Committee has held one meeting to review the progress of various task forces and ensure the implementation of sustainable development strategies.

Title	Name	Should Attend	Actual Attendance	Proxy Attendance
Convener	Weite Chen	Once	Once	Nil
Committee Member	Tsung-ting Chung	Once	Nil	Once
Committee Member	Wen-Cheng Cheng	Once	Once	Nil

(V) Implementation of sustainable development

1. Implementation of sustainable development, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
I. Has the company established exclusively (or concurrently) dedicated units to implement sustainable development, and has the Board of Directors appointed executive-level	✓		1. The CSR Committee was established in 2013. 2. Renamed as the Sustainable Development Committee in 2022. 3. In 2023, in pursuance of SDI's corporate vision and mission of ESG policies, improving supervision function, and strengthening management capacity, the Sustainable Development Committee will be upgraded to a Functional Committee to show SDI's determination	No variance

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
positions with responsibility for sustainable development, and to report the status of the handling to the Board of Directors?			to focus on sustainable development. 4. Three directors (including two independent Directors) have been appointed by the Board of Directors as members of the Sustainable Development Committee. The directors have acted as the chairman and convener to supervise the implementation of sustainable development policies, and designate the person in charge of the Management Department as the executive secretary, who is responsible for integrated processing committee business, concluding and reporting the annual plans and implementation results of each promotion team to the committee, coordinating and tracking the implementation of the annual plans agreed upon by the committee by each promotion team, convening meetings and deciding on sustainable development initiatives, reviewing SDI's core operating capabilities together with senior executives from different areas, and formulating the medium- and long-term sustainable development plans. 5. The "Sustainable Development Committee" serves as a platform for cross-departmental communication through vertical and horizontal connections. It identifies the sustainability issues of concern to SDI's operations and stakeholders, proposes strategies and work guidelines, prepares budgets for each organization related to the sustainable development, plans and implements the annual plan, and tracks the result of implementation to ensure that sustainable development strategies are sufficiently implemented in SDI's routine operations. 6. The Sustainable Development Committee reports to the Board of Directors at least once a year on the implementation results of sustainable development and our future work plan. In 2025, every promotion team under the Sustainable Development Committee held several meetings and completed the preparation, certification, and submission of the sustainability report 2024 in August 2025. 7. The Board of Directors shall listen to the reports from the management team (including the ESG report) at least once a year. The management team must propose corporate strategies to the Board of Directors, which must determine their likelihood of success, review the progress of the strategies frequently, and urge the management team to make adjustments whenever necessary.	
II. Does the company conduct the risk assessment on environmental, social, and corporate governance issues related to the company's operation based on the principle of materiality, and formulate relevant risk management policies or strategies?	✓		1. This information disclosure comprises SDI's sustainable development performance on major premises from January to December 2025. The risk assessment shall be bounded to SDI, and covers employees, suppliers of raw materials in the upstream, and customers in the downstream. 2. The Company conducts comprehensive risk analysis, measurement and response through communication with stakeholders and feedback, as well as management's assessment of ESG topics of significance under the premise of ensuring the Company's sustainable operation, and establishes relevant crisis management mechanisms when necessary to ensure the effective implementation of risk management and related control procedures for its units in order to comply with the risk management policy. 3. The relevant risk management policies or strategies are determined according to the risk assessment results and presented in the attached table.	No variance
III. Environmental issues				
(I) Does the company establish a proper environmental management system according to its industrial characteristics?	✓		We are committed to the protection and improvement of the environment and resources. In addition to meeting the requirements of laws and regulations and social obligations, we hope to create an excellent working environment through the implementation of environmental management, and to protect the physical and mental health and safety of our employees by promoting the implementation of the ISO 14001 environmental management system. Regular internal audits and external audits are conducted by the British Standards Institution (BSI), and environmental safety drills are held regularly every year to supervise the environmental safety of the entire company. In 2023, the company passed the ISO 14001:2015 environmental	No variance

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			management system certification, and the certificate will be valid until September 27,2026 (verification scope: Changhua Plant and Nantou Plant). Formulating Environmental Protection Policies ■ The environmental management operations are in compliance with the environmental laws and regulations of the governmental agencies. ■ Implement a range of waste reduction and pollution prevention measures to accomplish the objective of preventing pollution. ■ Actively promote energy conservation and implement resource recycling activities. ■ Enhance employee environmental education to establish a working environment free from pollution. ■ Implement corrective and preventive measures to continuously enhance environmental management operations. ■ Promote environmental policies to the public and engage in community collaboration to safeguard the environment. ■ As part of our commitment to corporate social responsibility, we actively collaborate with both upstream and downstream suppliers to encourage the adoption of green and environmentally friendly procurement practices and consumer habits. This initiative is in direct response to the global movement for Earth conservation. ■ Our Environmental Policy focuses on complying with regulations, preventing pollution, enhancing efficiency, and continuously improving our practices. The main aspects of the environmental management system promoted in 2025 include the following: 1.Pollution prevention: Actively install and upgrade pollution prevention equipment, integrate system abnormal operating periods with operational standards to reduce secondary pollution to the environment caused by abnormal events. 2.Energy and Resource Conservation: Introduce power and water-saving optimization facilities, and promote company-wide energy management. 3.Waste management: Implement waste sorting and waste management, and reduce the generation of expired chemical waste. 4. Chemical management: Inventory on-site chemicals, control stock, and reduce the amount of scrapped chemicals year by year, thereby lowering the risk factor and avoiding cost wastage. ■ Overall, in 2025, the Company's environmental management system was executed effectively. We successfully completed the update of the T01 wastewater treatment equipment and optimized the production process by switching the blow-off section to be powered by blowers. Additionally, we implemented the recycling of ROR concentrated water and TBT copper water. Using 2023 as the base year, the waste intensity decreased from 0.149 (tons/million revenue) to 0.135 in 2025, achieving a cumulative reduction of 9.4%. The chemical waste reported for disposal decreased from 6.549 tons in 2023 to 3.98 tons in 2025, a reduction of approximately 39%, with the outcomes meeting expected targets.	
(II) Company committed to improving energy efficiency and using environmentally low-impact recycled materials?	✓		■ In accordance with the government's Guidelines on Sustainable Energy Development proposed in June 2008, our Company aims to pursue sustainable energy development while prioritizing energy safety and economic growth. Our goal is to efficiently utilize limited energy resources and ensure the coexistence of the environment, energy, and economy to meet the needs of future generations. Furthermore, in response to the urgent need for international greenhouse gas reduction and the increasingly severe problem of energy shortage, we have implemented the ISO 50001:2018 (Energy Management System) as an internal framework. This framework was verified in August 2025 and is valid until December 2, 2028. Energy intensity:	No variance

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	

Item	2024		2025	
	Total consumption	Intensity	Total consumption	Intensity
Energy Consumption (GJ)	191,304	17.69	174,437	17.02
Natural Gas (GJ)	13,138	1.77	18,082	1.76
Total	210,442	19.46	192,519	18.78

■ Renewable Energy Development and Energy Conservation Planning:

1. Continuous planning for the installation of solar power generation at the plant area is ongoing. The Changhua Plant started installations in 2018, and currently, the solar power installed capacity at Changhua Plant totals 631.94 kWp. The Nantou Plant has a solar power installed capacity totaling 1089.76 kWp, with the two plants totaling 1721.7 kWp. Of this, 499 kWp are for self-consumption, and the first renewable energy certificate will be acquired on January 20, 2026.
2. The main source of carbon emissions is electricity usage. In addition to the increase in energy consumption from process-related equipment, the planning for a monitoring system of energy consumption within the plant has started. In 2024, over 500 smart meters and flow meters were installed throughout the plant. An Energy Management System (EMS) was initiated in 2023, with initial data collection from the installed meters and flow meters to analyze the plant's energy use efficiency. By 2025, after gathering data, the plant implemented over 30 energy-saving projects, resulting in a reduction of energy intensity from 19.46 in 2024 to 18.78 in 2025 (Energy Intensity: energy usage per NTD million revenue).
3. The statistics on the use of renewable and non-renewable energy cover the Changhua Plant, Changhua Second Plant, Nantou Plant, and Nantou Second Plant. The relevant energy disclosure data has also been verified by Crowe (TW) CPAs in 2024 for ISO14064 certification. The detailed statistics are shown in the table below:

Category	Item	2024 consumption (GJ)	2025 consumption (GJ)
Direct energy (A)	Natural gas	19,138	18,082
	Diesel	1,146	1,516
	Gasoline	455	490
Indirect energy (B)	Purchased electricity (Excluding renewable energy)	191,304	174,437
Non-renewable energy (C)	(A) + (B)	212,043	194,525
Renewable energy (F)	Self-consumption of solar energy	0	467
Total energy (G)	(C) +(F)	212,043	194,992
Percentage of renewable energy (H)	(F)/(G)	0%	0.24%

Note: The calorific value of diesel and gasoline was 8642 and

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
			7609 kcal/L for 2024, and 8636 and 7586 kcal/L for 2025, respectively. The above data are calculated based on the calorific values published by the Climate Change Administration, Ministry of Environment. ■ Green products and circular economy Recycling of packaging materials for electronic products is the top priority 1.Effective recycling and reuse of packaging 2.Green Production Management of Electronic Products: Compliance with RoHS/IECQ QC080000 Hazardous Substance Management System. Stationery products are designed with sustainable principles at their core. All SDI industrial stationery products meet the European Union's RoHS EN71-Part 3 standards, ensuring no heavy metal leaching. Green design is integrated across the entire product lifecycle—spanning manufacturing, usage, and recycling phases—to minimize environmental impact and foster a green, energy-efficient economy.	
(III) Does the company evaluate the potential risks and opportunities of climate change to the enterprise now and in the future, and take measures to deal with issues?	✓		■ SDI's Board of Directors is the highest authority of risk management and the Sustainable Development Committee is the highest-level unit that reviews SDI's strategy and objectives on climate change, manages relevant risks and opportunities, reviews the implementation, discusses future plans, and reports to the Audit Committee and the Board of Directors annually. Please refer to the statement in the attached table for details on the results of climate change risk assessment and response measures.	No variance
(IV) Does the company make statistics of greenhouse gas (GHG) emissions, water consumption, and the total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, GHG reduction, water consumption reduction or other waste management?	✓		I. GHG ■ Greenhouse gas emissions is the primary cause of the climate emergencies, and corporate GHG management is one of the main issues of concern for all stakeholders. Since 2021, the Company has implemented a standardized mechanism for greenhouse gas inventory in compliance with ISO 14064-1 and the guidelines for greenhouse gas inspection issued by the Environmental Protection Administration of the Executive Yuan. Each year, we conduct a comprehensive inventory of greenhouse gas emissions from all of our plant sites. ■ To accurately capture other indirect greenhouse gas (GHG) emissions and identify major emission sources for carbon reduction planning, the company compiled a GHG Statement in 2024 in accordance with the GHG Protocol published by the WBCSD/WRI. This statement calculates the emissions from various major indirect sources. Currently, Scope 3 emissions represent the largest portion of the company's total GHG emissions, followed by indirect emissions from electricity consumption. Consequently, the following energy-saving and carbon-reduction strategies have been adopted for 2025: 1.The air knife wind source used in the electroplating process o Nantou Buildings F and G has been changed from an ai compressor to a blower, which can significantly reduce the us of the air compressor. The results show a reduction of abou 70% in the annual electricity consumption of the air compressor 2.The 420RT chiller in Changhua has been in use for 20 years an was replaced in 2025. 3.A consulting unit is entrusted with the measurement o energy-saving and carbon reduction measures. After th inspection, it was planned to replace three chillers in Building I of the Nantou plant with variable frequency chillers Additionally, the traditional control system was upgraded wit intelligent control to enhance the overall efficiency of the chille system. 4.With no impact on the process temperature and humidit requirements, the chiller temperature was gradually increase from the set value of 7 degrees to the current 11 degrees. 5.Frequency converters are installed to the air conditioning units	No variance

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	

reducing the frequency from the original 60Hz to 40Hz.

6. Waste heat is recovered from the Nantou air compressor, reducing the burning of natural gas in the DG water heater, replacing the heat source for the TBT cleanroom.

Recent statistics and intensity of greenhouse gas emissions over the past two years:

Unit: metric tons of CO_2 e

	2024	2025
Scope 1	2,233.2997	1653.2632
Scope 2	26,259.1425	22,961.5009
Scope 3	127,604.8672	136809.9564
Intensity (Revenue in million dollars)	14.43	15.75

Note 1: Based on the statistics of emissions in 2024~2025.

Note 2: The electricity emission factor in 2024 is 0.494Kg CO2e/kWh and in 2025 is 0.474 Kg CO2e/kWh; The data presented above is derived from the carbon dioxide emissions equivalent per kWh, as published by the Energy Administration, Ministry of Economic Affairs, R.O.C.

Note 3: The greenhouse gas emission intensity is calculated by dividing the total emissions (in metric tons CO2e) by the revenue in million dollars. The scope of the aforementioned total emissions inventory is from SDI (Changhua Plant and Nantou Plant), and the revenue is from statements of comprehensive income.

Note 4: Complete greenhouse gas emissions data will be disclosed in the Greenhouse Gas Inventory Report.

Note 5: Full assurance will be disclosed in the Sustainability Report.

II. Water Usage

Our company has assessed the water risks of our main production sites using the Aqueduct Water Risk Atlas developed by WRI. Based on this assessment, both the Changhua Plant and the Nantou Plant have been categorized as having a low level of water risk during the base period. At present, none of the operational sites are situated in areas with high or extremely high baseline water stress. However, every plant remains committed to actively managing water usage internally and collaborating externally. They are implementing strategies to conserve water and mitigate any potential impact caused by water shortages.

1. Water Resource Management and Recovery Results

In order to achieve wastewater recycling, energy conservation, and waste reduction, we collaborated with manufacturers to establish water recycling and nickel resource recovery equipment in 2022. The manufacturer was responsible for separating and recovering heavy metals from the wastewater, purifying it, and reusing it in the production line. The recycling system offers several benefits after processing, including water reusability, reduced usage of tap water in the plant area, decreased wastewater discharge, recycling and reuse of discarded heavy metals, reduced usage of chemicals for wastewater treatment, and decreased sludge volume.

The statistics of water consumption and intensity in the past two years:

Unit: Tonne

	2024	2025
Changhua Plant	17,613	13,339
Nantou Plant	1,210,875	988,766
Intensity (Revenue in million dollars)	113.6	97.79

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	

The statistics of water resource recycling volume in the past two years:

Unit: Tonne

	2024	2025
Nickel Wastewater Recovery Volume	36,314	24,668
ROR Recovered Water Volume	Nil	76,101
Copper-containing Wastewater Recovery Volume	Nil	6,162
Total	36,314	106,931

2. Water Saving Measures and Process Optimization

The core of the Company's water-saving policy lies in "Reduction at Source, Reuse, and Smart Management." Specific measures are as follows:

■ Optimization of Recovery Equipment and Systems:

(1.)Establishment of a reclaimed water recovery system within the ultrapure water system.

(2.)Collection of concentrated water remaining from the reclaimed water system for use in toilet flushing and greenery irrigation.

(3.)Establishment of a nickel-containing wastewater recovery system.

(4.)Establishment of a copper-containing wastewater recovery system.

(5.)Continuous evaluation of feasible water-saving solutions, such as the establishment of silver-containing wastewater recovery and rainwater harvesting systems.

■ Efficiency Improvement and Equipment Replacement:

(1.)Improvement of process yields to enhance water use intensity.

(2.)Construction of new electroplating production lines:

(2.1)Single-machine, single-line configuration to avoid waste during startup testing and production.

(2.2)Specialized nozzles to limit water use, paired with flow meters for monitoring to prevent orifice expansion or blockage.

(3.)Production efficiency enhancement: Transitioning from single-mold plate products to reel-to-reel electroplating machines to increase production speed.

(4.)Replacement of two obsolete electroplating machines, expected to be completed by the end of 2026.

3. Reduction Policy and Future Targets

Using 2024 as the base year (water intensity of 113.6), the Company has set a target of a 1% annual reduction, aiming for a cumulative reduction of over 6% by 2030. Simultaneously, through the aforementioned recovery schemes, the target is to gradually increase the water recovery rate from 10% in 2025 to 18%

III. Waste

1.In order to fulfill the responsibility of waste management, avoid environmental impacts, and reduce the burden on the environment caused by the operation process, the first priority is waste reduction, followed by reuse, and finally treatment or disposal.

2.Waste reduction is implemented at the source by practicing practical waste classification and regularly monitoring the handling of industrial waste generated during operational activities in different units.

3.To achieve the vision of zero-carbon green transportation, the Company replaced sludge transportation vehicles with fully electric vehicles in March 2025 to reduce the environmental

<table>
<tr><th rowspan="2">Projects</th><th colspan="3">Execution process</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>impact of emissions from diesel vehicles. In response to the stricter copper discharge standards in 2027, a comprehensive overhaul was conducted in 2025 on the first chemical treatment system that has been operational for over 30 years. In addition, in response to international copper price fluctuations, The Company plans to convert copper-containing wastewater into copper pipes and reclaimed water through industry-academia collaboration in 2026, adhering to a goal of not wasting a single drop of water and achieving zero waste through resource recycling.
4.Using 2023 as the base year (with a waste intensity of 0.149 tons/million revenue), an annual reduction target of 2% is set, with a cumulative reduction expected to reach over 14% by 2030. To achieve the set goals, the Company promotes the standardization and unification of packaging materials (TPS) (consolidation and reorganization), and reduce waste generation at the source through process optimization. In 2025, the waste intensity was 0.135 (tons/million revenue), a decrease of 1.46% from 0.137 in 2024, and a cumulative reduction of 9.4% compared to the base year, meeting the expected performance.
The statistics of waste and intensity in the past two years:
Unit: Metric tons
<table>
<tr><th></th><th>2024</th><th>2025</th></tr>
<tr><td>Changhua Plant:</td><td></td><td></td></tr>
<tr><td>General industrial waste</td><td>238.738</td><td>164.13</td></tr>
<tr><td>Hazardous waste</td><td>26.59</td><td>18.32</td></tr>
<tr><td>Nantou Plant</td><td></td><td></td></tr>
<tr><td>General industrial waste</td><td>356.31</td><td>371.86</td></tr>
<tr><td>Hazardous waste</td><td>863.34</td><td>824.93</td></tr>
<tr><td>Intensity (Revenue in million dollars)</td><td>0.137</td><td>0.135</td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Social issues</td><td></td><td></td><td></td><td></td></tr>
<tr><td>(I) Has the company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>■ Human Rights Policy and Commitments:
We support and respect the "Universal Declaration of Human Rights", the "United Nations Global Compact", the "United Nations Guiding Principles on Business and Human Rights", the ILO Declaration on "Fundamental Principles and Rights at Work", and the RBA Code of Conduct, and comply with national laws and regulations.
We prioritize human rights in all phases of our operations and regularly review the implementation of our human rights policies to ensure that human rights protections are enforced.
The human rights management policy and specific programs are summarized below:
<table>
<tr><th>Policy Issues</th><th>Specific Plans</th></tr>
<tr><td>Prohibition of forced labor</td><td>The Corporate Social Responsibility Management Manual states that "Freedom of employment is promoted and forced labor is prohibited".</td></tr>
<tr><td>Right to Health</td><td>■ Offer occupational safety education and training
■ Measures for safeguarding health</td></tr>
<tr><td>Privacy Protection</td><td>Avoid privacy violations</td></tr>
<tr><td>Child Protection</td><td>Revised regulations on the management of child labor, youth workers, and vocational students</td></tr>
<tr><td>Elimination of</td><td>■ Promote equal</td></tr>
</table>
</td><td>No variance</td></tr>
</table>

<table>
<tr><td rowspan="2">Projects</td><td colspan="3">Execution process</td><td rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Description</td></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>unlawful discrimination and advocate equal pay for equal work</td><td>employment opportunities and strictly prohibit any form of unlawful discrimination.
■ The Corporate Social Responsibility Management Manual explicitly states that "there should be no improper discrimination, and emphasizes the importance of equal employment and a workplace free from harassment and discrimination".</td></tr>
<tr><td>Protection of Work and Labor Conditions</td><td>Minimize employee overtime</td></tr>
<tr><td>The right to freedom of assembly and association</td><td>The Corporate Social Responsibility Management Manual clearly states, "Respect the freedom of all employees to form and join labor unions, as well as their right to engage in collective bargaining."</td></tr>
<tr><td>Preventing sexual harassment and unlawful infringement at the workplace</td><td>Ensuring that employees have a work environment that is free from sexual harassment and unlawful infringement at the workplace</td></tr>
</table>
In 2025, in-person lectures were also held for supervisors at all levels titled "Sensitivity Training - Identifying High-Concern Employees and Handling Procedures" and "Gender Equality Knowledge and Sexual Harassment Prevention Practices". A total of 136 participants attended the lectures, with a total training duration of 408 hours aimed at conveying the Company's zero-tolerance stance on harassment and actively creating an equal, inclusive, and respectful work environment.
■ Whistle blowing mailbox: (Grievance@email.sdi.com.tw) A corporate governance whistleblowing mailbox has been set up for internal and external personnel.</td><td></td></tr>
<tr><td>(II) Does the company establish and implement reasonable employee benefit measures (including salary, compensated absences, and other benefits), and appropriately reflect the operating performance or results in the employee's salary?</td><td>✓</td><td></td><td>■ Other than the provisions stipulated of the Articles of Incorporation, if there is any profit in the annual final accounts, SDI shall first allocate 1% as the employee compensation and 0.5% as the non-executive employees compensation. In addition, salary adjustment, quarterly bonuses, and year-end bonuses are paid each year according to performance appraisal through the provision of the special budget approved by the Remuneration Committee, and the Benefit Committee is set up to be responsible for other benefits matters of employees (please refer to P54~55 for details).
■ SDI complies with legal requirements and strives to implement policies such as freedom of employment, humane treatment, prohibition of inappropriate discrimination, sexual harassment, and equal pay. In 2025, 31.73% of employees and 7.9% of executives were women.
■ SDI participates in the salary surveys of the industry every year and adjusts salaries according to market benchmark, economic trends and individual performance in order to maintain the overall salary competitiveness.
■ Employee benefits (including salaries, directors' remuneration, health insurance, pension, and other employment expenses) totaled</td><td>No variance</td></tr>
</table>

<table>
<tr><th rowspan="2">Projects</th><th colspan="3">Execution process</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>NT$1,799,842,000 in 2025.</td><td></td></tr>
<tr><td>(III) Does the company provide a healthy and safe working environment and organize health and safety training for its employees on a regular basis?</td><td>✓</td><td></td><td>■ The Company plans to implement 6S activities in the workplace, commissioning a qualified inspection agency every six months to conduct work environment monitoring in order to maintain environmental cleanliness and equipment safety measures,and provides regular safety and health training and work safety promotion activities every year to enhance employees’ safety consciousness, with a total of 2,183 person-times and 6,785 hours in 2025. Besides, SDI has provided health examinations regularly and invited doctors to the plant every month to offer services to maintain employees’ health. (In 2025, there were 1,089 staff taking in-service health examinations).
■ SDI has passed ISO 45001: 2018 certification of the Occupational Health and Safety Management System and CNS 45001:2018 (TOSHMS) certification of Taiwan Occupational Health and Safety Management System (scope of certification: Changhua Plant and Nantou Plant; certificate valid until 2026/09/27) since 2022/9/15.
■ In 2025, 5 injuries occurred in the occupational hazards section, with a total of 5 people injured (about 0.37%), mainly due to unsafe behaviors of employees.We have strengthened safety and health education training and promotion, and improved machinery and equipment and safety and health facilities to create a safe and comfortable working environment.
■ Number of fires in 2025: None</td><td>No variance</td></tr>
<tr><td>(IV) Has the company established effective career development and training plans for its employees?</td><td>✓</td><td></td><td>■ It is one of SDI's primary corporate social responsibilities to train talents needed by enterprises and society continuously. To confirm the effectiveness of SDI's talent training system, SDI participated in the attestation of Taiwan Training Quality System (TTQS) in 2014, won the gold medal award issued by Workforce Development Agency, Ministry of Labor and earned the National Talent Development Award in 2016.
■ The training plan comprises new employee training, further professional development, supervisor training, and succession planning, incorporating all employees and supervisors. Please refer to P54~55 for the details of implementation in 2025.</td><td>No variance</td></tr>
<tr><td>(V) Does the company comply with related regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect customer and Client rights and benefits.</td><td>✓</td><td></td><td>■ The Complaints Handling Procedure and Customer Satisfaction Management Procedure are formulated to protect customer rights and benefits and provides a smooth channel for grievance or whistleblowing, and a customer-oriented quality system is established. The objective method is used to comprehensively evaluate the customer satisfaction with SDI's products or services to understand the gap between customer needs and expectations, as the basis for quality improvement, and achieve the goal of sustainable operation of the enterprise.
■ It is essential for product manufacturers to master the existing and relevant laws and regulations of the environment as it relates to countries and trade organizations where products are sold in the future. At the product design level, SDI measures up several international verifications, such as restriction the generation of hazardous substances (RoHS, REACH, California Proposition 65), and the use of electric stationery (CE) and recycling (WEEE, battery, packaging), let the public trusts SDI's efforts in environmental maintenance and user safety, advances towards the concept of sustainable operation, and establishes a good international corporate image.</td><td>No variance</td></tr>
<tr><td>(VI) Does the company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in</td><td>✓</td><td></td><td>■ SDI has always regarded suppliers as the most important business partners. Through close long-term cooperation relationships with suppliers, SDI seeks to create a win-win niche and takes sustainable operation as the ultimate goal. Based on the RBA (Responsible Business Alliance Code of Conduct) and ISO14001</td><td>No variance</td></tr>
</table>

<table>
<tr><th rowspan="2">Projects</th><th colspan="3">Execution process</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>environmental protection, occupational health and safety, labor rights, and other issues?</td><td></td><td></td><td>environmental management system, Supplier Management Process, Environmental Management and Substance Management Measures, and other measures are formulated. Through evaluation, assessment (including environmental management, occupational safety, human rights norms, etc.), training, and recognition, sustainable supply chain management will be implemented wholly and concretely.
■ Supplier policy:
SDI establishes the spirit of supply chain management, joint economic development and social responsibility, and formulates various related policies:
1. Supplier management procedures
2. Environmental and material management practices
3. Business partner evaluation standards of safe supply chain
4. Management practices for sustainability assessment of suppliers
■ Main supplier evaluation:
1. Passed the attestation of ISO9001 quality management system
2. Provided the hazardous substance analysis report
3. Provided the SDS or material composition table
4.Prohibited Substances Management Survey Form for Suppliers
5.Self-declaration or [Supplier’s Letter of Commitment on Prohibited Substances]
6.Comply with the requirements of SDI’s HSPM Hazardous Substance Process Management System
■ Main supplier assessment:
1.The assessment items, including environmental management, occupational safety and health, and human rights regulations, are formulated in accordance with the RBA (Responsible Business Alliance Code of Conduct), Supplier Sustainable Development Management System, and ISO14001 Environmental Management System.
2.The assessment results are used as an important reference for making purchasing decision based on the regulations of the supplier audit control system. We have also added the assessment of "HSPM/GP" products and processes, which requires suppliers to have the “Test Report of Six RoHs Hazardous Substances” and provide a “letter of commitment” to ensure that their products do not contain the relevant hazardous substances.
■ Supplier’s recognition:
SDI’s supplier award system gives public recognition and encouragement to quality suppliers, and continues to uphold the principle of mutual trust and cooperation with suppliers to establish a strong trading partnership to ensure that the supplier's quality, cost, delivery, service, and management can meet the requirements of the procurement strategy to create a win-win situation.
■ Obtained the AEO certification:
In order to establish the supply chain management, we participated in the AEO “Authorized Economic Operator Certification and Administration Regulations” issued by the Customs Administration, Ministry of Finance in 2013 and passed the certification renewal examination and certification process on November 18, 2025 to enjoy the preferential measures. By virtue of the international mutual recognition, operators that have passed the certification in all countries can become part of the secure logistics supply chain, accelerate customs clearance and enhance their competitiveness.</td><td></td></tr>
<tr><td>V. Does the company prepare sustainability report and other reports that disclose the company's non-financial information following the international standards or guidelines for preparing reports? Has the</td><td>✓</td><td></td><td>■ The preparation of the Company's 2024 Sustainability Report complies to the GRI Standards and has engaged a third-party verification entity, Crowe (TW), to perform a limited assurance engagement on specific key performance information in accordance with Assurance Standard 3000.</td><td>No variance</td></tr>
</table>

Projects	Execution process			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
aforementioned report obtained the confirmation or assurance opinion of the third-party certification unit?				
VI. If the company has established corporate social responsibility principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: At present, the company has not yet established the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.				
VII. Other important information to facilitate better understanding of the operation of sustainable development: 1. Environmental protection: SDI has passed ISO14001, IEQC80000, and ISO50001 and other international attestations, and has a sound operating mechanism for industrial environmental impact assessment, classification, management, and reuse of business waste. 2. Community participation, social contribution, social service, and social welfare: social welfare activities such as children's welfare, emergency relief, elderly welfare, etc. 3. Consumer rights and benefits: Other than devoting to produce high-quality products, SDI has set up a dedicated consumer line, with dedicated business personnel serving consumers. 4. Safety and health: SDI has obtained the certification of ISO/CNS 45001 occupational safety and health system, implemented 6S environment at the workplace, maintained the cleanliness of the workplace and equipment safety protection measures, and held fire and disaster prevention training every year to reduce the risk of contingency.				

Table: Execution process of risk management policies

Risk Profile	Risk Type	Potential Impact	Response Approach
Governance	International Geopolitics	■ Several industries have started to adjust their supply chains and shift their production facilities. To address the uncertainties caused by changes in the industry's supply chain, the Company is consistently assessing the possibility of relocating its production base to minimize investment risks.	■ Improvement of the operational structure and product portfolio of the production bases across the Taiwan Strait. ■ We are actively evaluating and planning for the establishment of a third production base in order to mitigate the risks associated with geopolitical impacts.
Society	Labor Rights	■ The attention and demands of the supply chain and customers on the issue of forced labor are increasing. ■ Potential RBA compliance costs increase operational costs.	■ Continually negotiate compliance timelines with major customers. ■ Improvement of management in the four areas of labor, environment, occupational health and safety, and business ethics. ■ Investigate and plan the zero recruitment policy for migrant workers.
	Accumulated Human Capital	■ The labor gap in the key manufacturing processes reduces customers' trust in the supplier in terms of product, quality, and delivery time, which affects the company's revenue growth.	■ In addition to expanding our recruitment channels, we will also prioritize the cultivation of technical talent at the vocational level. We will implement a mentorship model to guide them and cooperate with universities through industry-academia partnership programs. By fostering collaboration between industry and academia, our goal is to create a mutually beneficial situation. ■ In order to establish a Talent White Paper continuously, the 2025 human resources strategy aimed to consolidate training resources and provide education and training programs for key talents, thereby expediting talent readiness.
Environment	Greenhouse gas emissions	■ As a result of higher quality requirements and increased production capacity, the Company's energy demand has also risen, resulting in an increase in the number of indirect sources of energy emissions in Scope 2, which has led to an increase in operating costs. ■ Replacement of energy-consuming peripheral public equipment used in the process increases operating costs.	■ SDI initiated a greenhouse gas emission inventory operation, which we have since been expanding to our subsidiaries. ■ Continuously complete the replacement of old public equipment. ■ Continuously complete the energy management system to gather energy usage data for analysis. ■ Continuously complete the wastewater recycling equipment and proceed to produce water. ■ Development of a net-zero emissions reduction target timeline in accordance with the SBTi system.

Status Report on the Implementation of Climate-related Information

Item	Execution process
1. Provides an overview of how the Board of Directors	I. The Board of Directors serves as the highest governing body for risk management in our company and is supervised by the Audit Committee. The Management Department designated as the unit for risk management promotion and execution, responsible for planning, executing, and supervising risk

<table>
<tr><th>Item</th><th>Execution process</th></tr>
<tr><td>and management supervise and manage climate-related risks and opportunities.</td><td>management-related matters (including climate change), and regularly (at least once a year) compiling and reporting on the status of execution of risk management to the Board of Directors.
II. In accordance with the risk management policies and procedures, the Company performs risk identification, analysis, measurement and response for relevant risks and opportunities at least once a year. In 2022, the Company started to identify the climate-related risks and opportunities and conducted risk management based on the probability of occurrence and the degree of impact in order to attempt to control the risks within a tolerable range. The Company defines the occurrence possibilities as follows: short-term refers to a period of up to three years, medium-term refers to a period of three to five years, and long-term refers to a period of over five years. In order to minimize the impact of risks on the Company's financial statements, the Company will establish a risk management mechanism and strengthen the linkage with financial information in order to plan in advance for the contingency of each response.
III. The Company acknowledges that severe weather events, such as typhoons, droughts, and heavy rainfall, have the potential to damage its facilities and pose logistical challenges, thereby affecting its operations. In response to the risks of typhoons and heavy rainfall, the Changhua and Nantou plants in Taiwan serve as crucial production bases for SDI. According to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), the analysis of the central region indicates that the rate of change in consecutive rainy days is higher under the RCP6.0 scenario compared to the RCP 8.5 scenario, which represents the most severe warming by the end of the century. Under the RCP6.0 scenario, the number of consecutive rainy days in the central region is projected to increase by 9% by the end of this century, from the current average of 12 days to 13.1 days. Furthermore, both plant areas are situated in non-low-lying areas and are not susceptible to flooding, as confirmed by the 3D Potential Disaster Map of the National Science & Technology Center for Disaster Reduction.
In response to the risk of drought, the analysis of the central region in the context of the most severe warming scenario at the end of the century (RCP8.5) according to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) projects a 13% increase in the duration of the dry season in the central region by the end of this century. The current average of 52 days is projected to increase to 58.7 days. The Nantou Plant, as the main water-intensive industrial area, experienced a dry season of 102 days in 2021. Despite the implementation of measures by the Nantou County Government to reduce water pressure and consumption, the production processes in the plant remain unaffected due to the availability of groundwater extraction rights.</td></tr>
<tr><td>2. Please provide an explanation of how the identified climate risks and opportunities affect the company's business, strategy, and finances in the short-term, medium-term, and long-term.</td><td>
<table>
<tr><th>Risk Aspect</th><th>Risk Events and Descriptions</th><th>Duration, Likelihood of Occurrence, and Degree of Impact</th><th>Potential Financial Impact</th></tr>
<tr><td rowspan="2">Policies and Regulations</td><td>Increase the pricing on greenhouse gas emissions
■ The Taiwan Climate Change Response Act successfully passed its third reading in 2023. Initially, carbon fee collection will prioritize large-scale users based on their carbon emissions and electricity consumption. The Environmental Protection Administration initially planned to begin collecting carbon fees in 2024 from companies with annual carbon emissions exceeding 25,000 metric tons. Although implementation has been postponed to 2025, the government’s policy remains unchanged, and the scope of carbon fee collection is expected to gradually expand over time.</td><td>Occurrence period: Medium-term
Likelihood of occurrence: High
Degree of Impact: High</td><td>■ Rise in operational expenses
■ Increasing the cost of energy conservation measures
■ Increasing renewable energy construction costs</td></tr>
<tr><td>■ Enhancing the requirement to report emissions
■ In 2022, the Financial Supervisory Commission announced that subsidiary companies within the consolidated financial statements of listed companies with a capitalization of less than 5 billion must complete a greenhouse gas inventory by 2027 and verification by 2029. This expands the scope of greenhouse gas inventory and verification.
■ The TWSE requires companies to disclose ESG-related information, which includes topics such as greenhouse gas emissions, energy management, water resources, waste management, human development, Board of Directors, and investor communication.
■ The client requests that all its suppliers provide information regarding greenhouse gas emissions and propose carbon reduction target and path planning.</td><td>Occurrence period: Medium term
Likelihood of occurrence: High
Degree of Impact: Medium</td><td>■ Increase in operating costs
■ Increase in inventory and verification costs
■ Identifying emission hotspots through a greenhouse gas inventory allows for early planning of reduction measures, which can help reduce the cost of greenhouse gas emissions.</td></tr>
</table>
</td></tr>
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<table>
<tr><th>Item</th><th>Execution process</th></tr>
<tr><td></td><td>
<table>
<tr><th>Risk Aspect</th><th>Risk Events and Descriptions</th><th>Duration, Likelihood of Occurrence, and Degree of Impact</th><th>Potential Financial Impact</th></tr>
<tr><td>Technology</td><td>The cost of transitioning from current products and services to low-carbon alternatives
■ The company employs energy-saving and efficiency-enhancing process equipment or peripheral equipment for manufacturing its products.</td><td>Occurrence period: Medium-term
Likelihood of occurrence: Mid to High
Degree of Impact: High</td><td>■ Increase in operating costs
■ Increase in research and development expenditures
■ Rising costs of raw materials, equipment, and procurement</td></tr>
<tr><td rowspan="2">Market</td><td>Changes in Customer Behavior
■ The global movement towards achieving net zero carbon emissions, coupled with regulatory policies implemented by various countries, has introduced greater uncertainty in the supply chain layout for clients. As a result, clients may prioritize companies that demonstrate low carbon emissions in their production processes. In light of this, it is imperative for the company to invest in researching emerging green energy technologies.</td><td>Occurrence period: Long-term
Likelihood of occurrence: Mid to High
Degree of Impact: High</td><td>■ Decline in revenue
■ Rise in operational expenses
■ Increase in procurement costs
■ Increasing the cost of acquiring green technologies</td></tr>
<tr><td>Rising raw material costs
■ Suppliers are required to invest in more low energy consuming processes to comply with the trend of carbon emission standards and regulatory requirements of local governments, as well as inflation and rising cost of electricity due to global economic instability.</td><td>Occurrence period: Medium term
Likelihood of occurrence: High
Degree of Impact: High</td><td>■ Increase in operating costs
■ Increase in procurement costs
■ Rising energy consumption and the costs associated with carbon credit sharing</td></tr>
</table>
</td></tr>
<tr><td>3. Elucidate the financial impact of extreme climate events and transformational actions.</td><td>
<table>
<tr><th>Risk Aspect</th><th>Risk Events and Descriptions</th><th>Duration, Likelihood of Occurrence, and Degree of Impact</th><th>Potential Financial Impact</th></tr>
<tr><td>Immediacy</td><td>The intensity of extreme weather events, such as typhoons and floods, has escalated.
■ Extreme weather conditions such as typhoons, floods, etc. may cause disruptions in production capacity, transportation difficulties and disruptions in the supply chain...etc., causing damage to the Company's operations.</td><td>Occurrence period: Medium term
Likelihood of occurrence: High
Degree of Impact: Low</td><td>■ Increase in operating costs/capital expenditure
■ Investment in factory buildings and equipment to address extreme weather conditions
■ Investment in disaster prevention related assets</td></tr>
<tr><td>Long-term</td><td>Severe rainfall and drought conditions
■ Reservoir storage capacity has been disrupted by extreme rainfall and drought events, resulting in production interruptions, transportation difficulties, and supply chain disruptions.</td><td>Occurrence period: Medium term
Likelihood of occurrence: High
Degree of Impact: Low</td><td>■ Reduced Product Revenue
■ Increased transportation and energy costs</td></tr>
</table>
</td></tr>
<tr><td>4. Outlines the integration of the process of identifying, assessing, and managing climate risks into the overall risk management</td><td>I. Each operating unit shall conduct risk identification for the short-, medium-, and long-term goals and business execution of its respective unit in accordance with the Company's strategic objectives and the risk management policies and procedures approved by the Board of Directors.
Risk identification should adopt various feasible analytical tools and methods (e.g., process analysis, situational analysis, questionnaire survey, PESTLE analysis, etc.), and consider internal and external risk factors, stakeholder concerns, etc., based on past experience and information. Through "bottom-up" and "top-down" analyses and discussions, strategic risks and operational risks are combined to fully identify potential risk events that could result in the failure to achieve the Company's objectives and cause losses or</td></tr>
</table>

Item	Execution process
system.	negative impacts to the Company. II. Risk analysis focuses on the nature and characteristics of identified risk events, and analyzes the probability of occurrence and the degree of impact to calculate the risk value. Each operating unit shall analyze the probability of occurrence and the degree of impact of the identified risk events, taking into account the completeness of the existing related control measures, past experience, and industry cases, and calculate the risk value accordingly. III. Risk management promotion and implementation units are encouraged to formulate appropriate quantitative or qualitative measurement standards based on the company's risk characteristics to serve as the basis for risk analysis. The qualitative measurement standard refers to the textual description of the occurrence and impact of a risk event, while the quantitative measurement standard refers to the numerical indicators (e.g., number of days, percentage, amount, number of people, etc.) that can be calculated to express the likelihood of occurrence and impact of a risk event. IV. Risk management promotion and implementation units are encouraged to prepare the risk appetite (risk tolerance levels) and submit them to the Audit Committee for approval in order to determine the company's tolerable risk limits. The risk levels corresponding to each risk value and the risk response methods for each risk level, as determined by the risk appetite research, serve as the foundation for subsequent risk assessment and risk response. V. The purpose of risk measurement is to provide the Company with a basis for decision-making by comparing the results of risk analysis with risk appetite to determine the risk events that need to be prioritized and to serve as a reference for the selection of response measures to be developed subsequently. Based on the results of the risk analysis, each operating unit should plan and implement a follow-up risk response program according to the risk level based on the risk appetite approved by the Audit Committee. The results of the pertinent risk analysis and evaluation should be accurately documented and submitted to the Audit Committee for verification. VI. To address risks, it is important to establish appropriate processing plans to ensure that relevant personnel fully understand and implement the plans, and continuously monitor the implementation of the processing plans. To determine the risk response approach, it is essential to consider the company's strategic objectives, the perspectives of internal and external stakeholders, risk appetite, and available resources. This will help achieve a balance between the risk response plan and the attainment of goals in a cost-effective manner.
5. When utilizing scenario analysis to evaluate resilience to climate change risks, it is crucial to provide a clear explanation of the scenario, parameters, assumptions, analysis factors, and significant financial impacts employed.	N/A
6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage physical and transition risks.	N/A
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.	N/A
8. If climate-related targets are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and	N/A

Item	Execution process
the annual progress of achievement should be described; if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits offset or the amount of renewable energy certificates (RECs) should be described.	

<table>
<tr><th>Item</th><th>Execution process</th></tr>
<tr><td>9. Greenhouse gas inventory and assurance, reduction targets, strategies and specific action plans</td><td>
I. The company's greenhouse gas inventory and assurance status for the last two years:
1. Greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/ NT$ million) and data coverage of greenhouse gases in the past two years.

I. The emission volume (metric tons CO2e), intensity (metric tons CO2e/ NT$ million)
<table>
<tr><th></th><th>2024</th><th>2025</th></tr>
<tr><td>Scope 1</td><td>2,233.2997</td><td>1,653.2632</td></tr>
<tr><td>Scope 2</td><td>26,259.1425</td><td>22,961.5009</td></tr>
<tr><td>Scope 3</td><td>127,604.8672</td><td>136,809.9564</td></tr>
<tr><td>Intensity</td><td>14.43</td><td>15.75</td></tr>
</table>
II. Scope of Data Coverage:
1. Based on the statistics of emissions in 2024~2025.
2. The electricity emission factor in 2024 is 0.494Kg CO2e/kWh and in 2025 is 0.474 Kg CO2e/kWh; The data presented above is derived from the carbon dioxide emissions equivalent per kWh, as published by the Energy Administration, Ministry of Economic Affairs, R.O.C.
3. The greenhouse gas emission intensity is calculated by dividing the total emissions (in metric tons CO2e) by the revenue in million dollars. The scope of the aforementioned total emissions inventory is from SDI (Changhua Plant and Nantou Plant), and the source of revenue is from individual financial reports.
Data source: Website of Bureau of Energy, Ministry of Economic Affairs (http://www.moeaboe.gov.tw/).

2. Assurance information on greenhouse gases

Description of the status of assurance for the two most recent years ending on the date of printing of the annual report, including the scope of assurance, the assurance organization, the assurance criteria and the opinion of the assurance.

Full assurance information will be disclosed in the Sustainability Report.

II. Greenhouse gas reduction targets, strategies and specific action plans

Provide an overview of the baseline year and data related to greenhouse gas reduction, reduction targets, strategies, specific action plans, and the progress made towards achieving these targets.

■ Since 2021, the Company has implemented a standardized mechanism for greenhouse gas inventory in compliance with ISO14064-1 and the guidelines for greenhouse gas inspection issued by the Environmental Protection Administration of the Executive Yuan. Each year, we conduct a comprehensive inventory of greenhouse gas emissions from all of our plant sites.
■ To account for other indirect greenhouse gas (GHG) emissions and identify major emission sources for carbon reduction planning, the 2024 Greenhouse Gas Statement was prepared in accordance with the "GHG Protocol" published by the WBCSD/WRI to calculate major indirect emissions.
■ Specific GHG Reduction Strategies and Targets for 2025:
1. The air knives used in the electroplating processes of Buildings F and G in Nantou will switch from air compressors to blowers. This is expected to significantly reduce compressor usage; current results show a 70% reduction in annual electricity consumption for air compressors.
2. The 420RT chiller in Changhua, which has been in use for 20 years, will be replaced in 2025.
3. External consultants have been commissioned to measure chiller efficiency. Following inspection, the plan is to replace three chillers in Nantou Building F with variable-frequency chillers and upgrade traditional control systems with intelligent controls to improve overall system efficiency.
4. Without affecting process temperature and humidity requirements, the chiller temperature setpoint has been gradually raised from 7°C to the current 11°C.
5. Inverters have been installed on Air Handling Units (AHU), reducing the frequency from 60Hz to 40Hz.
6. Waste heat recovery from the Nantou air compressors will reduce natural gas combustion in DG hot water boilers and replace the heat source for the TBT cleanroom.
</td></tr>
</table>

(VI) The State of the Company's Performance in the Area of Ethical Corporate Management, any Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation item	Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the company formulate its ethical corporate management policies approved by the Board of Directors, and declare its ethical corporate management policies and procedures in its guidelines and external documents, and do the Board of Directors and management work proactively to implement their commitment to those management policies?	✓		SDI has formulated Ethical Corporate Management Policy and Guidelines of Ethical Management and Procedure to clearly specify the ethical management policies and procedures, as well as the commitment of the Board of Directors and management team.	No variance
(II) Does the company establish an evaluation mechanism for the risk of unethical conduct, regularly analyze and evaluate business activities with a high potential unethical conduct within its business scope, and formulate a plan for preventing unethical conduct based on it, which at least covers the preventive measures for conducts in Article 7, paragraph 2, of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		SDI has established the Management Measures for Business Conduct and Professional Ethics. To strengthen the implementation of ethical management, Besides, the Guidelines of Ethical Management and Procedure has been formulated to specify the relevant operating procedure, reporting mechanism, and unethical acts. The operators with substantial control of SDI take the guidelines of not violating the principle of good faith and conduct business activities in a fair and transparent manner following laws and regulations.	No variance
(III) Has the company established policies to prevent unethical conduct, with clear statements regarding relevant procedures, conduct guidelines, punishments for violation, and grievance system, and does the company implement them accordingly and regularly review and amend the plans above?	✓			
II. Fulfillment of ethical corporate management				
(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		Before the transaction, SDI will first evaluate suppliers and check whether they have any records of unethical conduct, maintain the good faith principle with customers, handle customer complaints promptly, and actively take measures to minimize both parties' loss to ensure the customer trust.	No variance
(II) Does the company establish an exclusively dedicated unit under the Board of Directors to implement ethical corporate management, and regularly (at least once a year) report to the	✓		SDI's Board of Directors approved the Guidelines of Ethical Management and Procedure and assigned General Management Center as the designated unit to carry out and monitor the tasks. The duties are as follows, which will be reported to the Board of Directors at least once a year.	No variance

<table>
<tr><th rowspan="2" colspan="2">Evaluation item</th><th colspan="3">Operations</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td>Board of Directors its ethical management policies, plans for preventing unethical conduct and supervision of implementation?</td><td></td><td></td><td>1. Assist in integrating ethics and moral values into the Company's business strategies, and formulate anti-fraud measures to ensure ethical corporate management in compliance with the laws and regulations.
2. Regularly analyze and assess the risks of unethical conduct in the scope of business and adopt accordingly programs to prevent unethical conduct, as well as establish standard operating procedures and guidelines for conduct with respect to the Company's operations and business in each program
3. Plan internal organization, structure, and allocation of responsibilities and establish check-and-balance mechanisms for mutual supervision of business activities within the Company's scope of business which may be at a higher risk of unethical conduct.
4. Promote and coordinate awareness and educational activities with respect to ethical policies.
5. Develop a whistle-blowing system and ensure its implementation effectiveness
6. Assist the Board of Directors and senior management in reviewing and assessing whether the prevention measures taken for the purpose of implementing ethical corporate management are carried out effectively, and prepare reports on the regular assessment of compliance with ethical corporate management in operating procedures
7. Compile and keep documented information related to ethical corporate management policies and statement of compliance, implementation of commitments and status of implementation.
The most recent report to the Board of Directors was on March 3, 2026.</td><td></td></tr>
<tr><td>(III)</td><td>Has the company established policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?</td><td>✓</td><td></td><td>When there is a conflict of interest in any proposal of the Board of Directors, all shall strictly comply with the principle of recusal and shall not participate in discussion and voting.</td><td>No variance</td></tr>
<tr><td>(IV)</td><td>Has the company established an effective accounting system and internal control system to implement ethical corporate management, and the internal audit unit shall formulate relevant audit plans based on the evaluation results of unethical conduct risks, and check the compliance with the plan for preventing unethical conduct, or entrust a CPA to carry out the audit?</td><td>✓</td><td></td><td>In order to implement ethical management, SDI has established an effective accounting system and internal control system. The internal auditors also check the compliance with the audit plan, prepare an audit report, and submit it to the Board of Directors and the Audit Committee.</td><td>No variance</td></tr>
<tr><td>(V)</td><td>Does the company regularly hold an internal and external educational training on ethical corporate management?</td><td>✓</td><td></td><td>Regularly hold courses such as labor regulations for employees, and send staff to participate in external educational training on ethical management.</td><td>No variance</td></tr>
<tr><td>III.</td><td>Operation of the whistleblowing</td><td></td><td></td><td></td><td></td></tr>
</table>

Evaluation item		Operations			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
		Yes	No	Description	
	system				
(I)	Does the company have a specific whistleblowing and reward system, establish a convenient whistleblowing channel, and assign appropriate and dedicated personnel to handle the reported object?	✓		SDI formulated Management Measures for Business Conduct and Professional Ethics and Guidelines of Ethical Management and Procedure. Reporting mailbox was provided to employees and the designated personnel is responsible for the reporting matters.	No variance
(II)	Does the company establish the standard operating procedures for the reported matters, follow-up measures to be taken after investigation, and relevant confidentiality mechanisms?	✓		SDI formulated Management Measures for Business Conduct and Professional Ethics and Guidelines of Ethical Management and Procedure as the principal guidelines for handling reporting matters and relevant confidentiality. Corresponding measures will be taken according to the level of the case. Reporting mailbox was provided to employees and the designated personnel is responsible for the reporting matters.	No variance
(III)	Does the company provide protection to whistleblowers against receiving improper treatment due to whistleblowing?	✓		SDI formulated Management Measures for Business Conduct and Professional Ethics and Guidelines of Ethical Management and Procedure to protect the whistleblowers. Reporting mailbox was provided to employees and the designated personnel is responsible for the reporting matters.	No variance
IV.	Enhanced disclosure information				
(I)	Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and the Market Observation Post System?	✓		SDI has disclosed its ethical corporate management policies and the results of its implementation on the company's website. Company website: www.sdi.com.tw	No variance
V.	If the company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe the implementation and any deviations from the Principles: The Company has formulated the Ethical Corporate Management Policy and the Guidelines of Ethical Management and Procedure. No deviations were found.				
VI.	Other important information to facilitate better understanding of the company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies): None				

(VII) Other Important Information that Would Afford a Better Understanding of the Status of the Company's Implementation of Corporate Governance may also be Disclosed: None.

(VIII) The State of Implementation of Internal Control System:

1. Statement on Internal Control

   Website: https://mops.twse.com.tw

(IX) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report

1. Major resolutions of shareholders' meeting

Date	Resolutions	Execution process
2025.05.29	1. Approved the 2024 annual business report and financial statements and other final accounts.	It has been declared and disclosed on the Company's website in accordance with relevant regulations.
	2. Approved the 2024 earnings	August 8, 2025 is set as the ex-dividend record date, and August 29, 2025 is the issuance date (cash

	distribution plan.	distribution of NT$ 2.5 per share).
	3. Approval of the amendments to the Company Articles of Association.	It has been published on SDI's website and will be processed in accordance with the revised and newly established content.

2. Major resolutions of the Board meeting

Date (Term)	Resolutions
2025.02.26 The 4th meeting of the 20th Board of Directors	1. Approved the deliberation of 2024 parent company-only financial statements and consolidated financial statements. 2. Approved the 2024 earnings distribution plan. 3. Approved the 2024 statement on internal control. 4. Approved the evaluation review of the independence and competence of the CPA. 5. Approved the increase and renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie. 6. Approved the partial amendments to the Articles of Incorporation 7. Approved of the definition and evaluation of non-executive employees. 8. Approved the bonus distribution plan of employees, directors, and supervisors in 2024. 9. Approved the 2025 salary adjustment proposal for managers' and chief Auditor's performance. 10. Approved the 2025 business plan. 11. Approved the convening of the 2025 general meeting of Shareholders and the acceptance period set for shareholders' proposals.
2025.05.07 The 5th meeting of the 20th Board of Directors	1. Approved the 2025 Q1 consolidated financial statements. 2. Approval of the acquisition of non-controlling interests in the subsidiary, Chao Shin Metal Industrial Corporation. 3. Approval of the right-of-use asset proposal for the lease of business premises by the subsidiary, Shuen Der Stationery (Jiangsu) Co., Ltd. 4. Approved the additional accounts receivable beyond normal credit period of three months through the first quarter of 2025 are of no financing nature. 5. Approved the increase and renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie.
2025.05.29 The 6st meeting of the 20th Board of Directors	1. Approved the ex-dividend date of cash dividends and dividend payment related matters. 2. Approval of credit facilities from banks.
2025.08.05 The 7nd meeting of the 20th Board of Directors	1. Approved the 2025 Q2 consolidated financial statements. 2. Approval of the merger with the subsidiary, Chao Shin Metal Industrial Corporation. 3. Approval of the construction of Building A at the Changhua Plant. 4. Approval of the amendment to certain provisions of the "Terms and Conditions for the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds." 5. Approved the renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie. 6. Approved the preparation and implementation of 2024 Sustainability Report.
2025.11.05 The 8rd meeting of the 20th Board of Directors	1. Approved the 2026 Audit plan. 2. Approved the 2025 Q3 consolidated financial statements. 3. Approval of the renewal of right-of-use assets lease for business and production-use buildings by the subsidiary, TEC Brite Technology Co., Ltd. 4. Approved the additional accounts receivable beyond normal credit period of three months through the third quarter of 2025 are of no financing nature. 5. Approved the renewal of bank financing lines upon maturity. 6. Approval of the amendment to certain provisions of the "Terms and Conditions for the Issuance and Conversion of the First Domestic Unsecured Convertible Bonds." 7. Approval of the retirement and personnel change of the Company's Financial Officer, Accounting Officer, and Acting Spokesperson. 8. Approval of the promotion of the Company's Research and Development Officer. 9. Continuous adoption of the current salary standard and structure of SDI's managers and chief Auditor. 10. Approval of the establishment of the Employee Stock Ownership Trust (ESOT) plan for mid-to-senior level employees as resolved by the Remuneration Committee.
2026.03.03 The 9th meeting of the 20th Board of Directors	1. Approved the deliberation of 2025 parent company-only financial statements and consolidated financial statements. 2. Approved the 2025 earnings distribution plan. 3. Approved the 2025 statement on internal control. 4. Approved the evaluation review of the independence and competence of the CPA. 5. Approved the increase and renewal of bank financing lines upon maturity and providing joint guarantees for subsidiarie. 6. Approved the additional accounts receivable beyond normal credit period of three months through the fourth quarter of 2025 are of no financing nature. 7. Approval of the distribution of remuneration for non-executive employees, employees, and directors for 2025. 8. Approved the 2026 salary adjustment proposal for managers' and chief Auditor's

Date (Term)	Resolutions
	performance. 9. Approval of the appointment of the Company's Operating Officer. 10. Approved the 2026 business plan. 11. Approved the convening of the 2026 general meeting of Shareholders and the acceptance period set for shareholders' proposals.

(X) The Major Content of Any Dissenting Opinion Expressed by a Director with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration: None.

IV.Information on CPA Professional Fees

(I) Professional fees of CPAs

Unit of currency: NT$

CPA firm	Name of CPAs	CPA auditing period	Audit fees	Non-audit fees (Note)	Total	Remarks
Crowe (TW) CPAs	Huang, Chien chen Shao, Chao pin	2025/01/01~2025/12/31	3,039	621	3,660	—

Note: Content of non-audit fees: Transfer pricing, income tax audit on concurrent business operators, inventory counting of bonded plant, undistributed earnings plus offsetting review, overseas warehouse inventory ,etc.

(II) When non-audit fees paid to the CPA, the accounting firm of the CPA and/or any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees, as well as details of non-audit services, shall be disclosed: None.

(III) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

IV. Information on Replacement of CPAs within the Past Two Fiscal Years or any Subsequent Interim Period:

(I) Regarding the former CPA:

<table>
<tr><td>Date of replacement</td><td colspan="3">February 26, 2025</td></tr>
<tr><td>Reason of the replacement and explanation</td><td colspan="3">The original CPAs of SDI were Shao,Chao pin and Lin,Ming shou. Due to the internal work adjustment of the accounting firm, the CPAs were replaced by Huang,Chien chen and Shao,Chao pin since the first quarter of 2025.</td></tr>
<tr><td rowspan="3">Specify whether it was the authorizing party or CPA that ended or declined the engagement</td><td>Parties
Condition</td><td>CPA</td><td>The authorizing party</td></tr>
<tr><td>Voluntarily terminated the authorization</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td>Declined (further) engagement</td></tr>
<tr><td>Opinions and reasons for issuing an audit report expressing other than an unqualified opinion during the two most recent years</td><td colspan="3">Nil</td></tr>
<tr><td>Any disagreement with the issuer</td><td>Yes</td><td></td><td>Accounting principles or practices</td></tr>
</table>

			Disclosure of financial report
			Scope or procedure of auditing
			Others
	Nil	✓	
	Explanation	N/A	
Other disclosures (shall disclose the information set forth in Article 10, subparagraph 6, item 1-4 to item 1-7 of this Regulations)	Nil		

(II) Regarding the successor CPA

Accounting Firm	Crowe (TW) CPAs
Name of CPAs	Huang,Chien chen, Shao,Chao pin
Date of engagement	February 26, 2025
Consultations and the consultation results regarding the accounting treatment or accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the financial report prior to the engagement	Nil
Written views from the successor CPA regarding the matters on which the company did not agree with the former CPA	Nil

(III) The response of the former CPA regarding Article 10, subparagraph 6, item 1 and item 2-3 of this Regulations: Not applicable.

V. Where the Company's Chairman, President, or any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Company of Such Accounting Firm, the Name and Position of the Person, and the Period During which the Position was Held, Shall be Disclosed: None.

VI. Changes in Equity of Directors, Managers and Substantial Shareholders

Website: https://mops.twse.com.tw

1. Information on equity transfer:

Name	Reasons for equity transfer	Transaction Date	Counterparty	The relationship between the counterparty and the company, directors, managers, and shareholders holding more than 10% of the shares	Number of shares	Transaction price
Jerome Chen	Donation	2025.07.22	Weiyi chen	First-degree relativeship	35,000	—

2. Information on equity pledge: None.
3. The shareholding ratio of the top ten shareholders and their relationship,

March 23, 2026

Name	Current shareholding		Spouse/minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Weite Chen	6,196,614	3.40%	21,781	0.01%	4,131,076	2.27%	J.S.Chen	First degree of kinship	—

Name	Current shareholding		Spouse/minor shareholding		Shareholding by nominees		Among the ten largest shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
							Wei-chao Chen Wei-yung Chen Li-hua Chen Wu	Second degree of kinship Second degree of kinship First degree of kinship	
Cathay Life Insurance Company, Limited.	6,097,000	3.35%	–	–	–	–	–	–	–
J.S.Chen	5,974,794	3.28%	4,235,376	2.33%	–	–	Weite Chen Wei-chao Chen Wei-yung Chen Li-hua Chen Wu	First degree of kinship First degree of kinship First degree of kinship Spouse	–
Wei-yung Chen	5,941,185	3.26%	–	–	1,970,000	1.08%	J.S.Chen Weite Chen Wei-chao Chen Li-hua Chen Wu	First degree of kinship Second degree of kinship Second degree of kinship First degree of kinship	–
Wei-chao Chen	5,882,417	3.23%	–	–	–	–	J.S.Chen Weite Chen Wei-yung Chen Li-hua Chen Wu	First degree of kinship Second degree of kinship Second degree of kinship First degree of kinship	–
Fudong Landscape Co., Ltd.	4,500,000	2.47%	–	–	–	–	–	–	–
Representative Willian Chen	2,592,615	1.42%	–	–	–	–	–	–	–
Li-hua Chen Wu	4,235,376	2.33%	5,974,794	3.28%	–	–	J.S.Chen Weite Chen Wei-chao Chen Wei-yung Chen	Spouse First degree of kinship First degree of kinship First degree of kinship	–
Choice Global Investments Limited	4,131,076	2.27%	–	–	–	–	–	–	–
Representative Weite Chen	6,196,614	3.40%	21,781	0.01%	–	–	J.S.Chen Wei-chao Chen Wei-yung Chen Li-hua Chen Wu	First degree of kinship Second degree of kinship Second degree of kinship First degree of kinship	–
Huang Jia Investment Co., Ltd.	4,000,000	2.20%	–	–	–	–	–	–	–
Representative Li-Chin Chen	830,000	0.46%	–	–	–	–	–	–	–
HSBC Bank (Taiwan) Limited, in custody for Morgan Stanley & Co. International PLC	3,457,691	1.90%	–	–	–	–	–	–	–

VII. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Affiliated Companies (Note)	Ownership by the Company		Investment by directors, managers, and by companies directly or indirectly controlled by the Company		Total Ownership	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
TEC Brite Technology Co., Ltd.	9,896,869	54.98%	783	0.00%	9,897,652	54.99%
SHUEN DER(B.V.I)CO.	8,920,000	100.00%	_	_	8,920,000	100.00%

Note:The investment of SDI under equity method.

Chapter 3 Capital Overview

I. Capital and Shares

(I) Source of Capital

Year/ Month	Issued price	Authorized Capital		Paid-in Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
2026.03	$ 10	270 million shares	$ 2,700 million	182,140,249	1,821,402,490	Cash capital increase, earnings, and capital surplus to capital increase	Nil	Nil

Share Type	Authorized Capital			Remarks
	Issued shares (public listed)	Unissued shares	Total	
Ordinary share	182,140,249	87,859,751	270,000,000	-

Note:Information of self registration: Not applicable.

(II) List of Substantial Shareholders (shareholding ratio accounts for the top ten shareholders and the number and ratio of shares held), please refer to P41~42.

(III) Company's Dividend Policy and Implementation

1. Dividend policy set forth in the Articles of Incorporation

   In the event the Company's final accounts of the year has earnings, it shall set aside one percent as employees' compensation, zero point five percent as non-executive employees' compensation, and no more than one point five percent as directors' remuneration. After the Board of Directors resolves for distribution, taxes shall be filed in accordance with laws. Then, ten percent will be set aside as a legal reserve. However, when the legal reserve amounts to the Company's paid-up capital, this may not apply. After setting aside or reversing the special reserve, together with the accumulated undistributed earnings, the Board of Directors shall propose earnings distribution in accordance with the Company's dividends policy under Article 32-1 and submit the same to the Shareholders' Meeting for resolution.

   The Company's dividends policy is stipulated by the Board of Directors based on business plans, investment plans, capital budgeting and changes in internal and external circumstances. The Company is now in a stage of stable business growth. The earnings distribution shall primarily be made in cash dividends, but stock dividends is allowed. However, in principle, the ratio of stock dividends shall not be higher than fifty percent of the total amount of dividends.

2. Company's Dividend Policy

   Mainly paid in Cash dividends, the proposed range of payout rate is 50% to 70% of earnings per year.

3. Status of dividend distributions contemplated in the shareholders' meeting

   In 2025, SDI's earnings distribution plan has been proposed by the Board of Directors to issue NT$ 1.1 per share. The Board of Directors is authorized to set the record date for dividend distribution after the resolution of the general shareholders' meeting is passed.

(IV) The Effect upon Business Performance and Earnings per Share of any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting

SDI plans to distribute cash dividends in full this year, so it is not applicable.

(V) Compensation of Employees and Directors

1. The percentages or ranges of compensation of employees and directors compensation as set forth in the Articles of Incorporation:

   For SDI's annual profit before tax, before deducting compensation of employees and directors, 1% should be set aside for employee bonus,0.5% for non-executive employees, and no more than 1.5% for remuneration of directors. However, if SDI has accumulated deficits in previous years, it shall make up for the deficiency before setting aside employee and directors bonus in the current year, and then allocate the balance according to the proportion mentioned in the preceding paragraph. Furthermore, when employee compensation is issued in stock or cash, the distribution object includes the employees of the subordinate company who meet specific requirements.

2. SDI considers corporate operating results and refers to its contribution to SDI's performance, and provides fair return to Directors and managers. The Directors will be evaluated according to the measures for performance evaluation of Directors once every year, with the results as reference for determining their individual salaries, while managers will be evaluated the same as all employees based on the assessment management method twice a year. The evaluation items include: the contribution of departmental objectives, talent development, job competence, organizational development and other items, with reference to the salary standards recommended by the Remuneration Committee.

3. The basis for estimating the amount of remuneration of employees and Directors and calculating the number of shares to be distributed as employee bonus, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   SDI adopts the profit before tax of the current year before deducting remuneration of employees and Directors, and sets aside 1%, 0.5%, and 1.2% for employees' compensation, non- executive employees' compensation and remuneration of Directors respectively; estimated non- executive employees' compensation is NT$1,904,100,employees' compensation is NT$3,808,199 and remuneration of Directors is NT$4,569,839 in 2025, which are distributed in cash by resolution of the Board of Directors on March 3, 2026.

   If there is any difference between the actual distribution amount and the estimated amount, it will be treated according to changes in accounting estimates and adjusted in the following year.

4. Information on any approval by the Board of Directors of distribution of compensation:

   (1) Amount of remuneration distributed to employees and Directors in cash:

   Information on remuneration distributed to employees and Directors for 2025 is passed by the Board of Directors on March 3, 2026.

Item	Amount	Ratio
Compensation of employees in cash	NT$3,808,199	1%
Compensation of non-executive employees in cash	NT$ 1,904,100	0.5%
Compensation of Directors in cash	NT$ 4,569,839	1.2%

   There is no difference between the annual estimated amount of the remuneration distributed to employees and Directors proposed by the Board of Directors and the recognized expenses.

   (2) The amount of any employee bonus distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company-only financial statements for the current period and total employee bonus: the employee bonus is planned to be distributed in cash this year, so it is not applicable.

5. The actual distribution of remuneration to employees and Directors for the previous fiscal

year, and, if there is any discrepancy between the actual distribution and the recognized amount, the discrepancy, cause, and treatment:

In the previous year, the employee bonus of NT$12,450,817 and the remuneration of Director of NT$9,960,654 were distributed. The actual distribution was the same as the original number proposed by the Board of Directors, and there was no difference with the employee bonus of NT$12,450,817 and the remuneration of Director of NT$9,960,654 recognized in the financial statements of 2024.

(VI) Share Repurchases: None.

II. Corporate Bonds:

Status of Corporate Bond Issuance

Corporate Bond Type		1st Domestic Unsecured Convertible Bond
Issue (Handling) Date		2025/06/17
Face Value		NT$100,000
Issuance and Trading Location		N/A
Issuance Price		NT$102.18
Total Amount		NT$1.2 Billion
Interest Rate		0%
Term		3 years (Maturity Date: 2028/06/17)
Guarantor		None
Trustee		Taishin International Bank Co., Ltd.
Underwriter		Taishin Securities Co., Ltd.
Certifying Lawyer		Wang Ya-Wen
Certifying Accountant		Shao,Chao Bin, Lin,Ming Shou
Redemption Method		Lump-sum repayment at maturity
Outstanding Principal		NT$1.2 Billion
Redemption or Early Repayment Clauses		Refer to Article 18 of the Issuance and Conversion Regulations
Restrictive Covenants		N/A
Credit Rating (Agency, Date, Result)		None
Other Rights Attached	Amount of converted common shares, GDRs, or other securities as of the annual report publication date:	None
	Issuance and Conversion (Exchange/Subscription) Methods	None
Potential Dilution and Impact on Shareholders' Equity		Based on the current conversion price of NT$72.4, an estimated 16,575 thousand common shares can be converted, resulting in a profit dilution of approximately 8.34%.
Custodian for Exchange Target		N/A

Convertible Bond Data

Corporate Bond Type		1st Domestic Unsecured Convertible Bond	
Item / Year		2025	Current Year to March 31, 2026
Market Price	High	137.95	148.80
	Low	102.20	116.00

	Average	110.68	131.72
Conversion Price		72.40 (Adjusted on 2025/08/08)	72.40 元
Issue Date		2025/06/17	
Conversion Price at Issuance		75.00	
Method of Conversion Obligation		Issuance of new shares	

III. Preferred Shares: None.

IV. Global Depository Receipt: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with M&A or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of the Capital Allocation Plans

Finance plans and implementation of the Company's the first domestic unsecured convertible corporate bonds.

1.Content:

(1.) Document approval number of the competent authority: Official Letter No. 1130366594 from the Financial Supervisory Commission (FSC) dated December 25, 2024

(2.) Total funds required for the project: NT$1,200,000 thousands.

(3.) Sources of funds: The total number of issued bonds is capped at 12,000, and the face value of each bond is NT$100,000 only, which is issued at 104.9% of the nominal value. The total issue amount is capped at NT$1,200,000 thousands and the coupon rate is 0%.

(4.) Projected items, projected progress and expected potential benefits

Unit: NT$ Thousand

Plan Items	Implementation		As of March 31, 2026	Reasons for Being Ahead of Schedule or Delays, and Improvement Plans
Repayment of Bank	Disbursement Amount	Planned	1,200,000	Completed as planned.
		Actual	1,200,000	
	Implementation Progress (%)	Planned	100%	
		Actual	100%	

2.Status of Implementation:

A point-by-point analysis of the implementation of each plan listed in the preceding paragraph as of the first quarter of 2026, including a comparison with the originally expected benefits:

(1.) Implementation Progress:

The company's 2025 first domestic unsecured convertible bond issuance for loan repayment was fully funded on June 13, 2025, with a 100% execution rate as of the second quarter of 2025, totaling NT$1,200,000 thousand. This plan was fully implemented in accordance with the schedule, as reported in the official disclosure records. For further details, please refer to the Market Observation Post System .

(https://mopsov.twse.com.tw/mops/web/bfhtm_q2)

(2.) Comparison between Expected Benefits and Actual Outcomes:

The proceeds from the 2025 first domestic unsecured convertible bond issuance were used to repay bank loans, with the goal of mitigating the company's financial burden. There is no significant discrepancy between the expected benefits and the actual results. For further details, please refer to the Market Observation Post System .

(https://mopsov.twse.com.tw/mops/web/bfhtm_q2)

Chapter 4 Operational Highlights

I. Business Activities

(I) Business Scope

1. Business item
   (1) CA02010 Metal structure and building component .manufacturing operation.
   (2) CA02030 Screws, nuts, screws and rivets manufacturing operation.
   (3) CA02040 Spring manufacturing operation.
   (4) CA02090 Metal wire products manufacturing operation.
   (5) CA02990 Other metal products manufacturing operation.
   (6) CA03010 Heat treatment industry.
   (7) CC01080 Electronic component manufacturing operation.
   (8) CC01110 Computer and peripheral equipment manufacturing operation.
   (9) CH01030 Stationery manufacturing operation.
   (10) CQ01010 Mold manufacturing operation.
   (11) F401010 International trade.
   (12) I301030 Electronic information supply service.
   (13) J399010 Software publishing.
   (14) ZZ99999 In addition to permitted business, businesses that are not prohibited or restricted by law may be operated.
2. Main products and operating proportion

Business item	Operating proportion December 31, 2024	Operating proportion December 31, 2025
Lead frame and electronic stamping parts	84%	85%
Hardware stationery supplies	14%	13%
Others	2%	2%

3. New products planned to be developed
   (1) Lead frames for power management in AI servers using various Silicon Carbide (SiC) and Gallium Nitride (GaN) applications.
   (2) AI server power regulation, GPU cooling modules, and CPO-related components.
   (3) Double-sided cooling (DSC) molded packages and embedded power lead frames for automotive inverters.
   (4) Silent correction tape.
   （5）Pencil sharpener for both large and small pencils.

(II) Industry Overview

1. Overall economic environment and industry trend overview of the Company

The global economy experienced a moderate recovery in 2025. However, the technology competition between China and the United States, regional supply chain restructuring, and tariff policy adjustments affected the configuration of the semiconductor supply chain. Ongoing geopolitical disturbances and other risks also continued to weigh on demand, resulting in only a gradual recovery in consumer goods and durable goods markets. The electronics products of SDI Corporation mainly supplied global IDM customers in fields such as automotive electronics, industrial control, and consumer electronics. In addition to collaborating with customers on the development of new mid- to high-power modules, the Company also invested in process technology needed for global artificial intelligence (AI) and high-performance computing (HPC) to enhance added value. It also continued to invest in process improvement and efficiency enhancement to counter the adverse effects of rising raw material prices and labor costs, despite only a modest recovery in end-market demand. Facing the impact of U.S. tariff policies, the stationery business continued to respond through marketing strategies aimed at increasing domestic demand, introducing new products, and exploring new sales channels, while also reallocating production bases to mitigate impacts.

2. Overview of individual industries

(1) Industry status and development

① Semiconductor lead frame

According to statistics from the World Semiconductor Trade Statistics (WSTS), the global semiconductor industry experienced a double-digit growth of 22% in 2025. While discrete components remained stable, there was a full recovery and positive growth in areas such as micro ICs and analog ICs for power management. Notably, the major areas of high growth were concentrated in AI application-related ICs, such as logic ICs and memory ICs. Under global geopolitical uncertainty and Trump's implementation of U.S. tariff policies, along with the impact of excessive market competition in China due to overcapacity, the overall global economy has maintained a gradual recovery since 2024. Although inventories of consumer and industrial products have adjusted to low levels, weak end-user demand has led to a slow rebound in orders. As a result, there has been only a gradual recovery in the first half of the year. Additionally, due to weak sales of new energy vehicles in the European and American markets, the demand for related automotive semiconductors has remained weak. With the Company's automotive sector accounting for nearly 50%, the impact has been relatively significant. However, starting from the second quarter, there has been a surge in demand for AI-related power management, and related orders have remained strong in the second half of the year, contributing to a slight revenue increase of 1.7% compared to 2024.

According to the latest forecast data from WSTS, the global semiconductor industry sales growth rate is expected to grow by 26.3% in 2026, and all categories are projected to experience positive growth, leading the industry towards a more comprehensive recovery path. Especially AI-related applications will exhibit explosive growth. According to the statistics from the Industrial Technology Research Institute's Industrial Economics and Knowledge Center, Taiwan's semiconductor industry output value reached NT$6,522.5 billion in 2025, with an annual increase of 22.7%. The Industrial Economics and Knowledge Center also estimates that in 2026, the semiconductor output value will officially surpass the NT$7 trillion mark, reaching NT$7.715 trillion, with the annual growth rate revised upward from 10% to 18.3%.

Looking ahead to 2026, benefiting from AI data centers, edge computing, and active inventory stocking in the supply chain, the Industrial Economics and Knowledge Center predicts that the IC design industry output value will be NT$1.5214 trillion, with an annual growth of 6.8%. The IC manufacturing industry output value reached NT$5.4339 trillion, with an annual increase of 23.9%; the foundry industry production value was NT$5.1317 trillion, with an annual increase of 23.1%. The memory and other manufacturing industries output value was NT$302.2 billion, with an annual increase of 38.9%. The IC packaging industry output value was NT$516.3 billion, with an annual increase of 7%. The IC testing industry output value is expected to reach NT$243.4 billion, with an annual increase of 6.5%.

However, whether the domestic and international semiconductor industry recovery in 2026 can be as strong as predicted by forecasting agencies remains uncertain. After all, there are still variables in the overall economy, and U.S. President Trump's ongoing initiation of various tariff and trade wars continues to increase uncertainty in global trade. In addition, ongoing wars in various regions and the continued increase in geopolitical risks have also led to heightened risks and costs in the global supply chain. However, in recent years, the Company has continuously invested in developing new products that align with global trends such as energy saving, carbon reduction, electrification, and AI. Consequently, despite the slowdown in demand for automotive products last year, there was a relative rebound in orders for AI power-related products and industrial products. Additionally, in response to the uncertainties of the US-China confrontation, the Company has proactively adjusted its strategy, focusing on order reception and supply chain adjustments for both Taiwanese and Chinese plants to meet the demands of customers like China for China and China plus 1. Despite numerous external environmental variables, the overall industry remains optimistic about 2026.

② Hardware stationery supplies

The stationery industry has always been quite mature and stable. In the domestic market, the Company sells under its own brand. Our products are renowned in the industry for their quality and excellent design, leading to consistently stable sales growth. New products are well-received and acknowledged by consumers upon launch, resulting in a steady increase in performance. In terms of exports, the U.S. market has also seen orders gradually returning and developing positively due to the stabilization of a 15% tariff. Overall, the market sales are gradually stabilizing.

(2) The relevance of upstream, middle and downstream industries

① Semiconductor lead frame

Upstream industry: IC design, epitaxial, wafer fabrication, photomask, wafer probe, etc.; midstream industry: semiconductor packaging, packaging materials, and IC testing; downstream industry: semiconductor packaging and testing, printed circuit board, consumer electronics (computers, smart phones, tablets, audio, television, home appliances), automotive electronics, industrial electronic equipment, medical electronic equipment, AI server, etc.

② Hardware stationery supplies

Hardware stationery supplies are terminal products, without the relevance between the upstream and downstream industries.

(3) Various development trends of products

① Semiconductor lead frame

Semiconductors are applied in all electronic-related products, with the main focus being on whether there are new products and application scenarios that can continuously stimulate the demand for semiconductors and drive their growth. With the recent trend towards energy saving and carbon reduction, the performance requirements for power management ICs and power modules in solar energy, wind power, automotive electrification, and smart grids will continue to rise. This will further accelerate the application and development of third-generation semiconductors (SiC, GaN), which will become one of the main growth drivers of the semiconductor industry in the next decade.

Furthermore, this year's CES was a technology transformation led by AI, showcasing several key trends that are profoundly impacting the living patterns and industrial landscape of the coming years. On one hand, AI computing power remains a focal point of industry attention, with Nvidia, AMD, and Intel not only focusing on chip performance but also emphasizing overall integration from hardware to software and platform. On the other hand, Physical AI continues to advance, with AI applications gradually extending from conversational scenarios to robotics, autonomous driving, and various end devices. Meanwhile, immersive experiences and smart devices continue to upgrade, with Google's Gemini AI integrating TV, mobile, wearable, and automotive scenarios, reflecting the gradual realization of the "AI in everything" development. Looking ahead to the future developments revealed at the CES exhibition, AI will be another fast-developing field in the next 10 years. Due to the fact that the power consumption of GPUs used for AI computing is three times that of traditional CPUs, the demand for related power semiconductors will also double. This is especially true for the more energy-efficient third-generation semiconductor designs. In addition, enhancing HPC computing power and addressing cooling needs are also future priorities. As these new application demands continue to evolve, the overall demand for semiconductors and supporting requirements related to AI applications will also continue to increase.

② Hardware stationery supplies

Hardware and stationery products, whether they are traditional durable or consumable products, are following the consumer trend towards high-quality design and richer colors to attract consumers' favor.

(4) Competition

① Semiconductor lead frame

SDI is one of the top five lead frame suppliers in the world, and the largest supplier of power lead frame and discrete lead frame, ranking the leading position in the market, and the main lead frame supplier of various semiconductor brands in the world.

② Hardware stationery supplies

The Company's products primarily consist of its own brand and ODM products, accounting for approximately 80%. The main products are also protected by patents. The primary competitor, China, is subject to U.S. tariff sanctions, resulting in overall mild competition.

(III) Technology and R&D Overview

1. R&D expenses invested in 2025 and up to the date of publication of the annual report
   2025: NT$268,821,000; 2026 as at March 31: NT$77,536,000.
2. The main technologies or products successfully developed in this year
   (1) Wide-strip(300X100 mm) lead frame stamping and plating technology.
   (2) Irregular strip post-plating silver technology.
   (3) AlSiC processing and thermal substrate forming technology.

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

1. Short-term plans:
   Operations and OutlookIn response to U.S. tariff measures and geopolitical risks, the Company is adjusting production sites and capacity planning for related products. Additionally, to address high inflation and rising raw material costs, we are adjusting prices with customers to reflect costs in a timely manner.

2. Long-term plans:
   By using existing core technologies, we create precise technical solutions for power management and heat-dispation demand in the domains of new energy applications and AI related applications.
   Integrate various resource management and optimize carbon footprint and reduction to meet ESG management trends.

II. Overview of the Market, Production, and Sales

(I) Market Analysis

1. Sales regions and share of main products
   (1) Electronic products: domestic sales account for about 8%, export sales are mainly 32% of the mainland, 34% of Southeast Asia, and the rest are Europe, the United States, Central America, Africa, Northeast Asia, and other regions.
   (2) Hardware stationery products: The main sales regions are the United States and Japan,

accounting for about 35%, followed by Taiwan, accounting for about 45%, the rest is distributed in Europe, Southeast Asia, and Central and South America.

2. Future supply, demand, and growth of the market

(1) In the electronics industry:

The semiconductor industry is expected to enter a growth cycle in 2026. AI-related industrial control demand and consumer electronics show better order visibility. Furthermore, automotive inventory adjustments at the customer end have concluded, with demand expected to recover in the second half of the year.

The wave of Generative AI applications will stimulate new demand; beyond AI server infrastructure, it will catalyze a replacement cycle for PCs and laptops. Power semiconductors are also expected to see increased demand due to energy-saving trends and high-energy AI applications. Third-generation semiconductors, in particular, will see broader adoption as global capacity increases and prices decline.

Amid the electrification trend of mobile transportation over the past two years, the automotive semiconductor sector has faced headwinds in 2025 as IDM (Integrated Device Manufacturer) customers progressively adjusted their inventory levels. Despite this, xEV (Electrified Vehicle) sales reached 20.53 million units in 2025, representing a YoY (Year-on-Year) growth of 26%. Furthermore, the value of semiconductors used in electric vehicles is projected to increase from $400 per unit in internal combustion engine (ICE) vehicles to $1,500, a 3.75-fold increase.

(2) Stationery Supplies:

With the uncertainty of U.S.-Taiwan tariff negotiations eliminated, U.S. customer orders have begun to return, accelerating inventory replenishment and expected growth. In the Japanese market, the first and second largest mail-order companies in Japan have consecutively procured whiteboard markers manufactured by The Company, indicating stable growth prospects.

3. Advantages and disadvantages of development prospect

(1) Favorable factors:

① SDI has the largest market share of power products in the world. It is a strategic partnership with the IDM plant, with a solid leading position. At the time of consolidation of the semiconductor industry, SDI has the advantage of being the major brand.

② SDI has a sound constitution with a relatively complete supply chain, and can provide stable supply quality and high-quality services to customers when the external environment and market fluctuate violently.

③ SDI possesses various precision machining and surface treatment technologies, enabling the development of various new application products.

④ With more than 80% of stationery sales under our own brand and ODM, we have a considerable advantage in terms of distribution and pricing, so we can fully face market competition.

⑤ The research and development of the new product is ongoing and is protected by patents, successfully achieving customer adoption and demonstrating strong competitiveness.

(2) Unfavorable factors

① Automobile products have strict quality requirements and increased quality cost and risk.

② Geopolitical risk increases, and the supply chain should be enhanced.

③ Tariffs and trade measures initiated by the U.S. government may slow global trade and economic momentum.

④ As the main production bases are in Taiwan and Mainland China and are susceptible to geopolitical risks, plans should be made to establish a third manufacturing base.

(II) Important Usage and Production Process of Main Products

1. Semiconductor lead frame:: for semiconductor packaging.
2. Hardware stationery supplies: for consumer and office use.
3. Production Process: Raw materials →Stamping→ Plating →Finished products.

(III) Supply of Main Raw Materials

Product	Major raw materials	Main supplier
Electronic parts	Copper alloy	Imported from overseas
Stationery	Steel plate strip	Overseas and domestic procurement

(IV) Name and Total Trade Amount of the Customer Who Has Accounted for more than 10% of the Total Amount of Goods Purchased (sold) in any Year of the Last Two Years, the Ratio of Total Sales/Procurement and Reasons for the Increase or Decrease

1.Information on main suppliers in the last two years Unit: NT $ Thousand

Item	2024				2025			
	Name	Amount	Ratio of net purchases in the whole year	Relationship with the issuer	Name	Amount	Ratio of net purchases in the whole year	Relationship with the issuer
1	Company A	1,030,322	16.88	–	Company A	1,165,618	19.22	–
2	Company B	647,281	10.61	–	Company B	630,182	10.39	–
3	Company C	873,968	14.32	–	Company C	481,025	7.93	–
	Others	3,550,787	58.19	–	Others	3,789,326	62.47	–
	Net purchase	6,102,358	100.00	–	Net purchase	6,066,151	100.00	–
Reasons for Increase or Decrease: The end-user demand has not yet recovered, leading to a slight decrease of 0.6% in annual material purchases.								

2.Information on the main sales customers in the recent two years Unit: NT $ Thousand

Item	**2024**				**2025**			
	Name	Amount	Ratio of net sales in the whole year	Relationship with the issuer	Name	Amount	Ratio of net sales in the whole year	Relationship with the issuer
1	Customer A	1,629,953	15.07	–	Customer B	1,308,459	12.77	–
2	Customer B	1,390,860	12.86	–	Customer A	1,018,143	9.93	–
	Others	7,793,896	72.07	–	Others	7,920,667	77.30	–
	Net sales	10,814,709	100.00	–	Net sales	10,247,269	100.00	–
Reasons for Increase and Decrease: The demand for automotive and industrial control has not yet recovered, and coupled with the impact of the appreciation of the New Taiwan Dollar (NTD), the sales amount has slightly decreased.								

III. Information on Employees in the Most Recent Two Years and up to the Date of Publication of the Annual Report

Year		2024	2025	For the year ended March 31, 2026
Number of Employees	Production	1,986	2,072	2,016
	Administration	422	368	360
	Total	2,408	2,440	2,376
Average age		41.16	39.70	39.52
Average Service Year		11.29	10.96	10.94
Education distribution ratio	Master degree or above	7.56%	8.01%	7.86%
	College/University	57.68%	58.48%	58.64%

	Senior high school	25.96%	24.92%	24.88%
	Under senior high school	8.80%	8.58%	8.63%

Note:The above number of employees is the number of employees in SDI's consolidated statement.

IV. Environmental Protection Expenditure Information

(I) Losses due to Environmental Pollution in the Most Recent Year as of the Publication of the Annual Report:None

(II) Future Countermeasures and Improvement Measures:
Ensure effective management and disposal of waste gases, wastewater, waste, and toxic and hazardous substances to reduce environmental impact.

(III) Expected Environmental Capital Expenditure in the Next Two Years

Year	The proposed acquisition of pollution prevention equipment or expenditure content	Amount
2026	1. Wastewater treatment drug fee (maintenance fee) 2. Waste disposal fees (sludge, dichloromethane, hydrocarbons, etc.) 3. Declare the inspection fee 4. Air pollution fee, soil pollution fee, water pollution fee 5. Improvement of peripheral equipment of wastewater treatment plant 6. All pollution control equipment with network access 7. Centralized recovery and reuse of ROR concentrated water from ultrapure water equipment 8. Centralized recycling of Nickel plating equipment plating cleaning water 9. Phase One of Copper-containing Wastewater Resource Recovery Technology	About $36,690,000

Year	The proposed acquisition of pollution prevention equipment or expenditure content	Amount
2027	1. Wastewater treatment drug fee (maintenance fee) 2. Waste disposal fees (sludge, dichloromethane, hydrocarbons, etc.) 3. Declare the inspection fee 4. Air pollution fee, soil pollution fee, water pollution fee 5. Improvement of peripheral equipment of wastewater treatment plant 6. All pollution control equipment with network access 7. Phase One of Copper-containing Wastewater Resource Recovery Technology	About NT$28,870,000

V. Labor Management Relations

(I) Employee Benefits Measures

1. SDI attaches great importance to employee benefits and provides a diversified welfare system that is superior to the statutory welfare measures, as shown in the table below:

Cash Benefits (Gift Voucher)	The company offers a range of bonuses and incentives, including year-end bonuses, quarterly bonuses, performance bonuses, Dragon Boat Festival bonuses, Mid-Autumn Festival gift money, birthday gift vouchers, patent bonuses, new product development bonuses, sales bonuses, as well as cash subsidies for weddings, funerals, and celebrations. Additionally, employees may also be eligible for children's scholarships and personal scholarships.
Flexible working system	Some colleagues are provided with flexible working hours.
Club Activities	A range of club activities are offered, including the Mountaineering Club, the Cycling Club, and the Badminton Club.
Employee Travel	Provide an annual travel allowance.
Group Insurance	Employees are entitled to comprehensive group insurance, which is provided by the company at no cost to the employees.
Health Check-up	Regular health check-ups for employees.
Additional benefits	Employees receive staff discounts and have access to an exclusive space where they can enjoy complimentary coffee.

2. Collective Agreement: Our company has formed a labor union and is presently engaged in negotiations with the union. However, the agreement has not yet been signed.

(II) Advanced Studies and Training of Employees

The Company values employees' professional abilities and career development. Each year, training programs are planned based on organizational operation needs and different job levels. Through diverse training channels, including internal/external training, digital courses, on-the-job training

(OJT), and knowledge documentation, comprehensive and diverse training resources are provided to enhance talent sustainability and support the Company's long-term operational growth.

Training hours and expenditure in 2025

Item	Total	Annual average per person
Training hours	20,398 hours	15.09 hours
Number of Trainees	10,440 participants	7.7 participants
Training expenditure	NT$ 4,532,000	NT$ 3,300

Statistics of course categories in 2025

Type	Class hours	Percentage
Business management	5,288.6	25.9%
Environmental safety and health	6,785.7	33.3%
Financial and Accounting Management	427.6	2.1%
Human resources	849.5	4.2%
Information management	753.3	3.7%
Production management	305.6	1.5%
Quality assurance	2,056.7	10%
Research and development	892.7	4.4%
Marketing and sales	239.5	1.2%
General Education (including Language)	2,798.6	13.7%
Total	20,397.8	100%

Key Training Programs for 2025

Training topics	Training participants	Explanation of Training Focus	Description of implementation process
Supervisor team communication and leadership training	Supervisors at all levels	Strengthen supervisors' communication strategies in team leadership. The training focused on effective listening, feedback skills, and more to promote group cooperation and positive working relationships.	■A total of 29 senior managers completed the training. ■Total training hours: 406 hours
Professional communication and precise expression training	Engineers Professional staff	Enhance the ability to organize and express key points in daily work and project communication by planning three in-person courses: "Presentation for Precise Communication," "Instant Understanding of Chart Presentation Skills," and "Expressive Influence" to improve communication efficiency at work.	■Presentation for Precise Communication Course: 29 employees completed the course, total training hours: 406 hours ■Instant Understanding of Chart Presentation Skills Course: 36 employees completed the course, total training hours: 252 hours ■Expression Influence Course: 35 employees completed the course, total training hours: 245 hours
One-on-one online English speaking course	Engineers Professional staff	Enhance employees' English communication skills by collaborating with an external English training platform to offer a one-on-one online English speaking course starting in 2023. The course is designed according to the English proficiency of the participants, arranging an appropriate level of difficulty. It utilizes systematic self-study materials and customized one-on-one speaking practice to develop colleagues' English skills and improve work efficiency.	In 2025, a total of 24 employees completed the training and received full language learning subsidies.

(III) Retirement System and Its Implementation

1. To take care of the life of retired employees, SDI formulates employee retirement measures pursuant to the Labor Pension Act and Labor Standards Act:

1-1 The old pension system's management is to establish a labor retirement reserve supervision committee, following the law and allocating the retirement reserve fund to the exclusive account of Bank of Taiwan every month.

Before the end of the year, if the estimated balance of the labor retirement reserve fund account is insufficient to pay the labors expected to meet the retirement conditions in the next year, the difference shall be allocated to the exclusive account at once before the end of March of the following year. The exclusive account is entrusted to the Bureau of Labor Funds of the Ministry of Labor for management. SDI retains no right to influence the investment management strategy.

1-2 For the new pension system, 6% of the employee's monthly salary shall be allocated monthly to the individual retirement account.

Employees who assumed the job before Jun. 30, 2005 may choose either the old system or the new system according to their wishes. In 2025, SDI has a total of 9 people who retired.

2. Founded in March 2012, SDI Retirement Association "contentment, gratitude, cherishing blessing and cherishing circumstances." With the full support and financial sponsorship of SDI's senior executives, it not only treats retired colleagues with warm care but also conducts a general meeting every year and holds a tourism event every three months. At the same time, SDI always participates weddings and funerals and share the fun of retirement life.

(IV) The Agreement between Labor and Management and Protection Measures for Employees' Interests

SDI implements newcomer training on the day each colleague reporting for duty and explains employee interests and complaint channels. In our internal documents such as Labor Regulations, Measures of Prevention, Complaint and Treatment of Sexual Harassment at Workplace, Management of Child Labor, Youth Workers and Cooperative Students and other internal documents, which clearly proclaim the protection of the right to work and human rights of employees, including the most basic requirements for compliance with laws and regulations, freedom of employment, humane treatment, equal pay, etc., which are published in internal public documents on the distribution platform, and any colleague can obtain this information at any time.

(V) During the most recent year and up to the publication date of the annual report, SDI has suffered losses due to labor disputes, and has disclosed the estimated amount and corresponding measures that may occur at present and in the future.

Company	Date	Official Letter Number	Regulation	Item	Contents of penalties	Response measures
SDI	2025/08/04	Government Labor Letter No. 1140177700	Article 24 of the Labor Standards Act	Extended working hours without additional payment according to regulations.	A fine of NT$180,000	The salary calculation formula for extended working hours has been revised.
		Government Labor Letter No. 1140177706	Article 32 of the Labor Standards Act	Extended working hours in excess of regulations.		
		Government Labor Letter No. 1140177710	Article 35 of the Labor Standards Act	Failure to provide a thirty-minute rest period after four hours of continuous work.		
		Government Labor Letter No. 1140177719	Article 36 of the Labor Standards Act	Working seven consecutive days in violation of labor laws.		

VI. Information security management:

(I) Information security management structure

1. Corporate information security governance organization

The Information Technology Department coordinates the formulation, maintenance, implementation and risk management of information security and protection-related policies, information security supervisor and staff have been appointed, and the Audit Office conducts audits and reports annually to the Board of Directors on information security management.

2. Information security organization structure

(II) Information security policy

1. Corporate information security management strategies and framework

In order to effectively implement the information security management, the corporate information security organization reviews the applicability of information security policies and protection measures according to the management cycle of Plan, Do, Check and Act (PDCA), and reports the results of implementation to the Board of Directors regularly.

In the Plan phase, we focus on the information security risk management to reduce threats to the corporate information security. In the Do phase, we construct a multi-layer information security protection, continuously introduce information security defense technologies, and integrate information security control mechanisms into regular work flows such as software and hardware maintenance and operation, so as to systematically monitor information security and maintain the confidentiality, integrity and availability of important corporate assets. In the Check phase, we actively monitor the information security management and regularly simulate information security attack drills. In the Act phase, we lay stress on review and continual improvement, and conduct monitor and audits to ensure the long-lasting effects of the information security regulations; any employees violating relevant rules and procedures will be disposed of according to the procedures for business behaviors and professional ethics management, and subject to penalty as the case may be; moreover, we also regularly review and implement information security measures, education, training and other improvements to ensure that our important confidential information will be not leaked.

2. Corporate information security risk management and continuous improvement

Plan: Information security risk assessment and management planning.

Do: Execution: Personnel and physical security, network security, device security, account and access management, information security monitoring, data security.

Check: Information security threat intelligence collection, continuous operation drills, emergency response drills, regular internal and external audits, continuous information security monitoring.

Act: Review and continuous improvement of information security objectives, information security education and training and awareness promotion, violations and handling.

(III) Specific management plans

1. Multi-level information security protection:

Network security: Strengthen the firewall and network control to prohibit unauthorized use of the company's network and use of the company's network for illegal invasion or download and installation of illegal software.

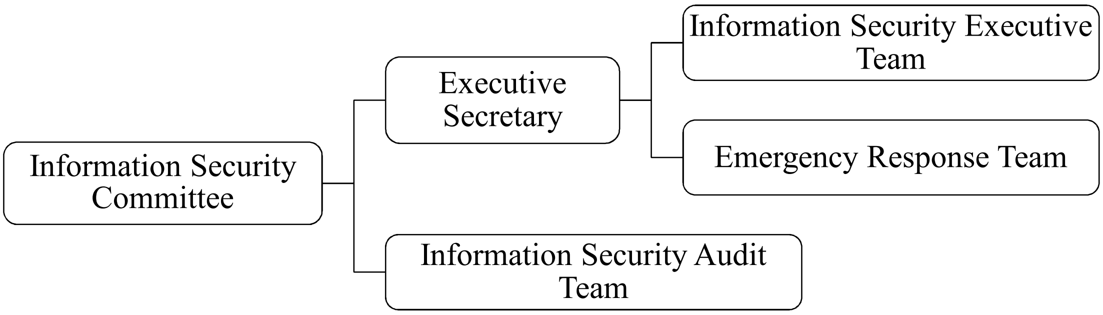
Device security: Build the endpoint anti-virus software, maintain the updates of latest virus codes, and control the external device interface.

Supply chain information security: Implement the visitor management, visitor behavior rules and confidentiality obligations to be observed.

Data security protection: Account and authorization control of the information system, control of email attachments and link URLs, spam filtering, and clarification of business confidentiality responsibilities.

2. Review and continuous improvement:

(1) The Information Department conducts internal and external audits annually and reviews and improves upon any deficiencies.



(2) The Company regularly holds employee information security education and training sessions and conduct irregular awareness promotions, enhancing employees' awareness of emails, virus attacks, VPNs, and improving their information security awareness.

3. Results of information security measures:

The Information Department continues to promote compliance and improvement with the ISO 27001:2022 standard and has passed the second annual verification audit on December 27, 2025. After an audit by SGS Taiwan Ltd., this verification revealed no significant deficiencies, nor were there major information security incidents such as information security breaches, customer information leaks, or fines.

(IV) Resources input for information security management

1. Implementation of the ISO 27001:2022 Information Security Management System.
2. Firmware maintenance and update of firewall and anti-virus software.
3. Information security training and publicity

ICT security promotion and education training: Conducted monthly awareness sessions on current information security issues that need attention for all employees, totaling 12 sessions.

Education and training:

(1)Completed a total of 996 information security quiz sessions throughout the year.

(2)Information Department employees - Information security training hours >6 hours.

(3)Conducted social engineering phishing email tests twice throughout the year.

4. Implemented an internal communication system: To respond to the digital development of information services, ensure information security, protect the transmission of sensitive information, integrate mobile app inquiries, and accelerate horizontal communication between units.
5. personnel confidentiality responsibilities and obligations:

All employees must sign a confidentiality agreement, clearly outlining their confidentiality responsibilities regarding business confidential information and technical documents.

6. guest and access control:

Implemented access control and visitor registration systems, requiring all guests to register with their real names and be accompanied by authorized personnel. Core areas are equipped with multiple layers of access control and 24-hour surveillance, allowing only authorized personnel to enter and exit.

7. system account and authorization control:

Adopt the principle of least privilege to manage all system access rights, ensuring that employees can only access resources necessary for their work; require high-complexity passwords for accounts and conduct regular access permission reviews to ensure information security.

(V) During the most recent year and up to the publication date of the annual report, the losses suffered, possible consequences and response measures due to major information security incidents: There were no significant losses due to major information security incidents.

VII. Important Contract:

Contract Nature	Parties	Contract Start and End Dates	Main Content	Restrictive Clauses
Construction Contract	Gaoli Construction Co., Ltd.	From 2025/11/20 to 2028/10/31 (Estimated)	New Construction Project for Building A of the Changhua Plant; total contract amount is NT$1.196 billion.	None

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

I. Review and Analysis of Financial Position

Unit: NT$ Thousand

Item \ Year	2024	2025	Difference Amount	Difference %
Current assets	7,048,603	7,068,335	19,732	0.28%
Property, plant and equipment	5,061,730	5,232,221	170,491	3.37%
Intangible assets	56,577	77,989	21,412	37.85%
Other assets	368,387	357,884	(10,503)	(2.85%)
Total assets	12,535,297	12,736,429	201,132	1.60%
Current liability	3,004,199	3,268,823	264,624	8.81%
Non-current liability	2,112,616	2,190,130	77,514	3.67%
Total liabilities	5,116,815	5,458,953	342,138	6.69%
Equity attributable to owners of the parent company	7,055,226	6,961,221	(94,005)	(1.33%)
Common stocks	1,821,403	1,821,403	0	0.00%
Capital surplus	486,117	579,533	93,416	19.22%
Retained earnings	4,811,845	4,655,688	(156,157)	(3.25%)
Other equity	(64,139)	(95,403)	(31,264)	48.74%
Non-controlling interests	363,256	316,255	(47,001)	(12.94%)
Total equity	7,418,482	7,277,476	(141,006)	(1.90%)

Analysis and clarification of the change in increase and decrease ratio:

1. The increase in intangible assets was mainly due to software upgrades and the purchase of a carbon management platform.
2. The decrease in other equity is primarily due to exchange differences arising from the translation of financial statements of foreign operations.

II. Review and Analysis of Financial Performance

Unit: NT$ Thousand

Item \ Year	2024	2025	Increase (decrease)	Change ratio
Net revenue	10,814,709	10,247,269	(567,440)	(5.25%)
Cost of revenue	9,093,855	8,882,230	(211,625)	(2.33%)
Gross profit	1,720,854	1,365,039	(355,815)	(20.68%)
Operating expense	892,169	866,298	(25,871)	(2.90%)
Income from operations	828,685	498,741	(329,944)	(39.82%)
Non-operating income and expenses	67,867	59,372	(8,495)	(12.52%)
Income before tax	896,552	439,369	(457,183)	(50.99%)
Income tax expenses	166,724	94,600	(72,124)	(43.26%)
Net income (loss)	729,828	344,769	(385,059)	(52.76%)
Other comprehensive income	86,595	(35,461)	(122,056)	(140.95%)
Total comprehensive income	816,423	309,308	(507,115)	(62.11%)

Analysis and clarification of the change in increase and decrease ratio:

1. The decline in gross profit and operating profit was mainly due to decreased revenue and the impact of the appreciation of the New Taiwan Dollar (NTD) on profitability.
2. The decline in non-operating income and expenses was mainly due to increased foreign exchange losses recognized as a result of the appreciation of the exchange rate.
3. The decline in pre-tax income and net income for the current period was mainly due to a decrease in operating profit and increased foreign exchange losses recognized as a result of the appreciation of the New Taiwan Dollar.
4. The reduction in income tax expense was mainly due to the decline in profitability.
5. The decrease in other comprehensive income for the current period is due to the reduction in exchange differences arising from the translation of financial statements of foreign operations.

III. Review and Analysis of Cash Flow

(I) Liquidity Analysis in the Last Two Years

Item \ Year	2024	2025	Increase (decrease) ratio
Cash flow ratio	39.59%	39.29%	(0.76%)
Cash flow adequacy ratio	86.51%	84.26%	(2.60%)

Cash reinvestment ratio	3.89%	4.46%	14.65%
Analysis and clarification of the change in increase and decrease ratio: The reinvestment cash ratio increased due to an increase in available operating cash flow after deducting the cash dividends.			

(II) Analysis of Cash Liquidity in the Coming Year

Unit: NT$ Thousand

Initial cash balance	Projected net cash flow from operating activities for the year	Projected cash outflow for the year	Projected cash surplus (shortage)	Measures for managing cash deficit	
				Investment plan	Financial plan
1,026,336	1,300,000	1,400,000	926,336	–	–

IV. Impact of Material Capital Expenditure on Financial Operations in Recent Years

In the recent year, improvements to plant buildings, enhancements to electronic production equipment, and expansion of electroplating capacity were made, with funding sourced from retained earnings, depreciation, and bank financing facilities. This is expected to enhance the process efficiency and output of the electronics business.

V. Last Year's Reinvestment Policy, Main Reasons for Profit or Loss, the Improvement Plan and Investment Plan for the Coming Year

(I) Reinvestment Policy

Reinvestment is made based on factors such as operational needs or consideration of SDI's future growth. Besides, a detailed evaluation of the reinvestment business and an investment recommendation proposal are made for the decision-making department as the basis for decision-making. Furthermore, SDI also keeps track of the operating status and regularly analyzes investment results of the invested business as the basis for post-investment management assessment.

(II) Main Reasons for Profit or Loss from the Reinvestment and Improvement Plan

1. Please go to Website: https://mops.twse.com.tw for the details of the investment profit and loss recognized by the reinvestment business.
2. The overall performance of invested businesses in 2025 was solid; except for certain subsidiaries that experienced slight losses due to rising operating costs, all other business units maintained profitability.

(III) Investment Plan for the Coming Year

Other than SDI's operational needs and capacity expansion, the Company intends to assess acquiring businesses.

VI. Risk Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report

(I) The effect upon the company's profits (losses) of interest rate and exchange rate fluctuation, and the inflation, and response measures to be taken in the future:

1. The interest rate has seen a steady increase in recent years. In response to the increase in financial expenses, SDI will strengthen its bargaining power with financial institutions and adjust the borrowing period while continuously reduce its operating costs.
2. In response to the needs of import and export of exchange, other than adopting natural hedging methods, we should improve the use of the same currency as a revenue and expenditure tool to avoid the impact of fluctuation in exchange.
3. In the face of inflation, we should continue to adjust the proportion of self-made materials and production efficiency, and develop new product plans to increase gross profit and reduce the

impact of inflation on SDI.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivative transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

SDI conducts relevant operations under the operating procedures and internal control regulations for loans to others, endorsements, and derivative product transactions. It's mainly for hedging, providing working capital needs of subsidiaries, and not taking high risks and high profits as financial operation objectives.

(III) R&D work to be carried out in the future, and further expenditures expected for R&D work:

Item	Further expenditures expected for R&D work (NT$ 1,000)
Photoresist-based electroplating technology and PQFN products	25,000
Heat spreader stamping, forming, and plating technology	95,000

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

Since 2025, the Company has focused on the infrastructure of data governance within its core internal systems, establishing a cross-platform information management center for data warehousing. Through this information management center, a visualized digital platform for data monetization is further developed to enable real-time issue identification and accelerate management decision-making. For information security risks, please refer to pages 56~58 of this Annual Report.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: SDI has always adhered to the business philosophy of integrity, robustness, challenge, and innovation to engage in business activities and to implement various internal controls along with risk management to meet the challenges of multiple operations.

(VII) Expected benefits and possible risks associated with any mergers and acquisitions, and mitigation measures being or to be taken: None.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

To support operational development and expansion plans, the Company demolished an old 1-story factory building at the Changhua site to construct a 5-story modern facility. This expansion project, approved by the Board of Directors, involves an estimated capital expenditure of NT$1.4 billion. The new facility will deepen our presence in power and power management fields and establish complete production lines for AI/HPC-related power management and cooling processes, securing more orders and benefiting revenue, profit, and industrial positioning.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: SDI adopts decentralized purchases from the supplier and decentralized sales to the customer to avoid centralized risks.

(X) Effect upon and risk to the company in the event a major quantity of equity belonging to a director, supervisor, or substantial shareholder holding greater than a ten percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: In the past 73 years since the establishment of SDI, directors and substantial shareholders have held stable shareholding. There is no risk of the massive transfer of equity.

(XI) Effect upon and risk to the company associated with any change in management right, and mitigation measures being or to be taken: Directors of SDI hold stable shareholding and commit to sustainable development, and there is no risk of the change in management right.

(XII) Litigious or non-litigious matters. List any major litigious, non-litigious, or administrative dispute that involves the company or any of its directors, supervisors, president, any person with actual responsibility for the firm, substantial shareholder holding a stake of greater than 10%, or any subordinate companies and that have been concluded by means of a final and unappealable verdict or is still litigation. Where such a outcome could materially affect shareholders' equity or the prices of securities, the annual report shall disclose the facts of the dispute, the amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.

(XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other Important Matters: None.

Chapter 6 Special Disclosure

I. Information on the Affiliated Company: Website: https://mops.twse.com.tw

II. Private Placement of Securities During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

III. Other Supplementary Information: None.

IV. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

SDI CORPORATION

Chairman: J.S. Chen