



# Arizon RFID Technology (Cayman) Co., Ltd.

## 2024 Annual Report

For more information regarding this annual report, please visit  
The Market Observation Post System: <https://mops.twse.com.tw>  
Company Website: [www.arizontw.com/webbs-zh-tw](http://www.arizontw.com/webbs-zh-tw)  
Printed on: 2025.03.31

**I. Name, title, contact number, and email of the Company's spokesperson:**

**Spokesperson:** CFO Kuan-Yu Lin TEL: (02)2391-6863 E-mail: investor@arizonrfid.com  
**Deputy spokesperson:** GM Bing-Yi Lin TEL: (02)2391-6863 E-mail: investor@arizonrfid.com

**II. Addresses and phone numbers of the headquarters, branch offices, and factories:****(I) Arizon RFID Technology (Cayman) Co., Ltd.**

Website: [www.arizontw.com/webbs-zh-tw](http://www.arizontw.com/webbs-zh-tw)

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**(II) First- and second-tier subsidiaries:****1. YFY RFID CO. LIMITED**

Address: 13/F Amber Commercial Building, 70 Morrison Hill Road, Wanchai, Hong Kong

Telephone: +886-2-2322-4824

**2. Arizon RFID Technology Co., Ltd.**

Address: No. 88 Wuzhou E. Rd., Economic Development Park, Yangzhou, Jiangsu

Telephone: +86-514-8097-2024

**3. Arizon RFID Technology (Hong Kong) Co., Ltd.**

Address: Rm 2702-03, C. C. Wu Building, 302-8 Hennessy Road, Wan Chai, HK

Telephone: +886-2-2322-4824

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Address: 17F, No. 51, Chongqing S. Road Sec. 2, Zhongzheng Dist., Taipei City, Taiwan

Telephone: +886-2-2322-4824

**5. Arizon Japan Co., Ltd.**

Address: 3-2-11 Nishishinjuku, Shinjuku, Tokyo, Japan

Telephone: +81-3-6258-1736

**6. Arizon Corporation**

Address: 919 N. Market Street #950, Wilmington, Delaware 19801

Telephone: +886-2-2322-4824

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Telephone: +886-2-2322-4824

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Address: No. 88 Wuzhou E. Rd., Economic Development Park, Yangzhou, Jiangsu

Telephone: +86-514-8097-2024

**2. Taipei Site**

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Telephone: +886-2- 2269-0700

**III. Name, address, website, and telephone number of stock transfer agent:**

**SinoPac Securities Corporation – Share Registration Service Department**

3F, No. 17, Boai Road, Zhongzheng District, Taipei City, Taiwan

<https://www.sinotrade.com.tw> TEL: (02)2381-6288

**IV. Name, firm name, address, website, and telephone number of the CPA who attested the most recent year's financial statements:**

Shu-Wan Lin and Chih-Ming Shao, Deloitte & Touche Taiwan

20F, No. 100, Songren Road, Xinyi Dist., Taipei City, Taiwan

<https://www2.deloitte.com> TEL: (02)2725-9988

**V. Stock exchange(s) on which the stock is traded overseas and ways to obtain relevant information: N/A****VI. Board of Directors name list:**

Title	Name	Nationality or place of registration	Education and work experience
Chairman	YFY GLOBAL Investment B.V. Felix Ho	Republic of China	MBA, MIT Sloan School of Management
Director	YFY Paradigm Investment Co., Ltd. David Lo	Republic of China	MBA, Johnson School of Management, Cornell University
Director	YFY Development Co., Ltd. Representative Hong-Shi Wen	Republic of China	Master's Degree, Department of Mechanical Engineering, National Central University; AUO Corporation, Deputy Chief of Plant; InnoLux Corporation, Chief of Department
Director	Bing-Yi Lin	Republic of China	Master's Degree, Information Management, University of Washington; China Development Industrial Bank, Manager of Direct Investment Department
Independent Director	Brade Lei	Republic of China	Deloitte and Touche Taiwan, Vice President
Independent Director	Brian Lee	United Kingdom	MBA, HERTS/UBASHI UNIVERSITY; Global Brands Group, Chief Restructuring Officer
Independent Director	JD Chiou	Republic of China	Ph.D. Massachusetts Institute of Technology; Ministry of Economic Affairs, Expert of Artificial Intelligence Development; Strategy Smart Customer Service Industry Expert; Ministry of Economic Affairs, Open Data Consultation Team Committee member; FinTech Research Center, College of Commerce, National Chengchi University, Industrial Advisor; Microsoft AI Developer Advisory Board, USA

**VII. Name, title, contact phone number, and e-mail address of the designated agent within the ROC**

**Chairman** Felix Ho **TEL:** (02) 2322-4824 **E-mail:** investor@arizonrfid.com

**VIII. Company Website: [www.arizontw.com/webbs-zh-tw](http://www.arizontw.com/webbs-zh-tw)**

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# Chapter 1 Letter to Shareholders

## Dear Shareholders,

After several challenging years, the global economy began to recover in 2024. However, uncertainties such as inflation, geopolitical instability, and fluctuations in regional demand continue to present challenges. In this macro environment, Arizon made significant progress across various areas and achieved record-high annual results.

### 2024 Business Performance Overview

#### 1. Expansion of Sales and Production

In 2024, Arizon continued its global market expansion and increased production capacity in the Asia-Pacific region to address growing market demand. In the North American market, which offers substantial growth opportunities, our U.S. subsidiary significantly improved local product availability and customer support, deepening our regional presence. According to statistics from RAIN Alliance, global shipments of UHF RFID tag chips reached approximately 52.8 billion units in 2024, of which Arizon contributed 5.6 billion, representing an annual growth rate of 86%.

#### 2. Continued Investment in Research and Development

Technology advancement and product innovation remain central to Arizon's business strategy. Identifying and fulfilling customer needs, we introduced several new technologies and products in 2024, further strengthening our market leading position. These include technologies for the next generation of miniaturized RFID chips and high-performance RFID reader solutions, enhancing product capabilities and competitiveness.

#### 3. Commitment to Sustainability

Arizon remains committed to sustainability. In 2024, we published our first Sustainability Report to clearly communicate our initiatives and progress in environmental protection, social responsibility, and corporate governance to our stakeholders.

### Financial Performance

In 2024, Arizon achieved consolidated revenue of NT\$4.612 billion, an increase of 71.7% compared to 2023 results. Net profit reached NT\$847 million, an increase of 89.0%, with earnings per share of NT\$11.36—up NT\$5.19 from the previous year. Our operating profit margin was 18.5%, and the net profit margin after tax was 18.4%, both showing improvement over the previous year. Although Arizon did not publicly disclose financial forecasts, our actual performance in 2024 met or exceeded the internal budget targets approved by the Board of Directors.

### Research and Development

We continued to advance our capabilities in 2024, particularly in production technology and broadening product applications. Key accomplishments include:

- Expanding our ARC-certified product portfolio to include the next generation of advanced and smaller die size ICs.
- Rolling out advanced production techniques, including handling increasingly miniaturized ICs, high-precision die-cutting, and coating.
- Deploying customized solutions and thin on-metal tags tailored to vertical market applications across various international projects.

In order to enhance our ability to provide more comprehensive and efficient solutions, we initiated a number of pioneering R&D projects, including:

- Establishing a dense-reading usage scenario laboratory to enhance RFID reader technology and application scenarios.
- Deploying next-generation wireless network architecture to optimize RFID reader performance.
- Integrating our solutions with major international software cloud platforms, supporting edge computing and machine learning, enabling customers to collect and analyze data quickly and accurately while reducing system integration and maintenance costs.

### 2025 Plan Overview

#### 1. Business Plan

- Expand market presence and production scale to meet the rapidly changing global demand for digital transformation.
- Focus on automation technologies to further advance product quality and enhance productivity.

#### 2. Key Product and Sales Strategies

Amid a global tightening of available human resources, enterprise digitalization and automation demand are



increasingly urgent. Accelerating digital transformation is essential for enterprises to enhance operational efficiency and maintain competitiveness. Arizon's growth will continue to be driven by innovation, leveraging advanced technologies and solutions to assist customers' digital transformation, realizing the vision of intelligent manufacturing and smarter point-of-sales systems.

## Future Outlook

### 1. External Competition, Regulations, and Macro Environment

- External Competition:

Arizon holds a leading position in its industry but faces ongoing competition from companies in Europe, America, Asia, and Mainland China. We remain focused on technology innovation and R&D to provide high-quality products and comprehensive solutions.

- Regulatory Impact:

Arizon is a holding company registered in the Cayman Islands, with current production facilities located in Taiwan and Mainland China. Our new facility in Vietnam is scheduled to begin production in 2025. All our locations comply fully with local regulations and relevant requirements of the Taiwan Stock Exchange. Arizon and our subsidiaries are committed to maintaining compliance with applicable laws and regulations in each operating region.

- Macroeconomic Impact:

International Monetary Fund (IMF) projects global economic growth of 3.3% in 2025, with emerging markets in Asia expected to grow at 5.1%, and economies in Europe and America averaging 1.9% of growth. Arizon's primary markets—global apparel, retail, and logistics—are closely correlated with global economic growth and consumer sentiment. Given significant uncertainties in 2025, we will closely monitor economic developments and remain flexible in our business plan.

### 2. Future Development Strategies

- In North America, adoption of RFID technology continues to expand. In addition to our partnerships with major system service providers, our strengthened U.S. presence allows us to better serve local customers and provides on-the-ground support. To meet specific customer requirements, we have the flexibility to deliver products from multiple production locations to ensure stable and reliable supply.
- RFID applications continue to diversify, from production and logistics to inventory management and retail. Businesses increasingly require efficient endpoint data collection to support advanced AI-driven applications. Arizon offers a comprehensive product portfolio and has the ability to design custom tags to fulfill specific customer requirements, leveraging cost efficiencies from next-generation chips to deliver fully integrated customer solutions.
- Chips constitute a significant cost component in RFID products and are only supplied by a limited number of companies. While end-customers may prefer specific chips, Arizon's core competitive advantage lies in the design and integration of antennas, chips, and other components. This expertise enables us to maintain our market leadership through superior product performance.

As we approach the opportunities and challenges of 2025, Arizon remains committed to our mission of enabling ubiquitous digital connectivity through continued innovation and technology. We will strive for sustainable development, endeavor to fulfill our social responsibilities, and create long-term value for all shareholders.

Wishing all of our shareholders good health, safety.

Sincerely yours,



Felix Ho

Chairman

Arizon RFID Technology (Cayman) Co., Ltd.



# Chapter 2 Company Profile

## I. Establishment Date and Group Profile

Arizon RFID Technology (Cayman) Co., Ltd. (hereinafter referred to as the Group or Arizon-KY) was established in the British Cayman Islands on October 21, 2021, and the direct or indirect investment business includes YFY RFID Co., LIMITED, Arizon RFID Technology Co., Ltd., Arizon JAPAN Co., Ltd., Arizon RFID Technology (Hong Kong) Co., Ltd., Arizon Corporation, and Arizon Technology (Vietnam) Co., Ltd. are mainly engaged in various hardware products, software system development and label design of RFID intelligent identification system, and provides peripheral system integration services.

## II. Company History:

### 2007

- ◆ Changxin Technology (Yangzhou) Co., Ltd. was renamed to Arizon RFID Technology (Yangzhou) Co., Ltd., and is the largest RFID Inlay manufacturer in China and Taiwan. It engages in the design, development, manufacture, sales and post-sales, services of soft and hardware for RFID.
- ◆ YEON Technologies (Yangzhou) Co., Ltd. was established and mainly engages in the design, distribution, development of materials and components, RFID system integration, installment, training, consulting service, and sales of RFID and reception antennas.

### 2012

Accumulated sales have exceeded 1 billion Inlays.



### 2016

Accumulated sales have exceeded 5 billion Inlays.

### 2010

The Company established YFY RFID Co., Ltd. through investment by YFY Global Investment BVI Corp., a subsidiary of YFY Inc., and invested in Arizon RFID Technology (Yangzhou) Co., Ltd. Through YFY FRID Co., Ltd.



### 2015

- ◆ Arizon RFID (Yangzhou) Technology Co., Ltd. completed the construction of the first factory
- ◆ Arizon RFID (Yangzhou) Technology Co., Ltd. obtained the High-Tech Enterprise Certificate



## 2021

- ◆ Arizon RFID Technology Co., Ltd. Completed the construction of the second factory, and increased its production volume to ten billion units per year after the expansion.
- ◆ YFY RFID Co., Ltd. increased its capital through issuance of 3,985 thousand new shares, and acquired 13.47% of shareholding in Arizon RFID Technology Co., Ltd. through stock swap.



## 2023

- ◆ Arizon RFID Technology (Cayman) Co., Ltd. was listed on Taiwan Stock Exchange Corporation (TWSE) on March 21, 2023.
- ◆ Establish Arizon Corporation (US subsidiary) and expand business in America.



## 2017

- ◆ The Company established Arizon RFID Technology (Hong Kong) Co., Ltd., which engages in the R&D, design, manufacture, and sales of RFID tags.

## 2019

- ◆ The Company established the Arizon Japan Co., Ltd., which engages in the sales and post-sales services of RFID tags.
- ◆ Arizon RFID Technology (Yangzhou) Co., Ltd. was renamed to Arizon RFID Technology Co., Ltd.
- ◆ Accumulated sales have exceeded 10 billion Inlays.

## 2020

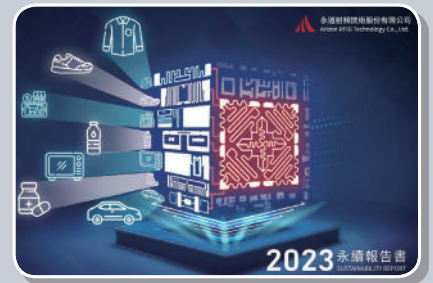
- ◆ Arizon RFID Technology Co., Ltd. Obtained the IATF 16949:2016 for automotive quality management system, and its products officially entered the automotive market.
- ◆ Arizon RFID Technology (Hong Kong) Co., Ltd. Taiwan Branch completed its first factory (in Tucheng, Taipei, Taiwan), aiming at a production volume of 1 billion units per year.

## 2022

- ◆ The Company obtained 100% shareholding in YFY RFID Co., Ltd. by issuing 64,999,999 new shares to the original shareholders of YFY RFID Co., Ltd.
- ◆ Arizon RFID Technology Co., Ltd. obtained the ARC Quality Certification, and was the first in Asia to receive such an honor.

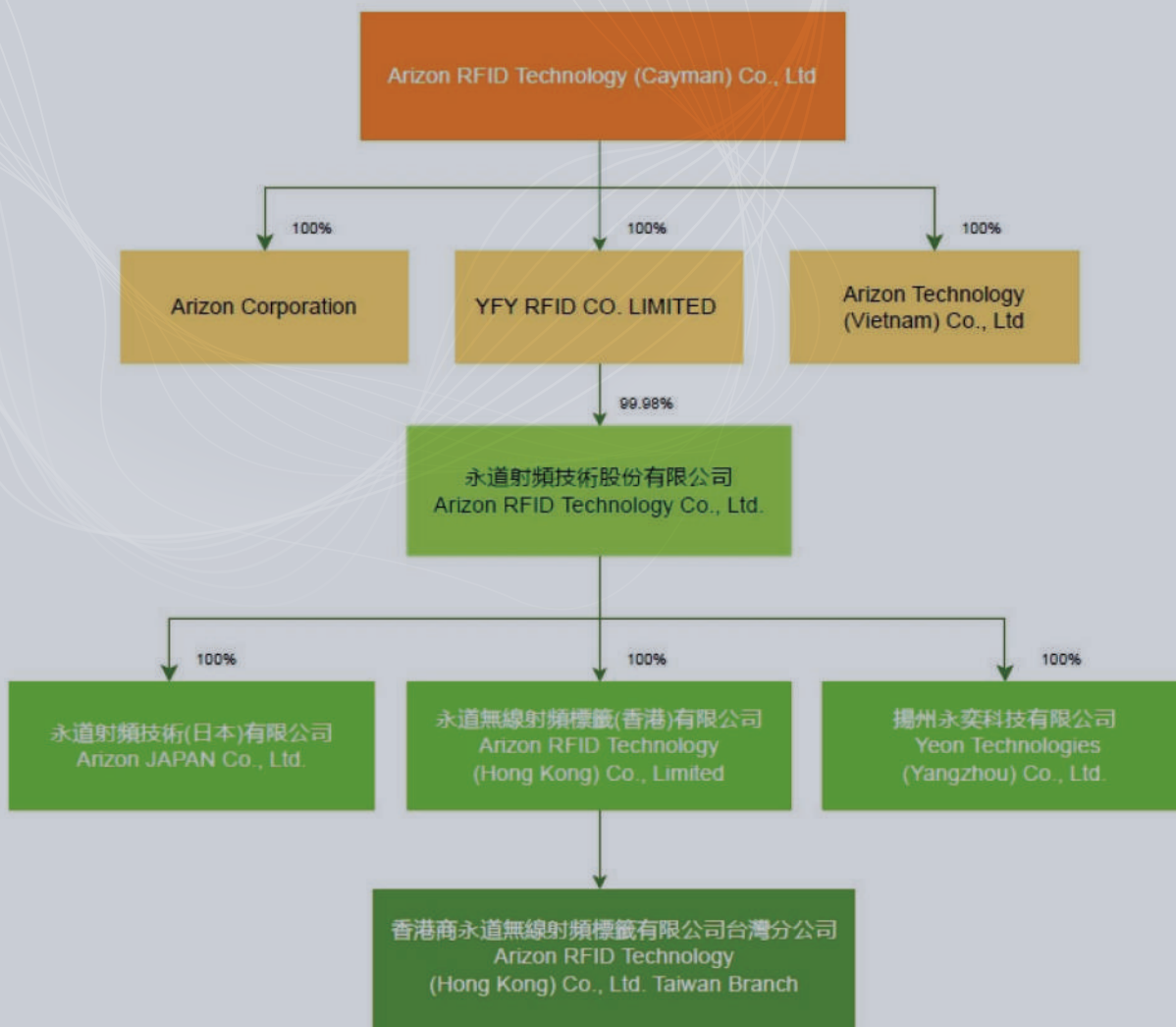
## 2024

- ◆ Establish Arizon Technology (Vietnam) (VN subsidiary) and expand business in Vietnam.
- ◆ Issued the first unsecured convertible bonds to support factory expansion.
- ◆ The first ESG report was issued, demonstrating the sustainability actions and its determination to implement sustainable development.



### III. Organizational Structure

Please refer to Chapter 7 "Special Matters" of this annual report for details.



### IV. Risk Matters

Please refer to Chapter 6, "Financial Position, Financial Performance and Risk Analysis," of the annual report for details on the macro economy, political and economic changes, foreign exchange control, taxes, applicable laws and whether the validity of a final civil judgment issued by the R.O.C. court may be recognized in the jurisdiction where the foreign issuer was incorporated and the countries where the issuer has its main operation activities, and other risks matters.



## Chapter 3. Corporate Governance Report

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**I. Profiles of Directors, Independent Directors, President, VP, AVP, and Managers**  
**(I) Profiles of Directors and Independent Directors**

March 29, 2025

Title	Nationality or place of registration	Name	Gender/ Age			Date elected	Term (Year)	First elected	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Positions concurrently held at the Company or other companies	Spouse or relatives within second degree of kinship who also act as directors, supervisors, or other department heads			Notes
			40-50	51-60	>60				Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	YFY GLOBAL Investment B.V. Representative: Felix Ho	Male			2022/07/11	3	2022/07/11	56,244,935	86.53	45,694,935	61.02	0	0	0	0	MBA, MIT Sloan School of Management Chairman, YFY Investment Co., Ltd. Director, YFY Consumer Products, Co. Vice Director, YFY Household Products Associate Manager, YFY Strategic Integration Center	(Note 2)	None	None	None	
			✓						0	0.00	*442,000	0.59										
Director	Republic of China	YFY Paradigm Investment Co., Ltd. Representative: David Lo	Male			2022/07/11	3	2022/07/11	100,000	0.00	100,000	0.13	0	0	0	0	MBA, Johnson School of Management, Cornell University Managing Director, UBS Taiwan	(Note 3)	None	None	None	
				✓					0	0.00	0	0.00										
Director	Republic of China	YFY Development Co., Ltd. Representative: Hong-Shi Wen	Male			2022/07/11	3	2022/07/11	100,000	0.00	100,000	0.13	0	0	0	0	Master's Degree, Department of Mechanical Engineering, National Central University AUO Corporation, Deputy Chief of Plant Innolux Corporation, Chief of Department	Arizon RFID Technology Co., Ltd. Director and CEO Arizon RFID Technology (Hong Kong) Co., Ltd., Director	None	None	None	
					✓				0	0.00	*270,000	0.36										
Director	Republic of China	Bing-Yi Lin	Male			2022/07/11	3	2022/07/11	650,130	1.00	1,070,130	1.43	0	0	2,284,676 (Note 1)	3.05	Master's Degree, Information Management, University of Washington China Development Industrial Bank, Manager of Direct Investment Department	(Note 4)	None	None	None	
			✓																			

Title	Nationality or place of registration	Name	Gender/ Age			Date elected	Term (Year)	First elected	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Positions concurrently held at the Company or other companies	Spouse or relatives within second degree of kinship who also act as directors, supervisors, or other department heads			Notes
			0≤00	09-15	09<				Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation	
Independent Director	Republic of China	Brade Lei	Male			2022/07/11	3	2022/07/11	0	0.00	0	0.00	0	0	0	0	Deloitte and Touche Taiwan, Vice President	C&S Certified Public Accountant Firm, Certified Public Accountant Hung Ting Lighting Co., Ltd., Chairman Xiaojin Innovation Capital Co., Ltd., Chairman	None	None	None	
Independent Director	United Kingdom	Brian Lee	Male			2022/07/11	3	2022/07/11	0	0.00	0	0.00	0	0	0	0	HITOTSUBASHI UNIVERSITY MBA Global Brands Group, Chief Restructuring Officer	(Note 5)	None	None	None	
Independent Director	Republic of China	JD Chiou	Male			2022/9/14	3	2022/9/14	0	0.00	0	0.00	0	0	0	0	Ph.D. Massachusetts Institute of Technology Ministry of Economic Affairs, Expert of Artificial Intelligence Development Strategy Smart Customer Service Industry Ministry of Economic Affairs, Open Data Consultation Team Committee FinTech Research Center, College of Commerce, National Chengchi University, Industrial Advisor Microsoft AI Developer Advisory Board, USA	Intumit, Inc., Vice Chairman Idrasys Co., Ltd., Director Miraxia Edge Technology Co., Ltd., Director	None	None	None	

\* personal holdings

Note 1.

Number of shares in the Company held through Yunsheng Co., Ltd.

Note 2.

Felix Ho holds concurrently positions as Chairman of YFY Investment Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Limited, Chairman of Yuen Foong Shop Co., Ltd., Chairman of Ever Growing Agriculture Bio-tech Co., Ltd., Chairman of Yuen Foong Yu Consumer Products Co., Ltd., Chairman of YFY Consumer Products (Yangzhou) Co., Ltd., Chairman of YFY Family Care (Kunshan) Co., Ltd., Director of YFY Consumer Products, Co., Director of YFY Japan Co., Ltd., Director of YFY Biopulp Technology Ltd., Chairman of YFY Jupiter (BVI) Inc., Director of Livebricks Inc., Chairman of Arizon RFID Technology Co., Ltd., Director of Arizon Japan Co., Ltd., Director of Jupiter Prestige Group Holding Limited, Independent Director of Universal Cement Corporation, Director of Aidatek Electronics, Inc., Director of Fu Hwa Enterprise Co., Ltd., Director of ECROWD MEDIA INC., Director of Cheng Yu Co., Ltd., Director of Shin-Yi Enterprise Co., Ltd., Chairman of Yuen Foong Co., Supervisor of The Eisenhower Fellows Associations in the Republic of China, Chairman of Epoch Foundation, and Chariman of Foongtone Technology Co., Ltd.

Note 3.

David Lo holds concurrently positions as CEO of YFY Inc., Director of YFY Packaging Inc., Director of Yuen Foong Yu Consumer Products Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Co., Ltd., Chairman of YFY Corporate Advisory & Services Co., Ltd., Chairman of YFY Paradigm Investment Co., Ltd., Chairman of YFY Development Co., Ltd., Director of YFY GROUP Fidelis IT Solutions Co., Ltd, Director of YFY Biotech Management Co., Ltd., Director of Taiwan Stock Exchange Corporation, Director of YFY International B.V., Director of YFY Global Investment B.V., Director of YFY Mauritius Corporation, and Supervisor of Ensillence Co., Ltd. Director of Taiwan Venture Capital Association.

Note 4.

Bing-Yi Lin holds concurrently positions as Director of YFY Jupiter (BVI) Inc., Director and President of Arizon RFID Technology Co., Ltd., Director of Arizon RFID Technology (Hong Kong) Co., Ltd., Director, Director of Arizon Japan Co., Ltd., Director of Opal BPM Limited, Director of Opal BPM Consulting Limited, Director of Yunsheng Co., Ltd., Director and President of Yangzhou Dicheng Trading Co., Ltd., and Director of Dicheng Co., Ltd.

Note 5.

Brian Lee holds concurrently positions as Director of Pacific Licensing Studio Pte. Ltd., Director of Branded Lifestyle Holdings Limited, and Independent Director of Dr. Wu Skincare Co., Ltd.



## 1. Directors Information

### (1) Directors' Professional Qualifications and Independent Directors' Information Disclosure

Name	Education and work experience	Independence situation	Number of independent directors
Chairman YFY GLOBAL Investment B.V. Representative: Felix Ho	<ol style="list-style-type: none"> <li>Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</li> <li>Currently serving as Chairman and Chief Sustainability Officer of the Company, Chairman of YFY Investment Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Limited, Chairman of Yuen Foong Shop Co., Ltd., Chairman of Ever Growing Agriculture Bio-tech Co., Ltd., Chairman of Yuen Foong Yu Consumer Products Co., Ltd., Chairman of YFY Consumer Products (Yangzhou) Co., Ltd., Chairman of YFY Family Care (Kunshan) Co., Ltd., Director of YFY Consumer Products, Co., Director of YFY Japan Co., Ltd., Director of YFY Biopulp Technology Ltd., Chairman of YFY Jupiter (BVI) Inc., Director of Livebricks Inc., Chairman of Arizon RFID Technology Co., Ltd., Director of Arizon Japan Co., Ltd., Director of Jupiter Prestige Group Holding Limited, Independent Director of Universal Cement Corporation, Director of Aidatek Electronics, Inc., Director of Fu Hwa Enterprise Co., Ltd., Director of ECROWD MEDIA INC., Director of Cheng Yu Co., Ltd., Director of Shin-Yi Enterprise Co., Ltd., Chairman of Yuen Foong Co., Supervisor of The Eisenhower Fellows Associations in the Republic of China, Chairman of Epoch Foundation, and Chariman of Foongtone Technology Co., Ltd.</li> <li>Article 30 of the Company Law does not cover any of the circumstances.</li> </ol>	Not applicable	1
Institutional Director YFY Paradigm Investment Co., Ltd. Representative: David Lo	<ol style="list-style-type: none"> <li>Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</li> <li>Currently serving as CEO of YFY Inc., Director of YFY Packaging Inc., Director of Yuen Foong Yu Consumer Products Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Co., Ltd., Chairman of YFY Corporate Advisory &amp; Services Co., Ltd., Chairman of YFY Paradigm Investment Co., Ltd., Chairman of YFY Development Co., Ltd., Director of YFY GROUP Fidelis IT Solutions Co., Ltd, Director of YFY Biotech Management Co., Ltd., Director of Taiwan Stock Exchange Corporation, Director of YFY International B.V., Director of YFY Global Investment B.V., Director of YFY Mauritius Corporation, and Supervisor of Ensilience Co., Ltd. Director of Taiwan Venture Capital Association.</li> <li>Article 30 of the Company Law does not cover any of the circumstances.</li> </ol>	Not applicable	0
Institutional Director YFY Development Co., Ltd. Representative: Hong-Shi Wen	<ol style="list-style-type: none"> <li>Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</li> <li>Currently serving as Director and CEO of Arizon RFID Technology (Yangzhou) Co., Ltd., Director of Arizon RFID Technology (Hong Kong) Co., Ltd.</li> <li>Article 30 of the Company Law does not cover any of the circumstances.</li> </ol>	Not applicable	0
Director Bing-Yi Lin	<ol style="list-style-type: none"> <li>Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</li> <li>Currently serving as CEO of the Company, Director of YFY Jupiter (BVI) Inc., Director and President of Arizon RFID Technology Co., Ltd., Director of Arizon RFID Technology (Hong Kong) Co., Ltd., Director, Director of Arizon Japan Co., Ltd., Director of Opal BPM Limited, Director of Opal BPM Consulting Limited,</li> </ol>	Not applicable	0

	<p>Director of Yunsheng Co., Ltd., Director and President of Yangzhou Dicheng Trading Co., Ltd., and Director of Dicheng Co., Ltd.</p> <p>3. Article 30 of the Company Law does not cover any of the circumstances.</p>		
Independent Director Brade Lei	<p>1. Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</p> <p>2. Currently serving as C&amp;S Certified Public Accountant Firm, Certified Public Accountant, Chairman of Hung Ting Lighting Co., Ltd., Chairman of Xiaojin Innovation Capital Co., Ltd., Chairman.</p> <p>3. Article 30 of the Company Law does not cover any of the circumstances.</p>	<p>The qualifications for the independent directors:</p> <p>1. I, my spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the Company or related enterprises</p> <p>2. I, my spouse, and relatives within the second degree of kinship (or utilizing their names) do not hold any shares in the company.</p> <p>3. I have not served as a director, supervisor, or employee of a related company with specific relationships to the company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of compensation received for providing business, legal, financial, accounting, or other services to our company or its affiliated enterprises within the past two years has not been disclosed.</p>	0
Independent Director Brian Lee	<p>1. Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</p> <p>2. Currently serving as Director of Pacific Licensing Studio Pte. Ltd., Director of Branded Lifestyle Holdings Limited, and Independent Director of Dr. Wu Skincare Co., Ltd.</p> <p>3. Article 30 of the Company Law does not cover any of the circumstances.</p>	<p>The qualifications for the independent directors:</p> <p>1. I, my spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the Company or related enterprises</p> <p>2. I, my spouse, and relatives within the second degree of kinship (or utilizing their names) do not hold any shares in the company.</p> <p>3. I have not served as a director, supervisor, or employee of a related company with specific relationships to the company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of compensation received for providing business, legal, financial, accounting, or other services to our company or its affiliated enterprises within the past two years has not been disclosed.</p>	1
Independent Director JD Chiou	<p>1. Have work experience in the area of commerce, law, finance, or operating and management, or otherwise necessary for the business of the company.</p> <p>2. Currently serving as Vice Chairman of Intumit, Inc., Director of Idrasys Co., Ltd., Director of Miraxia Edge Technology Co., Ltd.</p> <p>3. Article 30 of the Company Law does not cover any of the circumstances.</p>	<p>The qualifications for the independent directors:</p> <p>1. I, my spouse, and relatives within the second degree of kinship have not served as directors, supervisors, or employees of the Company or related enterprises</p> <p>2. I, my spouse, and relatives within the second degree of kinship (or utilizing their names) do not hold any shares in the company.</p> <p>3. I have not served as a director, supervisor, or employee of a related company with specific relationships to the company (referring to the provisions of Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).</p> <p>4. The amount of compensation received for providing business, legal, financial, accounting, or other services to our company or its affiliated enterprises within the past two years has not been disclosed.</p>	0

## (2) Board of Directors diversity and independence

### A. Board of Directors diversity:

To strengthen corporate governance and promote a sound composition and structure of the Board of Directors, the Company respects and advocates the principle of board diversity. It is expected that the implementation of a diversity policy will contribute to the overall improvement of the Company's operational

performance. In selecting board members, the Company upholds the principle of merit-based appointments while emphasizing gender equality. The Company aims to increase the proportion of female directors to one-third or more. Currently, all seven members of the Board are male. In the upcoming 2025 board re-election, the Company will prioritize increasing female representation on the Board as a first step toward gradual improvement.

The diversity policy and implementation are as follows:

Diversification items Name		Gender	Operational Judgment	Accounting and Financial Analysis	Operation Management	Crisis Management	Industry Knowledge	International Market View	Leadership	Decision-making capacity
Chairman	Felix Ho	Male	V	V	V	V	V	V	V	V
Director	David Lo	Male			V	V		V	V	
Director	Hong-Shi Wen	Male	V		V		V		V	
Director	Bing-Yi Lin	Male	V		V	V	V	V	V	V
Independent Director	Brade Lei	Male		V						V
Independent Director	Brian Lee	Male	V		V			V		V
Independent Director	JD Chiou	Male	V		V	V	V		V	V

The company's current directors have management or operating experience in various fields and industries. In the future, the diversification policy will be revised in a timely manner according to the operation form and development needs of the Board to ensure that the members of the Board generally have the knowledge and skills required to perform their duties and literacy.

According to the Articles of Association, the Board of Directors consists of 5 to 9 directors; there are currently 7 directors of the Board. The Articles of Association also states that after Company's public offering, the number of independent directors shall not be less than 3, and shall not be less than 1/5 of the number of directors.

The Board of Directors independence:

The nomination and selection of members of the Board follows the provisions of the company's articles of association and adopts a candidate nomination system. In addition to evaluating the qualifications of each candidate's academic experience, the company also refers to the Stakeholder theory and complies with the "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of directors.

## 2. Major Direct and Indirect Institutional Shareholders

### (1) Major Direct Institutional Shareholders

December 31, 2024

Name of Institutional Shareholder	Major Direct Institutional Shareholders
YFY GLOBAL Investment B.V.	YFY Inc. (100%)
YFY Paradigm Investment Co., Ltd.	YFY Inc. (100%)
YFY Development Co., Ltd.	YFY Inc. (100%)

### (2) Major Shareholders is an Institutional Shareholder

December 31, 2024

Name of Institutional Shareholder	Major Institutional Shareholders
YFY Inc.	Ho Tse Yi Enterprise Co., Ltd. (9.92%), Shin-Yi Foundation (5.66%), Shin-Yi Enterprise Co., Ltd. (4.69%), HSINEX INTERNATIONAL CORP. (3.76%), Ho Cheng-Ting (2.92%), YFY Inc. Labor Retirement Reserve Fund Committee (2.79%), Ru Yi Enterprise Co., Ltd. (2.69%), Ho Mei-Yu (2.65%), Cheng Yu Co., Ltd. (2.20%), Felix Ho (2.14%)



(II) Profiles of President, Executive VP, VPs, and Management

March 29, 2025; Unit: shares; %

Title	Name	Gender	Nationality	Date taking office	Shares held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Positions held at other companies	Manager who is a spouse or relative within second degree of kinship			Exercise of employee stock option plan by managerial officers	Remarks (Note 4)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation		
CEO	Bing-Yi Lin	Male	Republic of China	2022/7/12	1,070,130	1.43	-	-	2,284,676 (Note 1)	3.05	Master, Information Management, University of Washington China Development Industrial Bank, Manager of Direct Investment Department	(Note 2)	-	-	-	-	-
Chief of Sustainability Officer	Felix Ho	Male	Republic of China	2022/7/12	442,000	0.59	-	-	-	-	MBA, MIT Sloan School of Management YFY Inc., CEO, YFY Consumer Products Co., Ltd., President Consumer Products Division, YFY MFG Co., Ltd., Chariman Strategy Integration Center, YFY MFG Co., Ltd., Assistant Manager	(Note 3)	-	-	-	-	-
CEO of Subsidiaries	Hong-Shi Wen	Male	Republic of China	2022/7/12	270,000	0.36	-	-	-	-	Master, Department of Mechanical Engineering, National Central University AUO Corporation, Deputy Chief of Plant Innolux Corporation, Chief of Department	Arizon RFID Technology (Hong Kong) Co., Ltd., Director	-	-	-	-	-

Title	Name	Gender	Nationality	Date taking office	Shares held		Shares held by spouse and underage children		Shares held in names of third parties		Education and work experience	Positions held at other companies	Manager who is a spouse or relative within second degree of kinship			Exercise of employee stock option plan by managerial officers	Remarks (Note 4)
					Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relation		
GM of Taiwan Branch	Kuo-Feng Kao	Male	Republic of China	2022/7/12	13,000	0.02			-	-	Master, Information Management, Shu-Te University	-	-	-	-	-	-
CFO	Kuan-Yu Lin	Male	Republic of China	2022/7/12	110,000	0.15	-	-	-	-	Master, Department of Finance, National Taiwan University China Asset Management (Hong Kong) Limited, Sales Manager Welltend Group, Senior Vice President	Daiken Biomedical Co., Ltd., Independent Director	-	-	-	-	-

Note 1:

Number of shares in the Company held through Yunsheng Co., Ltd.

Note 2:

Bing-Yi Lin holds concurrently positions as Director of YFY Jupiter (BVI) Inc., Director and President of Arizon RFID Technology Co., Ltd., Director of Arizon RFID Technology (Hong Kong) Co., Ltd., Director, Director of Arizon Japan Co., Ltd., Director of Opal BPM Limited, Director of Opal BPM Consulting Limited, Director of Yunsheng Co., Ltd., Director and President of Yangzhou Dicheng Trading Co., Ltd., and Director of Dicheng Co., Ltd.

Note 3:

Felix Ho holds concurrently positions as Chairman of YFY Investment Co., Ltd., Director of Yuen Foong Yu Consumer Products Investment Limited, Chairman of Yuen Foong Shop Co., Ltd., Chairman of Ever Growing Agriculture Bio-tech Co., Ltd., Chairman of Yuen Foong Yu Consumer Products Co., Ltd., Chairman of YFY Consumer Products (Yangzhou) Co., Ltd., Chairman of YFY Family Care (Kunshan) Co., Ltd., Director of YFY Consumer Products, Co., Director of YFY Japan Co., Ltd., Director of YFY Biopulp Technology Ltd., Chairman of YFY Jupiter (BVI) Inc., Director of Livebricks Inc., Chairman of Arizon RFID Technology Co., Ltd., Director of Arizon Japan Co., Ltd., Director of Jupiter Prestige Group Holding Limited, Independent Director of Universal Cement Corporation, Director of Aidatek Electronics, Inc., Director of Fu Hwa Enterprise Co., Ltd., Director of ECROWD MEDIA INC., Director of Cheng Yu Co., Ltd., Director of Shin-Yi Enterprise Co., Ltd., Chairman of Yuen Foong Co., Supervisor of The Eisenhower Fellows Associations in the Republic of China, Chairman of Epoch Foundation, and Chariman of Foongtone Technology Co., Ltd.

Note 4:

Where the chairperson and president or equivalent position (highest level managerial officer) is the same person, the spouse, or a first-degree relative, the reason, reasonableness, necessity, and response measures (such as increasing the number of director seats and more than half of all directors not concurrent serving as employees or the president) must be disclosed: None.

## II. Remuneration to Directors, Independent Directors, President, and Executive VP in the Past Year

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

December 31, 2024																						Unit: NT\$ thousand		
Title	Name	Director remuneration								Ratio of total compensation (A+B+C+D) to after-tax income (%)		Concurrent employee remuneration								Ratio of total compensation (A+B+C+D+E+ F+G) to after-tax income (%)		Compensation from investee companies other than subsidiaries or the parent company		
		Remuneration (A)		Severance pay and pension (B)		Director's remuneration (C)		Performance compensation (D)				Salaries, incentives and allowances (E)		Severance pay and pension (F)		Employee's remuneration (G)								
		Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon		All companies in the financial statements		Arizon	All companies in the financial statements			
																		Amount in cash	Amount in stocks	Amount in cash	Amount in stocks			
Chairman	YFY Global Investment BV Representative: Felix Ho	0	0	0	0	9,000	9,000	0	0	9,000 1.06%	9,000 1.06%	4,741	39,536	-	18	0	0	0	0	13,741 1.62%	48,554 5.73%	None		
Director	Bing-Yi Lin																							
Director	YFY Paradigm Investment Co., Ltd. Representative: David Lo																							
Director	YFY Development Co., Ltd. Representative: Hong-Shi Wen																							
Independent Director	Brade Lei	0	0	0	0	4,500	4,500	120	120	4,620 0.55%	4,620 0.55%	0	0	0	0	0	0	0	0	4,620 0.55%	4,620 0.55%	None		
Independent Director	Brian Lee																							
Independent Director	JD Chiou																							

1. The remuneration for the Company's Independent Directors is determined based on the education, experience, and social status of the Independent Director, salary market surveys, and prevailing standards in the industry. As a principle, the Company provides remuneration that meets general standards in the industry and decides the remuneration based on the

Company's business results and the contributions of Independent Directors in their duties. The remuneration is reviewed by the Remuneration Committee and reported to the Board of Directors for approval. The Company shall continue to review the remuneration policy for Independent Directors based on the business status and regulations to ensure the reasonableness of remuneration and the Company's sustainability.

2. Except as disclosed above, remuneration received by directors in the last year for on-balance sheet services (e.g., acting as non-employee consultant) rendered to the Company: N/A

Range of remuneration to all directors	Name			
	Total amount for the 4 preceding remunerations (A+B+C+D)		Total amount for the 7 preceding remunerations (A+B+C+D+E+F+G)	
	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements
Less than NT\$1,000,000				
NT\$1,000,000 (incl.) ~ NT\$2,000,000	Bing-Yi Lin, David Lo, Hong-Shi Wen, Brade Lei, Brian Lee, Scott Sung, JD Chiou	Bing-Yi Lin, David Lo, Hong-Shi Wen, Brade Lei, Brian Lee, JD Chiou	Bing-Yi Lin, David Lo, Hong-Shi Wen, Brade Lei, Brian Lee, JD Chiou	David Lo, Brade Lei, Brian Lee, JD Chiou
NT\$2,000,000 (incl.) ~ NT\$3,500,000				
NT\$3,500,000 (incl.) ~ NT\$5,000,000	Felix Ho	Felix Ho		
NT\$5,000,000 (incl.) ~ NT\$10,000,000			Felix Ho	Felix Ho
NT\$10,000,000 (incl.) ~ NT\$15,000,000				
NT\$15,000,000 (incl.) ~ NT\$30,000,000				Bing-Yi Lin, Hong-Shi Wen
NT\$30,000,000 (incl.) ~ NT\$50,000,000				
NT\$50,000,000 (incl.) ~ NT\$100,000,000				
More than NT\$100,000,000				
Total	7	7	7	7

## (II) Remuneration to supervisors

The Company has set up an Audit Committee which replaced the functions of the supervisors. Thus, not applicable.



### (III) Remuneration to the President and VP

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances (C) (Note 1)		Employee's remuneration (D) (Note 2)				Ratio of total compensation (A+B+C+D) to after-tax income (%)		Compensation from reinvestment business outside the subsidiary or parent company
		Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon		All companies in the financial statements		Arizon	All companies in the financial statements	
								Amount in cash	Amount in stocks	Amount in cash	Amount in stocks			
President	Bing-Yi Lin	2,855	13,301	-	182	3,743	31,071	-	-	-	-	6,598 0.78%	44,554 5.26%	None
CEO of Subsidiaries	Hong-Shi Wen													
GM of Subsidiaries	Kuo-Feng Kao													
Chief of Sustainability Officer	Felix Ho													
CFO	Kuan-Yu Lin													

### Range of Remuneration

Range of remuneration to president and executive VP	Name of president and executive VP	
	Arizon	All companies in the financial statements
Less than NT\$1,000,000	Bing-Yi Lin, Kuo-Feng Kao, Hong-Shi Wen	
NT\$1,000,000 (incl.) ~ NT\$2,000,000	Kuan-Yu Lin	
NT\$2,000,000 (incl.) ~ NT\$3,500,000	Kuo-Feng Kao, Kuan-Yu Lin	
NT\$3,500,000 (incl.) ~ NT\$5,000,000	Felix Ho	
NT\$5,000,000 (incl.) ~ NT\$10,000,000		
NT\$10,000,000 (incl.) ~ NT\$15,000,000		
NT\$15,000,000 (incl.) ~ NT\$30,000,000	Bing-Yi Lin, Hong-Shi Wen	

NT\$30,000,000 (incl.) ~ NT\$50,000,000		
NT\$50,000,000 (incl.) ~ NT\$100,000,000		
More than NT\$100,000,000		
Total	5	5

**(IV) Names of managers who distribute employee salaries and distribution status:**

Title		Name	Amount in stocks	Amount in cash	Total (Note)	Ratio of remuneration to net profit after tax (%)
Manager	President	Bing-Yi Lin	0	8,695	8,695	1.03%
	Chief of Sustainability Officer	Felix Ho				
	CFO	Kuan-Yu Lin				
	CEO of Subsidiaries	Hong-Shi Wen				
	GM of Taiwan Branch	Kuo-Feng Kao				

Note: The Board of Directors approved the plan to distribute NT\$8,695 thousand (all in cash) as employee remuneration for 2024. Since the distribution list has not been finalized, this table is an estimation of the proposed amount.

**(V) Detailed ratios of total remuneration of the Company's directors, president, and executive vice presidents to after-tax profit with respect to the individual and consolidated financial statements in the past two years, and description of the remuneration policy, standards and combinations, determination of remuneration, and connection to business performance and future risks**

1. Detailed ratios of total remuneration of the directors, president, and executive vice presidents of the Company and all companies in the last two years in the consolidated financial statements to after-tax profit with respect to the personal financial statements:

**Unit: NT\$ thousand**

Recipient	Ratio of total remuneration to after-tax profit					
	2024		2023		Difference	
	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements	Arizon	All companies in the financial statements
Director	1.62%	5.73%	1.67%	7.03%	-0.05%	-1.30%
Independent Director	0.55%	0.55%	0.70%	0.70%	-0.15%	-0.15%
President and VPs	0.78%	5.26%	1.24%	7.30%	-0.46%	-2.04%

2. The remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:
  - (1) Article 107(2) of our company's Articles of Association stipulates: "If the company makes a profit for the current year, a resolution must be passed by a two-thirds majority of the directors present at the board meeting, with a majority of the attending directors agreeing, to allocate no less than one percent as employee compensation, in the form of shares and/or cash, to be distributed to employees. Additionally, with a resolution passed by a two thirds majority of the directors present at the board meeting, with a majority of the attending directors agreeing, no more than two percent may be allocated as director compensation to the directors. Except where otherwise specified by listing regulations, director compensation may only be paid in cash. However, if the company still has accumulated losses, an amount should be reserved in advance for offsetting losses, and only the remaining amount should be allocated for employee and director compensation according to the aforementioned proportions." The ratio and amount of director remuneration for the fiscal year are approved by the Compensation Committee and the Board of Directors, and reported to the shareholders' meeting. The company also reviews its remuneration policy in a timely manner, taking into account the overall operating environment, business performance, and development strategy.
  - (2) The remuneration is based on a monthly salary, which includes monthly salary, allowances and other regular payments, plus year-end bonuses and employee remuneration. The salary standard is based on the agreement at the time of appointment. The position bonus is based on the position review. Performance bonus and other bonuses are adjusted based on business performance and work performance. The annual data is compiled and submitted to the Remuneration Committee for review.
  - (3) The Company has established the Remuneration Committee, comprised of all Independent Directors. The Remuneration Committee is responsible for the establishment and evaluation of Directors' and managerial officers' performance and remuneration policies, system, standards, and structure, and also carries out regular evaluation and determining the remuneration of Directors and Managers. The Directors' remuneration is determined and distributed based on the individual Directors' duty and their level of participation in and contribution to the Company. The President's and VP's remuneration is handled based on their positions in the Company, their contribution to the Company, and their remuneration level in the industry and in accordance with the regulations governing human resources matters.

### III. Corporate Governance Practice

#### (I) Board of Directors operating status

A total of 5 meetings(A) of the 2nd Board of Directors were held in 2024. Directors' attendance information is described below:

Title	Name	Attendance in person(B)	Attendance by proxy Time(s)	Attendance in person rate (%) [B/A]	Notes
Chairman	YFY Global Investment B.V. Representative: Felix Ho	5	0	100%	2nd term
Director	YFY Paradigm Investment Co., Ltd. Representative: David Lo	5	0	100%	2nd term
Director	Bing-Yi Lin	5	0	100%	2nd term
Director	YFY Development Co., Ltd. Representative: Hong-Shi Wen	5	0	100%	2nd term
Independent Director	Brade Lei	5	0	100%	2nd term
Independent Director	Brian Lee	5	0	100%	2nd term
Independent Director	JD Chiou	5	0	100%	2nd term

Other statutory information:

- I. If any of the following circumstances have occurred amid operations of the Board of Directors, the date, period, agenda content, the opinions of all independent directors, and the handling of the opinions of the independent directors by the Company shall be specified:

- (I) Matters prescribed under Article 14-3 of the Securities and Exchange Act:

The Company has set up an Audit Committee. Matters prescribed under Article 14-5 of the Securities and Exchange Act include matters prescribed under Article 14-3 of the Securities and Exchange Act. Please refer to the "Operating status of the Audit Committee" for details.

- (II) Aside from the above matters, other resolutions adopted by the Board of Directors with regard to which an independent director had a dissenting or qualified opinion that is on record or stated in a written statement.

Operations of the Board of Directors which did not receive dissenting or qualified opinions from independent directors that are on record or stated in a written statement.

- II. Any directors who had to recuse from a proposal to prevent conflicts of interest:

- (I) In the Board meeting held on March 12, 2024, the Board discussed the remuneration amount and distribution method for independent directors, the independent directors recused



themselves from discussing and voting on this proposal due to conflict of interest.

- (II) In the Board meeting held on March 12, 2024, the Board discussed the remuneration amount and distribution method for directors, the directors recused themselves from discussing and voting on this proposal due to conflict of interest.

III. Board of Directors evaluation status:

The Company shall complete the performance evaluation of the board as a whole, individual directors, and functional committees in 2024 before January, 2025. All board members participated in the self-assessment, and the overall score was above 4.5, indicating that the board members agreed with all the indicators. The results of this assessment were reported to the Board of Directors on March 11, 2025.

IV. Evaluation of targets and performance of the Board's functions for current year and past year:

- (I) Three independent directors form the Company's Audit Committee in substitution of supervisors. Matters prescribed under Article 14-5 of the Securities and Exchange Act are submitted to the Audit Committee for discussion and resolution. The convener of the Audit Committee is responsible for reporting the resolutions passed by the Audit Committee to the Board of Directors.
- (II) The Company discloses information regarding attendance to board/shareholders' meetings, director continuing education, and important resolutions passed during board meetings and shareholders' meetings.
- (III) In addition to disclosing relevant information on the Market Observation Post System, the Company has also set up an investor section on its website to disclose information on corporate governance, financial information, and corporate social responsibility to enhance information transparency and ensure that all stakeholders can access information they care about in a timely manner.
- (IV) The Company has established corporate governance regulations. In addition to specifying the duties and powers of the Board of Directors in the Articles of Incorporation, the Company also established the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Sustainability and Social Responsibility Guidelines", and "Rules and Procedures for Board of Directors Meetings" to strengthen the operations of the Board of Directors and improve corporate governance.
- (V) In consideration of legal risks faced by Directors, the Company and its subsidiaries have purchased US\$5 million director liability insurance policies for all Directors.

## (II) Operating status of the Audit Committee

The Company's Audit Committee is composed of three independent directors. The Committee's purpose is to verify the fair presentation of the Company's financial statements; hiring or dismissal of CPAs, their independence and suitability; effectiveness regarding implementation of the Company's internal control system; compliance with relevant regulations and rules; the Company's control of existing or latent risks; and the duties stipulated in Article 14-5 of the Securities and Exchange Act.

5 meetings(A) of the 1st Audit Committee were held in 2024. Key focuses for the year are described below:

### I. Review financial reports

The Company's 2024 business report, financial statements, and earnings distribution proposal prepared by the Board of Directors have been reviewed and determined to be correct and accurate by the Audit Committee. Among them, the financial statements were audited by Deloitte & Touche, and an audit report was submitted.

### II. Assess internal control system effectiveness

The Company's Audit Committee assessed the effectiveness of policies and procedures of the Company's internal control system (including finance, operations, risk management, information security, legal compliance, and other control measures) and audited the Company's Auditing Department and CPA, as well as regular reports by managers, including risk management and compliance.

### III. Retain CPAs and evaluate their independence and suitability

The Company's CPAs were changed to Shu-Wan Lin and Chih-Ming Shao of Deloitte & Touche Taiwan by resolution at audit committee meeting. The Company's Audit Committee evaluated and found that the Company's CPAs Shu-Wan Lin and Chih-Ming Shao have not been the Company's CPAs for more than 7 years, and do not have direct or indirect interest in the Company that would compromise their independence. The CPAs have established a suitable method to communicate with the Company and its Audit Committee; and fulfilled the independence and competence requirements of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies".

**Independent directors' attendance to the Audit Committee meetings in 2024 as of the publication date of the Report is described below:**

Title	Name	Attendance in person(B)	Attendance by proxy	Attendance in person rate (%) [B/A]	Notes
Independent Director	Brade Lei	5	0	100%	1st Committee
Independent Director	Brian Lee	5	0	100%	1st Committee
Independent Director	JD Chiou	5	0	100%	1st Committee

Other statutory information:

- I. The date of the meeting of the Audit Committee, the term, contents of the proposals, objections, qualified opinions, and important recommendations of independent directors, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be specified under any of the following circumstances in the operations of the Audit Committee:

(I) Matters prescribed under Article 14-5 of the Securities and Exchange Act:

Date of audit committee meeting	Sessions	Agenda item	Objections, reservations or major suggestions raised by Independent Directors	Audit Committee Results of resolution	Actions taken by the Company in response to the opinion of the Audit Committee
2024.03.12	12th meeting of the 1st Audit Committee	Approval of the 2023 financial statements	None	Passed as proposed.	Approved in the Board meeting on March 12, 2024.
2024.03.12	12th meeting of the 1st Audit Committee	Approval of the 2023 earnings distribution proposal	None	Passed as proposed.	Approved in the Board meeting on March 12, 2024.
2024.03.12	12th meeting of the 1st Audit Committee	Statement on Internal Control	None	Passed as proposed.	Approved in the Board meeting on March 12, 2024.
2024.05.09	13th meeting of the 1st Audit Committee	Preparing of the 2024 Q1 consolidated financial statements	None	Passed as proposed.	Approved in the Board meeting on May 9, 2024.
2024.05.09	13th meeting of the 1st Audit Committee	Evaluation of the independence and suitability of the CPAs	None	Passed as proposed.	Approved in the Board meeting on May 9, 2024.
2024.05.09	13th meeting of the 1st Audit Committee	Loan agreement: "Arizon Corporation" borrows US\$6 million. The loan term is one year from the disbursement date, with a fixed annual interest rate of 3.05%	None	Passed as proposed.	Approved in the Board meeting on May 9, 2024.
2024.08.07	14th meeting of the 1st Audit Committee	Preparing of the 2024 Q2 consolidated financial statements	None	Passed as proposed.	Approved in the Board meeting on August 7, 2024.
2024.08.07	14th meeting of the 1st Audit Committee	Revised the company's internal control system "Computer Circulation"	None	Passed as proposed.	Approved in the Board meeting on August 7, 2024.
2024.08.07	14th meeting of the 1st Audit Committee	Resolved to issue the first unsecured convertible corporate bond in R.O.C.	None	Passed as proposed.	Approved in the Board meeting on August 7, 2024.
2024.11.08	15th meeting of the 1st Audit Committee	Preparing of the 2024 Q3 consolidated financial statements	None	Passed as proposed.	Approved in the Board meeting on November 8, 2024.
2024.11.08	15th meeting of the 1st Audit Committee	Approval of the 2025 audit plan	None	Passed as proposed.	Approved in the Board meeting on November 8, 2024.
2024.11.08	15th meeting of the 1st Audit	Resolved to change the functional currency to New Taiwan Dollar	None	Passed as proposed.	Approved in the Board meeting on December 8, 2024.

	Committee	(NTD)			
2024.12.23	16th meeting of the 1st Audit Committee	Loan agreement: "Arizon Technology (Vietnam) Co., Ltd." borrows US\$10 million. The loan term is one year from the disbursement date, with a fixed annual interest rate of 2.80%	None	Passed as proposed.	Approved in the Board meeting on December 23, 2024.
2024.12.23	16th meeting of the 1st Audit Committee	Added and revised the company's internal control system "Purchase and Payment Cycle" and "Sustainable Information Management Method"	None	Passed as proposed.	Approved in the Board meeting on December 23, 2024.
2024.12.23	16th meeting of the 1st Audit Committee	Approval of the 2025 audit plan	None	Passed as proposed.	Approved in the Board meeting on December 23, 2024.

(II) In addition to matters above, other resolutions which did not receive the approval of the Audit Committee but were approved by more than two thirds of the entire Board of Directors: None.

II. Independent Directors' recusal to avoid conflicts of interest:

No independent directors had to recuse themselves to avoid conflicts of interest.

III. Communication between independent directors and Chief Auditor and CPAs:

1. On a regular basis

Each month, completed *audit reports* are sent via emails to each independent director. If there are questions or instructions, independent directors can contact the auditing officer via emails or the telephone.

Each quarter, the Audit Committee submits an "Internal Audit Report"; it contains audit procedures, findings, and abnormalities which might require improvement for the Company as well as its subsidiaries.

The CPA attends meetings of the Audit Committee to explain the review and audit status, CPA report type, key audit items, and financial report analysis for semi-annual and annual financial reports.

2. On a non-regular basis

Through telephone calls, emails, and meetings, discussions are held concerning how to increase the Company's audit value and enhance operational efficiency and effectiveness. If any serious violations are discovered, independent directors must be notified according to regulations. There are many open channels of communication for the Company's Chief Auditor to communicate with the independent directors.

In the event of a material or special incident or special requirements in related regulations, the CPA attends meetings of the Audit Committee on a non-regular basis to provide explanation and communicate.

**Recent communication between independent directors, Chief Internal Auditor, and CPAs:**

(1) Communication between Independent Directors and Chief Internal Auditor:

Date	Key Points of Communication	Communication summary and results
2024-12-23	<ol style="list-style-type: none"> <li>Added and revised the company's internal control system "Purchase and Payment Cycle" and "Sustainable Information Management Method"</li> <li>Approval of the 2025 audit plan.</li> </ol>	<ol style="list-style-type: none"> <li>Passed as proposed after review.</li> <li>Passed as proposed after review.</li> </ol>

**(2) Communication between Independent Directors and CPAs:**

Date	Communication Method	Key Points of Communication	Communication summary and results
2024-03-12	Separate meetings with independent directors	The CPA explained related audits in the 2023 financial statements, and discussed on the financial positions and business results.	Passed as proposed after reviewing related conditions and discussions.
2024-08-07	Separate meetings with independent directors	The CPA explained related audits in the 2024 Q2 financial statements, and discussed on the financial positions and business results.	Passed as proposed after reviewing related conditions and discussions.

### (III) Corporate governance practice and compliance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
I. Does the Company abide by the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies in establishing and disclosing its corporate governance best practice principles?	V		The Company has established its “Corporate Governance Best Practice Principles”, “Code of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, and “Sustainability and Social Responsibility Guidelines” and has disclosed them on the company website. In addition, the Company has also set up corporate governance mechanisms such as a spokesperson system, and an internal control and internal audit system to be in line with the Company’s corporate philosophy. As of now, the Company has an Audit Committee and a Remuneration Committee. These show that in practice, the Company carries out procedures based on the principles of corporate governance.	Compliant
II. The Company’s shareholding structure and shareholders’ rights and interests (I) Does the Company have in place an internal operating procedure for handling shareholders’ suggestions, questions, disputes, or litigation and abide by it?	V		(I) Regarding suggestions or questions from shareholders, the Company has set up a spokesperson and a deputy spokesperson and entrusted a professional share affair agency with handling share-related suggestions and disputes in Taiwan. The Company has a good relationship with its shareholders and there have been no disputes as of now.	Compliant
(II) Does the Company possess a list of major shareholders and a list of ultimate owners of those major shareholders?	V		(II) The Company closely monitors the shareholdings of major shareholders, directors, and managerial officers based on the shareholder register provided by the shareholder services agent as of the book closure date. Changes in the shareholding of insiders (directors, managerial officers, and shareholders holding more than 5% of the shares) are reported monthly to the Market Observation Post System designated by the competent authority.	Compliant
(III) Does the Company have in place a risk management mechanism and firewall against its affiliates or implement it?	V		(III) The Company has a clear separation of job authorities regarding the management of personnel, assets, and finances between itself and the related parties. In addition to the formulated “Regulations on Transactions with Related Parties, Specific Companies and Groups” the Company also audits and supervises the execution of the said matters on a regular basis.	Compliant



Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
(IV) Does the Company have internal regulations in place to prevent its people from trading securities based on information yet to be public on the market?	V		(IV) The Company has established the "Management Regulations for Preventing Insider Trading" and "Ethical Corporate Management Operating Procedures and Code of Conduct" to prevent the Company's insiders from using information yet to be made public on the market to purchase and sell marketable securities.	Compliant
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors developed and implemented a diversity policy for the composition of its members and specific management targets?	V		(I) The Board of Director approved the formulation of "Corporate Governance Best Practice Principles" at the 2nd meeting of the 2nd board on July 12, 2022. Chapter 3 "Strengthening the Functions of the Board of Directors" Section 1 "Structure of the Board of Directors" Article 20 stipulates the direction for the diversification of board members. The nomination and election of Board members are pursuant to the regulations prescribed in the Company's Articles of Incorporation. A candidate nomination system is adopted in accordance with the "Rules and Procedures for Board of Directors Meetings" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of board members. The professional backgrounds of the Company's Board members include expertise in industry, business management, and accounting. According to the list of members of the 2nd Board of Directors, those with the ability of leadership management administration, and crisis management, as well as industry knowledge, and an international market perspective include directors Felix Ho, David Lo, Bing-Yi Lin, and Hong-Shi Wen. The Company's Independent Directors include Brade Lei, a practicing CPA, Brian Lee, who also serves as an independent director of other listed companies, and JD Chiou, Vice Chairman of Intumit, Inc.	Compliant
(II) Besides the Remuneration Committee and the Audit Committee established according to law, has the Company actively established other types of functional committees?	V		(II) The Company has established the Remuneration Committee and the Audit Committee established in accordance with the laws, and will establish other functional committees based on future operation of the Company and the laws and regulations.	Compliant

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
(III) Has the Company established and implemented methods for assessing the performance of the Board of Directors and conducted performance evaluation annually? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	V		(III) The Company's "Regulations for Evaluating the Performance of the Board of Directors" has been approved at the board meeting on July 12, 2022. The Company has implemented the said Regulations in accordance with the "Rules and Procedures for Board of Directors Meetings." The corporate governance unit conducted a questionnaire assessment for the board of directors, individual directors, and functional committees for the year 2024 by the end of January 2025. All directors participated in self-assessment, and the overall rating was above 4.5, indicating the directors' approval of various indicators. This assessment result was reported during the board meeting on March 11, 2025.	Compliant
(IV) Does the Company periodically evaluate independence of the CPA?	V		(IV) The Company has an internal rotation system for its certified public accountants to ensure compliance with independence principles, and their appointment is decided by the Board of Directors. The independence, competence, and remuneration of the Company's CPA are evaluated annually by the Board. The independence and suitability of CPA were discussed and evaluated at the 13th Audit Committee Meeting on May 9, 2024, and the evaluation results were discussed at the 16th Board Meeting on May 9, 2024.	Compliant
IV. Has the TWSE or TPEx listed company set up a full-time (part-time) unit or appointed designated personnel to handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, processing company registration and change of registration and preparing minutes of the board meetings and shareholders' meetings)?	V		Pursuant to Article 20 of the "Guidelines for the Appointment and Exercise of Powers by the Board of Directors of a Company Whose Stock is Listed on the Taiwan Stock Exchange Corporation", listed companies are advised to appoint suitable and appropriate number of corporate governance personnel based on the companies' scale, business operation, and management needs, and appoint one Corporate Governance Officer as the highest supervisor charged with the management of corporate governance-related matters. The Company appointed Kuan-Yu Lin as the Corporate Governance Officer, and the appointment has been approved at the board meeting on August 16, 2022 by resolution.	Compliant

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
V. Does the Company have in place a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a stakeholders' section on its website to properly address stakeholders' concerns regarding important corporate social responsibilities?	V		The Company has set up a spokesperson and a deputy spokesperson as communication channels for stakeholders. If needed, stakeholders may contact the Company by telephone, correspondence, emails, or other methods. In addition, the Company has also set up a Stakeholder Sector in the company website as one of the communication channels.	Compliant
VI. Does the Company hire professional stock agencies to take care of affairs related to shareholders' meetings?	V		The Company entrusted SinoPac Securities - Register & Transfer Agency Division with handling share affairs and shareholders' meeting-related matters.	Compliant
VII. Information disclosure (I) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	V		(I) The Company regularly discloses information on the company website regarding the Company's financial, business, and corporate governance status.	Compliant
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing dedicated personnel to collect and disclose corporate information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	V		(II) The Company has appointed dedicated personnel to take charge of the collection and disclosure of Company information, and implemented a spokesperson and deputy spokesperson system in accordance with regulations. The information for investor conferences in all periods is immediately disclosed on the company website as reference for investors.	Compliant
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third		V	(III) The Company announces its financial statements in accordance with the deadline specified in regulations and has not published its financial statements ahead of schedule.	Implement progressively

Evaluation item	Practice			Compliance with Best Practice Principles and reasons for any discrepancies
	Yes	No	Summary	
quarters as well as its operating status for each month ahead of schedule before the specified deadline?				
VIII. Does the Company have other information that is helpful for understanding its status of corporate governance (including but not limited to employee rights and interests, employee well-being, investor relations, supplier relations, rights of stakeholders, further education sought by directors and supervisors, implementation of risk management policies and risk evaluation standards, implementation of customer policies, the purchase of liability insurance for directors and supervisors, etc.)?	V		<ol style="list-style-type: none"> <li>1. Employees' rights and interests: The Company treats employees with integrity and has established many employee benefit measures, education training guidelines, and performance development plans so as to protect the employees' rights and interests and train employees. In addition, the employees have smooth communication with their supervisors and the Company has positive labor-management relations.</li> <li>2. Investor relations: The Company has set up the spokesperson system, and entrusted share affair agency with handling share-related matters. In addition, in order to allow the public to understand the Company's business operation, the Company discloses relevant information on the Market Observation Post System (MOPS) in accordance with relevant regulations.</li> <li>3. Supplier relations, stakeholder interests: The Company maintains equitable and good relationships with suppliers and stakeholders.</li> <li>4. Continuing education and training received by directors and supervisors: The Company's Directors possesses required professional knowledge. In order to enhance the Board's functions, the Company arranges continuing education and training for Directors and Independent Directors.</li> <li>5. Implementation of risk management policies and risk assessment standards: The Company formulates and abides its internal regulations to control risks.</li> <li>6. Customer policy: The Company carry out matters according to internal control.</li> <li>7. The Company has purchased liability insurance for its Directors.</li> </ol>	Compliant
IX. Please mention any priority matters and measures that require improvement and improvements that have been made according to the Corporate Governance Evaluation results released by TWSE's Governance Center. The Company was listed on TWSE March 21, 2023, and is thus excluded from the 2023 Corporate Governance Evaluation. However, to protect the interests of shareholders and pursue sustainable development, the Company has made efforts to improve corporate governance in accordance with the 2024 evaluation indicators and will disclose the results of the evaluation in the end of April, 2025.				

Status of continuing education of Directors and Independent Directors

Title	Name	Duration		Organizer	Course	Hours
		Start date	End date			
Institutional Director representative	Felix Ho	2024/06/17	2024/06/17	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainable Challenges and Opportunities for Global Enterprises	3
		2024/11/12	2024/11/12	Taiwan Corporate Governance Association	Prevention and treatment of sexual harassment in the workplace and gender friendliness	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
Institutional Director representative	David Lo	2024/03/05	2024/03/05	Taiwan Corporate Governance Association	Succession plan launched - employee reward plan and equity succession	3
		2024/04/26	2024/04/26	Taiwan Corporate Governance Association	How to understand financial statements - a lesson for directors and supervisors with non-financial backgrounds	3
		2024/06/17	2024/06/17	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainable Challenges and Opportunities for Global Enterprises	3
		2024/09/30	2024/09/30	Taiwan Stock Exchange	Taiwan Capital Market Summit	3
		2024/10/04	2024/10/04	Taiwan Corporate Governance Association	Global trends and risk management in the development of digital innovation technology and artificial intelligence	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	3
		2024/12/10	2024/12/10	Taiwan Corporate Governance Association	Offensive and defensive strategies for non-consensual mergers and acquisitions and related corporate governance issues	3

Institutional Director representative	Hong-Shi Wen	2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	3
Director	Bing-Yi Lin	2024/09/30	2024/09/30	Taiwan Stock Exchange	Taiwan Capital Market Summit	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	3
Independent Director	Brade Lei	2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	3
Independent Director	Brian Lee	2024/06/05	2024/06/05	Taiwan Corporate Governance Association	Corporate Social Responsibility and Sustainable Competitiveness	3
		2024/10/07	2024/10/07	Taiwan Federation of Industry and Commerce	2024 Taishin Net Zero Summit	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	3
Independent Director	JD Chiou	2024/12/02	2024/12/02	Taiwan Corporate Governance Association	New thinking on overall business strategy	3
		2024/12/02	2024/12/02	Taiwan Corporate Governance Association	AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	3



(IV) Companies that have established a Remuneration Committee shall disclose the names and responsibilities of its members and committee operations

**(1) Information on members of the Compensation Committee**

December 31, 2024

Requirements		Professional qualifications and experience	Fulfillment of independence criteria	Number of other public companies in which the committee member also serves as a remuneration committee member
Position	Name			
Independent Director (Convener)	Brade Lei	CPA of C&S CPA Firm, Chairman of Hung Ting Lighting Co., Ltd., and Chairman of Xiaojin Innovation Capital Co., Ltd..	No matters specified in Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" in the first two years of office.	0
Independent Director	Brian Lee	Director of Pacific Licensing Studio Pte. Ltd., Director of Branded Lifestyle Holdings Limited, and Independent Director of Dr. Wu Skincare Co., Ltd.	No matters specified in Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" in the first two years of office.	1
Independent Director	JD Chiou	Vice Chairman of Intumit, Inc., Director, Idrasys Co., Ltd., and Director of Miraxia Edge Technology Co., Ltd.	No matters specified in Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" in the first two years of office.	0

## (2) Operation of Remuneration Committee

- I. The three remuneration committee members are Brade Lei, Brian Lee, and JD Chiou.
- II. Current term for the members: Brade Lei and Brian Lee: July 12, 2022 - July 10, 2025. JD Chiou: September 14, 2022 - July 10, 2025. The Remuneration Committee held 2 meetings(A) during the past year, and the qualifications and attendance information of each member are listed below:

Title	Name	Attendance in person(B)	Attendance by proxy	Attendance in person rate(%)[B/A]	Remarks
Convener	Brade Lei	2	0	100%	
Committee member	Brian Lee	2	0	100%	
Committee member	JD Chiou	2	0	100%	

Remuneration Committee	Agenda item and follow-up	Results of resolution	Actions taken by the Company in response to the opinion of the Remuneration Committee
6th meeting of the 1st Committee 2024/01/30	Review of the proposal of 2023 year-end bonus for managerial officers.	Approved as proposed by all committee members.	Approved by the Board of Directors.
7th meeting of the 1st Committee 2024/03/12	Review of the 2023 distribution of remunerations to employees and independent directors.	Approved as proposed by all committee members.	Approved by the Board of Directors.

### Other statutory information:

- I. If the Board of Directors did not adopt or revise the recommendations of the Compensation Committee, the date of the Board meeting, term of the Board, agenda item, resolutions adopted by the Board, and actions taken by the Company in response to the opinion of the Compensation Committee shall be specified: N/A.
- II. If a member has an opposing or qualified opinion regarding a resolution the Remuneration Committee has adopted with a written record or statement, the date and session of the meeting, the resolution, opinions of all the members, and the handling of their opinions shall be specified: N/A.

**(V) Implementation status of sustainable development, deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof**

Implementation items	Implementation status:			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
I. Does the Company set up a governance structure for sustainable development, establish an exclusively (or concurrently) dedicated unit to implement sustainable development, and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors?	V		In order to effectively fulfill the Company's corporate social responsibility, the Company appointed the Chief of Sustainability Officer to be the responsible unit and proposes to require it to report the implementation status to the board meeting at least once a year. 2024 Supervision Highlights: <ul style="list-style-type: none"> <li>• In order to meet regulatory requirements in advance, the company's 2023 annual ESG report has been prepared.</li> <li>• The Company's ESG Report was commissioned by Crowe CPA to conduct limited assurance audits in accordance with Assurance Standard No. 3000 "Assurance Cases for Audits or Reviews of Non-Historical Financial Information" issued by the Accounting Research and Development Foundation, and to issue a limited assurance report.</li> </ul>	Compliant
II. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies based on the principle of materiality?	V		The Company has, based on the principle of materiality, performed assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and established sustainable development policies, which are implemented after approval at the board meeting.	Compliant
III. Environmental issues (I) Has the Company established a proper environmental management system based on the characteristics of the industry?	V		The Company engages in the RFID business, which has relatively lower environmental risks. The Company's environmental management is handled in accordance with the environmental safety and health-related ordinances in the location of the Company's production sites.	Compliant
(II) Is the Company committed to improving the efficiency of energy use and using recycled materials which have a low impact on the environment?	V		The Company is committed to improving the efficiency of energy use, such as promotion of green materials and waste recycling in order to lower the impacts on the environment.	Compliant
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the	V		The Company monitors the impact of climate change on the Company's operation at all times. It also actively improves the utilization rate of all resources and decreases waste to respond to climate change-induced global environmental issues.	Compliant

Implementation items	Implementation status:			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
present and future of its business, and take appropriate action to counter climate change issues?				
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and draw up policies on greenhouse gas reduction, water reduction, or waste management?	V		The Company does not fall under the category that is required to report its GHG emission inventory results as announced by the Environmental Protection Department. Nonetheless, the Company raises awareness regarding environmental protection and energy-saving matters among employees through advocacies and is committed to environmental protection by encouraging all employees to switch off the lights when lights are not needed, save water and electricity, and reuse waste paper.	Compliant
IV. Social issues (I) Does the Company comply with relevant laws and regulations and internationally recognized covenants on human rights, and have related management policies and procedures in place?	V		The Company supports the principles of the United Nations Global Compact and the targets enshrined in the United Nations Universal Declaration of Human Rights and the Conventions of the International Labor Organization. We respect human rights and comply with all related regulations of the countries of operations. The Company has formulated relevant management procedures including the "Sustainability and Social Responsibility Guidelines" in accordance with labor-related laws and regulations and the "International Covenant on Civil and Political Rights" in order to protect the employees' legal rights.	Compliant
(II) Has the Company established and implemented reasonable employee benefits (including remuneration, leave, and other benefits), and ensured business performance or results are reflected adequately in employee remuneration?	V		The Company has established handling procedures for remuneration, performance evaluation, and employee benefit, which clearly specify the remuneration, reward, and penalty systems. The Company evaluates the employees based on the procedures and reflects operating performance or results on employee remuneration. 1. Salary is in line with market level. (1) The Company participates in compensation surveys in the industry or on the market and determine the salaries of employees based on their academic records, work experience, skills, and position. (2) Salary is not determined by gender or age. 2. Bonus and compensation (1) Year-end bonus and other incentives: The Company has established regulations on the year-end bonus to include at least 30 days of salary. The Company also established related standards for the issuance of additional bonuses based on the	Compliant

Implementation items	Implementation status:			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof																					
	Yes	No	Summary																						
			<p>Company's operations and the employees' rank and performance. The bonuses are competitive and used as incentives to encourage employees to make more contributions and grow with the Company.</p> <p>(2) Employee's remuneration: The Company's Articles of Incorporation specify that if the Company operates at a profit every year, 1% or more of the income shall be set aside as remunerations to employees.</p> <p>3.Salary adjustment</p> <p>(1) When employees are promoted, their salaries are adjusted immediately to prepare, incentivize, and retain outstanding talents.</p> <p>4. Diversity and equality in the workplace</p> <p>(1) Gender ratio: 46.07% of female employees and 28% of female supervisors.</p> <p>(2) Age ratio: 32.79% under 30, 64.55% between 30-50, 2.66% over 50.</p> <p>(3) Nationality ratio: 20.9% ROC, 73.56% mainland Chinese including Hong Kong, 3.93% Vietnamese, 0.46% Malaysian, 0.35% Japanese, 0.8% others.</p>																						
(III) Does the Company provide a safe and healthy work environment to its employees? Does the Company regularly provide safety and health education for the employees?		V	<p>1. Description of Measures for Ensuring Employee Safety and a Healthy Working Environment, and Policies and Implementation Regarding Employee Education: The Company conducts regular health check-ups for employees and, in accordance with legal requirements, has established an Employee Welfare Committee. In addition, on-site occupational health nurses are arranged to provide consultation services on health-related matters. These measures are implemented to safeguard the safety and physical and mental well-being of employees.</p> <p>2. Disclosure of Certifications Obtained by the Company (Valid as of the Date of Annual Report Publication) and Their Scope of Coverage:</p> <table><thead><tr><th>項目</th><th>取得範圍</th><th>有效日期</th></tr></thead><tbody><tr><td>ISO 9001 品質管理系統</td><td>廣州廠 台北廠</td><td>2025/01/16~2026/01/15 2024/02/23~2027/02/23</td></tr><tr><td>ISO 14001 環境管理系統</td><td>廣州廠 台北廠</td><td>2024/09/02~2027/09/01 2024/11/02~2027/11/02</td></tr><tr><td>ISO 45001 職業安全衛生管理系統</td><td>廣州廠 台北廠</td><td>2023/10/22~2026/10/21 2024/11/02~2027/11/02</td></tr><tr><td>FSC® COC森林管理委員會認證監督認證*</td><td>廣州廠</td><td>2023/05/30~2026/05/29</td></tr><tr><td>IATF 16949 : 2016</td><td>廣州廠</td><td>2025/1/16~2028/1/15</td></tr><tr><td>知識產權管理體系</td><td>廣州廠</td><td>2023/12/25~2026/12/24</td></tr></tbody></table>	項目	取得範圍	有效日期	ISO 9001 品質管理系統	廣州廠 台北廠	2025/01/16~2026/01/15 2024/02/23~2027/02/23	ISO 14001 環境管理系統	廣州廠 台北廠	2024/09/02~2027/09/01 2024/11/02~2027/11/02	ISO 45001 職業安全衛生管理系統	廣州廠 台北廠	2023/10/22~2026/10/21 2024/11/02~2027/11/02	FSC® COC森林管理委員會認證監督認證*	廣州廠	2023/05/30~2026/05/29	IATF 16949 : 2016	廣州廠	2025/1/16~2028/1/15	知識產權管理體系	廣州廠	2023/12/25~2026/12/24	Compliant
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Implementation items	Implementation status:			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons thereof																																																																																											
	Yes	No	Summary																																																																																												
			<p>3. Disclosure of the Number of Occupational Accidents, Affected Employees, and Proportion Relative to Total Workforce for the Year, as well as Related Improvement Measures:</p> <p>In addition to conducting regular disaster prevention drills and convening occupational safety and health management meetings, the Company has also strengthened equipment safety inspections and actively improved the working environment and safety protection facilities.</p> <table><tr><th>資料時間</th><th>是否發生職業災害</th><th>本月工作者男性</th><th>本月工作者女性</th><th>總計工作日數</th><th>總經歷工時</th><th>失能損失日</th></tr><tr><td>202401</td><td>是</td><td>86</td><td>63</td><td>3,278</td><td>26,224</td><td>14</td></tr><tr><td>202402</td><td>是</td><td>87</td><td>66</td><td>2,448</td><td>19,584</td><td>16</td></tr><tr><td>202403</td><td>否</td><td>85</td><td>68</td><td>3,213</td><td>25,704</td><td>0</td></tr><tr><td>202404</td><td>否</td><td>84</td><td>67</td><td>3,020</td><td>24,160</td><td>0</td></tr><tr><td>202405</td><td>否</td><td>81</td><td>67</td><td>3,256</td><td>26,048</td><td>0</td></tr><tr><td>202406</td><td>否</td><td>78</td><td>64</td><td>2,698</td><td>21,584</td><td>0</td></tr><tr><td>202407</td><td>是</td><td>89</td><td>72</td><td>3,772</td><td>30,176</td><td>28</td></tr><tr><td>202408</td><td>是</td><td>93</td><td>80</td><td>3,806</td><td>30,448</td><td>33</td></tr><tr><td>202409</td><td>否</td><td>92</td><td>85</td><td>3,540</td><td>28,320</td><td>0</td></tr><tr><td>202410</td><td>否</td><td>93</td><td>87</td><td>3,420</td><td>27,360</td><td>0</td></tr><tr><td>202411</td><td>否</td><td>95</td><td>90</td><td>3,885</td><td>31,080</td><td>0</td></tr><tr><td>202412</td><td>否</td><td>94</td><td>92</td><td>4,092</td><td>32,736</td><td>0</td></tr></table> <p>Occupational Safety Events and Improvement Measures</p> <p>January–February 2024: Incidents Involving High-Temperature Exposure</p> <p>Improvement Measures:</p> <p>(1) Conducted safety awareness campaigns and provided related training.</p> <p>(2) Produced an instructional video on the use of hot-melt adhesive.</p> <p>(3) Procured protective gloves for use during the hot-melt adhesive heating process.</p> <p>July–August 2024: Two Traffic-Related Incidents</p> <p>Improvement Measures:</p> <p>(1) Delivered targeted safety training sessions in response to the incidents.</p> <p>4. Disclosure of Fire Incidents, Number of Casualties, Casualty Rate as a Percentage of Total Employees, and Related Improvement Measures :</p> <p>The Company did not experience any fire incidents in 2024.</p> <p>Number of fire incidents : 0 、 Number of casualties : 0 、 Casualty rate as a percentage of total employees : 0</p>	資料時間	是否發生職業災害	本月工作者男性	本月工作者女性	總計工作日數	總經歷工時	失能損失日	202401	是	86	63	3,278	26,224	14	202402	是	87	66	2,448	19,584	16	202403	否	85	68	3,213	25,704	0	202404	否	84	67	3,020	24,160	0	202405	否	81	67	3,256	26,048	0	202406	否	78	64	2,698	21,584	0	202407	是	89	72	3,772	30,176	28	202408	是	93	80	3,806	30,448	33	202409	否	92	85	3,540	28,320	0	202410	否	93	87	3,420	27,360	0	202411	否	95	90	3,885	31,080	0	202412	否	94	92	4,092	32,736	0	
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Implementation items	Implementation status:			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			Preventive Fire Safety Management Measures: Regular preventive inspections of electrical wiring and various facilities, equipment maintenance and cleaning, regular training, and fire drills.	
(IV) Does the Company offer its employees effective occupational empowerment training programs?	V		The Company carries out promotion evaluations every year to encourage employees to develop abilities, offers education training and organizes training for career development.	Compliant
(V) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer or customer protection policies and grievance procedures?	V		The Company offers products and services in accordance with relevant laws and regulations and international standards. In addition, it maintains good communication with its suppliers and customers and establishes a transparent and effective customer complaint mechanism.	Compliant
(VI) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	V		The Company complies with all regulations regarding environment, occupational health, and safety, or labor rights as required by its suppliers.	Compliant
V. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainability reports? Have the aforementioned reports obtained assurance from a third-party verification unit?	V		Relevant and reliable information on sustainable development has been disclosed on the company's website. The Company has prepared the 2023 Sustainability Report and commissioned Crowe CPA to conduct a limited assurance audit in accordance with Assurance Standard No. 3000 "Assurance Cases for Auditing or Reviewing Non-Historical Financial Information" issued by the Accounting Research and Development Foundation, and to issue an accountant's limited assurance report.	Compliant

Implementation items	Implementation status:			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
VI. If the Company has established its own sustainable development best-practice principles by following the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the implementation and any discrepancies with regard to the Best Practice Principles: The Company’s Board of Directors has approved and implemented the “Sustainable Development Guidelines” in 2022. No significant difference				
VII. Other key information useful for explaining status of the Company's sustainable development practices: The Company has set up a ESG section on the company website, and discloses information related to the actual implementation of sustainable development on the company website.				

**(VI) Deviations of the implementation of ethical corporate management from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation**

Evaluation item	Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
I. (I) Establishment of ethical corporate management policy and approaches Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices as well as the commitment of its Board of Directors and senior management to implementing the management policies?	V		The Company has formulated regulations including the “Ethical Corporate Management Best Practice Principles”, “Ethical Corporate Management Operating Procedures and Code of Conduct”, “Code of Ethical Conduct”, stipulating that the Company should conduct all business activities with integrity. The Board of Directors and senior managers are also committed to implementing ethical corporate management policies.	Compliant
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies?	V		The Company’s “Ethical Corporate Management Operating Procedures and Code of Conduct” stipulate that the Company shall analyze and evaluate risks of unethical conduct within its business scope. In addition, the Company formulate unethical conduct prevention plans based on the Procedures. These matters cover the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.	Compliant
(III) Does the Company have any measures against dishonest conduct? Are these	V		The Company has formulated the “Ethical Corporate Management Operating Procedures and Code of Conduct”, “Code of Ethical	Compliant

Evaluation item	Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
measures supported by proper procedures, conduct guidelines, disciplinary actions and complaint systems? Does the Company review the policies on a regular basis?			Conduct”, and unethical conduct prevention plans, which clearly stipulate the operating procedures, conduct guidelines, penalty, and complaint systems, and the Company implements them thoroughly.	
II. Full Implementation of ethical management principles (I) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		The Company has established a mechanism for supplier evaluation.	Compliant
(II) Does the Company have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		In order to implement ethical corporate management, the Company has formulated the “Ethical Corporate Management Operating Procedures and Code of Conduct”, appoints the Human Resources Department as the responsible unit. The unit is responsible for handling the drafting, revision, interpretation, consulting services, notification, and record of the said Procedures, and it supervises the execution and reports the implementation status to the Board of Directors at least once a year starting this year.	Compliant
(III) Does the Company have policies that help prevent conflicts of interests, provide appropriate channels for filing related complaints, and precisely enforce them?	V		The Company specifies the policies and operating procedures regarding the prevention of conflicts of interest between all levels of personnel in its “Ethical Corporate Management Operating Procedures and Code of Conduct” and “Code of Ethical Conduct”. The Company also provides channels for filing related complaints, and precisely enforces them.	Compliant

Evaluation item	Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(IV) Does the Company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	V		The Company has a good accounting system and internal control system. In addition to external audits by CPAs, the internal audit unit also carries out audit work regularly or when necessary.	Compliant
(V) Does the Company periodically provide internal and external training on ethical corporate management?	V		The Company advocates the concept and guidelines of ethical corporate management in orientation training, internal meetings, and education training.	Compliant
III. Implementation of the Company's whistleblowing system (I) Does the Company have in place a substantial whistleblowing and reward system as well as a convenient reporting channel and appropriate designated personnel with regard to the party being reported on?	V		Article 6 of the "Ethical Corporate Management Operating Procedures and Code of Conduct" specifies that the Company encourages internal and external reports for unethical or inappropriate conduct, and also states the whistleblowing handling procedure.	Compliant
(II) Has the Company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	V		The Company has formulated operating procedures for the investigation of reported issues. All reports and subsequent investigations are confidential and are handled with prudence.	Compliant

Evaluation item	Practice			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Summary	
(III) Does the Company adopt measures to prevent whistleblowers from improper treatment for filing the report?	V		The Company keeps confidential the identity of the whistleblower and the report contents, and pledges to protect the whistleblowers from inappropriate treatment as a result of whistleblowing.	Compliant
IV. Reinforcing information disclosure (I) Has the Company disclosed its corporate ethical management principles and progress onto its website and the Market Observation Post System?	V		The Company has disclosed information regarding the “Ethical Corporate Management Best Practice Principles”, “Ethical Corporate Management Operating Procedures and Code of Conduct” on the company website, and “Code of Ethical Conduct.”	Compliant
V. If the Company has implemented its own ethical corporate management principles by following the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please describe the practice and any discrepancies with regard to the Best Practice Principles: No significant difference				
VI. Other important information to facilitate better understanding of the Company’s implementation of ethical corporate management: (e.g., review/revision of the Company’s ethical corporate management principles, etc.): None.				

**(VII) Other material information that can facilitate the understanding of the Company's corporate governance practice may be disclosed:**

1. Please refer to Corporate Governance Section on the Company website.
2. Continuing education and training for key managers who participate in corporate governance:

The training status of directors and corporate management personnel in 2024 is as follows:

Course	Organizer	Date of training	Hours	Names of key management
Using "Intellectual Property Management" to Improve Corporate Governance and Internal Control Compliance	Accounting Research and Development Foundation	2024/01/12	6	Kuan-Yu Lin
Legal responsibilities and case analysis related to company "dispute over management rights"	Accounting Research and Development Foundation	2024/01/16	3	Kuan-Yu Lin
Auditing compliance practices requiring the establishment of "corporate governance personnel"	Accounting Research and Development Foundation	2024/01/24	6	Kuan-Yu Lin
Common deficiencies in financial report review and practical analysis of important internal control regulations	Accounting Research and Development Foundation	2024/02/26	6	Kuan-Yu Lin
Analysis of the provisions and practices on capital lending, endorsement guarantee and acquisition and disposal of assets	Internal Audit Association	2024/07/17	6	Ai-Jiuan Ting
Production cycle practice and audit focus	Internal Audit Association	2024/08/15	6	Ai-Jiuan Ting
2030/2050 Net Zero Emissions - Sustainable Challenges and Opportunities for Global Enterprises	Internal Audit Association	2024/06/17	3	Felix Ho
Taiwan Capital Market Summit	Taiwan Stock Exchange	2024/09/30	3	Bing-Yi Lin
New thinking on overall business strategy	Taiwan Corporate Governance Association	2024/12/02	3	Felix Ho, Bing-Yi Lin, Kuan-Yu Lin, Hong-Shi Wen, Kuo-Feng Kao
AI and the Industrial Revolution: Generative AI Systems Based on iFA Architecture	Taiwan Corporate Governance Association	2024/12/02	3	Felix Ho, Bing-Yi Lin, Kuan-Yu Lin, Hong-Shi Wen, Kuo-Feng Kao



**(VIII) Status of implementation of internal control system: 1.Statement on the Internal Control System**

**Arizon RFID Technology (Cayman) Co., Ltd.  
Statement on the Internal Control System**

**Date: March 11, 2025**

In 2024, the Company conducted a self-assessment on its internal control system, and based on its outcomes, hereby declares as follows:

- I. The Company is clearly aware that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board of Directors and the managerial officers. The Company has established this system accordingly. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability, timeliness, and information transparency of reports and compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. In addition, due to changes in market environment and conditions, the effectiveness of the internal control system may change along with them. Nonetheless, the Company's internal control system has a built-in self-supervision mechanism and once a flaw is detected, the Company is able to make immediate corrections.
- III. In compliance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies (the "Regulations")", the Company has adopted a checklist of items for the internal control system in judging the effectiveness of system design and implementation. The checklist items covered in the Regulations are based upon five elements according to the management control process: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Monitoring. Each element comprises several items as detailed in the Regulations.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- V. Based on the aforementioned evaluation results, the Company holds that it has reasonably assured the achievement of the aforementioned with the internal control system as of December 31, 2024 (including the monitoring over the subsidiaries), including understanding the effectiveness and efficiency in operation, reliability and transparency in timely reporting, and compliance with relevant regulatory requirements, and that the design and enforcement of internal control are effective.
- VI. For the post-listing management needs after the initial listing on the first stock exchange, the Company, in accordance with Article 25 of the "Governing Regulations" and Article 4 of the "Taiwan Stock Exchange Corporation Procedures Governing Post-Listing Management of Listed Foreign Issuers," has entrusted auditors to conduct special reviews on the reliability of the periods mentioned above and the financial reports, as well as the internal control system related to safeguarding asset security (preventing assets from being acquired, used, or disposed of without authorization). As mentioned above, the design and implementation of the internal control system are effective, with no significant deficiencies affecting the reliability of financial information recording, processing, summarizing, and reporting, nor affecting asset security to prevent significant deficiencies in unauthorized acquisition, use, or disposal of assets.
- VII. This Statement shall become a main part of the annual report and prospectus and be disclosed to the public. If there are any deceptive or concealed statements herein, the Company shall be liable for violations of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VIII. This Statement was approved by the Board of Directors on March 11, 2025; 0 of the 7 directors in attendance held dissenting opinions, and the remaining directors all approved this Statement.

**Arizon RFID Technology (Cayman) Co., Ltd.**



Chairman:



Felix Ho

Signature

President:



Bing-Yi Lin

Signature

2. CPA's internal control special audit report:

## 內部控制制度審查 會計師合理確信報告

Arizon RFID Technology (Cayman) Co., Ltd. 公鑒：

Arizon RFID Technology (Cayman) Co., Ltd. 與外部財務報導和保障資產安全有關之內部控制制度民國 113 年 12 月 31 日之設計及執行情形及於民國 114 年 3 月 11 日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度，於民國 113 年 12 月 31 日係有效設計及執行之聲明書，業經本會計師執行必要程序竣事。

### 確信標的、確信標的資訊與適用基準

本確信案件之標的及標的資訊分別為 Arizon RFID Technology (Cayman) Co., Ltd. 與外部財務報導和保障資產安全有關之內部控制制度民國 113 年 12 月 31 日之設計及執行情形及 Arizon RFID Technology (Cayman) Co., Ltd. 於民國 114 年 3 月 11 日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度，於民國 113 年 12 月 31 日係有效設計及執行之聲明書，詳附件。

用以衡量或評估上開確信標的及標的資訊之適用基準係「公開發行公司建立內部控制制度處理準則」之內部控制制度有效性判斷項目。

### 先天限制

由於任何內部控制制度均有其先天上之限制，故 Arizon RFID Technology (Cayman) Co., Ltd. 上述內部控制制度仍可能未能預防或偵測出業已發生之錯誤或舞弊。此外，未來之環境可能變遷，遵循內部控制制度之程度亦可能降低，故在本期有效之內部控制制度，並不表示在未來亦必有效。

### 管理階層之責任

管理階層之責任係依據「公開發行公司建立內部控制制度處理準則」及相關法令規章建立內部控制制度，且隨時檢討，以維持內部控制制度之設計及執行持續有效，並於評估其有效性後，據以出具內部控制制度聲明書。

### 會計師之責任

本會計師之責任係依照「公開發行公司建立內部控制制度處理準則」及確信準則 3000 號「非屬歷史性財務資訊查核或核閱之確信案件」對確信標的及標的資訊執行必要程序以取得合理確信，並對確信標的及標的資訊在所有重大方面是否遵循適用基準及是否允當表達作成結論。

## 獨立性及品質管理規範

本會計師及所隸屬會計師事務所已遵循會計師職業道德規範中有關獨立性及其他道德規範之規定，該規範之基本原則為正直、公正客觀、專業能力及盡專業上應有之注意、保密及專業行為。此外，本會計師所隸屬會計師事務所遵循品質管理準則 1 號「會計師事務所之品質管理」，該品質管理準則規定會計師事務所設計、付諸實行及執行品質管理制度，包含與遵循職業道德規範、專業準則及適用之法令規範相關之政策或程序。

## 所執行程序之彙總說明

本會計師係基於專業判斷規劃及執行必要程序，以獲取相關標的及標的資訊之證據。所執行之程序包括瞭解公司內部控制制度、評估管理階層評估整體內部控制制度有效性之過程、測試及評估其與外部財務報導及保障資產安全有關之內部控制制度設計及執行之有效性，以及本會計師認為必要之其他確信程序。

## 確信結論

依本會計師意見，Arizon RFID Technology (Cayman) Co., Ltd. 與外部財務報導和保障資產安全有關之內部控制制度民國 113 年 12 月 31 日之設計及執行，在所有重大方面已遵循「公開發行公司建立內部控制制度處理準則」之內部控制制度有效性判斷項目可維持有效性；Arizon RFID Technology (Cayman) Co., Ltd. 於民國 114 年 3 月 11 日所出具謂經評估其與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書，在所有重大方面係屬允當表達。

勤業眾信聯合會計師事務所  
會計師 林 淑 婉

林淑婉



會計師 邵 志 明

邵志明



中 華 民 國 1 1 4 年 3 月 2 5 日

**(IX) Important resolutions adopted in shareholders' meetings, Board of Directors' meetings, and the Audit Committee meetings in the past year and up to the print date of this annual report:**

**1. Important Resolutions of the 2024 Annual General Meeting of Shareholders (Jun 27, 2024) (Summary)**

- (1) Report on the operating conditions of the Company for 2023
- (2) Review of the 2023 financial statements by the Audit Committee
- (3) Report on the 2023 distribution of remunerations to employees and directors
- (4) Report on the amendment of provisions of the "Rules of Procedure for Board Meetings"

**Implementation status of matters resolved at the 2024 annual general shareholders' meeting:**

- (1) Preparation of the 2023 financial statements booklet for the Company
- (2) Preparation of the 2023 profit distribution proposal for the Company
- (3) Proposal for the amendment of provisions of the "Rules of Procedure for Shareholders Meetings"

The company has fully implemented the contents of the resolutions of the Annual General Meeting of Shareholders

**2. Important resolutions of the 15th meeting of the 2nd Board of Directors (Mar 12, 2024) (summary)**

- (1) Preparation of the 2023 financial statements
- (2) Proposal to approve the 2023 distribution of remunerations to employees and directors
- (3) Proposal for the 2023 earnings distribution
- (4) Proposal for 2023 Statement on Internal Control
- (5) Proposal for the Company and its subsidiaries act as joint invoice issuers for the application of loan lines between its subsidiaries and various banks
- (6) Proposal to amend the Audit Committee Organizational Charter
- (7) Proposal to amend the Rules of Rules of Procedure for Board Meetings
- (8) Proposal to amend the Rules of Procedure for Shareholders Meetings
- (9) Proposal to convene the 2024 annual shareholders' meeting

**3. Important resolutions of the 16th meeting of the 2nd Board of Directors (May 9, 2024) (summary)**

- (1) Preparation the Company's consolidated financial report for Q1 of 2024
- (2) Evaluation on the independence and competence of the Company's CPAs & their remuneration
- (3) The proposed fund loan is US\$6 million to Arizon Corporation. The loan period will be one year from the date of loan allocation. The loan interest rate is fixed at an annual rate of 3.05%.

**4. Important resolutions at the 17th meeting of the 2nd Board of Directors (Aug 7, 2024) (summary)**

- (1) Preparation the Company's consolidated financial report for Q2 of 2024
- (2) Amendment of the Company's internal control system "Computer Cycle"
- (3) Proposal for financing loan quota applications between the Company and various banks
- (4) Proposal the issuance of the first unsecured convertible corporate bond in 2024

**5. Important resolutions of the 18th meeting of the 2nd Board of Directors (Nov 8, 2024) (summary)**

- (1) Preparation the Company's consolidated financial report for Q3 of 2024
- (2) Proposal to approve the operational budget for 2025
- (3) Proposal for financing loan quota applications between the Company and various banks
- (4) Proposal to approve the audit plan for 2025
- (5) Authorizes the company to change its functional currency from RMB to New Taiwan Dollar

**6. Important resolutions of the 19th (special) meeting of the 2nd Board of Directors (Dec 8, 2024) (summary)**

- (1) The proposed fund loan is US\$10 million to Arizon Technology (Vietnam) Co., Ltd. The loan period will be one year from the date of loan allocation. The loan interest rate is fixed at an annual rate of 2.8%
- (2) The company's internal control system "Purchase and Payment Cycle" and "Sustainable Information Management Method"
- (3) Proposal to approve the audit plan for 2025

**7. Important resolutions of the 20th meeting of the 2nd Board of Directors (Mar 11, 2025) (summary)**

- (1) Proposal to approve the 2024 final account form
- (2) Proposal to approve the 2024 distribution of remunerations to employees and directors
- (3) Proposal for the 2024 earnings distribution
- (4) Proposal for 2024 Statement on Internal Control
- (5) Proposal for the Company and its subsidiaries act as joint guarantors for financing loan quota applications between its subsidiaries and various banks, and issue letters of responsibility for financing loan quota applications between the Company and its subsidiaries and various banks
- (6) Revision the Company's Internal Control System "Computer Cycle"
- (7) 2025 General Meeting of Shareholders Election of the 3rd Board of Directors and Independent Directors
- (8) Proposal to remove the non-competition restriction for Arizon's new directors and the institutional entities they represent is hereby presented for resolution
- (9) Proposal to convene the 2025 annual Shareholders' general meeting

**8. Important resolutions of the 12th meeting of the 1st Audit Committee (Mar 12, 2024) (summary)**

- (1) Proposal to approve the 2024 financial statements
- (2) Proposal to approve the 2024 earnings distribution proposal.
- (3) Statement on Internal Control

**9. Important resolutions of the 13th meeting of the 1st Audit Committee (May 9, 2024) (summary)**

- (1) Preparation the Company's consolidated financial report for Q1 of 2024
- (2) Evaluation on the independence and competence of the Company's CPAs & their remuneration
- (3) The proposed fund loan is US\$6 million to Arizon Corporation. The loan period will be one year from the date of loan allocation. The loan interest rate is fixed at an annual rate of 3.05%.

**10. Important resolutions of the 14th meeting of the 1st Audit Committee (Aug 7, 2024) (summary)**

- (1) Preparation the Company's consolidated financial report for Q2 of 2024

- (2) Amendment of the Company's internal control system "Computer Cycle"
- (3) Proposal the issuance of the first unsecured convertible corporate bond in 2024

**11. Important resolutions of the 15th meeting of the 1st Audit Committee (Nov 23, 2024) (summary)**

- (1) Preparation the Company's consolidated financial report for Q3 of 2024
- (2) Proposal to approve the audit plan for 2025
- (3) Authorizes the company to change its functional currency from RMB to New Taiwan Dollar

**12. Important resolutions of the 16th (special) meeting of the 1st Audit Committee (Dec 23, 2024) (summary)**

- (1) The proposed fund loan is US\$10 million to Arizon Technology (Vietnam) Co., Ltd. The loan period will be one year from the date of loan allocation. The loan interest rate is fixed at an annual rate of 2.8%
- (2) The company's internal control system "Purchase and Payment Cycle" and "Sustainable Information Management Method"
- (3) Proposal to approve the audit plan for 2025

**13. Important resolutions of the 17th meeting of the 1st Audit Committee (Mar 11, 2024) (summary)**

- (1) Proposal to approve the 2024 final account form
- (2) Proposal for the 2024 earnings distribution
- (3) Proposal for 2024 Statement on Internal Control
- (4) Amendment of the Company's internal control system "Computer Cycle"

**14. Important resolutions of the 6th meeting of the 1st Remuneration Committee (Jan 30, 2024) (summary)**

- (1) Review of the proposal of 2023 year-end performance bonuses for managerial officers.

**15. Important resolutions of the 7th meeting of the 1st Remuneration Committee (Mar 12, 2024) (summary)**

- (1) Review of the proposal of 2023 distribution of remunerations to employees and independent directors

**16. Important resolutions of the 8th meeting of the 1st Remuneration Committee (Jan 15, 2025) (summary)**

- (1) Review of the proposal of 2024 year-end performance bonuses for managerial officers.

**17. Important resolutions of the 9th meeting of the 1st Remuneration Committee (Mar 11, 2025) (summary)**

- (1) Review of the proposal of 2024 distribution of remunerations to employees and independent directors

- (X) The content of any resolution of the Board of Directors which received any dissenting opinions from a director or supervisor that are supported by appropriate records or written statements:**  
This event did not occur at the Company.

#### IV. Information on Fees to CPA

Unit: NT\$ thousand

Name of accounting firm	Name of CPAs:	Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte & Touche Taiwan	Shu-Wan Lin	2024.01.01 ~	5,650	1,200	6,850	Non-audit services: Review of internal control
	Chih-Ming Shao	2024.12.31				

#### V. Information on change/replacement of CPA:

There is no change of CPAs in the recent 2 years.

#### VI. The Chairman, President and Financial or Accounting Managerial Officer of the Company who has worked for CPAs' firm or its affiliate in the past year:

This event did not occur at the Company.

#### VII. Changes in Equity and Share Pledges by Directors, Independent Directors, Managers and Shareholders who hold more than 10% of Equity in the Past Year

##### (I) Equity transfers and changes of equity interests by directors, supervisors, managerial officers, and major shareholders holding more than 10% of the shares:

Unit: Shares

Title	Name	2024		2025 as of Mar 29	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman and major shareholder	YFY GLOBAL Investment B.V.	-	-	-	-
	Representative: Felix Ho	6,000	-	4,000	
Director	YFY Paradigm Investment Co., Ltd.	-	-	-	-
	Representative: David Lo	-	-	-	-
Director and CEO of Subsidiaries	YFY Development Co., Ltd.	-	-	-	-
	Representative: Hong-Shi Wen	-	-	-	-
Director and President	Bing-Yi Lin	-	-	-	-
Independent Director	Brade Lei	-	-	-	-
Independent Director	Brian Lee	-	-	-	-
Independent Director	JD Chiou	-	-	-	-
GM of Branch	Kuo-Feng Kao	(31,000)	-	(70,000)	
CFO	Kuan-Yu Lin	-	-	-	-

**(II) Share transfer: Equity transfers and changes of equity interests by directors, supervisors, managerial officers, and major shareholders holding more than 10% of the shares to a counterparty who is a related party:** This event did not occur at the Company.

**(III) Pledged shares:** This event did not occur at the Company.



## VIII. Information about Spouses, Kinship within Second Degree, and Relationships between Any of the Top Ten Shareholders

March 29, 2025; Unit: Shares; %

Name	Shares held by the individual		Shares held by spouse and underage children		Total shares held in names of third parties			Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)	Notes
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Name	Relation	
YFY Global Investment B.V. Representative: Ning-Ning Su, David Lo	45,694,935	61.02	—	—	—	—	—	—	—
Labor Retirement Reserve Fund (The New Fund)	3,017,500	4.03							
Yunsheng Co., Ltd. Representative: Bing-Yi Lin	2,284,676	3.05	—	—	1,070,130	1.43	Bing-Yi Lin	Yunsheng Co., Ltd. Representative	—
Union Holding Group Co., Ltd. Investment Account in custody by Capital Securities Corp.	2,103,000	2.81	—	—	—	—	—	—	—
Bing-Yi Lin	1,070,130	1.43	—	—	2,284,676	3.05	Yunsheng Co., Ltd.	Representative	
Yu-Wen Ko	1,002,000	1.34	—	—	—	—	—	—	—
POINT72 Investment Account in custody by HSBC	951,000	1.27							—
Labor Retirement Reserve Fund (The Old Fund)	876,500	1.17		—	—	—	—	—	—
Yi-Da Ho	442,000	0.59		—	—	—	—	—	—
Public Service Pension Fund	380,000	0.51		—	—	—	—	—	—

**IX. Numbers of Shares Held in Invested Enterprises by the Company, the Company's Directors, Independent Directors, and Managers, and Enterprises Directly or Indirectly Controlled by the Company and the Consolidated Shareholding Ratio**

Dec 31, 2025 Unit: Shares; %

Invest in business (Note)	Investment by the Company		Investments by directors, independent directors, the President and directly or indirectly controlled entities		Consolidated investment	
	Number of shares	Sharehold ing ratio	Number of shares	Shareholding ratio	Number of shares	Sharehold ing ratio
YFY RFID CO. LIMITED	29,584,886	100.0	0	0	29,584,886	100.0
Arizon RFID Technology Co., Ltd.	194,251,142	99.98	0	0	194,251,142	99.98
Arizon RFID Technology (Hong Kong) Co., Ltd.	22,000,000	100.0	0	0	22,000,000	100.0
Arizon Japan Co., Ltd.	1,000	100.0	0	0	1,000	100.0
Arizon Corporation	25	100.0	0	0	25	100.0
Arizon Technology (Vietnam) Co., Ltd.	-	100.0	0	0	-	100.0



## Chapter 4. Fundraising

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# Chapter 4 Fundraising

## I. The Company's Capital and Shares, Corporate Bonds, Preferred Shares, Global Depositary Receipts, Employee Stock Options, Restricted Shares and Mergers (including Mergers, Acquisitions, and Demergers)

### (I) Source of share capital

Unit: NT\$ thousand; thousand shares

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Others
2021.10	10	100,000	1,000,000	1	10	Founding capital		
2022.02	10	100,000	1,000,000	65,000	650,000	Restructuring (issued 64,999,999 new shares)		
2022.08	57.4	100,000	1,000,000	66,060	660,600	Cash capital increase NT\$ 10,600 thousand	-	
2023.03	83.58	100,000	1,000,000	74,318	743,180	Cash capital increase NT\$ 82,580 thousand		Note 1
2024.08	52.42	100,000	1,000,000	74,888	748,880	Employee stock option certificates converted: NT\$5,700 thousand		Note 2

Note 1: Tai-Zheng-Shang-1 No. 1121700226 dated January 30, 2023.

Note 2: Tai-Zheng-Shang-1 No. 1121700225 dated January 30, 2023.

Unit: thousand shares

Shareholding type	Authorized capital			Notes
	Outstanding shares	Unissued shares	Total	
Ordinary shares	74,888	25,112	100,000	Publicly traded shares

2. If the Company has been approved to raise and issue securities under a shelf registration system, the approved amount, planned issuance, and details of securities already issued shall be disclosed:

The Company does not have such a case.

**(II) List of major shareholders**

Mar 29, 2025

Name	Shares	Number of shares	Shareholding ratio
YFY Global Investment B.V.		45,694,935	61.02%
New Labor Pension Fund		3,017,500	4.03%
Yunsheng Co., Ltd.		2,284,676	3.05%
Union Holding Group Co., Ltd. Investment Account in custody by Capital Securities Corp.		2,103,000	2.81%
Bing-Yi Lin		1,070,130	1.43%
Yu-Wen Ko		1,002,000	1.34%
International Investment Account of POINT72, custodied by HSBC Bank (Taiwan) Limited		951,000	1.27%
Old Labor Pension Fund		876,500	1.17%
Felix Ho		442,000	0.59%
Bureau of Public Service Pension Fund		380,000	0.51%

### **(III) Dividend policy and implementation:**

#### **1. Dividend policy:**

- (1) The Company is now in the growing stage, and distributes dividends/bonuses in form of cash/shares to shareholders, and the dividends/bonuses should be distributed in consideration the Company's capital expenditures, future business expansion plans, financial planning, and other plans with an aim of sustainable development.
- (2) Unless as stipulated in the Cayman Island's laws or regulations governing listed companies, in the Company's Articles of Incorporation, or otherwise specified in the terms of shares, if the Company has a surplus at the end of a fiscal year, the surplus shall first be applied to pay income taxes according to the law and cover losses (loss from the previous years and adjustment to undistributed earnings, if any), then allocated to a statutory surplus reserve in accordance with regulations governing TWSE-/TPEx-listed companies (However, this shall not apply when the statutory surplus reserve has amounted to authorized capital), and a special surplus reserve, if any. Any remaining balance (including reversed special surplus reserve) shall be distributed as dividends or bonuses to shareholders in proportion to their percentage of shareholding by resolution at annual shareholders' meetings at a percentage of no less than 30% of the distributable earnings plus proportion or the entirety of accumulated undistributed earnings (including adjusted amounts of undistributed earnings) as approved at annual shareholders' meeting by regular resolution, provided the cash dividends or bonuses shall be no less than 20% of the total dividends or bonuses distributed.

#### **2. Proposed (approved) dividend distribution:**

With respect to the earnings distribution for 2024, the Company proposes to distribute NT\$411,884,000 in cash dividends, the equivalent of NT\$5.5 per share.

#### **(IV) Impact of stock dividends proposed at this shareholders' meeting on business performance and earnings per share: N/A**

#### **(V) Remuneration of employees, directors, and independent directors:**

1. Percentages or ranges of employee bonuses and directors and supervisors' remuneration under the Articles of Incorporation:

Unless as stipulated in the Cayman Island's laws or regulations governing listed companies, in the Company's Articles of Incorporation, or otherwise specified in the terms of shares, if the Company has a surplus in a year, the Company distributes no less than 1% of the surplus as remuneration to employees in the form of cash or shares by a resolution adopted by a simple majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors; no more than 2% of the surplus as remuneration to Directors in the form of cash or shares by a resolution adopted by a simple majority vote at a meeting of the Board of Directors attended by over two-thirds of the directors. Unless specified otherwise in the regulations governing TWSE-/TPEx-listed Companies, the remuneration to Directors shall only be distributed in the form of cash. However, an amount shall be set aside first to compensate cumulative losses, then distribute remuneration to employees and Directors in accordance with the aforementioned percentages. The aforementioned board resolutions regarding remuneration to employees and Directors shall be reported at the shareholders' meeting after approval. The term "surplus" as mentioned in the paragraph refers to pre-tax profit before deduction of remunerations to employees and Directors.

2. Basis for estimating the amount of employee bonuses and directors and supervisors' remuneration; basis for calculating the number of shares to be distributed as employee bonuses; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

If there are any discrepancies between the actual distributed amount and the estimated amount, the expenses will be adjusted if before the publication date of consolidated financial statements for the year, and the amount will be handled according to accounting estimate treatments and recognized in the financial statements for the following year if after the publication date of consolidated financial statements for the year.

3. Remuneration proposals approved by the Board of Directors

(1) In 2024, the remuneration distributed to employees was NT\$8,694,805 in cash. Directors' remuneration shall be NT\$13,500,000. The amounts listed above are not different from the expense estimates for 2024.

(2) Any difference between actual distribution of remuneration to employees, director, and supervisors in the form of cash or shares and the amount of remunerations recognized, and the reasons as well as corresponding treatments: None.

(3) Amount in shares distributed as employee remuneration as a percentage with respect to the after-tax profit and total employee remuneration: None.

4. The shareholder meeting report regarding the distribution of compensation: None.

5. Any difference between actual distribution (including number, amount, and price of shares) of employee remuneration and director and supervisor remunerations from the previous year and recognized employee remuneration and director and supervisor remunerations, and the reasons as well as corresponding treatments:

In the fiscal year 2023, the actual cash compensation allocated to employees was NT\$0; director remuneration amounted to NT\$7,000,000. There was no discrepancy between the actual payment of director remuneration and the decisions made by the Board of Directors.

**(VI) Buyback of treasury stock:** This event did not occur at the Company.

**(VII) Issuance of corporate bonds:**

**A. Outstanding Corporate Bond**

Types of company debt		The first domestic unsecured convertible corporate bond
Issue (handle) Date		2024.10.15
Denomination		NTD 100,000
Issuance and trading location		Securities counter trading center (listed on the OTC)
Issue price		Issued at 111.46% of the face value
Total amount		NTD 1,000,000,000
Interest rate		Annual coupon rate 0%
Tenure and maturity date		Tenure: 3 years Maturity date：2027.10.15
Guarantor		None
Trustee		Bank SinoPac Co., Ltd.
Underwriter		Fubon Securities Co., Ltd
Legal Counsel		PricewaterhouseCoopers Legal Taiwan Ching-Hsien Yang
Auditor		Deloitte & Touche Taiwan Shu-Wan Lin and Chih-Ming Shao
Repayment		Unless the holders of this convertible bond convert it into the Company's common shares in accordance with Article 13 of the Company's "Regulations on the Issuance and Conversion of the First Unsecured Convertible Corporate Bonds in the Republic of China" (hereinafter referred to as "the Regulations"), or repurchase and cancel it through a securities firm's business location in accordance with Article 21 of the Regulations, the Company will repay the bond at its face value in a lump sum within ten business days after the maturity date of the bond. If such date falls on a day when the Taipei Exchange is closed, the repayment will be postponed to the next business day.
Outstanding		NTD 1,000,000,000
Redemption or Early Repayment Clause		Please refer to the Company's First Domestic Unsecured Convertible Corporate Bond Issuance and Conversion Measures.
Covenants		
Credit Rating		Not Applicable
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	None
	Conversion Right	Please refer to the Company's First Domestic Unsecured Convertible Corporate Bond Issuance and Conversion Measures.
Dilution Effect and Other Adverse Effects on Existing Shareholders		As of Mar 31, 2025, the total outstanding amount of convertible bond is NTD 1,000,000,000. All bonds are converted into common shares at NT\$305.5per share.
Custodian		None

**B. Convertible Bond**

Unit: NT

Corporate bond type		The first domestic unsecured convertible corporate bond	
		Year	2024
			As of March 31, 2025
Market price of the convertible bond	Highest	117.30	110.06
	Lowest	104.05	108.81
	Average	113.79	109.38
Convertible price		305.5	
Issue date and conversion price at issuance		Issue Date: 2024/ 10/ 15 Conversion price at issuance: NT\$ 305.5 / per share	
Conversion methods		Issuing of new stocks	

C. Exchangeable Bond: None.

D. Shelf Registration Bond: None.

E. Bond with Warrants: None.

**(VIII) Issuance of preferred stocks:** The Company does not issue preferred stocks.

**(IX) Issuance of global depositary receipts (GDR):** The Company does not issue global depositary receipts.

**(X) Exercise of employee stock option plan (ESOP):** The Company does not issue employee stock option plan.

**(XI) Restricted stock awards:** The Company does not issue restricted stock awards.



**(XII) Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies:**

The Company did not engage in mergers and acquisitions, or issue new share for acquisition of shares of other companies.

## II. Implementation of Capital Allocation Plans

### (I) Plan content: The First Domestic Unsecured Convertible Corporate Bond in the Republic of China for the Vietnam Plant Expansion Project

- (1) The First Domestic Unsecured Convertible Corporate Bond in the Republic of China was approved and became effective pursuant to Letter No. 1130400703 issued by the Taipei Exchange on October 14, 2024. The plan is being carried out in accordance with the scheduled timeline during the fourth quarter of 2024.

### (II) Implementation status:

Project		Implementation status:		Reasons for the Progress to be Ahead or Behind Schedule and Improvement Plans
Convertible Corporate Bond – For Plant Construction and Equipment Procurement	Amount withdrawn	Estimate	584,675	As of the end of the first quarter of 2025, the Company has continued to implement the project according to the original plan. The actual cumulative expenditure amounted to NT\$245,935 thousand, with the actual cumulative progress reaching 92.10%. There have been no changes to the project plan.
		Actual	245,935	
	Progress (%)	Estimate	36.96%	
		Actual	15.54%	

**For expansion or construction of property, plant, and equipment, a comparative analysis should be provided in terms of property, plant, and equipment, operating revenue, operating costs, and operating profit:**

As of the end of the first quarter of 2025, the Company has been carrying out plant construction in accordance with the project plan. However, no operating revenue or operating profit has been generated as of yet.



## Chapter 5. Business Overview

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# Chapter 5 Business Overview

## I. Business Scope

### (I) Business scope

#### (1) Key areas of business

The Company is a holding company, and is mainly engaged in the manufacturing and sales of RFID tags.

#### (2) Revenue breakdown:

Unit: NT\$ thousand; %

Product category	Year	2022	
		Amount	%
RFID tags		4,515,414	97.90
Others		97,008	2.10
Total		4,612,422	100

#### (3) Current products (services) of the Company

Hardware products for radio-frequency identification (RFID) systems, software system development, and tag design.

#### (4) New products and services that the Company plans to develop:

1. Thin on-metal labels for special applications
2. Dense-reading anti-theft tag for retail
3. Small-sized chip production process
4. Development of sustainable low-carbon labels including eco-friendly high-precision die-cutting antennas and conductive paste printing

## (II) Industry Overview

### (1) RFID industry

RFID, short for Radio Frequency Identification, also known as wireless radio frequency identification technology, is a technique that utilizes radio frequency signals to automatically identify and track specific targets. Over the years, RFID technology has expanded across various fields such as logistics, military, retail, medicine, food, transportation, gate access control, and others, becoming an indispensable tool for automation and identification.

Compared to traditional barcodes, RFID technology has the following advantages:

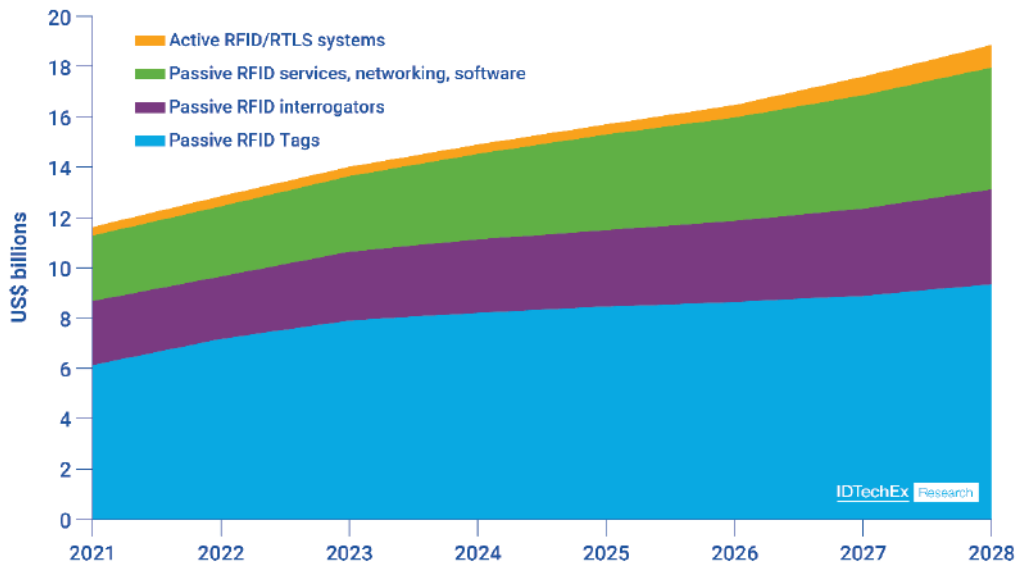
- Fast scanning speed: RFID readers can simultaneously read multiple tags without the need for contact with the tags, so the scanning speed is much faster than traditional barcode scanners.
- Can process multiple pieces of data simultaneously: The RFID reader can read data from multiple tags at one time, so it can process multiple pieces of data simultaneously, greatly improving work efficiency.
- Data storage capability: RFID tags can store more data, including product information, production dates, manufacturers, in addition to identification codes.
- Data can be updated and modified: Data within RFID tags can be updated and modified at any time, allowing for the maintenance of data accuracy.
- Reusable: RFID tags are reusable, thus saving costs.
- Oil and stain resistant: RFID tags are waterproof, oil-resistant, and stain-resistant, making them suitable for harsh environments.

RFID system mainly consists of three components:

1. Tag: A small chip attached to an object, storing identification information of the object.
2. Reader: Emits radio frequency signals to wake up tags and read their information.
3. Computer System: Receives the information transmitted by the reader and performs subsequent processing and applications.

In the recent years, with the advance of circuit integration and information and communications technology, RFID is commercialized and applied in the market. According to IDTechEx, the 2024 RFID market scale is estimated to be US\$14.9 billion, and expected to soar to US\$24 billion in 2033. The RFID industry value-chain encompasses chip design and manufacturing, antenna design and manufacturing, e-tag packaging, reader design and manufacturing, and application systems. On top of that, downstream industries include RFID applications in the fields of retail, public life, transportation and logistics, industrial manufacturing and others.

## Scale of global RFID market



Data source: IDTechEx (May 2024)

### (2) RFID Tag industry

RFID electronic tags are the core components of the system, responsible for storing and transmitting object identification information. Their working principle involves using radio waves to identify targets and transmit data without the need for mechanical or optical contact.

RFID electronic tags mainly consist of two parts: a chip and an antenna:

Chip: Responsible for storing object identification information, such as product numbers, production dates, manufacturers, etc.

Antenna: Responsible for receiving and transmitting radio waves.

RFID electronic tags can be divided into three types based on whether they have a battery:

Passive tags: These do not contain a battery and are powered by the wireless radio waves emitted by the reader. Passive tags are small in size, inexpensive, and have a long lifespan, but they have a shorter read range. They are currently the mainstream technology for applications.

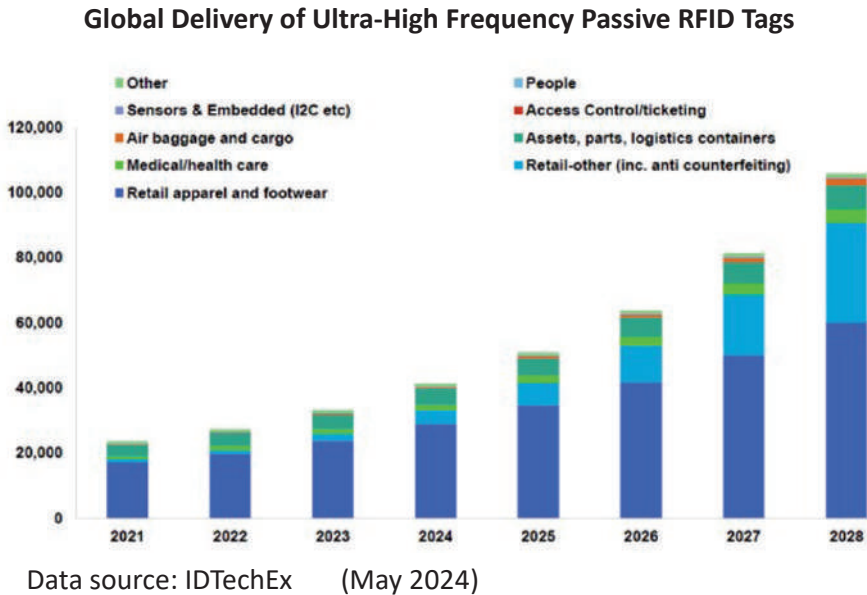
Active tags: These contain a battery and can emit radio waves on their own. Active tags have a longer read range and faster read speed, but they are larger in size and more expensive.

Semi-passive tags: These contain a battery, but only power the chip, while the signal still needs to be activated by the wireless radio waves emitted by the reader. Semi-passive tags combine the advantages of passive and active tags, with costs and read ranges falling between the two.

RFID can be divided into four frequency bands according to different usage frequencies: low frequency, high frequency, ultra-high frequency, and microwave. The working principles of RFID in different frequency bands differ in coupling methods, reading distances, data storage capacity, and application areas.

High and ultra-high frequency tags are the mainstream products in current markets. They have higher commercial values and are the main products for development in most RFID manufacturers. As developed countries such as Japan and the US initiated digitalization and informatization transformation earlier than the rest of the world, they have greater demand for RFID tags. Currently, they are the two main RFID markets in the world. As the economy of emerging countries or regions develops, and enterprises begin with digitalization and informatization transformation, the demand for RFID tags is increasing, and the market scale is developing at a faster pace.

According to IDTechEx research statistics, as the implementation cost of RFID technology continues to decline and downstream applications become more extensive, the RFID market size will grow from US\$14.9 billion in 2024 to US\$18.9 billion in 2028. Among them, the passive RFID electronic tag market size is estimated to grow from US\$8.2 billion in 2024 to US\$9.35 billion in 2028; and the ultra-high frequency (UHF) segment market to which the company's products belong is also expected to grow significantly from US\$2.4 billion in 2024 to US\$5.1 billion in 2028.



**(3) Relationships with upstream, mid-stream, and downstream companies**

Upstream	Midstream	Downstream
Raw material suppliers: Chips, antennas, and others	R&D companies, manufacturers of RFID products, reader manufacturers, and system application companies	RFID tag applications: Retail, public life, industrial manufacturing, medicine, and others

In the RFID industry, upstream companies are the suppliers of raw materials such as chips and antennas; midstream consists of companies engaging in the R&D and manufacturing of RFID products, readers, and system applications; and downstream are companies in the application fields, including retail, public life, industrial manufacturing, and medicine. Arizon has its core business in the R&D, manufacturing, and sales of RFID tags, and is thus in the midstream of the industry, selling

self-researched and developed RFID tags directly to customers. After understanding the needs of customers, our Product R&D Department starts with product development and provides customers with samples for actual testing. After the samples have passed customer's tests, the products will enter the production, delivery, and post-sales service stages.

#### (4) Product developments

##### ①Fields of RFID applications are increasing

The emerging of big data, cloud computing, IoT, and 5G will stimulate digitalization and informatization transformation in more industries. For example, the use of RFID technology in the apparel industry is blooming, and it has not only simplified inventory management but also synchronized data. As the RFID system solutions mature, RFID will become a necessary means for more enterprises to improve their business management efficiencies, and its fields of application will further increase.

##### ②Higher degree of customization of e-tags

As RFID is applied in more and more fields in the downstream industries, customization is becoming the trend of RFID tag development. The manufacturers tailor and develop the products according to customers' needs, and thus RFID tags with specific features such as garment tags, fragile tags, anti-counterfeit tags, and metal tags, will be the main development trend for RFID manufacturers. Thus, these manufacturers need to enhance their ability to provide customized R&D and designs according to the actual applications and functions required.

##### ③Ultra-high frequency tags are the becoming mainstream

RFID can operate in four different frequencies: low frequency, high frequency, ultra-high frequency, or microwave frequency. The read range of low and high-frequency tags is around 0.2m to 1.2m. These tags are mainly used as key fobs, and IC cards, and applied in library management and other fields. On the other hand, ultra-high frequency tags have a read range of more than 10m and are mainly used in retail, warehouse management, logistics tracking, automatic control, and other fields. As ultra-high frequency tags have faster read rates, longer read ranges, and larger data storage capacities, and can handle large amount of data simultaneously, these tags are expected to have a wider range of applications.

#### (5) Competitive landscape

As RFID (Radio-Frequency Identification) technology continues to evolve, the global RFID electronic tag market becomes increasingly competitive, with more and more companies entering the fray. In such a market environment, our company, by increasing shipment volumes and enhancing market position, gradually demonstrates a competitive advantage in scale.

In addition to economies of scale advantage, the Company also possesses the following cost advantages:

**Production Cost Advantage:** The company has reduced production costs through scaled-up production. Specifically, scaled-up production allows the Company to utilize production equipment and human resources more effectively, reducing resource wastage.



Additionally, scaled-up production enables the company to benefit from bulk purchasing discounts.

Purchasing Cost Advantage: As mentioned earlier, the Company has established long-term stable partnerships with suppliers, with a large demand for raw materials and strong bargaining power. Therefore, the Company is able to acquire raw materials at lower procurement costs, further reducing production costs.

### (III) Overview of Technology and R&D

#### (1) Technological level of businesses and research & development

At its establishment, the Company has built a professional R&D team and has been closely monitoring the development trends and applications of RFID technology in the market. We particularly focus on performance indicators of RFID tags such as activation frequency, read rate, read range, transmission speed, reliability, and consistency. In addition, we integrate multiple professional fields and technologies, such as integrated circuits, communication, and material science, to develop, based on our own R&D experience with RFID tag readers, an extensive product line including tags with silver ink on paper, fragile tags, metal tags, garment tags, and test tube tags.

In order to stay in the lead, we continue to improve our product performance, and recommend customers new products that are suitable for future market needs, so as to accelerate the upgrade of products and maintain our leading position in the industry.

#### (2) R&D investments during the past year

Item	Year	2024
R&D expenses		184,009
Operating revenue		4,612,422
As a percentage of operating revenue (%)		3.99

#### (3) Successfully developed technologies and products during the past year

Year	Main Products	Description
2024	ARC Certification Label	Completed the development of the microchip M800 series products.
	Flexible anti-metal label	1. Establish product design library based on market demand to support all mainstream chips. 2. The in-plant process verification has been completed and orders can be accepted. 3. Customers are sending samples for verification.
	Conductive paste printing label	1. The sensitivity and reliability of conductive paste printed antennas are improved. 2. The printing process capability of the machine has been improved to realize roll-to-roll production process.
	Omnidirectional Animal Ear Tag	1. Iterate and optimize based on actual customer usage. 2. After the customer completes the verification, the order can be placed.
	DPP (Digital Product Passport)	In accordance with international standards such as the Sustainable Product Design Specification (ESPR), we develop digital product passport solutions by combining RAIN, NFC sensing technology, as well as QR Code and barcode.
	High-performance RFID	1. Using Impinj chip.

Year	Main Products	Description
	readers	<p>2. Optimize reading distance and sensitivity, improve multi-tag recognition and reading performance in high-speed operation environments, and meet the needs of smart factories and logistics automation Application requirements.</p> <p>3. Developed using high-end MPU, it is easy for customers to integrate and allow secondary development.</p>
	IoT system integration services	<p>1. Possess the ability to integrate IoT systems, and the product has been certified by a third-party platform.</p> <p>2. Included in the list of devices of the world's mainstream cloud IoT platforms.</p>
2023	Flexible anti-metal long read range thin RFID tag	<p>1. Development project in collaboration with Xidian University</p> <p>2. The item modeling and sample simulation testing have been completed; a patent application for the project output invention has been filed; achieving a reading distance of over 5 meters for handheld devices is feasible</p>
	Research and design of anti-collision RFID tags in dense reader environments.	<p>1. Project in collaboration with Xidian University</p> <p>2. Completed model building and simulation tests for samples, and achieved success in dense reader environments with 200pcs of paper.</p>
	Soft and skin-friendly garment tags	<p>1. Passed verification for antenna and tag structure design</p> <p>2. Completed modification of existing equipment, completed evaluation for smart high-efficient glue dispensing machines</p> <p>3. The customer's sample is undergoing verification. Simultaneously, the verification for mass production implementation is also in progress</p>
	Development and modification of laminating machines and smartization of testing systems	<p>1. The transformation of the intelligent testing system has been completed, and the instruction manual is now in effect</p> <p>2. The self-modification part is a trade secret</p>
	Built-in heat resistant RFID tags in tires	<p>1. Passed verification on user-end for tag design and anti-sulfuration test</p> <p>2. Completed process validation in the factory, and passed process validation. Ready for order.</p>
	Research and design of RFID antenna spot beam coverage	<p>1. Project in collaboration with Xidian University</p> <p>2. Design of model building and simulation analysis of antenna spot beam coverage in the application scenario of indoor positioning, and analysis of the magnetic field and magnetic coverage in a given space. Adjusting soft- and hardware of readers.</p> <p>3. Project completed and expected goals achieved. Ready to launch.</p>

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

### (1) Short-term business development plans

1. Expand production capacity: Update production equipment and expand production capacity for the existing Yangzhou and Taipei plants, establish a subsidiary in Vietnam and build a new plant; by the end of 2025, the annual production capacity of the three major production bases in Taipei, Yangzhou, and Vietnam is expected to exceed 10 billion pieces. As the industry grows rapidly, maintaining production margins is also a competitive niche.
2. Strengthen customer relationships: Maintain ARC qualifications, accelerate new product certification, increase global sales locations, expand Asia regional layout, and serve customers nearby. The sales and engineering teams work together to develop new customers and serve existing customers, so that product quality and service efficiency are continuously improved.
3. Improve production efficiency: Through production automation and digital quality inspection, the output efficiency per unit of labor can be improved and the quality can be maintained stable.
4. Design and R&D capabilities: Recruit and train R&D personnel to strengthen product R&D and innovation capabilities and maintain the leading position in the industry. Especially as chip area becomes smaller and performance improves, high-quality products and outputs are achieved through design and manufacturing capabilities.

### (2) Long term Business Development Plans

1. Business development:
  - a. Develop and deliver products for global business, and provide complete after-sales services to enhance operational capabilities.
  - b. Focus on the new application markets and develop potential large customers.
  - c. Integrate global supply chains ensures that products can be delivered to customers immediately to meet their needs.
2. Product development:
  - a. Design and development experience and solid production technology, providing one-stop services from scene requirements, product design, mass production quality and delivery, to information system interface.
  - b. Providing customized products that meet the needs of usage scenarios, and also developing special application labels and environmentally friendly material labels.
3. Operation and sustainability strategies:
  - a. Has diversified its financing with the capital market, strengthened its financial structure and corporate governance, and developed into a large enterprise group.
  - b. We recruit technical and management experts needed for the company's growth, strengthen education and training, cultivate outstanding talents, and achieve a full cycle of human resources selection, training and retention.

- c. Fulfill corporate social responsibility, lead the industry in environmentally friendly production standards, and work with suppliers to refuse to use environmentally hazardous substances.

## II. Market Outlook

### (I) Market analysis

#### (1) Sales (supply) of main products (services)

Unit: NT\$ thousand

Year		2023		2024	
		Amount	Percentage (%)	Amount	Percentage (%)
Region	Asia	2,527,439	94.1	3,440,512	74.59
	Europe	65,084	2.42	53,990	1.17
	America	93,238	3.47	1,116,308	24.20
	Others	185	0.01	1,612	0.04
Total		2,685,946	100	4,612,422	100

#### (2) Market share

The main product of the Company is RFID tags. According to the RAIN Alliance , the global total shipment volume of UHF RFID chips worldwide were 34.5 billion, 44.8 billion and 52.8 billion respectively in the years 2022 to 2024 respectively. The sales volume of the Company's RFID tags in the markets listed above totaled 5.61 billion pieces, and it is estimated that the Company's market share in major markets will be approximately 10.6%. Our company's RFID electronic tag products have occupied a certain market share in the global market.

#### (3) Supply, demand and growth potential in the market in the future

##### ① Market Potential Supply Changes and Growth Potential

The global RFID tag market is currently in a phase of rapid growth, benefiting from the vigorous development of downstream market applications. Based on business models, market participants can be categorized into RFID solution providers and tag manufacturers. Enterprises that integrate supply chain functions possess a competitive advantage, particularly in the field of system integration and solutions. Due to the scarcity of system integrators with global experience, they are able to secure large orders and dominate the market, further driving supply chain integration and industrial upgrading. A representative company in this regard is Avery Dennison, which focuses on providing overall solutions to meet the diverse needs of end customers across different industries. Arizon specializes in tag design and large-scale production, leveraging extensive industry knowledge and ARC certification to meet the high standards of brand customers in terms of product quality and cost, making it difficult for new entrants to penetrate the supply chains of well-known brands. Currently, there are approximately 800 companies in the global RFID tag value chain, with most tag manufacturers being smaller in scale and focused on low-frequency and high-frequency tag

manufacturing, resulting in a relatively fragmented market structure. The ultra-high frequency (UHF) tag market, however, has a higher concentration due to its high technical content and economies of scale, with Asia being the primary production base. With the continuous breakthroughs in key technologies, market competition will become increasingly fierce.

## ② Market Potential Demand Changes and Growth Potential

Arizon's RFID tag products are primarily used in apparel tags, retail goods, and logistics parcel management, with major sales markets in Europe, the United States, China, Vietnam, and Japan. In the apparel sector, the penetration rate of global RAIN RFID in the apparel tag market reached 30% in 2023, corresponding to approximately 80 billion pieces of retail apparel annually. IDTechEx forecasts that the number of RFID tags applied to apparel will grow to 60 billion pieces by 2028, indicating strong growth momentum in this market. Apparel tags will continue to dominate the UHF RFID market. The demand for RFID technology in the retail industry is continuously increasing, as it not only optimizes inventory management but also effectively reduces loss and theft. Research shows that 78% of retailers face pressure to reduce inventory shrinkage, and 42% plan to implement RFID technology as one of their solutions within the next three years. By combining RFID tags and reading devices, retailers can track the flow of goods in real-time, strengthen anti-theft management, and improve operational efficiency and security. Simultaneously, the COVID-19 pandemic has accelerated digital transformation, prompting companies to more actively adopt RFID technology to enhance supply chain transparency and automation capabilities. In the logistics sector, the rapid growth of e-commerce is driving operators to accelerate the adoption of RFID to improve supply chain visibility and operational efficiency. Furthermore, the trend of integrating RAIN RFID into mobile devices makes RFID applications more feasible and scalable. Despite the cost, sustainability, and technical challenges still facing large-scale item-level tagging, overall market demand is growing rapidly. Driven by policy support and industry demand, the RFID market is expected to maintain a long-term steady growth trend.

## (4) Competitive niches

### 1. Strong R&D and Design Advantages

Arizon's strong hardware and software capabilities lay a solid foundation for innovation and R&D. The company is one of the few enterprises globally to possess an RFID electronic tag EPC Global standard laboratory. This laboratory, an essential platform for R&D-driven electronic tag manufacturers to develop new products, can effectively shield external electromagnetic signal interference, and its testing frequency bands cover the UHF and HF bands of major countries and regions worldwide. In addition, the laboratory is based on the EPC Global Class 1 Gen 2 and ISO/IEC 18000-63-2015 communication protocols, equipped with a rotatable

platform, enabling multi-angle, omnidirectional, and multi-tag measurements, and providing ARC, TIPP, and other international standard tests for customers. Furthermore, Arizon possesses advanced electromagnetic simulation product development software, which assists R&D personnel in efficiently completing the development of high-performance radio frequency products and expanding their applications, such as integration with diverse IoT devices, sensors, and cloud platforms to provide more comprehensive solutions.

## 2. Product Quality Advantages

Arizon highly values product quality management and has established a comprehensive quality management system. Through continuous optimization and the introduction of advanced information technology, we can proactively predict risks and identify potential product quality defects, taking corresponding preventive and improvement measures to achieve stable product quality. The annual shipment volume of our electronic tag products exceeds 2 billion units, with stable product performance and a high yield rate. Arizon has successively applied for and passed IATF 16949 global automotive industry quality management system certification, as well as ISO9001, ISO14001, and ISO45001 quality management system certifications, placing our product manufacturing quality management at the leading level in the industry. At the same time, through several years of effort, we finally successfully obtained ARC quality system certification at the end of May 2022. The ARC quality system certification is specifically established for RFID tags and includes certification processes for various specialized aspects such as RFID tag design, verification, production, and quality control. The standards are very stringent, and currently only 7 companies worldwide have obtained this certification. Currently, Arizon is the only company in the Asia-Pacific region to have received this certification. Leveraging this, we are vigorously expanding projects that require this certification, such as Walmart Home, international well-known express delivery applications, etc. Through product technology solutions and excellent cooperative service quality, Arizon has reached new cooperation and ordering agreements with several international companies.

## 3. Customer Cooperation and Brand Building Advantages

Through years of dedicated efforts, Arizon has leveraged its strong R&D and design capabilities, reliable product quality, and excellent product performance to have its products used by well-known brands and enterprises such as Uniqlo, Walmart, Decathlon, Unilever, and China Eastern Airlines. This has allowed us to accumulate a high-quality and stable customer base and form a strong brand advantage. In the long-term cooperation with well-known end customers, on the one hand, Arizon can participate in the new product development and design process that leads industry technology development trends, enhancing our own R&D and design capabilities while continuously meeting customer needs. On the



other hand, to meet the needs of well-known end customers, Arizon continuously improves its production technology, production equipment automation, and quality control levels, strengthening its comprehensive competitive strength.

#### 4. Operation management advantages

As one of the pioneers in the global RFID electronic tag industry, Arizon has accumulated many years of rich experience and established a comprehensive operational management system, realizing an operational model characterized by systematized operations, standardized management, professional teams, and centralized resources. Arizon has a high-quality operational management team capable of agilely responding to customer needs and providing excellent pre-sales consultation, product guarantees, and after-sales service. In addition, Arizon has established subsidiaries in mainland China, Hong Kong, Japan, the United States, and Vietnam, and is building its third production base in Vietnam to meet the diversified needs of customers with faster response times and higher-quality services.

### (5) Favorable and unfavorable factors for future development, and countermeasures

#### ①Favorable factors

##### 1. Government Policy Support

Many governments worldwide have listed the Internet of Things (IoT) industry as a strategically important emerging industry for national development and have created a favorable policy environment for it. This includes providing effective policy guarantees for the development of the IoT industry in various aspects such as investment and financing systems, taxation, industrial technology support, talent attraction and cultivation, intellectual property protection, and industry organization and management. As a crucial component of the IoT industry, electronic tags also benefit from strong policy support.

##### 2. Extensive Downstream Applications

The application fields of electronic tags are broad, covering various industries such as retail, public life, transportation and logistics, and industrial manufacturing. With the deepening penetration of the IoT, downstream customers are increasingly recognizing the significant role of RFID technology in improving operational efficiency and reducing operating costs, leading to a continuous emergence of various customized demands. Currently, it has been applied on a large scale in fields such as apparel, large supermarkets, and logistics supply chains. With the increasing penetration rate of electronic tags, the downstream market holds enormous growth potential.

##### 3. Continuous Cost Reduction

Compared to traditional barcodes and QR codes, electronic tags with read-write capabilities and multiple identification functions have superior

technology and functionality. However, the cost of electronic tags has been relatively high. Nevertheless, with the advancement of integrated circuit and communication technologies, continuous improvement in production technology, and the realization of economies of scale, the cost of electronic tags has been continuously decreasing in recent years. This will contribute to the healthy development of the electronic tag industry and will also bring about a broader range of downstream market applications.

## ② Unfavorable factors for future countermeasures

### 1. Divided specifications in the world

Standards are one of the important factors restricting the development of RFID. Each electronic tag has a unique paired identification code. If their data formats are diverse and incompatible, RFID products using different standards will not be able to interconnect, thus restricting the global circulation of goods under globalization. Therefore, whether standards can be unified will be a crucial factor affecting the global development of RFID. Since data format standards involve the interests and security of various countries, how to make these standards compatible with each other so that an RFID product can circulate smoothly under global regulations is a problem that various RFID manufacturers need to solve. Therefore, the constraints of standards will pose a certain degree of risk to the Group's operations.

#### Response measures:

1. Based on market development trends, develop new technologies and products that comply with local standards to gain a first-mover advantage in the application end.
2. Increase the added value and differentiation of products, provide high-quality customized products, and establish long-term partnerships with major customers and suppliers.
3. Refer to the order forecasts provided by major customers and regional market changes to make strategic sales adjustments to respond to market fluctuations.

### 2. Increased Basic Wages and Production Costs in Production Bases

Arizon's main production location is in mainland China, and factors such as continuous wage increases and labor shortages in the region have led to an increase in Arizona's operating costs.

#### Response measures:

1. Continuously promote production automation to reduce labor costs and improve production efficiency.
2. Emphasize various employee benefits to enhance employee cohesion and reduce employee turnover; strengthen employee professional education and

training to improve employee productivity.

3. Explore other production bases, such as establishing factories in Southeast Asia where operating costs are lower. A new factory building is currently under construction in Hung Yen Province, Vietnam, to expand regional production capacity

### 3. Difficulty in Recruiting R&D Technical Talent

In Taiwan, the IC design and electronics-related industries have better development prospects. In comparison, this has a crowding-out effect on the RFID industry, which may lead to the risk of insufficient professional technical talent for Arizon.

#### Response measures:

1. Enhance the technical level of R&D personnel by leveraging the transfer of R&D experience and establishing industry-academia cooperation relationships and providing internship programs with domestic and foreign academic institutions, so that talents with relevant science and engineering backgrounds can enter the RFID industry as early as possible.
2. Arizon's public offering and listing on the Taiwan Stock Exchange will enhance the company's visibility and operational transparency, which will help attract R&D talent to join, laying the foundation for Arizon's continued growth.
3. In addition to attracting external outstanding talent, strengthen professional training courses to enhance the professional skills of existing internal personnel.

(II) Application and production of key products

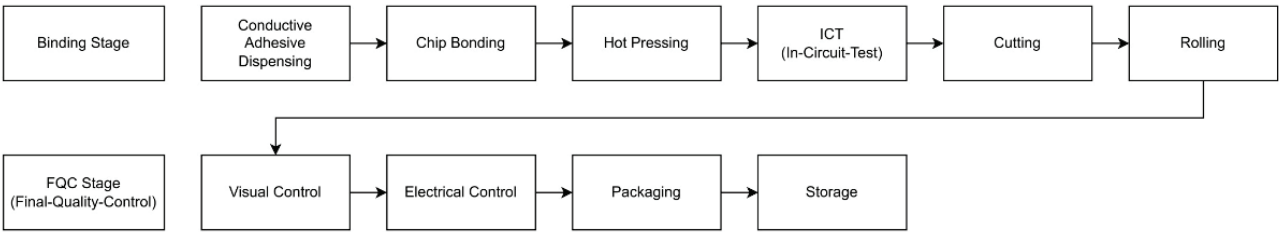
①Application of key products

The main products of Arizon is RFID tags, which are mainly applied in retail, logistics and transportation, industrial manufacturing, medicine, and other fields.

②Production of key products

The main product of Arizon is RFID tags and the tags can be categorized into “dry inlay” and “wet inlay” depending on whether adhesive is applied to the inlay. Arizon uses the flip chip technology, and the main production procedures are as follows:

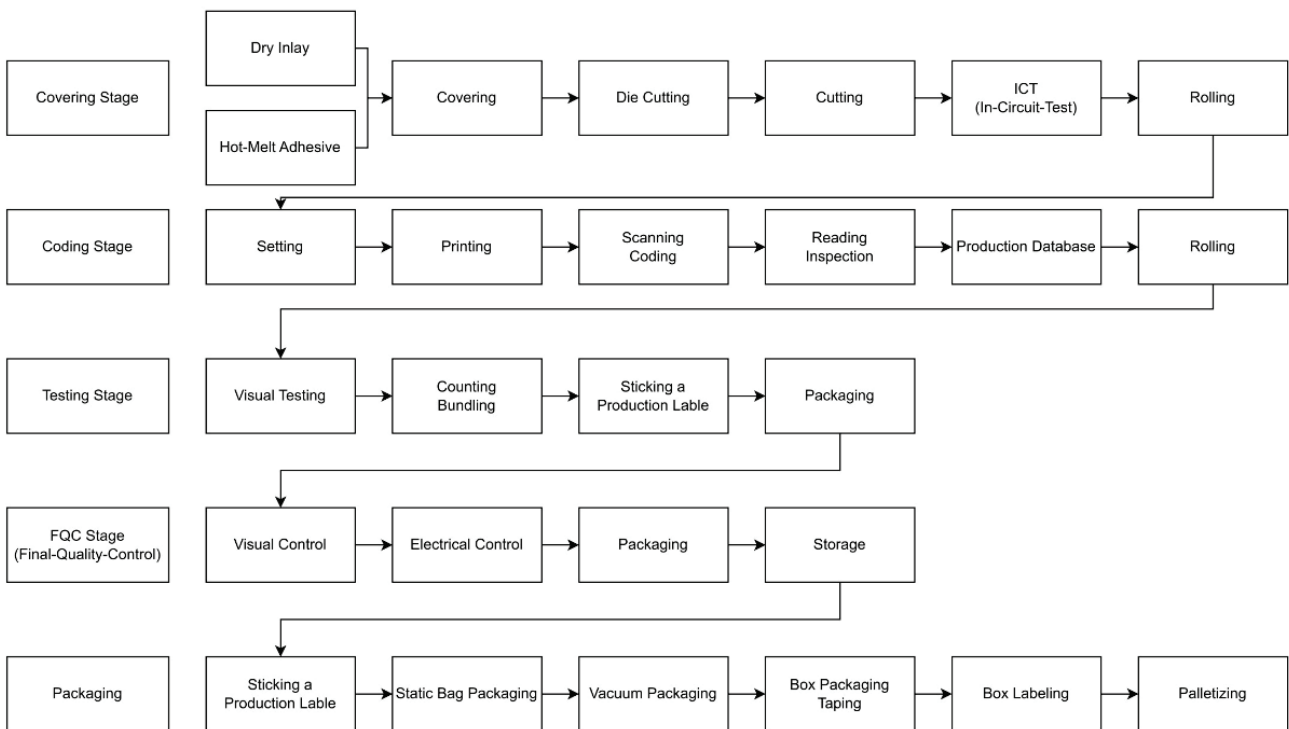
A. Dry Inlay



1. Bonding: Using a high-precision die bonding machine with an accurate dispensing system, conductive and curing conductive adhesives are utilized to tightly bond RFID chips with antennas featuring signal reception feedback functionality. The die bonding machine cures the conductive adhesive, achieving electrical conductivity between the chip and the antenna. Products produced through this process are called "Dry Inlay" electronic label products, which already possess the capability to receive feedback wireless radio frequency signals.

2. FQC: According to the quality sampling inspection standards, a quality control project is carried out for Dry Inlay, focusing on product appearance, product performance, and other quality control aspects. Sampling inspection is conducted on the sampling items for quality determination. Products that meet the quality requirements are packaged and stored according to specifications.

## B. Wet Inlay



1. **Converting:** The high-speed laminating machine laminates Dry Inlays with different substrate materials and release liners together. According to the customer's requirements for product size and shape, it is die-cut into single-sheet adhesive electronic label products, Wet Inlays, including Clear Wet Inlays, Labels, and Tickets. Among them, Clear Wet Inlays and Labels are adhered to continuous strip release liners and provided to customers in roll form, while Tickets are provided to customers in either roll or single-sheet form.

2. **Coding:** According to the client's requirements, print the content that the client needs to display on the surface of the Wet Inlay. Write the content that the client needs to identify into the memory area of the chip, and provide encryption services. After processing in this way, the Wet Inlay can be used directly by the client. The encrypted Wet Inlay can achieve the anti-counterfeiting function of the client's product.

### (III) Supply status of primary raw materials

The primary raw materials for the production of our tags are chips, antennas, paper, and others, and each type of raw material is sourced from more than two suppliers. Arizon maintains long-term relationships with all suppliers of primary raw materials, so that we not only have control over raw material supply but also closely monitor the quality and delivery to ensure a sufficient supply of raw materials.

### (IV) List of clients who accounted for at least 10% of total sales and procurement in any of the last two years and corresponding amounts and percentages

1. List of clients who accounted for at least 10% of total procurement in any of the last two years and corresponding amounts and percentages, and the reasons for changes

Unit: NT\$ thousand; %

Item	2023				2024			
	Name	Amount	percentage of annual purchase	Relationship with issuer	Name	Amount	percentage of annual purchase	Relationship with issuer
1	Company A	1,029,158	65.18	N/A	Company A	1,517,132	72.00	N/A
2	Company B	156,443	9.91	N/A	Company B	210,033	9.97	N/A
	Others	393,357	24.91	-	Others	379,885	18.03	-
	Net purchase	1,578,958	100	-	Net purchase	2,107,049	100	-

Reasons for changes: Changes in purchase amount and proportion are mainly due to changes in customer product demand.

2. List of clients who accounted for at least 10% of total sales in any of the last two years and corresponding amounts and percentages, and the reasons for changes

3. Unit: NT\$ thousand; %

Item	2023				2024			
	Name	Amount	percentage of annual purchase	Relationship with issuer	Name	Amount	percentage of annual purchase	Relationship with issuer
1	Company C	1,066,350	39.70	N/A	Company C	1,476,665	32.02	N/A
2	Company D	293,161	10.92	N/A	Company E	971,841	21.07	N/A
	Others	1,326,435	49.38	-	Others	2,163,916	46.91	-
	Net sales	2,685,946	100	-	Net sales	4,612,422	100	-

Reasons for changes:

Changes in sales amount and proportion are mainly due to changes in customer product demand.

### III. Employee information in the last two years and up to the print date of this annual report

Year		2023	2024	Current year up to date (2025/3/31)
Number of employees	Direct staff	470	626	614
	Indirect staff	166	192	184
	R&D staff	46	47	45
	Total	682	865	843
Average age		38.35	34.25	34.14
Average years of service		3.95	3.42	3.63
Educational background	PhD	-	-	-
	Master	3.08%	3.12%	3.21%
	University/College	60.85%	57.51%	55.63%
	Senior high school	29.91%	39.37%	40.57%
	Others and below	6.16%	0%	0.59%

## IV. Environmental protection expenditures information

(I) Losses arising as a result of environmental pollution in the recent year up until the publishing date of this annual report; quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated.

Up to the print date of this annual report, the deficiencies identified by competent authority, penalties imposed, and the Company's response measures are as follows: None

### (II) Environmental sustainability

1. The Company conducts greenhouse gas inventories in accordance with laws each year and report results to the competent authority at regular intervals in accordance with laws. The data from the past two years are as follows:

Item	Category	2023	2024
GHG inventories Note 1, 2 (Unit: ton-CO <sub>2</sub> e)	Scope 1	160.65	214.09
	Scope 2	3,839.97	5,514.7
	Total	4,000.62	5,728.79
Solid residual from the production process Note 3 (Unit: ton)	General industrial waste	35.06	68.5384
	Total	35.06	68.5384
Water consumption Note 4 (Unit: cubic meters)	Tap water	16,658	24,662.4
	Total	16,658	24,662.4

Scope 1 (direct emissions): Emissions from operations that are owned or controlled by the reporting company, such as gas pipes, processes, ventilation facilities, and vehicles owned or controlled by the company are calculated based on the fuel consumption volume and the "Greenhouse Gas Emission Factor Management Table Version 6.0.4" of the Environmental Protection Administration.

Scope 2 (indirect emissions): Emissions from outsourced electricity, heat, steam, or other fossil fuel-derived energy. The Company did not conduct inventory on factories in China because of differing local laws and regulations. Scope 2 emission figures only represent those of factories in Taiwan.

Note 1: GHG emissions is calculated based on the factors and methods as stated in the greenhouse gas inventory related announcements published by the Industrial Development Bureau, MOEA.

Note 2: The Greenhouse gas inventory report is prepared with reference to the following literature:

(1) 2024 Electricity Carbon Emission Factor published by Bureau of Energy, Ministry of Economic Affairs (Apr. 14, 2025)

(2) Carbon Footprint of Indirect Emissions from Electricity published by the Carbon Footprint Information Platform (2020).

(3) Greenhouse Gas Emission Factor Management Table Version 6.0.4 published by the Environmental Protection Administration

\* The 2023 energy-saving and carbon reduction is calculated based on the 2024 electricity carbon emission factor (0.474kg CO<sub>2</sub> e/kWh) published by the Bureau of Energy, Ministry of Economic Affairs.

Note 3: Calculations of solid residual from the production process and 2024 general industrial waste are recorded in detail and are reported to as required by laws.

Note 4: The Company's main source of water is from tap water. The amount of water consumption is according to the amount stated on the billing system of Taiwan Water Corporation.

### 2. Energy conservation and carbon reduction, reduction of greenhouse gas emissions, reduction of water consumption or other solid waste policies

Arizon lays great emphasis on environmental protection in response to international consumer environmental awareness and relevant laws and regulations. We have completed the establishment of a green production process to comply with international environment-related regulations, the green product requirements of our customers, and regulations regarding the prohibition of hazardous substances that have significant impacts on the environment. We have also formulated a comprehensive quality control system, and strictly require our production units and suppliers to follow through in order to ensure that all supplies, compartments, and products pass the halogen test, and are in line with RoHS, REACH, and other regulations.

In terms of environmental protection issues regarding the greenhouse effect and global warming, we monitor our carbon emissions and are committed to energy-saving measures in all work environments. We have formulated policies to manage the temperature of air-conditioners and installed additional energy-saving air-conditioners. In the future, we will install automated lighting devices to reduce carbon



emissions and energy consumption, and we will also advocate energy reduction and implement carbon-reduction policies for air-conditioners and lighting.

Yangzhou factory:

- ◎ The factory installed solar power panels on rooftop in 2022.
- ◎ The factory implemented energy conservation and carbon reduction, reduction of greenhouse gas emissions, reduction of water consumption, or other solid production residue policies in accordance with the following regulations:
  1. National Hazardous Waste List Standard
  2. Interim Measures for the Management of Hazardous Waste in Jiangsu Province
  3. Measures for the Administration of Hazardous Waste Transfer Manifests
  4. Implementation of Solid Process Waste Control Program
  5. Implementation Measures of Jiangsu Province Energy Conservation Regulations
  6. Implementation Measures of Jiangsu Province Water Resources Management Regulations
- ◎ The Company has obtained ISO14001, ISO45001, ISO9001, and FSC certifications, and has dedicated personnel to ensure the effective operation of the environmental management system.

The effectiveness of each energy measure is as below:

Year	2023	2024
Electricity consumption (kWh)	6,257,580.0	9,686,589.8
GHG reduction effectiveness *(t-CO2e) due to energy saving policies	0	0

### 3. The Company's 2023 to 2024 goal is factory expansion.

The primary focus is the plant construction project. Our future direction, which government agencies will also assess, encompasses product development, future corporate social responsibility obligations, and product research and development. Given the interconnectedness with the green energy industry, which can effectively facilitate qualifications and favor from related supply chains and the government, it will be a crucial positioning. Our products need to align with future trends and the policy development aspects of the green industry. This constitutes the primary market strategy qualification for our operational plan. Therefore, our company has established an ISO 14001 environmental management system and conducts regular internal and external audits to maintain its effectiveness and continuously improve environmental protection performance. Moving forward, we will continue to pursue corporate social responsibility reports or sustainability reports to engage suppliers and end consumers in a joint commitment to environmental protection. The implementation goals for related product and energy management system management will be ISO 50001 and product carbon footprint assessment.

## V. Employer-employee relationship

### (I) Present status of employer-employee relationship

#### 1. Employee benefits measures

- Chinese New Year, Labor Day, and birthday bonuses
- Dragon Boat Festival, and Mid-Autumn Festival gifts
- Subsidies for weddings, funerals, child birth, hospitalization, disability, and others.
- Employee stock subscription
- Subsidies for on-the-job continuing education training
- Subsidies for night shifts
- Group insurance for employees
- On-site medical care to ensure the occupational safety and health of employees
- Regular medical check-ups that are more favorable than requirements of the Labor Health Protection Regulations

#### Leisure activities for employees

- Meal gathering for employees

#### 2. Retirement plan

The retirement plans are handled in accordance with local laws and regulations.

Policies at main operating regions: For employees of Yangzhou Factory in China, the Company enters labor contracts with employees pursuant to the "The Labour Contract Law of the People's Republic of China" and allocate funds to employees housing provident funds in accordance with the provisions of the "Regulations on Management of Housing Provident Fund" and relevant local laws and regulations.

For employees of Taipei Factory in Taiwan, the Company allocates pensions and relevant funds pursuant to the "Labor Standards Act", "Labor Insurance Act" and the "Labor Pension Act".

Arizon enacted the "Labor Retirement Regulations" and established the Supervisory Committee of Workers' Pension Reserve Funds to take care of employees' life after retirement. We allocate reserve funds for the old pension system to a special account in the Bank of Taiwan based on actuary calculation results each year to protect labor rights.

The Company also adopted the Labor Pension Act (new labor pension system) on July 1, 2005 and allocate an amount equivalent to 6% of the respective workers' wage range to the employees' individual pension accounts. For those that voluntarily pays additional pension, Arizon deducts amounts based on the voluntary appropriation rate from the salary to the dedicated personal pension account at the Bureau of Labor Insurance.

The contents of the Arizon's "Labor Retirement Regulations" are as follows:

- Criteria for voluntary retirement:
  - (1) Employees who are over 55 years old and have served in the Company for more than 15 years, including services in the Company's affiliated enterprises.
  - (2) Employees who have served in the Company for more than 25 years, including services in the Company's affiliated enterprises.
  - (3) Employees who are over 60 years old and have served in the Company for more than 10 years, including services in the Company's affiliated enterprises.
- Criteria for compulsory retirement:

The Company may subject an employee to compulsory retirement except for one of the following conditions:

- (1) Where the employee over 65 years old.
- (2) Where the worker is unable to perform his/ her duties due to disability.

The disability specified in the preceding paragraph shall be determined by the level 1 to level 6 disabilities of Labor Insurance. An additional 20% on top of the amount calculated according to

Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act shall be given to workers forced to retire due to disability incurred from the execution of their duties.

- Calculation of the years of service and pension:
  - (1) Employees' years of service shall be calculated starting from the date of employment and the years of service before and after the implementation of the Labor Standards Act and the years of service after the implementation of the Labor Pension Act shall be combined for calculation. The duration shall be based on the years of actual continuous service in this Company.
  - (2) The years of service of employees assigned to affiliated enterprises to provide services or transferred from affiliated enterprises to the Company to provide services shall be combined for calculation.
  - (3) Where an employee is employed by the Company and an affiliated enterprise and applies for retirement in accordance with regulations, the total pension payment amount shall be calculated based on the ratio of the number of months served in each company and paid by the companies.
- Status of the Company's Labor Retirement Reserve Fund for 2024
  - (1) Annual appropriation: NT\$82,000.
  - (2) Asset balance at the end of the year: NT\$105,000.

### 3. Labor-management communications

Arizon regularly convenes employer-employee meetings to communicate and coordinate with employees, and subsequently adjusts measures according to the consensus of both parties.

## (II) Losses due to labor disputes in last year and up to the print date for this annual report: N/A

## (III) Continuing education and training for employees

Arizon holds talent strategic development consensus meetings with executives, amends training development rules, and conducts assessments of employee competency at all levels to sustain the development of the Company and overcome any market and industry challenges. Systematic and continuous talent cultivation programs are provided to encourage employees to maximize their potential and improve their performance. Meanwhile, diversified learning resources are made available to employees (e.g., orientation training, management training, professional training, and general training) to encourage self-enhancement among employees.

- (1) Orientation training: Aims to assist new employees to know their way around the workplace and understand the Company's vision, organizational structure, rules, and the operating status of each functional and business units.
- (2) Management training: Aims to strengthen the organization's management performance, and foster and improve supervisors' leadership and strategic thinking capabilities.
- (3) Professional training: Aims to enhance work-related skills of departmental professionals.
- (4) General training: Aims to foster employees' knowledge and skills required for independent operations, workplace communication, and job management to support the Company's future business development requirements and achieve long-term business goals.

### The focus of education and training outcomes in 2024 is as below:

Course type	No. of classes	Total people	Total hour	Total expenses
Professional competency	108	1,070	2,489	150,249
Management and general knowledge	93	3,453	5,743	238,470
Cultural cultivation for new recruits	99	1,244	12,159	0

On-the-job continuing education	0	0	0	0
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#### (IV) Employee code of conduct or ethics

The Company's *Work Rules* provide a service guideline and clear work principles for employee compliance. To more effectively protect the Company's trade secrets, operating profits, and competitive edge in response to the amendment made to the Trade Secrets Act in 2013, the Company has prescribed Integrity and Confidentiality of Intellectual Property Agreement as a mandatory document for registration of new recruits.

Arizon promulgated the *Arizon RFID Technology (Hong Kong) Co., Ltd. Taiwan Branch Employee Work Rules* in August 2019. Employees' behavior must comply these Rules when performing daily tasks and operations, and provides regular education training for new recruits so as to familiarize them with the work rules and HR regulations.

The *Ethical Corporate Management Operating Procedures and Code of Conduct* were promulgated in July 2022 in accordance with the Company's *Ethical Corporate Management Guidelines* and TWSE's *Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies*. The Company performs business activities based on the principles of fairness, integrity, accountability, and transparency. The *Ethical Corporate Management Operating Procedures and Code of Conduct* were established to implement the ethical corporate management policy, actively prevent unethical conduct and conflicts of interest, establish whistleblowing channels, and regulate the conduct of relevant personnel.

#### (V) Employee safety and health

The Company has passed the ISO45001 Occupational Health and Safety, indicating the responsibility and obligation to protect the health and safety of every individual, clearly revealing the determination to promote employee health and safety and establish a corporate safety culture.

The Company adopts the following measures to ensure employee health and safety:

1. Responsibilities of units: Ensuring effective management and supervision of occupational safety and health measures, a dedicated unit has been established to address related issues.
2. Safe operations: Safety and health education and training can enhance employees' awareness and importance of safety management, thereby establishing a safety culture within the company.
3. Operation standardization: The formulation of standard operating procedures to ensure the standardization and consistency of work processes, thereby reducing the occurrence of accidents.
4. Employee health management: Regular health checks and health education training are held to detect and prevent occupational diseases early, and promote the overall health of employees. Health education and training are arranged based on the results of on-site health services according to health check results.
5. Employee safety training: Providing safety training for new and existing employees to ensure that they understand and comply with safety regulations.
6. Accident reporting and investigation: Prompt and effective handling of occupational accidents, as well as proposing improvement measures, prevent similar incidents from happening again and protect the safety of employees.
7. Work safety reviews and disaster drills: Regular reviews and disaster drills help improve colleagues' emergency response capabilities and strengthen the assessment and improvement of workplace environment and facility safety.

## VI. Information Security Management

### (I) Preface:

From our perspective, information management requires both software and hardware comprising equipment, and system (hardware), and safety awareness (software), which are all key to ensuring information security. With a dedicated information security management system and a dedicated team, the Company is able to adopt optimal approaches to utilize resources, centralize management in an appropriate and timely manner, and upgrade existing information security network equipment and mechanisms, so that the information of Arizon is kept secure in line with current trends.

We will continuously work toward increasing employees' awareness towards the risks of information security to reinforce our lines of defense for information security.

Details are as follows.

### (II) Information Security Risk Management Framework:

Arizon has established an Information Security Team with the highest supervisor of the information unit acting as the Chief Information Security Officer who will lead a team consisting of Vice Presidents of each department. Each department assigns appropriate personnel as the Information Security Personnel, and members of the information unit serve as Information Security Officers.

Occupation	Name	Education	Current position	Working Responsibilities	Start time
Information Security Manager	Kuo-Feng Kao	Master	Arizon Taiwan GM	<ul style="list-style-type: none"> <li>Information security system planning</li> <li>Responsible for promoting, coordinating, supervising and reviewing information security management operations</li> </ul>	November 8, 2010
Information Security Specialist	Wen-Kai Sun	Bachelor	Yangzhou Factory Information Department Manager	<ul style="list-style-type: none"> <li>Implementation of Information and Communication Security Management Measure</li> <li>Responsible for completing information security matters assigned by the dedicated information security manager</li> </ul>	March 16, 2015
Information Security Specialist	Zhi-Ting Chue	Bachelor	Taipei Factory R&D Director	<ul style="list-style-type: none"> <li>Implementation of Information and Communication Security Management Measure</li> <li>Responsible for completing information security matters assigned by the dedicated information security manager</li> </ul>	March 1, 2020

To ensure clear division of professional responsibilities for the Arizon's cybersecurity, adequate technical support, and transparent control mechanisms, in order to comply with relevant government regulations and simultaneously strengthen the company's information security governance, an Information Security Management Team has been established.

This team is responsible for promoting, coordinating, supervising, and reviewing information security management matters, as well as formulating and periodically reviewing information security policies and objectives. Simultaneously, the team is responsible for proposing concrete implementation and management plans, regularly reporting relevant results to the Board of Directors, assessing and screening potential risks, and developing corresponding plans.

### (III) Quantitative and qualitative objectives of information security:

#### 1. Quantitative:

No.	Item	Location	Percentage/Frequency	Notes
1	Availability of the information system	All	99.99 times/year	Disruption hours/total operation hours $\leq$ 0.1%
2	Rate of completion of reporting,	All	100%	

	response, and recovery within the required time after an information security incident is identified			
3	Click rate of emails in social engineering exercises	All	Less than 4%	
4	Click rate of attachments in emails in social engineering exercises	All	Less than 2%	
5	Planning and operating social engineering exercises	All	1 times/year	
6	Organization of information security and social engineering exercises	All	1 times/year	
7	Penetration test and vulnerability scanning	All	1 times/year	
8	Information security audit	All	1 times/year	
9	System recovery drills	All	1 times/year	

## 2. Qualitative:

- 2.1 Adjusts the contents of information security updates in response to changes in laws and technologies to prevent unauthorized access, use, control, leakage, damage, tampering, destruction, or other infringement of information systems and information, and to ensure their confidentiality, integrity, and availability.
- 2.2 Meet the requirements of information security on each level to ensure information confidentiality, integrity, and availability.
- 2.3 Enhance employees' information security awareness and effective detection and prevention of external attacks.

## (IV) Specific management plans:

Network Information Security Control	Data Access Control	Change Recovery Mechanism	Communication and Verification
<ul style="list-style-type: none"> <li>● Set up a firewall and update the Firewall Strategy</li> <li>● Regularly review the system log of network services to track anomalies</li> <li>● Scan computer systems and data storage media periodically for viruses</li> <li>● Perform inventories of the computer system software and security updates</li> <li>● Use network services in accordance with the information security policy</li> </ul>	<ul style="list-style-type: none"> <li>● Assign dedicated personnel to maintain custody of computer equipment and set accounts and passwords.</li> <li>● Remote access to the system shall require adequate approved and appropriate access privileges must be granted</li> <li>● Grant employees different access privileges based on their job functions</li> <li>● Cancel employees' access privileges when they leave the Company and adjust the access privileges of employees who have been transferred</li> <li>● Clear or overwrite the contents stored before the disposal of the</li> </ul>	<ul style="list-style-type: none"> <li>● Perform annual reviews of the Information Security Policy as well as the information security protection and emergency response plans</li> <li>● Conduct annual system recovery drills</li> <li>● Establish system backup mechanisms and implement off-site backup storage.</li> <li>● Review computer network security control measures and implement appropriate adjustments.</li> </ul>	<ul style="list-style-type: none"> <li>● Perform annual information security inspections and review whether improvements and follow-ups are required.</li> <li>● Communicate information security updates at all times to enhance users' information security awareness.</li> </ul>

	equipment		
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**(V) Resources used for information security management:**

To continuously improve information security management and enhance information security defense capability, we dedicated resources including a security framework for comprehensive management and technical requirements as well as enhanced information security defense training.

1. Equipment: Next Generation Firewall, network core switches, virus wall.
2. Software: We replaced traditional anti-virus software with next-generation endpoint protection software, updated system security, and installed a computer log audit system.
3. Personnel training: Training for network administrators and information security personnel, recovery exercises, social engineering exercises, and vulnerability scanning.

**(VI) Losses due to major information security incidents:**

The Company did not have significant information security incidents resulting in business losses.

## VII Material contracts

Supply/sales contracts, technologies cooperation contracts, construction contracts, long-term loan agreements, and all other important contracts which are likely to impact the investors' rights, whether they are currently effective or have expired in the most recent fiscal year

Contract type	Parties Involved	Commencement date/expiration date	Content	Restrictive clauses
Bank loan agreements	Taishin International Bank	2024.6.30~2024.6.30	General credit limit	N/A
Bank loan agreements	CTBC Bank	2024.9.30~2025.9.30	Credit line	N/A
Bank loan agreements	KGI Bank Co., Ltd.	2025.3.12~2026.3.12	Credit line	N/A
Lease contracts	Weizheng	2023.4.1~2028.3.31	Leasing of factory site in Taipei	N/A
Lease contracts	Shin-Yi Enterprise Co., Ltd.	2025.1.1~2025.12.31	Leasing of office in Taipei	N/A
Lease contracts	Tadashi Tsuchida	2024.7.1~2026.06.30	Leasing of office in Japan	N/A





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## Chapter 6 Financial Position, Financial Performance and Risk Analysis

### I. Financial comparison analysis

Unit: NT\$ thousand

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	6,724,736	3,312,222	3,412,514	103
Property, plant and equipment	1,771,584	1,050,484	721,100	69
Other assets	631,245	1,878,797	(1,247,552)	(66)
Total assets	9,127,565	6,241,503	2,886,062	46
Current liabilities	1,782,074	944,330	837,744	89
Non-current liabilities	1,054,077	84,646	969,431	1,145
Total liabilities	2,836,151	1,028,976	1,807,175	176
Share capital	748,880	743,180	5,700	1
Capital surplus	4,272,805	4,068,511	204,294	5
Retained earnings	1,226,726	602,867	623,859	103
Other equity	41,927	( 202,897 )	244,824	121
Non-controlling interest	1,076	866	210	24
Total equity	6,291,414	5,212,527	1,078,887	21

Notes on changes in increase or decrease percentage:

1. Increase in Current Assets: Primarily due to an increase in accounts receivable and cash and cash equivalents.
2. Increase in Total Assets: Primarily due to an increase in accounts receivable and cash and cash equivalents.
3. Increase in Current Liabilities: Primarily due to an increase in short-term borrowings.
4. Increase in Non-current Liabilities: Primarily due to the issuance of convertible bonds, resulting in an increase in bonds payable.
5. Increase in Total Liabilities: Primarily due to an increase in borrowings and the issuance of convertible bonds, leading to increases in both current and non-current liabilities.
6. Increase in Capital: Primarily due to the exercise of employee stock options.
7. Increase in Capital Surplus: Primarily due to the recognition of the value of conversion rights from the issuance of convertible bonds.
8. Increase in Retained Earnings: Primarily due to profits generated in 2024.
9. Increase in Other Equity: Primarily due to the exchange rate fluctuations caused the foreign operating institutions' financial statements to rise.
10. Increase in Non-controlling Interests: Primarily due to an increase in profits.
11. Increase in Total Equity Attributable to Owners of the Parent: Primarily due to the recognition of the value of conversion rights from the issuance of convertible bonds and the profit generated in 2024.

## II. Financial Performance Review and Analysis

Unit: NT\$ thousand

Item \ Year	2024	2023	Increase/decrease	Change (%)
Net sales revenue	4,612,422	2,685,946	1,926,476	72
Cost of goods sold	3,128,804	1,892,694	1,236,110	65
Gross profit	1,483,618	793,252	690,366	87
Operating expenses	629,983	402,341	227,642	57
Net operating profit	853,635	390,911	462,724	118
Non-operating income and expenditure	149,623	140,546	9,077	6
Pre-tax profit	1,003,258	531,457	471,801	89
Income tax expense	(156,279)	( 83,438 )	(72,841)	(87)
Net profit	846,979	448,019	398,960	89
Other comprehensive income	244,867	( 78,588 )	323,455	412
Total comprehensive income for the period	1,091,846	369,431	722,415	196

Notes/Analysis on changes in increase or decrease percentage:

1. Increase in operating revenue: Primarily due to the recovery of performance among end-market brand apparel customers and the Company's ongoing efforts to expand its customer base, resulting in revenue growth.
2. Increase in operating costs: Primarily due to the Company's continued expansion of new customer development, leading to higher associated costs.
3. Increase in operating profit: Primarily due to the increase in revenue in 2024.
4. Increase in non-operating income and expenses: Primarily due to an increase in foreign exchange gains.
5. Increase in profit before tax and net profit after tax: Primarily due to the increase in revenue in 2024.
6. Increase in other comprehensive income and total comprehensive income for the period: Primarily due to favorable exchange rate movements leading to a stronger translation of financial statements of foreign operations.

### III. Cash flow analysis

CASH, BEGINNING OF YEAR	Net cash flow from operating activities	Inflow (outflow) of net cash from other activities	Cash balance	Liquidity contingency plan	
				Investment plan	Financial plan
\$ 1,432,071	\$ 273,742	\$ 678,606	\$ 2,384,419	-	-

#### 1. Analysis on the cash flow changes of the current year:

- (1) Cash flow from operating activities: Cash flow from operating activities is mainly generated from cash inflow from operating profits.
- (2) Cash flow from other activities: Increase in cash inflows from financing activities due to borrowings and the issuance of corporate bonds.

#### 2. Liquidity contingency plan and liquidity analysis: N/A

#### 3. Cash flow analysis for the coming year:

- (1) Cash flow from operating activities: The Group expects a continued growth in revenue and profit into 2024, and a continued cash inflow from operating activities.
- (2) Cash flow from investing activities: Mainly consisted of the annual capital expenditure on the upgrading and maintenance of relevant equipment.
- (3) Cash flow from financing activities: Arrange borrowings and repayments with financial institutions based on the overall planning of operating and investing cash flows, and distributed cash dividends.

### IV. Impact of Significant Capital Expenditures on Financial Operations in the Past Years:

#### 1. Utilization of Major Capital Expenditures and Capital Sources in the Latest Year

Project	Actual Source of Funds	Total Required Funds	Remedial Measures for Cash Shortfall	
			2024	2023
Production, R&D, and Equipment and Land	Internal Funds and Corporate Bond Issuance	1,179,094	1,028,521	150,573
Others	Internal Funds	103,953	93,175	10,778
Total		1,283,047	1,121,696	161,351

#### 2. Expected Potential Benefits

Expanding the plant, increasing production capacity, and enhancing the Company's process technology development will help maintain or increase market share.

## V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

### 1. Reinvestment policy

The Company's investment in other companies is for the purpose of the Group's operating needs. The operating revenue is mainly from export to southeast Asia and is stable. Currently, the Company's investment policies and operating procedures are handled in accordance with "Asset Acquisition and Disposal Procedure", "Procedures for Transactions with Related Parties" and "Regulations on Transactions with Related Parties, Specific Companies and Groups" formulated by the Company and passed at its board or shareholders' meetings, and also the procedures for investment cycles specified in the internal control system. In terms of internal control, all investee companies shall comply with the bylaws of the Company, local laws and regulations, as well as actual business operation. The Company will continue to prudently evaluate investment plans based on the same principles going forward.

### 2. Reasons for reinvestment profit or loss, and improvement plans for next year

Name of Company	Profit or loss amount in 2024	Main reasons for profit or loss	Improvement plan
YFY RFID CO. LIMITED	787,545	Mainly due to income from investment accounted for using the equity method.	-
Arizon RFID Technology Co., Ltd.	827,591	Mainly due to recovery of sales of clothing industry in the terminal market, and the Company's continued effort to cultivate new customers, which resulted in an increase in sales revenue.	-
Arizon RFID Technology (Hong Kong) Co., Ltd.	87,087	Mainly due to good business operation.	-
Arizon RFID Technology (Japan) Co., Ltd.	1,159	Mainly due to good business operation.	-
Arizon Corporation	22,694	Mainly due to good business operation.	-
Arizon Technology (Vietnam)	16,001	Attributable to non-operating income.	

### 3. Investment plan in the coming year: N/A.

## VI. Risk analysis and assessment in the last year and up to the print date of this annual report:

### (I) The impact of interest rate, exchange rate change, and inflation on the company's profit and loss and future response measure:

#### (1) Impact of changes in interest rates on the Company's profitability and response measures

The Company's interest income primarily arises from interest accrued on bank deposits. Interest expenses are mainly attributable to the imputed interest on lease liabilities, interest on certain borrowings, and the amortization of interest expenses related to convertible bonds. In 2023 and 2024, the Company's interest income amounted to NT\$106,579 thousand and NT\$109,812 thousand, representing 20.05% and 10.95% of profit before tax, respectively. Interest expenses amounted to NT\$2,253 thousand and NT\$15,295 thousand, representing 0.42% and 1.52% of profit before tax, respectively. These figures indicate that interest rate fluctuations have not had a material adverse impact on the Company's operations.

#### Response measures:

The Group has established and has been maintaining good credit relation with the banks. It also watches the trend of market interest rates, so as to obtain preferred interest rate terms when there are capital needs for business expansion in the future. In addition, the Group mitigates its interest rate risks by a comprehensive financial planning and appropriate utilization of other financial instruments.

#### (2) Impact of changes in exchange rates on the Company's profitability and response measures

The main operating sites of the Group is located in mainland China and Taiwan, with the main sales target market in mainland China and North American Market. The Group's sales transactions are mainly denominated in USD and RMB, and so are procurement of raw materials. Although receivables and payables offset each other and has a certain level of hedging effect, exchange rate losses may still arise, as RMB and NTD are needed for daily operation at operating sites.

#### Response measures:

1. Our finance unit works closely with all financial institutions, and gathers information of exchange rate changes at all times, grasps the exchange rate trends and changes in the world, and uses this information as reference for managing foreign currency accounts so as to proactively respond to the effects caused by exchange rate fluctuations.
2. When providing quotes to customers, we take into the consideration the effects of exchange rate fluctuations, and take a conservative approach when providing quotes, so as to minimize the impact of exchange rate fluctuation on the revenue of received orders.
3. The Group evaluates exchange rate fluctuations, and utilizes spot and forward foreign exchange transactions in accordance with "Asset Acquisition and Disposal Procedure" to hedge potential risks, in order to minimize the impact of exchange rate fluctuation on the Company's income.

### (3) Impact of inflation on the Company's profitability and response measures

There is no incidence of significant impact on the Group's profit caused by inflation. In the future, the Group will continue to watch the changes in global market, and pay attention to possible inflation risks.

#### Response measures:

The Group maintains a good relationship with its suppliers and customers. When there is a change of price in the market, the Group reflects such matter on the cost and sales price of its products. Thus, inflation has not had significant impact on the Group's major subsidiaries.

### (II) Policies on high risk or high leverage investments, lending to others, making endorsements or guarantees, and trading derivatives, reasons for profit or loss, and response measures:

#### (1) Policies on high risk or high leverage investments, reasons for profit or loss, and response measures

The Company upholds the basis of steady operation, focuses on the business operations and values technological research and development and the expansion of sales and marketing, all under the premise of a sound financial development. Therefore, the Company did not engage in high risk or high leverage investments in last year and up to the print date.

#### (2) Policies on lending to others, making endorsements or guarantees, and trading derivatives, reasons for profit or loss, and response measures

Up to the print date, the Group has not made endorsements or guarantees to others. In addition, the Company has formulated "Procedure for Lending Funds to Other Parties," "Procedures of Making of Endorsement and Guarantees," "Asset Acquisition and Disposal Procedure" and "Procedures for Engaging in Financial Derivative Transactions" to govern relevant matters.

### (III) Future R&D Plans and Expected R&D Investment:

#### (1) Future R&D Plans

Project name	Plan content:
Ongoing Development of ARC Products	1. Strategic Expansion Across Multiple Application Domains. 2. Miniaturization of Label Size. 3. Diversification of Chip Coverage.
Development of Sustainable Low-Carbon Labeling	1. Development of Low-Carbon and Eco-Friendly Structural Label Design. 2. Standardization of Low-Carbon Label Calculation.
Reader Gen2X Performance Optimization Program	Utilization of E710 Reader to Enhance Reading Efficiency and Security.
Development of DPP Carbon Emission Traceability and Data Exchange System	1. Compliance with European Union Digital Product Passport (DPP) Regulations. 2. Integration of Activity Data with Product Carbon Footprint Rules (PCR) Emission Factors to Achieve Accurate Calculation and Transparent Management of Carbon Emission Information. 3. Enabling Efficient Exchange of Carbon Emission Information Between Suppliers and Manufacturing Facilities.



(2) R&D expenditure to be invested

The R&D expenses for the aforementioned future development projects are expected to account for approximately 80% of the company's total R&D budget for 2025, which is estimated to represent 2% of the company's total annual revenue for the year.

(IV) Impact of important policy and legislative changes in Taiwan and overseas on financial operations and response measures:

The Company is registered in Cayman Islands but it is mainly operated in mainland China and Taiwan. All business operations of the Company are in compliance with domestic and foreign major policies and ordinances. The Company pays close attention to any changes to the major policies and ordinances of its operating sites and makes preventive preparations through an array of means beforehand. In the event of such changes, the Company consults lawyers, accountants, or other relevant units, or retains them to evaluate and make necessary measures, so as to respond appropriately to the changes in the market in a timely manner. Up to the print date, there is no incident of changes in the major policies and laws of the Company's operating sites and Cayman Islands that cause significant impact on the Group's business operation.

(V) Impact of recent technological (including cyber security risks) and market changes on the Company's finance and business, and response measures:

In the face of the fast-changing technological and industrial environment, the Group pays close attention to the changes in technology and the trends in the industry in which it is involved. It also works closely with its customers to grasp the latest industrial and developmental trends and market information, gather information about advances in technologies and changes in trends, and continues with the work to improve in all areas so as to increase production efficiency. In addition, the Group has established a comprehensive network and cyber security protection system, to maintain and secure important data of its R&D, management, and finance. Although there is no guarantee of absolutely no cyber security threats or malicious hacker attacks on the system, the Group strives to ensure the appropriateness and effectiveness and improve the response capability of its security system through regular review and evaluation of the control cycle. Up to the print date, there is no significant impact of recent technological (including cyber security risks) and market changes on the Company's financial operations.

(VI) Impact of corporate image change on risk management and response measures

The Company upholds its business philosophy of integrity, trustworthiness, and sustainable operation, devotes itself to its core business since its establishment, and focuses on improving its product image while maintaining a harmonious labor-management relation so as to upkeep its good corporate image. Up to the print date, there is no major corporate image change that impacted the Group.



(VII) The expected benefits and possible risks of mergers and acquisitions as well as the responding measures: N/A

(VIII) Expected benefits of plant expansion, potential risks, and response measures:

In 2024, the Company commenced the construction of a new manufacturing facility in Hung Yen Province, Vietnam. Phase I is expected to reach an annual production capacity of 3 billion inlays, significantly enhancing overall manufacturing capabilities to meet growing market demand, expand customer service coverage, and strengthen the Company's global supply chain footprint. However, capacity expansion also entails potential risks. These include fluctuations in market demand that may result in lower-than-expected capacity utilization, thereby impacting cost efficiency. Additionally, during the initial phases of construction and operation, the new Vietnam facility will incur increased capital expenditures for equipment, staff training, and operational costs. Should the ramp-up to economies of scale be slower than projected, short-term profitability may be adversely affected. To mitigate these risks, the Company has conducted thorough market assessments and customer demand analyses prior to expansion, ensuring alignment with long-term strategic goals. Furthermore, the Company will continue to optimize production scheduling and cost management, while maintaining close collaboration with key customers to flexibly adjust capacity allocation. These measures are aimed at maximizing investment efficiency and minimizing the impact of market volatility. In response to potential demand downturns, the Company may adopt strategies such as deferring equipment installation or suspending future phases of capacity expansion, thereby preserving financial stability and ensuring flexible resource allocation.

(IX) Risks in concentrated procurement or sales and response measures:

(1) Purchase concentration risk

In recent years, Arizon has sourced over 65% of its chip supply from its largest chip supplier, respectively. The supplier is one of the main RFID IC suppliers in the world among others such as Impinj, NXP, EM Microelectronic, and Alien Technology, and has world-leading technology and good product quality. In order to fulfill orders amidst world chip shortage in recent years, the Group raised its chip stock level and thus, increased its procurement percentage. The Company maintains three or more suppliers for its main suppliers, and these suppliers are world-renowned mega manufacturers in the industry, with which the Company has a long-standing and stable business relationship. Furthermore, due to the shortage of IC chips in recent years, the Company not only consolidates its position as a core customer, but also works on increasing the number of chip types that are compatible with ARC-certified products and other measures, so as to increase procurement volume from another leading chip supplier. As manufacturers in China continue to launch new chip products that can be widely used in RFID, the Company will be open up to more procurement options, and thus there is no event of supply shortage that affected the Company's production scheduling.

(2) Sales concentration risk

Arizon's end customers primarily consist of globally brands in the apparel, retail, and logistics sectors. In recent years, the combined net revenue contribution from the Company's top ten

customers has consistently exceeded 80% of total sales. Over the past two years, there have been two customers each year whose individual contributions accounted for more than 10% of total revenue. Notably, a major new customer has also been added during this period. Due to the solid sales performance of key customers and the steady growth in RFID technology adoption, the Company continues to maintain a relatively high level of sales concentration. The RFID tag industry benefits from economies of scale, which favor larger manufacturers, while customers generally possess stronger bargaining power. Although the industry remains in a phase of rapid growth, it is also experiencing increasing consolidation on both the customer and supplier sides. In response, the Company is actively expanding into new application segments to mitigate customer concentration risks. At the same time, it closely monitors the growth momentum of existing key customers to ensure alignment with broader industry trends and to capture opportunities for mutual growth.

**(X) Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% equity of the Company, associated risks and response measures:**

The composition and shareholding ratio of the company's directors and major shareholders, who hold more than 10% of the shares, remain stable. As of the annual report publication date, there have been no significant transfers of shares.

**(XI) Impact of control transfer and risks:**

The Company is not exposed to risks of control transfer.

**(XII) Litigation or non-litigation events:**

N/A

**(XIII) Other significant risks and response measures:**

N/A

**VII. Other important matters:**

N/A



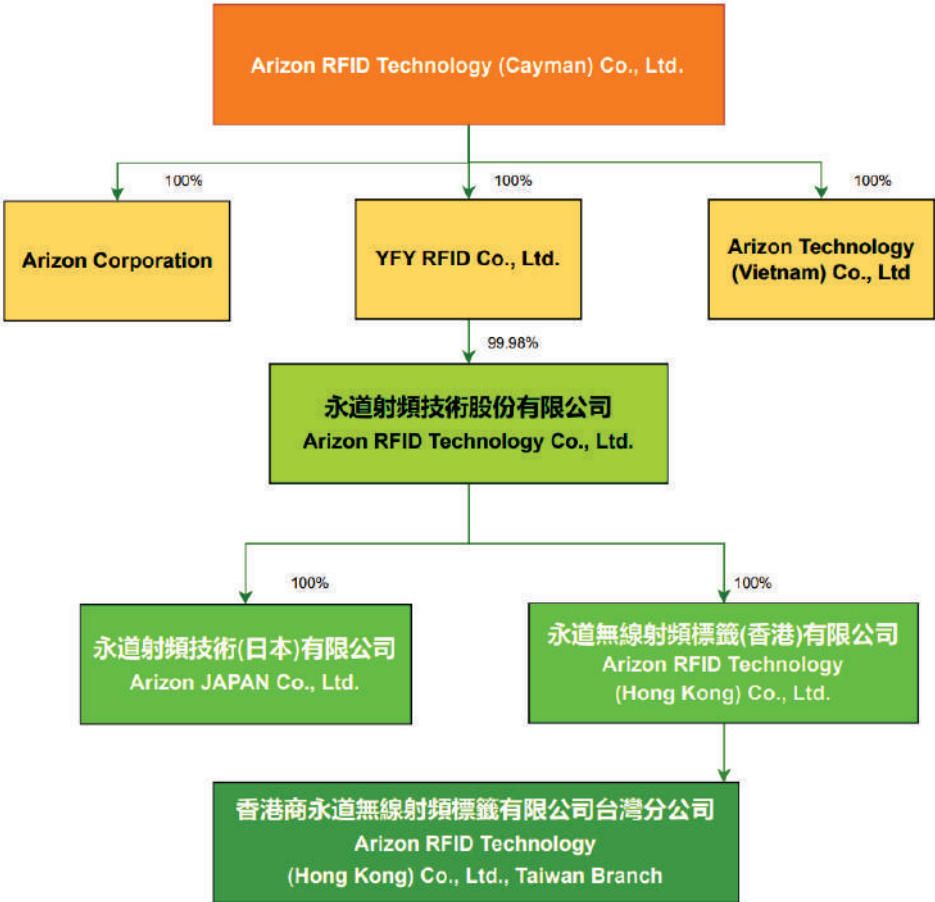
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Chapter 7 Special disclosures

I. Information of affiliates

(I) Organizational Chart



**(II) Basic information of the various affiliated enterprises**

Up to December 31, 2024

Unit: NT\$ thousand (NT\$ unless otherwise specified)

Company name	Date of establishment	Address	Paid-in capital	Main businesses/products
YFY RFID Co., Limited	2010/06/25	13/F Amber Commercial Building, 70 Morrison Hill Road, Wanchai, Hong Kong	USD 29,585	General investment.
Arizon RFID Technology Co., Ltd.	2004/06/11	No. 88 Wuzhou E. Rd., Economic Development Park, Yangzhou, Jiangsu	RMB 194,290	Production of various high-frequency and ultra-high frequency RFID INLAY and label cards.
Arizon RFID Technology (Hong Kong) Co., Ltd.	2017/10/02	Rm 2702-03, C. C. Wu Building, 302-8 Hennessy Road, Wan Chai, HK	USD 22,000	Product distribution and R&D service
Arizon Japan Co., Ltd.	2019/08/08	3-2-11 Nishi Shinjuku, Shinjuku, Tokyo, Japan	JPY 50,000	Product distribution and technology consulting services
Arizon Corporation	2023/08/03	919 North Market Street, Suite 950, Wilmington, New Castle, Delaware, 19801, USA	USD 250	Product distribution and technology consulting services
Arizon Technology (Vietnam) Co., Ltd.	2024/02/21	Plot CN 01.9 and CN 01.10, Industrial Park No.05, Quang Lang Commune, An Thi District, Hung Yen Province, Vietnam.	VND 339,080,000	Product distribution and R&D service

Note: Exchange rate on the report day US\$1=32.785, RMB1=4.5608, JPY1=0.2099

**(III) the same shareholders as those presumed to have controlling and subordinate relationships:**

None

**(IV) Related to the industries covered by the company's operations:**

General investment, various hardware products and software system development of wireless radio frequency intelligent identification systems, design and manufacturing of wireless radio frequency electronic tags, and provision of peripheral system integration services

**(V) Basic information of Directors, Supervisors, and Presidents of affiliates**

December 31, 2024 Unit: No. of shares/shares, investment amount/NT\$

Company name	Title	Name or representative	Shares held	
			Number of shares	Shareholding ratio (%)
YFY RFID Co., Limited	Director Director	YFY Global Investment BVI Corp. Felix Ho	29,584,886	100.0
Arizon RFID Technology Co., Ltd.	Chairman Director Director Director Director Supervisor Supervisor Supervisor President	Felix Ho Bing-Yi Lin Hong-Shi Wen Lin-En Zhou Wan-Chuan Lin Zhi-Qing Min Kuan-Yu Lin Qiu-Yue Xia Bing-Yi Lin	Investment RMB 194,290,000	Investment Percentage 99.98
Arizon RFID Technology (Hong Kong) Co., Ltd.	Director Director	Bing-Yi Lin (Representative of RFIDYD AI & Network Technology Co., Ltd.) Hong-Shi Wen (Representative of RFIDYD AI & Network Technology Co., Ltd.)	Investment USD 22,000,000	Investment Percentage 100.0
Arizon Japan Co., Ltd.	Director Director Director Supervisor	Felix Ho (Representative of RFIDYD AI & Network Technology Co., Ltd.) Bing-Yi Lin (Representative of RFIDYD AI & Network Technology Co., Ltd.) Xiao-Zhi Luo He Nai-Hsia Wu	Investment JPY 50,000,000	Investment Percentage 100.0
Arizon Corporation	Director	Bing-Yi Lin	Investment USD 250,000	Investment Percentage 100.0
Arizon Technology (Vietnam) Co., Ltd.	Chairman	Felix Ho	Investment VND 339,080,000,000	Investment Percentage 100.0

**(VI) Financial and operational overview of affiliated companies**

2024FY

Unit: NT\$ thousand

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NT\$) (after taxes)
YFY RFID Co. Limited	860,282	5,419,257	41,599	5,377,658	-	(101)	787,545	0.03
Arizon RFID Technology Co., Ltd.	886,122	6,291,263	912,669	5,378,594	3,884,550	829,233	827,757	0.00
Arizon RFID Technology (Hong Kong) Co., Ltd.	721,270	1,835,565	1,312,986	522,579	1,256,079	77,054	87,087	0.00
Arizon Japan Co., Ltd.	10,495	13,536	5,438	8,098	37,769	1,613	1,159	1.16
Arizon Corporation	8,196	762,567	730,381	32,186	972,037	34,421	22,694	907.76
Arizon Technology (Vietnam) Co., Ltd.	436,207	454,162	1,897	452,265	-	(1,819)	16,001	-

**(VI) Consolidated financial statements of various affiliated enterprises:**

**Declaration of consolidated financial statements of affiliated enterprises**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Hereby solemnly and sincerely declared by



Name of Company: Arizon RFID Technology (Cayman)co., Ltd.

Chairman: Felix Ho



**Mach 25, 2025**



## II. Progress of Private Placement of Securities During the Last Year

and Up to the Print Date of the Annual Report: N/A

## III. Holding or Disposal of the Company's Shares by Subsidiaries in the Past year and Up to the Print Date of the Annual Report: N/A

## IV. Other supplemental information: N/A

## V. Explanation of the significant differences compared to the regulations on the protection of shareholders' rights and interests in our country

Due to the slight inconsistency between the laws of the British Cayman Islands and the laws of the Republic of China, the Taiwan Stock Exchange Co., Ltd.'s "Checklist for the Protection of Shareholders' Equity in the Country in which the Foreign Issuer is Registered" (hereinafter referred to "Checklist for the Protection of Shareholders' Equity") does not necessarily apply to the company. The following list explains the differences between the company's currently valid Memorandum and Articles of Association (hereinafter referred to "AOA") and the protection of shareholders' equity due to the provisions of the laws of the British Cayman Islands, and the provisions of the company's AOA.

Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
<b>1. Formation and change of company capital</b>		
1. The company shall not cancel its shares unless it reduces its capital in accordance with the resolution of the shareholders' meeting; the reduction of capital shall be made in accordance with the proportion of shares held by shareholders. 2. When the company reduces its capital, it may return the share payment with property other than cash; the property to be returned and the amount to be replaced shall be resolved by the	According to the provisions of the Companies Act of the Cayman Islands, the reduction of issued shares can only be canceled after going through the procedure of stock buyback, and the company has no right to cancel the shares still held by shareholders.	<b>Article 27</b> and <b>Article 51(c)</b> of the Company's AOA stipulate that the company's procedures for reducing capital are carried out through share repurchases. These differences are caused by the provisions of the Companies Act of the Cayman Islands. There are no restrictions on the procedure by which a company can reduce its capital.

Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
shareholders' meeting and approved by the shareholder receiving the property. 3. The Board of Directors shall submit the value of the property mentioned in the preceding paragraph and the offset amount to an accountant of the ROC for verification and approval before the shareholders' meeting.		
1. Procedures for the company to sign stock option contracts with employees or issue employee stock option certificates. 2. Employee stock option certificates are not transferable, except for successors.	The Companies Act of the Cayman Islands does not have special regulations on matters such as employee stock option contracts or the procedures for issuing employee stock option certificates. These restrictions on transfer are part of the contractual relationship between the company and its employees and should be stipulated in the employee stock option contract.	<b>Article 14</b> of the Company's AOA has been amended according to the important matters for the protection of shareholders' rights listed on the left. However, according to Cayman law, if it is desired to restrict the transfer of employee stock option certificates, it should still be stipulated in the employee stock option contract or stock option certificates.
Shares with no par value adopted by the company shall not be converted into shares with par value.	According to <b>Article 8</b> of the Companies Act of the Cayman Islands, a Cayman company shall not divide its capital into shares with a fixed amount and shares with no par value.	The issued shares of the company are par value stock, this important issue of shareholder equity protection does not apply to the company.
<b>2. The convening procedure and resolution method of the shareholders meeting</b>		
The convening of the physical shareholder meeting of the company shall be held within the territory of the ROC. If a physical shareholder meeting is held outside the Republic of China, it shall report to the stock exchange for approval within two days after the resolution of the board of directors or the approval of the shareholders to convene by the competent authority.	There is no local competent authority in the Cayman Islands responsible for examining whether shareholders can convene shareholders' meetings by themselves. There is also nothing in the Companies Act of the Cayman Islands that prohibits a company from regulating its meeting procedures in its AOA.	If the shareholders convene the shareholders' meeting outside the Republic of China, since the shareholders convene the extraordinary shareholders' meeting by themselves without the permission of the local competent authority of the Cayman Islands, <b>Article 34</b> of the company's AOA only stipulates that it should be reported to the TPEX or the stock exchange (as applicable) for approval in advance. This part shall have no substantial impact on the company's shareholders' equity.
1. When a company convenes a general meeting of shareholders, it shall list electronic means as one of the channels for exercising	The Companies Act of the Cayman Islands does not specify whether shareholders who exercise their voting rights in writing or electronically can	The latter paragraph of <b>Article 63</b> and <b>Article 69</b> of the Company's AOA stipulate that shareholders who exercise voting rights in writing or electronically shall be deemed to

Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
<p>after the end of each quarter or half of the fiscal year.</p> <p>2. Proposals on the company's profit distribution or loss compensation for the first three quarters or the first half of the fiscal year should be submitted to the supervisor or the audit committee for review together with the business report and financial statements, and then submitted to the board of directors for resolution.</p> <p>3. When distributing surplus according to the provisions of the preceding paragraph, the company shall first estimate and retain the tax payable, make up losses according to law, and set aside the statutory surplus reserve. However, this restriction does not apply when the statutory surplus reserve has reached the paid-in capital.</p> <p>4. When the company distributes earnings in accordance with the provisions of Paragraph 2 by issuing new shares, shareholders representing more than two-thirds of the total number of issued shares shall be present, and more than half of the voting rights of the attending shareholders shall agree to do so. If the total number of shares of shareholders present is less than the above-mentioned quota,</p>	<p>appropriation after the end of each quarter or half of the fiscal year, which can be stipulated in the AOA of the company.</p>	<p>semi-fiscal year end distribution of surplus or appropriation of losses, therefore, the following important matters for the protection of shareholders' equity listed on the left are not applicable.</p>

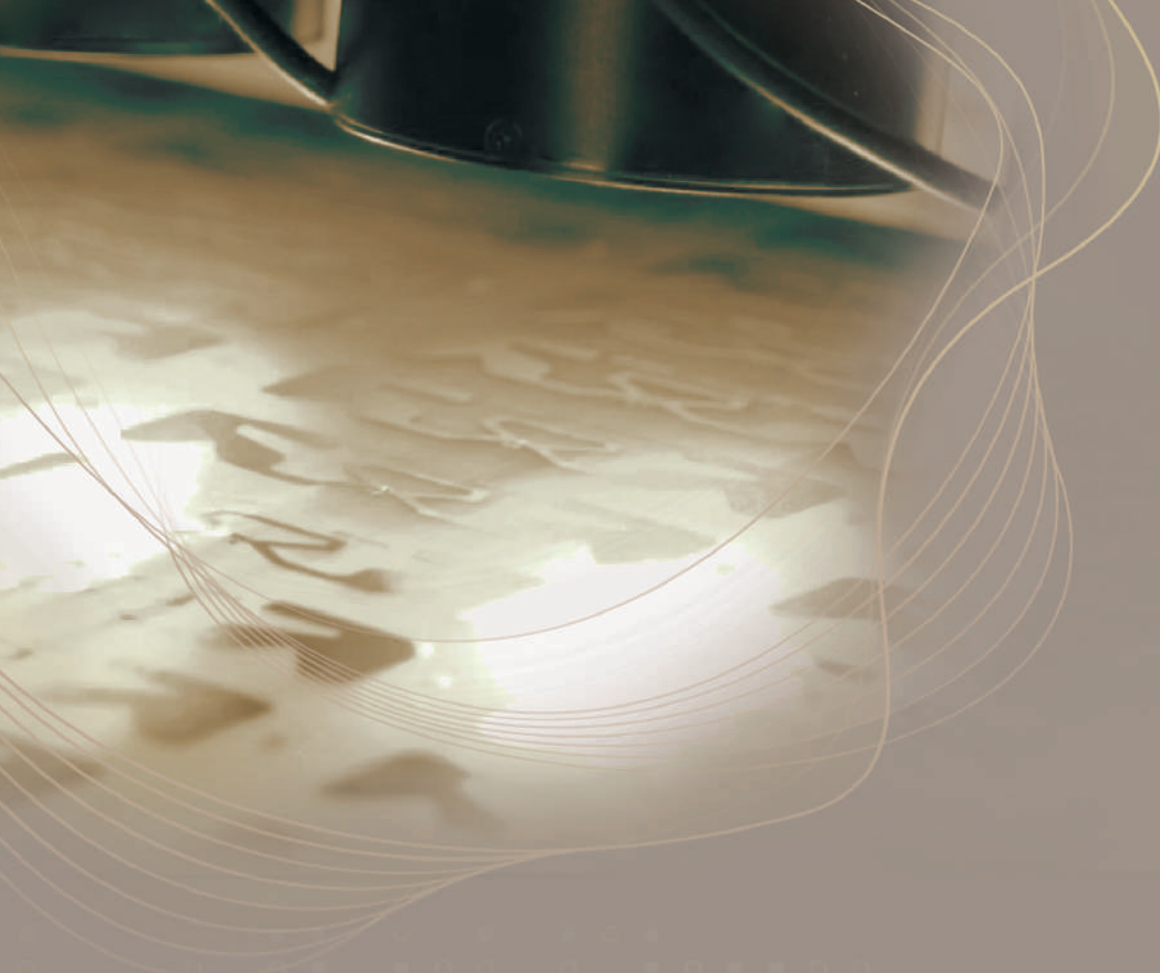
Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
<p>it can be done with the consent of shareholders representing more than half of the total number of issued shares and more than two-thirds of the voting rights of shareholders present; the distribution of cash shall be subject to a resolution of the board of directors.</p> <p>5. When the company distributes profits or makes up losses in accordance with the preceding four paragraphs, it shall do so in accordance with the financial statements audited or reviewed by accountants.</p>		
<p>When the procedure for convening a shareholders' meeting or the method of resolution violates the laws or the AOA, the shareholders may appeal to the court to revoke the resolution, and the Taiwan Taipei District Court may be the jurisdictional court of first instance.</p>	<p>The Cayman courts cannot recognize and enforce a foreign judgment that is not a monetary award without re-examining the legal basis of the dispute at issue.</p>	<p><b>Article 56</b> of the AOA of the company clearly stipulates the protection of shareholders' equity listed on the left. However, this regulation is slightly different from the important matters listed on the left for the protection of shareholders' equity. The important matters for the protection of shareholders' equity listed on the left are actually the statutory provisions for rescission of the shareholder's right of appeal. Its legal effect cannot be achieved by the provisions of the AOA. It is necessary to have legal provisions to endow shareholders with the right of revocation of appeal.</p>
<p>For any of the following proposals materially involving shareholders' rights and interests, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares is required. In case where shares represented by the shareholders attending the shareholders' meeting are less than the</p>	<p>The Companies Act of the Cayman Islands law requires special resolutions (including: Amendment to the memorandum and AOA, merger, reduction of capital, capital redemption reserve, voluntary dissolution due to reasons other than failure to pay off its debts when due), refers to the shareholders' meeting attended by shareholders representing more than one-half of the</p>	<p><b>Article 2</b> of the company's AOA defines "special resolution" and "supermajority resolution". "Special Resolution" means a special resolution stipulated in the Companies Act of the Cayman Islands. "Supermajority resolution" refers to the presence of shareholders representing more than two-thirds of the total number of issued shares in accordance with Taiwan's company law, and the consent of more than half of the voting rights of the attending shareholders. If the total number of shares of shareholders present is less</p>

Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
<p>preceding minimum requirement, as an alternative, the proposal may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares:</p> <ol style="list-style-type: none"> <li>1. The company's signing of, amendment to, or termination of a contract in respect of lease of all business, appointment of an agent to operate business, or regular joint operation with a third party, assignment of all or major business or assets, assumption of all business or assets of a third party that may have a significant impact on the operation of the company</li> <li>2. Amendment to the memorandum and AOA</li> <li>3. If an amendment to the memorandum and AOA will jeopardize the rights and interest of preferred shareholders, the amendment is subject to approval of a preferred shareholders' meeting</li> <li>4. Allocation of all or part of share dividends and bonuses through issue of new shares</li> <li>5. Resolution on dissolution, merger or split-up</li> <li>6. Share swap</li> </ol>	<p>company's total issued shares, and a resolution made by "more than two-thirds of the voting rights" of the attending shareholders' voting rights (if the AOA provide for a higher number of voting rights, then the regulations) and cannot be adopted by a lower majority.</p>	<p>than the above-mentioned quota, it may be done with the consent of shareholders representing more than half of the total number of issued shares present and more than two-thirds of the voting rights of shareholders present.</p> <p>The following matters have been listed as "supermajority resolution" in <b>Article 52</b> of the company's AOA, However, certain matters should be subject to special resolutions in accordance with the provisions of the Companies Act of the Cayman Islands, and these matters cannot be made below the threshold for special resolutions in the Companies Act of the Cayman Islands, so they are also listed in <b>Article 51</b> and <b>Article 53</b> of the AOA. The difference above is limited by the provisions of the Cayman Law. The AOA of the company have separately specified the matters that require "supermajority resolution" and the statutory matters that require special resolutions in accordance with the Companies Act of the Cayman Islands. This difference is for the company's shareholders Interests shall not be adversely affected.</p>
<b>Authorities and Responsibilities of Members, Directors, and Supervisors</b>		
<p>If a director conducts business and has a major event that seriously damages the company or violates laws or regulations or the AOA, and the shareholders' meeting does not pass a resolution to remove him, shareholders holding more than 3% of the company's total issued</p>	<p>The Cayman courts cannot recognize and enforce a foreign judgment that is not a monetary award without re-examining the legal basis of the dispute at issue.</p>	<p>The Cayman Court will not recognize and enforce foreign judgments that are not monetary payments without a substantive trial. Therefore, even if the following important matters for the protection of shareholders' rights and interests are included in the company's AOA, the judgment or ruling made by the Taipei District Court in Taiwan will not It may also not be recognized and enforced by the Cayman courts. In</p>

Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
<p>shares may, at the shareholders' meeting Within 30 days thereafter, appeal to the court for dismissal, and the Taipei District Court in Taiwan may be the jurisdictional court of first instance.</p>		<p>view of this, according to <b>Article 91</b> of the company's AOA, within the scope permitted by the Cayman Law, the Taiwan Taipei District Court can be the court of first instance jurisdiction, so the difference should have no adverse impact on the company's shareholders' rights and interests.</p>
<p>Regulations on supervisors</p>	<p>The Companies Act of the Cayman Islands does not have a concept equivalent to a "supervisor". It is not clear how effective the establishment of a supervisor by the company's AOA is.</p>	<p>The company adopts the audit committee system and does not have a supervisor. Therefore, the important matters for the protection of shareholders' rights and interests listed on the left do not apply to the company.</p>
<p>1. A shareholder holding 1% or more of the Company's total issued shares for six consecutive months or longer may request in writing the supervisor to institute an action against the director on behalf of the Company, in which case the Taiwan Taipei District Court shall be the court of first instance.</p> <p>2. In the absence of action initiated by supervisor after 30 days of a shareholder's request, the shareholder may initiate an action for the Company, in which case the Taiwan Taipei District Court shall be the court of first instance.</p>	<p>Cayman Islands are unlikely to recognize and enforce foreign judgment which is not the monetary judgment without any reexamination of merits of the underlying dispute.</p>	<p>1. Since the company has not set up a supervisor, <b>Article 92</b> of the AOA stipulates that qualified shareholders should request independent directors to file a lawsuit.</p> <p>2. Since the Cayman court will not recognize and enforce a foreign judgment on non-pecuniary payments without a substantive hearing, even if this important matter of protecting shareholders' equity is included in the AOA, the judgment or ruling made by the Taipei District Court of Taiwan may not be recognized and enforced by the Cayman court. In view of this, <b>Article 92</b> of the Company's AOA stipulates that, to the extent permitted by the Cayman Laws, the Taipei District Court of Taiwan may be the court of first instance, so the difference shall have no adverse effect on the shareholders' rights of the Company.</p>
<p>1. Directors of the company shall have the loyalty and shall exercise the duty of care as good administrators in conducting the business operation of the company. Director shall be liable for damages to the company in the event of a violation of the above. If the act was performed for themselves or others, the shareholders may resolve at a general meeting to treat the gains</p>	<p>1. According to the Cayman law, if a director causes damage to a third-party during performance of company business, the third party may claim damages against the company, and the company may further claim compensation by the director for losses arising from the third-person claim. Despite of the fact that the AOA provides directors and the Company have joint and several liability,</p>	<p>Article 79 of the Company's AOA has been amended according to the important matters on the protection of shareholders' rights listed on the left. However, under the Cayman Law, even if the company's AOA stipulate that the director should be jointly and severally liable to others and the company, there is no basis for a claim. Therefore, there may not be a basis for the director to directly sue for compensation.</p> <p>2. In addition, although <b>Article 79</b> of the company's AOA has been</p>

Differences	Cayman law and description	Memorandum and Articles of Association ("AOA") regulations and description
<p>from the act as the gains of the company.</p> <p>2. If directors have, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, the directors and the company shall be jointly and severally liable for the damages to the injured.</p> <p>3. Within the scope of performance of their duties and functions, managers and supervisors of the company shall have the same liability as the directors of the company.</p>	<p>from the perspective of the Cayman law, the third party cannot directly claim against the director.</p> <p>2. Managers generally have no fiduciary duties towards the company. Since the manager is not a party to the AOA, even if it is stipulated in the AOA, it will still have no enforcement power. The above-mentioned obligations should be agreed with the manager in the form of contract.</p>	<p>stipulated that it is also applicable to the manager, according to the Cayman Law, it should still be agreed with the manager in the form of a contract. Therefore, if the manager's responsibility in this article is to be implemented, the company and the manager should still make a special agreement in the contract. This difference has no adverse impact on the company's shareholders' equity.</p>

**VI. Any Incidents with Material Impact on Shareholder Equity or Security Price as Described Under Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Last Year and Up to the Print Date for the Annual Report: N/A**



## **Appendix: Notes to Consolidated Financial Statements**

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# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024		2023	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,384,419	26	\$ 1,432,071	23
Financial assets at amortized cost - current (Notes 4 and 8)	1,619,091	18	458,665	7
Notes and accounts receivable (Notes 4, 9 and 18)	1,455,977	16	693,711	11
Accounts receivable from related parties (Notes 4, 18 and 25)	24	-	-	-
Inventories (Notes 4 and 10)	1,057,094	12	592,281	10
Other current assets	<u>208,131</u>	<u>2</u>	<u>135,494</u>	<u>2</u>
Total current assets	<u>6,724,736</u>	<u>74</u>	<u>3,312,222</u>	<u>53</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 24)	1,300	-	-	-
Financial assets at amortized cost - non-current (Notes 4 and 8)	228,041	3	1,539,000	25
Property, plant and equipment (Notes 4, 12 and 19)	1,771,584	19	1,050,484	17
Right-of-use assets (Notes 4, 13 and 19)	249,090	3	69,149	1
Deferred tax assets (Notes 4 and 20)	21,152	-	32,672	-
Other non-current assets (Note 4)	<u>131,662</u>	<u>1</u>	<u>237,976</u>	<u>4</u>
Total non-current assets	<u>2,402,829</u>	<u>26</u>	<u>2,929,281</u>	<u>47</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,127,565</u>	<u>100</u>	<u>\$ 6,241,503</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 14)	\$ 800,000	9	\$ 300,000	5
Contract liabilities - current (Notes 4 and 18)	26,467	-	28,664	-
Notes and accounts payable	581,553	6	382,114	6
Accounts payable to related parties (Note 25)	767	-	742	-
Other payables	322,892	4	184,691	3
Other payables to related parties (Note 25)	396	-	223	-
Current tax liabilities (Notes 4 and 20)	30,176	-	31,757	1
Lease liabilities - current (Notes 4 and 13)	12,361	-	11,353	-
Other current liabilities	<u>7,462</u>	<u>-</u>	<u>4,786</u>	<u>-</u>
Total current liabilities	<u>1,782,074</u>	<u>19</u>	<u>944,330</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 15)	937,491	10	-	-
Deferred tax liabilities (Notes 4 and 20)	41,599	1	-	-
Lease liabilities - non-current (Notes 4 and 13)	28,796	-	38,689	-
Other non-current liabilities	<u>46,191</u>	<u>1</u>	<u>45,957</u>	<u>1</u>
Total non-current liabilities	<u>1,054,077</u>	<u>12</u>	<u>84,646</u>	<u>1</u>
Total liabilities	<u>2,836,151</u>	<u>31</u>	<u>1,028,976</u>	<u>16</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 17)</b>				
Share capital				
Ordinary shares	748,880	8	743,180	12
Capital surplus	4,272,805	47	4,068,511	65
Retained earnings				
Legal reserve	75,001	1	30,208	1
Special reserve	202,897	2	124,319	2
Unappropriated earnings	948,828	10	448,340	7
Other equity	<u>41,927</u>	<u>1</u>	<u>(202,897)</u>	<u>(3)</u>
Total equity attributable to owners of the Company	<u>6,290,338</u>	<u>69</u>	<u>5,211,661</u>	<u>84</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>1,076</u>	<u>-</u>	<u>866</u>	<u>-</u>
Total equity	<u>6,291,414</u>	<u>69</u>	<u>5,212,527</u>	<u>84</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 9,127,565</u>	<u>100</u>	<u>\$ 6,241,503</u>	<u>100</u>

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

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING INCOME (Notes 4, 18 and 25)	\$ 4,612,422	100	\$ 2,685,946	100
OPERATING COST (Notes 4, 10, 19 and 25)	<u>(3,128,804)</u>	<u>(68)</u>	<u>(1,892,694)</u>	<u>(70)</u>
GROSS PROFIT	<u>1,483,618</u>	<u>32</u>	<u>793,252</u>	<u>30</u>
OPERATING EXPENSES (Notes 4, 19 and 25)				
Selling and marketing	(132,004)	(3)	(94,348)	(3)
General and administrative	(313,970)	(6)	(205,703)	(8)
Research and development	<u>(184,009)</u>	<u>(4)</u>	<u>(102,290)</u>	<u>(4)</u>
Total operating expenses	<u>(629,983)</u>	<u>(13)</u>	<u>(402,341)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>853,635</u>	<u>19</u>	<u>390,911</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 4)	109,812	2	106,579	4
Other income	12,074	-	22,476	1
(Loss) gain on disposal of property, plant and equipment (Note 4)	(7,728)	-	6,391	-
Loss on financial assets at FVTPL	(600)	-	-	-
Finance costs	(15,295)	-	(2,253)	-
Other expenses	(5,960)	-	(2,556)	-
Foreign exchange gain (Notes 4 and 26)	<u>57,320</u>	<u>1</u>	<u>9,909</u>	<u>-</u>
Total non-operating income and expenses	<u>149,623</u>	<u>3</u>	<u>140,546</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	1,003,258	22	531,457	20
INCOME TAX EXPENSE (Notes 4 and 18)	<u>(156,279)</u>	<u>(3)</u>	<u>(83,438)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>846,979</u>	<u>19</u>	<u>448,019</u>	<u>17</u>

(Continued)

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ 222,008	5	\$ (100,460)	(4)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>22,859</u>	<u>-</u>	<u>21,872</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>244,867</u>	<u>5</u>	<u>(78,588)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,091,846</u>	<u>24</u>	<u>\$ 369,431</u>	<u>14</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 846,813	18	\$ 447,933	17
Non-controlling interests	<u>166</u>	<u>-</u>	<u>86</u>	<u>-</u>
	<u>\$ 846,979</u>	<u>18</u>	<u>\$ 448,019</u>	<u>17</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,091,637	24	\$ 369,355	14
Non-controlling interests	<u>209</u>	<u>-</u>	<u>76</u>	<u>-</u>
	<u>\$ 1,091,846</u>	<u>24</u>	<u>\$ 369,431</u>	<u>14</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 11.36</u>		<u>\$ 6.17</u>	
Diluted	<u>\$ 11.06</u>		<u>\$ 6.14</u>	

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

(Concluded)

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	Equity Attribute to Owners of the Company (Note 17)										
	Share Capital		Capital Surplus	Retained Earnings				Other Equity	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations			
BALANCE AT JANUARY 1, 2023	66,060	\$ 660,600	\$ 3,168,965	\$ -	\$ -	\$ 302,084	\$ 302,084	\$ (124,319)	\$ 4,007,330	\$ 789	\$ 4,008,119
Appropriation of 2022 earnings											
Legal reserve	-	-	-	30,208	-	(30,208)	-	-	-	-	-
Special reserve	-	-	-	-	124,319	(124,319)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(147,150)	(147,150)	-	(147,150)	-	(147,150)
Net profit for the year ended December 31, 2023	-	-	-	-	-	447,933	447,933	-	447,933	86	448,019
Other comprehensive loss for the year ended December 31, 2023	-	-	-	-	-	-	-	(78,578)	(78,578)	(10)	(78,588)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	447,933	447,933	(78,578)	369,355	76	369,431
Issuance of ordinary shares for cash	8,258	82,580	893,673	-	-	-	-	-	976,253	-	976,253
Share-based compensation expenses (Note 22)	-	-	5,873	-	-	-	-	-	5,873	1	5,874
BALANCE AT DECEMBER 31, 2023	74,318	743,180	4,068,511	30,208	124,319	448,340	602,867	(202,897)	5,211,661	866	5,212,527
Appropriation of 2023 earnings											
Legal reserve	-	-	-	44,793	-	(44,793)	-	-	-	-	-
Special reserve	-	-	-	-	78,578	(78,578)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(222,954)	(222,954)	-	(222,954)	-	(222,954)
Net profit for the year ended December 31, 2024	-	-	-	-	-	846,813	846,813	-	846,813	166	846,979
Other comprehensive income for the year ended December 31, 2024	-	-	-	-	-	-	-	244,824	244,824	43	244,867
Total comprehensive income for the year ended December 31, 2024	-	-	-	-	-	846,813	846,813	244,824	1,091,637	209	1,091,846
Exercise of employee share options	570	5,700	24,179	-	-	-	-	-	29,879	-	29,879
Equity component of convertible bonds issued by the Company (Note 15)	-	-	176,205	-	-	-	-	-	176,205	-	176,205
Share-based compensation expenses (Note 22)	-	-	3,847	-	-	-	-	-	3,847	1	3,848
Other	-	-	63	-	-	-	-	-	63	-	63
BALANCE AT DECEMBER 31, 2024	74,888	\$ 748,880	\$ 4,272,805	\$ 75,001	\$ 202,897	\$ 948,828	\$ 1,226,726	\$ 41,927	\$ 6,290,338	\$ 1,076	\$ 6,291,414

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

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,003,258	\$ 531,457
Adjustments for:		
Depreciation expenses	237,938	172,196
Amortization expenses	1,815	1,381
Net loss on fair value changes of financial assets at FVTPL	600	-
Finance costs	15,295	2,253
Interest income	(109,812)	(106,579)
Share-based compensation expenses	3,848	5,874
Loss (gain) on disposal of property, plant and equipment	7,728	(6,391)
Write-downs of inventories	1,811	22,804
Unrealized loss (gain) on foreign currency exchange	900	(2,168)
Changes in operating assets and liabilities		
Notes and accounts receivable	(714,979)	(452,720)
Accounts receivable from related parties	(24)	693
Inventories	(430,958)	(152,264)
Other current assets	(33,077)	(20,143)
Contract liabilities	(3,648)	738
Notes and accounts payable	173,580	71,694
Accounts payable to related parties	(13)	(298)
Other payables	154,363	68,212
Other payables to related parties	160	(20)
Other current liabilities	<u>2,400</u>	<u>1,164</u>
Cash generated from operations	311,185	137,883
Interest received	78,035	64,050
Interest paid	(10,144)	(2,253)
Income tax paid	<u>(105,334)</u>	<u>(62,230)</u>
Net cash generated from operating activities	<u>273,742</u>	<u>137,450</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in financial assets at amortized cost	251,654	(25,659)
Payments for property, plant and equipment	(931,713)	(161,351)
Proceeds from disposal of property, plant and equipment	-	9,267
Payments for right-of-use assets	(189,983)	-
Decrease (increase) in other non-current assets	<u>114,321</u>	<u>(239,735)</u>
Net cash used in investing activities	<u>(755,721)</u>	<u>(417,478)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	500,000	300,000
Proceeds from issuance of convertible bonds	1,107,259	-
Decrease in other non-current liabilities	(2,135)	(4,182)
Repayment of the principal portion of lease liabilities	(11,725)	(11,751)
Distribution of cash dividends	(222,954)	(147,150)

(Continued)

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Issuance of ordinary shares for cash	\$ -	\$ 976,253
Exercise of stock options	29,879	-
Other	<u>63</u>	<u>-</u>
Net cash generated from financing activities	<u>1,400,387</u>	<u>1,113,170</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>33,940</u>	<u>(9,858)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	952,348	823,284
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,432,071</u>	<u>608,787</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,384,419</u>	<u>\$ 1,432,071</u>

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

(Concluded)

# ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Arizon RFID Technology (Cayman) Co., Ltd. (the “Company”), was established on October 21, 2021 in the Cayman Islands under reorganization mainly for the purpose of applying for listing on Taiwan Stock Exchange (“TWSE”). The Company and its subsidiaries’ (collectively referred to as the “Group”) are mainly engaged in the design, development, manufacture and trading of radio-frequency identification (RFID) system.

The Company’s ultimate parent company is YFY Inc., and the Company’s parent company is YFY Global Investment B.V., which held 61.01% and 61.48% of the Company’s shares as of December 31, 2024 and 2023, respectively.

The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since March 21, 2023.

The Company has shifted its financing activities to primarily use New Taiwan Dollars (NTD). In consideration of improving the efficiency of financing management and in response to changes in economic conditions, the Board of Directors resolved on November 8, 2024 to change the Company’s functional currency from Renminbi (RMB) to New Taiwan Dollars (NTD). In accordance with International Accounting Standard (IAS) 21, this change has been applied prospectively starting from October 1, 2024.

The consolidated financial statements are presented in New Taiwan dollars.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 11, 2025.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

- c. The IFRS Accounting Standards in issue by IASB but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.



- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and

- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 7 and 8 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate. The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such the financial asset is mandatorily classified as at FVTPL. The Group's financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

## 2) Equity instruments

Equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

The financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

## k. Provisions

Provisions, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

The Group identifies contracts with customers and recognizes revenue when performance obligations are satisfied.

Revenue from sale of goods comes from production and sales of RFID software and hardware. Revenue and trade receivables are recognized when the goods are delivered to designated locations and performance obligations are satisfied. Advance payments from sales of goods are recognized as contract liabilities before performance obligations are satisfied.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in future lease payments resulting from a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

## 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

## o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income; in which case, the current and deferred taxes are also recognized in other comprehensive income.



p. Employee share options

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and non-controlling interests. The expense is recognized as an expense in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options and non-controlling interests.

The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares granted to the employees for subscription is confirmed.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimations, and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 106	\$ 54
Checking accounts and demand deposits	1,042,906	731,943
Cash equivalents (investments with original maturities of three months or less)	<u>1,341,407</u>	<u>700,074</u>
	<u>\$ 2,384,419</u>	<u>\$ 1,432,071</u>

The market rate intervals of cash equivalents at the end of the reporting period were as follows:

	December 31	
	2024	2023
Cash equivalents	3.9%-4.68%	1.10%-5.52%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2024	2023
<u>Financial assets at FVTPL - non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Convertible options (Note 15)	\$ 1,300	\$ -

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
<u>Current</u>		
Time deposits with original maturities between 3 months and a year	\$ -	\$ 241,905
Time deposits with original maturities of more than 1 year	<u>1,619,091</u>	<u>216,760</u>
	<u>\$ 1,619,091</u>	<u>\$ 458,665</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 1 year	<u>\$ 228,041</u>	<u>\$ 1,539,000</u>

As of December 31, 2023, the interest rates for time deposits with original maturity between three months and a year was 1.65%-2.1% per annum.

As of December 31, 2024 and 2023, the interest rates for time deposits with original maturity of more than a year were 2.15%-3.55% and 3.10%-3.99%, respectively.

## 9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2024	2023
Notes receivable	\$ 19,249	\$ 8,801
Accounts receivable	1,436,740	684,922
Less: Allowance for impairment loss	<u>(12)</u>	<u>(12)</u>
	<u>\$ 1,455,977</u>	<u>\$ 693,711</u>

The average credit period of sales of goods was 30-90 days The Group established department to manage receivables and related regulations for credit checking and quota management in order to ensure the Company's benefits.

The Group applies the simplified approach for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2024

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>Total</b>
Expected credit loss rate	0.001%	-	
Gross carrying amount	\$ 1,402,899	\$ 53,090	\$ 1,455,989
Loss allowance (Lifetime ECLs)	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Amortized cost	<u>\$ 1,402,887</u>	<u>\$ 53,090</u>	<u>\$ 1,455,977</u>

December 31, 2023

	<b>Not Past Due</b>	<b>Up to 90 Days</b>	<b>Total</b>
Expected credit loss rate	0.001%	-	
Gross carrying amount	\$ 673,298	\$ 20,425	\$ 693,723
Loss allowance (Lifetime ECLs)	<u>(12)</u>	<u>-</u>	<u>(12)</u>
Amortized cost	<u>\$ 673,286</u>	<u>\$ 20,425</u>	<u>\$ 693,711</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 12	\$ 13
Foreign currency exchange gains and losses	<u>-</u>	<u>(1)</u>
Balance at December 31	<u>\$ 12</u>	<u>\$ 12</u>

## 10. INVENTORIES

	December 31	
	2024	2023
Finished	\$ 579,935	\$ 289,718
Work in process	65,771	66,400
Materials	<u>411,388</u>	<u>236,163</u>
	<u>\$ 1,057,094</u>	<u>\$ 592,281</u>

The cost of goods sold for the years ended December 31, 2024 and 2023 included inventory write-downs of \$1,811 thousand and \$22,804 thousand, respectively.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements:

Investor	Investee	Main Business	% of Ownership		
			December 31		Remark
			2024	2023	
The Company	YFY RFID Co. Limited	Investment holding	100.00	100.00	
	ARIZON CORPORATION	Product distribution and technical consulting services	100.00	100.00	a.
	ARIZON TECHNOLOGY (VIETNAM)	Product distribution and R&D services	100.00	-	b.
YFY RFID Co. Limited	Arizon RFID Technology Co., Ltd.	Design, development, manufacture, sale and packaging of RFID (radio frequency identification) products	99.98	99.98	
Arizon RFID Technology Co., Ltd.	Yeon Technologies (Yangzhou) Co., Ltd.	Design and agent of RFID module, system and antenna.	-	100.00	c.
	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Product distribution and R&D services	100.00	100.00	
	Arizon JAPAN Co., Ltd.	Product distribution and technical consulting services	100.00	100.00	

Remarks:

- In order to expand the US market, the Company established ARIZON CORPORATION in August 2023.
- In order to expand the Vietnam market, the Company established ARIZON TECHNOLOGY (VIETNAM) in February 2024 and completed capital injection in the third quarter of 2024.
- In response to organizational business adjustments, Yeon Technologies (Yangzhou) Co., Ltd. was liquidated in August 2024.
- The financial statements of subsidiaries included in the consolidated financial statements are based on the audited amounts.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery	Transportation Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2023	\$ 613,499	\$ 1,746,631	\$ 3,465	\$ 61,905	\$ 2,011	\$ 2,427,511
Additions	-	69,806	1,506	9,272	105,704	186,288
Disposals	-	(14,060)	(1,526)	(341)	-	(15,927)
Effect of foreign currency exchange differences	(10,329)	(27,272)	(57)	(421)	(914)	(38,993)
Reclassifications	-	61,761	-	139	(61,900)	-
Balance at December 31, 2023	<u>\$ 603,170</u>	<u>\$ 1,836,866</u>	<u>\$ 3,388</u>	<u>\$ 70,554</u>	<u>\$ 44,901</u>	<u>\$ 2,558,879</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ 142,174	\$ 1,218,544	\$ 3,292	\$ 22,830	\$ -	\$ 1,386,840
Depreciation expenses	29,322	120,302	24	9,471	-	159,119
Disposals	-	(11,279)	(1,449)	(323)	-	(13,051)
Effect of foreign currency exchange differences	(2,982)	(21,282)	(27)	(222)	-	(24,513)
Reclassifications	-	(248)	-	248	-	-
Balance at December 31, 2023	<u>\$ 168,514</u>	<u>\$ 1,306,037</u>	<u>\$ 1,840</u>	<u>\$ 32,004</u>	<u>\$ -</u>	<u>\$ 1,508,395</u>
Carrying amounts at December 31, 2023	<u>\$ 434,656</u>	<u>\$ 530,829</u>	<u>\$ 1,548</u>	<u>\$ 38,550</u>	<u>\$ 44,901</u>	<u>\$ 1,050,484</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 603,170	\$ 1,836,866	\$ 3,388	\$ 70,554	\$ 44,901	\$ 2,558,879
Additions	298	306,149	3,532	89,345	504,555	903,879
Disposals	-	(138,377)	-	(1,440)	-	(139,817)
Effect of foreign currency exchange differences	31,607	79,771	216	1,546	3,761	116,901
Reclassifications	19,015	306,447	-	21,422	(346,884)	-
Balance at December 31, 2024	<u>\$ 654,090</u>	<u>\$ 2,390,856</u>	<u>\$ 7,136</u>	<u>\$ 181,427</u>	<u>\$ 206,333</u>	<u>\$ 3,439,842</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ 168,514	\$ 1,306,037	\$ 1,840	\$ 32,004	\$ -	\$ 1,508,395
Depreciation expenses	29,905	172,979	872	19,747	-	223,503
Disposals	-	(130,901)	-	(1,188)	-	(132,089)
Effect of foreign currency exchange differences	9,107	58,555	105	682	-	68,449
Reclassifications	-	821	-	(821)	-	-
Balance at December 31, 2024	<u>\$ 207,526</u>	<u>\$ 1,407,491</u>	<u>\$ 2,817</u>	<u>\$ 50,424</u>	<u>\$ -</u>	<u>\$ 1,668,258</u>
Carrying amounts at December 31, 2024	<u>\$ 446,564</u>	<u>\$ 983,365</u>	<u>\$ 4,319</u>	<u>\$ 131,003</u>	<u>\$ 206,333</u>	<u>\$ 1,771,584</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years
Machinery	5-10 years
Transportation equipment	5 years
Miscellaneous equipment	3-6 years

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Land	\$ 211,450	\$ 19,989
Buildings	37,351	48,343
Others	<u>289</u>	<u>817</u>
	<u>\$ 249,090</u>	<u>\$ 69,149</u>
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Additions to right-of-use assets	<u>\$ 192,344</u>	<u>\$ 56,692</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,027	\$ 510
Buildings	11,660	11,592
Others	<u>748</u>	<u>975</u>
	<u>\$ 14,435</u>	<u>\$ 13,077</u>

#### b. Lease liabilities

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
<u>Carrying amounts</u>		
Current	<u>\$ 12,361</u>	<u>\$ 11,353</u>
Non-current	<u>\$ 28,796</u>	<u>\$ 38,689</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Buildings	1.45%-2.28%	2.28%-7.4%
Others	1.52%-4.6%	1.52%-4.6%

#### c. Material lease-in activities and terms

The Group leases certain equipment, plant and office for the use of operating activities with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options at the end of the lease terms.

The lease contract for land and buildings located in mainland China and Vietnam specifies that land and buildings are mainly used as plants, and lease payments will be made at the beginning of the contract with lease terms of 50 and 47 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 19,797</u>	<u>\$ 5,174</u>
Total cash outflow for leases	<u>\$ 222,595</u>	<u>\$ 17,963</u>

#### 14. SHORT-TERM BORROWINGS

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Bank credit loans	<u>\$ 800,000</u>	<u>\$ 300,000</u>

As of December 31, 2024 and 2023, the interest rates of short-term borrowings were 2.08%-2.27% and 1.95%-1.98%, respectively.

#### 15. BONDS PAYABLE

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Unsecured domestic convertible bonds	<u>\$ 937,491</u>	<u>\$ -</u>

On August 7, 2024, the Company's board of directors resolved to issue domestic unsecured convertible bonds for the first time, which were subsequently issued on October 15, 2024, the issuance period is 3 years, with total issued amount \$1,000,000 thousand, with a 0% coupon rate, the total amount for subscription was \$1,114,566 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$305.5. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. The bonds will be held on the next day after the expiration of 3 months (January 16, 2025) until the maturity date (October 15, 2027), holders may convert their bonds into the Company's ordinary shares.

If the convertible bonds are not converted between January 16, 2025 and September 5, 2027, and the closing price of ordinary shares has exceeded 30% of the current conversion price for 30 consecutive trading days, the Company may send a copy of "Debt Rebate Notice" with expiration of one month by registered mail within the next 30 trading days. The aforementioned period is calculated from the delivery of mail, and the expiration date of the period is determined as the base date for recovery of bonds. The Company have to redeem the bonds at their par value in cash within 5 trading days following the base date.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The effective interest rate of the liability component was 2.32% per annum on initial recognition.

Proceeds from issuance (less transaction costs of \$7,307 thousand)	\$ 1,107,259
Equity component (less transaction costs allocated to the equity component of \$1,161 thousand)	(176,205)
Interest charged at an effective interest rate of 2.32%	4,537
Net loss of financial assets at fair value through profit or loss	<u>600</u>
Liability component at December 31, 2024 (bonds payable of \$937,491 thousand and financial assets at fair value through profit or loss - non-current of \$1,300 thousand)	<u>\$ 936,191</u>

## 16. RETIREMENT BENEFIT PLANS

### Defined Contribution Plans

Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of Arizona RFID Technology Co., Ltd., Yeon Technologies (Yangzhou) Co., Ltd. and Arizona JAPAN Co., Ltd. of the Group are members of a state-managed retirement benefit plan operated by their local governments. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

## 17. EQUITY

### a. Ordinary shares

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized (\$10 per share)	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued (in thousands)	<u>74,888</u>	<u>74,318</u>
Shares issued	<u>\$ 748,880</u>	<u>\$ 743,180</u>

On December 14, 2022, the Company's board of directors resolved to issue 8,258 thousand new shares before listing with a par value of \$10. The subscription base date was March 17, 2023. The exercise prices of the shares consist of the weighted average bid price for a competitive auction of \$133.22 per share and the price of shares for a public offering of \$83.58 per share. The Company collected the abovementioned proceeds, amounting to \$985,323 thousand. The transaction was approved by the Taiwan Stock Exchange Corporation on January 30, 2023. The total paid-in capital after the capital increase was \$743,180 thousand.

In the third quarter of 2024, employees of the company exercised stock options to convert 570 thousand shares into ordinary shares. The conversion date was August 20, 2024, and the paid-in capital after the capital increase amounted to \$748,880 thousand.



b. Capital surplus

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Share Premium	\$ 4,096,537	\$ 4,060,273
Share Options	176,205	-
Proceeds from claim for the disgorgement of profit	63	-
Employee Share Options	<u>-</u>	<u>8,238</u>
	<u><b>\$ 4,272,805</b></u>	<u><b>\$ 4,068,511</b></u>

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, and setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, the distribution of dividend may be in cash or in shares to shareholders, as well as the Company shall take the Company's capital expenditures, future expansion plans, and financial structure, funds requirement and other plans for sustainable development into consideration on the dividend the Company wish to distribute based on the Company's dividends policy. Every year, no less than 30% of the available profit shall be distributed as shareholder dividends. The distribution of dividends may be in cash or in shares, of which the cash dividends should be no less than 20%. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 19(c).

The legal reserve may be used to offset deficit. If the Company has no deficit, all or a portion of its legal reserve, or the capital surplus which arises out of the share premium or donations to the Company may be transferred to capital, issue new shares or distribute to the Members in cash, by a resolution adopted by a majority of the shareholders who represent two-thirds or more of the total number of shareholders in a shareholders' meeting.

Items referred to under Rule No. 1010047490, Rule No. 1030006415 and Rule No. 1090150022 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", should be appropriated to or reversed from a special reserve by the Company. When the deduction balance of other shareholders' equity is reversed, the surplus may be distributed thereafter.

The appropriations of earnings for 2023, which were proposed by the shareholders in their meeting on June 27, 2024, were as follows:

	<b>For the Year Ended December 31, 2023</b>
Legal reserve	<u>\$ 44,793</u>
Special reserve	<u>\$ 78,578</u>
Cash dividends	<u>\$ 222,954</u>
Cash dividends per share (NT\$)	<u><u>\$ 3</u></u>

The appropriations of earnings for 2024, which were proposed by the Company's board of directors on March 11, 2025, were as follows:

	<b>For the Year Ended December 31, 2024</b>
Legal reserve	<u>\$ 84,681</u>
Reversal of special reserve	<u>\$ (202,897)</u>
Cash dividends	<u>\$ 411,884</u>
Cash dividends per share (NT\$)	<u>\$ 5.5</u>

The appropriations of earnings for 2024 will be approved by the shareholders in their meeting to be held in June 2025. Information about the appropriations of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Balance at January 1	\$ 866	\$ 789
Attributable to non-controlling interests:		
Share-based payment	1	1
Share of profit for the year	166	86
Other comprehensive income (loss) during the year	<u>43</u>	<u>(10)</u>
Balance at December 31	<u>\$ 1,076</u>	<u>\$ 866</u>

## 18. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers - sale of goods	\$ 4,515,414	\$ 2,617,180
Other income	<u>97,008</u>	<u>68,766</u>
	<u>\$ 4,612,422</u>	<u>\$ 2,685,946</u>

### Contract Balances

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Notes receivable and accounts receivable	\$ 1,455,977	\$ 693,711
Receivables from related parties	<u>24</u>	<u>-</u>
	<u>\$ 1,456,001</u>	<u>\$ 693,711</u>
Contract liabilities - current	<u>\$ 26,467</u>	<u>\$ 28,664</u>

The amount of contract liabilities from the beginning of the year recognized as income in the current period is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers - sale of goods	<u>\$ 12,571</u>	<u>\$ 11,929</u>

For information about notes receivable and accounts receivable, refer to Note 9. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

## 19. NET PROFIT

### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Right-of-use assets	\$ 223,503	\$ 159,119
Property, plant and equipment	14,435	13,077
Intangible asset (under other non-current assets)	<u>1,815</u>	<u>1,381</u>
	<u>\$ 239,753</u>	<u>\$ 173,577</u>
An analysis of depreciation by function		
Operating costs	\$ 162,018	\$ 133,126
Operating expenses	<u>75,920</u>	<u>39,070</u>
	<u>\$ 237,938</u>	<u>\$ 172,196</u>
An analysis of amortization by function		
Operating costs	\$ 36	\$ -
Operating expenses	<u>1,779</u>	<u>1,381</u>
	<u>\$ 1,815</u>	<u>\$ 1,381</u>

### b. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 653,220	\$ 417,641
Share-based payment	3,848	5,874
Post-employment benefits		
Defined contribution plans	<u>29,971</u>	<u>21,615</u>
	<u>\$ 687,039</u>	<u>\$ 445,130</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 366,231	\$ 229,019
Operating expenses	<u>320,808</u>	<u>216,111</u>
	<u>\$ 687,039</u>	<u>\$ 445,130</u>

As of December 31, 2024 and 2023, the Group had 867 and 682 employees with 4 directors that were not adjunct employees, respectively. The calculation basis is consistent with the employee benefits.

c. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors were as follows:

The compensation of employees and remuneration of directors for the years ended December 31, 2024 and 2023 were approved by the Company's board of directors on March 11, 2025 and March 12, 2024, respectively were as follows:

Amount

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Compensation of employees	\$ 8,695	\$ 4,630
Remuneration of directors	13,500	7,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the ended 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 20. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Current tax		
In respect of the current year	\$ 120,283	\$ 74,759
Adjustments for prior years	<u>(18,211)</u>	<u>5,645</u>
	<u>102,072</u>	<u>80,404</u>
Deferred tax		
In respect of the current year	49,102	3,034
Adjustments for prior years	<u>5,105</u>	<u>-</u>
	<u>54,207</u>	<u>3,034</u>
Income tax expense recognized in profit or loss	<u>\$ 156,279</u>	<u>\$ 83,438</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit before tax	<u>\$ 1,003,258</u>	<u>\$ 531,457</u>
Income tax expense calculated at the statutory rate	\$ 189,281	\$ 70,786
Permanent differences	(5,034)	426
(Offset) Loss carryforwards unrecognized	(25,456)	7,034
Adjustments for prior years	(13,106)	5,645
Other	<u>10,594</u>	<u>(453)</u>
Income tax expense recognized in profit or loss	<u>\$ 156,279</u>	<u>\$ 83,438</u>

The applicable tax rate of 15% for designated high and new technology enterprises is used by Arizon RFID Technology Co., Ltd., the Group's subsidiary in China. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2024

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Depreciation of property, plant and equipment	\$ 21,807	\$ (6,357)	\$ 1,063	\$ 16,513
Allowance for loss on inventories	5,231	(2,772)	241	2,700
Others	<u>5,634</u>	<u>(3,943)</u>	<u>248</u>	<u>1,939</u>
	<u>\$ 32,672</u>	<u>\$ (13,072)</u>	<u>\$ 1,552</u>	<u>\$ 21,152</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Others	<u>\$ -</u>	<u>\$ 41,135</u>	<u>\$ 464</u>	<u>\$ 41,599</u>

For the year ended December 31, 2023

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Depreciation of property, plant and equipment	\$ 27,273	\$ (5,109)	\$ (357)	\$ 21,807
Allowance for loss on inventories	2,056	3,275	(100)	5,231
Others	<u>6,927</u>	<u>(1,200)</u>	<u>(93)</u>	<u>5,634</u>
	<u>\$ 36,256</u>	<u>\$ (3,034)</u>	<u>\$ (550)</u>	<u>\$ 32,672</u>

- c. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

Arizon RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch

	<b>December 31, 2024</b>
Loss carryforwards	
Expiry in 2032	\$ 31,574
Expiry in 2033	<u>32,903</u>
	<u>\$ 64,477</u>

- d. Income tax assessments

The tax filings of Arizona RFID Technology (Hong Kong) Co., Ltd., Taiwan Branch through 2022 have been approved by the tax authorities.

- e. Pillar Two income tax legislation

In December 2023, the government of Hong Kong, where Arizona RFID Technology (Hong Kong) Co., Ltd. is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2025. Since the Pillar Two income tax legislation was not effective at the reporting date, the Group has no related current tax exposure.

The government of Vietnam, where ARIZON TECHNOLOGY (VIETNAM) is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. As of December 31, 2024, there was no significant impact on the Group's current income tax.

The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

## 21. EARNINGS PER SHARE

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Basic earnings per share (NT\$)	<u>\$ 11.36</u>	<u>\$ 6.17</u>
Diluted earnings per share (NT\$)	<u>\$ 11.06</u>	<u>\$ 6.14</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net profit for the year:

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Earnings used in the computation of basic earnings per share	\$ 846,813	\$ 447,933
Effect of potentially dilutive ordinary shares		
Interest on convertible bonds after tax	<u>4,537</u>	<u>-</u>
Earnings used in the computation of basic earnings per share	<u>\$ 851,350</u>	<u>\$ 447,933</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	\$ 74,525	\$ 72,599
Effect of potentially dilutive ordinary shares:		
Convertible bonds	2,137	-
Employee share options	284	357
Compensation of employees	<u>42</u>	<u>42</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>\$ 76,988</u>	<u>\$ 72,998</u>

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 22. SHARE-BASED PAYMENT ARRANGEMENTS

The board of directors resolved to issue 595 employee share options on July 12, 2022. The Company granted the right to subscribe for 1 thousand ordinary shares to specific employees on August 16, 2022 (the date of the number of shares for employees to subscribe is confirmed). The exercise price per share of ordinary shares for employee stock subscription is \$57.4. Pursuant to the Company's "Regulations Governing Issuance and Exercising of Employee Share Options," the options granted are valid for 3 years and exercisable at the following vesting conditions after the second anniversary of the grant date. For any subsequent changes in the Company's capital structure, the exercise price is adjusted according to the terms.

Information on employee share options issued and weighted average exercise price is as follows:

Employee Share Option	For the Year Ended December 31, 2024		For the Year Ended December 31, 2023	
	Number of Units (In Thousands)	Weighted Average Exercise Price (NT\$)	Number of Units (In Thousands)	Weighted Average Exercise Price (NT\$)
Balance at January 1	595	\$ 57.4	595	\$ 57.4
Options exercised	(570)	52.42	-	-
Options expired	(25)	-	-	-
Balance at December 31	<u>-</u>		<u>595</u>	
Options exercisable, end of period	<u>-</u>		<u>-</u>	

The Company measured employee share options by using the Black-Scholes-Merton Option Pricing Model, and the inputs to the models were as follows:

**August 16, 2022**

Per share price at the grant date	\$65.64
Exercise price per share	\$57.40
Expected share price volatility (%)	42.47
Expected lives (years)	2.5
Risk free interest rate (%)	0.92

The Company has an exercise price adjustment formula for the changes in ordinary shares, and the exercise price per share was adjusted from \$57.4 to \$52.42, effective August 2024.

The compensation of employees recognized on the consolidated statement of comprehensive income were \$3,848 thousand and \$5,874 thousand for the years ended December 31, 2024 and 2023, respectively.

## 23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through consideration of the future operational plan, profitability, capital expenditure, operating income and debt repayment when assessing various costs and risks. In order to balance the overall capital and financial structure, the Group may pay dividends, issue new shares, etc.

## 24. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.



b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL - non-current				
Redemption option on convertible bonds	\$ -	\$ 1,300	\$ -	\$ 1,300

There were no transfers between Levels 1 and 2 in the current year.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Redemption option on convertible bonds	Under the assumption that corporate bond will be redeemed on September 5, 2027, discount rate adopted is calculated via interpolation method using government bond yield rates from public offer 2-year and 5-year period.

c. Categories of financial instruments

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.

	December 31	
	2024	2023
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 5,825,711	\$ 4,221,957
Financial assets at FVTPL	1,300	-
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	2,643,405	868,022

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, other receivables (accounted as other current assets), current financial assets at amortized cost, non-current financial assets at amortized cost, and refundable deposits (accounted as other current assets and other non-current assets).
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, accounts payable to related parties, other payables, other payables to related parties, bonds payable and deposits received (accounted as other current liabilities and other non-current liabilities).

d. Financial risk management objectives and policies

The Group's main objective of financial risk management is to manage the market risk related to operating activity including foreign currency risk, interest rate risk, credit risk and liquidity risk. To reduce the potential and detrimental influence of market fluctuations on the Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity is reviewed and approved by the board of directors in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures. The Group did not enter into or trade financial instruments for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. For a 5% weakening of the New Taiwan Dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit.

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Profit or loss at 5% variance		
USD	<u>\$ 75,042</u>	<u>\$ 47,636</u>

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
Fair value interest rate risk		
Financial assets	<u>\$ 3,188,539</u>	<u>\$ 2,697,739</u>
Financial liabilities	<u>\$ 978,648</u>	<u>\$ 50,042</u>
Cash flow interest rate risk		
Financial assets	<u>\$ 1,042,906</u>	<u>\$ 731,943</u>
Financial liabilities	<u>\$ 800,000</u>	<u>\$ 300,000</u>

Due to the close and long-term relationship with banks, the Group obtained better and flexible interest rates from banks. The impact of the change in interest rates is not significant to the Group.

### Sensitivity analysis

For the Group's floating interest rate financial assets and liabilities, if interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would have increased/decreased as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2024</u></b>	<b><u>2023</u></b>
Increase/decrease	\$ <u>243</u>	\$ <u>432</u>

#### 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation is at the level of the carrying amounts of the respective recognized financial assets which comprise receivables from operating activities as stated in the consolidated balance sheets.

To maintain the quality of the accounts receivable, the Group has developed a credit risk management procedure to reduce the credit risk from specific customer. The credit evaluation of individual customer includes considering factors that will affect its payment ability such as financial condition, past transaction records and current economic conditions. Credit risk of bank deposits, fixed-income investments and other financial instruments with banks is evaluated and monitored by the Group's finance department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, there was no significant credit risk.

#### 3) Liquidity risk

The objective of liquidity risk management is to maintain adequate cash and cash equivalents with high liquidity and to ensure the Group has sufficient financial flexibility. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

December 31, 2024 and 2023, the Group had available unutilized bank loan facilities of \$660,000 thousand and \$80,000 thousand, respectively.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods by financial institutions. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the financial institutes choosing to exercise their rights.

To the extent that interest cash flows paid at floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2024

	<b>On Demand or Less than 1 Month</b>	<b>1-5 Years</b>
Variable interest rate liabilities	\$ 800,304	\$ -
Fixed interest rate liabilities	-	1,000,000
Lease liabilities	<u>13,193</u>	<u>29,531</u>
	<u>\$ 813,497</u>	<u>\$ 1,029,531</u>

December 31, 2023

	<b>On Demand or Less than 1 Month</b>	<b>1-5 Years</b>
Variable interest rate liabilities	\$ 300,755	\$ -
Lease liabilities	<u>12,391</u>	<u>40,137</u>
	<u>\$ 313,146</u>	<u>\$ 40,137</u>

## 25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
YFY Packaging Inc.	Fellow subsidiary
Fidelis IT Solutions Co., Ltd.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
YFY Corporate Advisory & Services Co., Ltd.	Fellow subsidiary
YFY Paper Enterprise (Nanjing) Co., Ltd.	Fellow subsidiary
Yuen Foong Shop Co., Ltd.	Fellow subsidiary
Chung Hwa Pulp Corporation	Fellow subsidiary
China Color Printing Co., Ltd.	Fellow subsidiary
Yuen Foong Yu Paper Enterprise (Vietnam) Binh Duong Co., Ltd.	Fellow subsidiary
Yuen Foong Yu Paper Enterprise (Vietnam) Co., Ltd.	Fellow subsidiary
Yuen Foong Yu Paper Enterprise (Dong Nai) Co., Ltd.	Fellow subsidiary
YFY Packaging (Ha Nam) Co., Ltd.	Fellow subsidiary
Hsin-Yi Enterprise Co., Ltd.	Substantive related party
Yuen Foong Paper Co., Ltd.	Substantive related party
SinoPac Securities Corporation	Substantive related party
Transcend Optonics (Yangzhou) Co., Ltd.	Substantive related party
Bank SinoPac Co., Ltd.	Substantive related party

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Substantive related parties	\$ 1,778	\$ 479
Fellow subsidiaries	<u>300</u>	<u>6,796</u>
	<u>\$ 2,078</u>	<u>\$ 7,275</u>

For sales of goods to related parties, the prices and terms of receivables approximate those with non-related parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2024	2023
Fellow subsidiaries	\$ 4,117	\$ 2,629
Substantive related parties	<u>9</u>	<u>-</u>
	<u>\$ 4,126</u>	<u>\$ 2,629</u>

For purchases of goods from related parties, the prices and terms of payables approximate those with non-related parties.

d. Accounts receivable from related parties

Related Party Category	December 31	
	2024	2023
Fellow subsidiaries	<u>\$ 24</u>	<u>\$ -</u>

The outstanding accounts receivable from related parties are unsecured.

e. Accounts payable to related parties

Related Party Category	December 31	
	2024	2023
Fellow subsidiaries	<u>\$ 767</u>	<u>\$ 742</u>

The outstanding accounts payable to related parties are unsecured.

f. Other payables to related parties

Related Party Category	December 31	
	2024	2023
Substantive related parties	\$ 227	\$ 223
Fellow subsidiaries	<u>169</u>	<u>-</u>
	<u>\$ 396</u>	<u>\$ 223</u>

g. Lease arrangements

<b>Lease Paid</b>	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Substantive related parties	<u>\$ 2,046</u>	<u>\$ 2,089</u>

The lease period, rent and the payment condition for related parties approximate those with non-related parties.

h. Other transactions with related parties

<b>Related Party Category</b>	<b>Miscellaneous Expenses (Accounted for as Operating Costs)</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Fellow subsidiaries	<u>\$ 1,599</u>	<u>\$ 3,233</u>

<b>Related Party Category</b>	<b>Operating Expenses</b>	
	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Substantive related parties	\$ 2,060	\$ 1,144
Fellow subsidiaries	<u>690</u>	<u>291</u>
	<u>\$ 2,750</u>	<u>\$ 1,435</u>

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 63,889	\$ 54,305
Post-employment benefits	839	756
Share-based payments	<u>2,054</u>	<u>3,286</u>
	<u>\$ 66,782</u>	<u>\$ 58,347</u>

The remuneration of directors and key executives as determined by the remuneration committee, was based on the performance of individuals and market trends.

## 26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information on the foreign currencies other than the functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 58,653	32.785 (USD:RMB)	\$ 1,922,939
<u>Financial liabilities</u>			
Monetary items USD	12,875	32.785 (USD:RMB)	422,107
December 31, 2023			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items USD	\$ 37,765	7.0827 (USD:RMB)	\$ 1,159,574
<u>Financial liabilities</u>			
Monetary items USD	6,737	7.0827 (USD:RMB)	206,860

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	For the Year Ended 2024		For the Year Ended 2023	
	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Foreign Currency: Functional Currency)	Net Foreign Exchange (Losses) Gains
USD	7.1884 (USD:RMB)	\$ 27,196	7.0827 (USD:RMB)	\$ 12,033
USD	32.785 (USD:NTD)	15,715	30.705 (USD:NTD)	(16,053)
USD	0.000282 (USD:VND)	<u>14,997</u>	0.23 (NTD:RMB)	<u>11,469</u>
		<u>\$ 57,908</u>		<u>\$ 7,449</u>

## 27. SEPARATELY DISCLOSED ITEMS

### a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (Table 3)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 6)
- 11) Information on investees (Table 7)

### b. Information on investments in mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.



- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

## 28. SEGMENT INFORMATION

- a. Segment revenue and results are as follows:

Information reported to the chief operating decision maker (CODM) for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. According to the operating result of resource allocation and assessment of segment performance reviewed by CODM, the parent company and its subsidiaries, which mainly are engaging in the design, development, manufacture and trading of radio-frequency identification (RFID) system, have been aggregated into a single operating segment. The measurement of the segment's income, assets, and liabilities is the same as the standard of financial statement preparation.

- b. Revenue from major products and services

Please refer to Note 18 for the analysis of the Group's revenue from continuing operations from its major products and services.

- c. Geographical information is as follows:

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Taiwan	\$ 36,788	\$ 23,126	\$ 471,021	\$ 442,003
Mainland China	1,871,865	1,342,760	1,597,305	2,443,793
Other	<u>2,703,769</u>	<u>1,320,060</u>	<u>313,351</u>	<u>10,813</u>
	<u>\$ 4,612,422</u>	<u>\$ 2,685,946</u>	<u>\$ 2,381,677</u>	<u>\$ 2,896,609</u>

- d. Information on major customers

The single customer contributed 10% or more to the Group's revenue for both 2024 and 2023 was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2024</b>		<b>2023</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Company A	\$ 1,426,736	31	\$ 1,088,189	41
Company B	966,810	21	2,423	-
Company C	386,013	8	414,276	15

**TABLE 1****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 2)	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)	Note
													Item	Value			
0	The Company	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Other receivables - related parties	Yes	\$ 140,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	None	\$ -	\$ 2,321,084	\$ 2,321,084	
		Arizon Corporation	Other receivables - related parties	Yes	197,010	196,710	183,596	3.05	Short-term financing	-	Operating capital	-	None	-	580,271	580,271	
		Arizon Technology (Vietnam) Co., Ltd.	Other receivables - related parties	Yes	327,850	327,850	-	2.80	Short-term financing	-	Operating capital	-	None	-	2,321,084	2,321,084	

Note 1: Column is numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered starting from "1".

Note 2: The maximum balance of financings provided in the current year.

Note 3: Reasons for short-term financing were due to purchasing materials or operational turnover requirements, the total amount of loans shall not exceed 40% of the Company's net equity value based on its latest financial statements which were reviewed and attested by certified public accountants; the total amount of each borrower loans shall not exceed 40% of the Company's net equity value based on its latest financial statements which were reviewed and attested by certified public accountants.

Reasons for short-term financing were due to the need of business, the amount loaned to a company from the Company or subsidiaries shall not exceed 10% of the entity's net worth.

**TABLE 2****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorser/Guarantor		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 4)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount (Note 6)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 7)
		Name	Relationship (Note 2)										
0	The Company	Arizon RFID Technologies (Hong Kong) Co., Ltd.	b.	\$ 8,704,067	\$ 1,030,000	\$ 1,030,000	\$ 800,000	\$ -	17.75	\$ 11,605,422	Y	N	N

Note 1: The description of the number column is as follows:

- a. 0 for the issuer.
- b. Investees are numbered starting from “1”.

Note 2: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- a. Having a business relationship.
- b. The endorser/guarantor directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
- c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- d. Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
- e. Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or joint builders for purposes of undertaking a construction project.
- f. Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- g. Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The limit of the company's endorsement guarantee for a single enterprise is 150% of the net equity value of the latest financial statement issued by an accountant; the maximum limit of the endorsement guarantee is 200% of the net equity value of the latest financial statement issued by an accountant.

Note 4: The maximum balance of endorsement guarantee for others in the current year.

Note 5: The amount approved by the board of directors should be entered. However, if the board of directors authorizes the chairman of the board of directors to make a decision in accordance with Article 12, Paragraph 8 of the Guidelines for Handling Fund Loans and Endorsement Guarantees of Publicly Offered Companies, it refers to the amount decided by the chairman of the board.

Note 6: This represents the actual expenditure amount of the endorsed guarantee company within the scope of the balance of the endorsement guarantee.

Note 7: Only those who are endorsed and guaranteed by the parent company to the subsidiary, those who are endorsed and guaranteed by the subsidiary to the parent company, and those who are endorsed and guaranteed by the mainland must fill in Y.

TABLE 3

## ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note)	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Arizon RFID Technology Co., Ltd.	Negotiable certificates of deposit							
	Agricultural Bank of China RMB	-	Financial assets at amortized cost - current	-	\$ 273,649	-	\$ 273,649	
	Large-denomination Certificate of Deposit for Corporate Clients No. 046 in 2022				(RMB 60,000 thousand)		(RMB 60,000 thousand)	
	Bank of Communications RMB	-	"	-	136,825	-	136,825	
	Large-denomination Certificate of Deposit for Corporate Clients No. 131 in 2022				(RMB 30,000 thousand)		(RMB 30,000 thousand)	
	Merchants Bank Co., Ltd. Time Deposit	-	Financial assets at amortized cost - non-current	-	228,041	-	228,041	
					(RMB 50,000 thousand)		(RMB 50,000 thousand)	

Note: The securities mentioned in the table above are those classified as financial instruments under IFRS 9, including shares, bonds, beneficiary certificates, and all other securities derived from those items.

**TABLE 4****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Arizon RFID Technologies (Hong Kong) Co., Ltd.	ARIZON CORPORATION	b.	Sale	\$ (816,239)	(65.00)	As agreed in contract	\$ -	-	\$ 529,005	88.00	Note 2
ARIZON CORPORATION	Arizon RFID Technologies (Hong Kong) Co., Ltd.	b.	Purchase	816,239	100.00	As agreed in contract	-	-	(529,055)	(100.00)	Note 2
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	a.	Sale	(539,551)	(14.00)	As agreed in contract	-	-	392,430	37.00	Note 2
Arizon RFID Technologies (Hong Kong) Co., Ltd.	Arizon RFID Technology Co., Ltd. Arizon RFID Technology Co., Ltd.	a.	Purchase	539,551	50.00	As agreed in contract	-	-	(392,430)	(91.00)	Note 2
		a.	Sale	(156,122)	(12.00)	As agreed in contract	-	-	27,266	5.00	Note 2
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	a.	Purchase	156,122	6.00	As agreed in contract	-	-	(27,266)	(5.00)	Note 2

Note 1: a. Parent and subsidiary.  
b. Fellow subsidiary.  
c. Substantive related part.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

**TABLE 5****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2024**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Arizon RFID Technologies (Hong Kong) Co., Ltd.	ARIZON CORPORATION	Fellow subsidiary	\$ 529,005	2.56%	\$ -	-	\$ 266,683	\$ -
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Intercompany	392,430	2.35%	-	-	219,584	-

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

**TABLE 6****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Subsidiary	Sales	\$ 539,551	By market price	12.00
				Accounts receivable	392,430	By market price	4.00
2	Arizon RFID Technologies (Hong Kong) Co., Ltd.	ARIZON CORPORATION	Fellow subsidiary	Sales	816,239	By market price	18.00
		Arizon RFID Technology Co., Ltd.	Parent company	Accounts receivable	529,005	By market price	6.00
				Sales	156,122	By market price	3.00

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 7

## ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		As of December 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note (Note 2)
				December 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
The Company	YFY RFID Co., Ltd.	13/F Amber Commercial Building, 70 Morrison Hill Road, Wanchai, Hong Kong	Investment and holding	\$ 4,183,464 (US\$ 127,603 thousand)	\$ 4,183,464 (US\$ 127,603 thousand)	29,584,886	100.00	\$ 5,377,658	\$ 787,545	\$ 806,153	Subsidiary
	ARIZON CORPORATION	919 N. Market Street #950, Wilmington, Delaware 19801	Product distribution and technical consulting services	8,196 (US\$ 250 thousand)	3,279 (US\$ 100 thousand)	25	100.00	32,186	22,694	22,694	Subsidiary
	ARIZON TECHNOLOGY (VIETNAM)	Plot CN 01.9 and 01.10, Industrial Park No. 05, An Thi District, Hung Yen Province	Product distribution and R&D services	458,990 (US\$ 14,000 thousand)	-	-	100.00	452,265	16,001	16,001	Subsidiary
Arizon RFID Technology Co., Ltd.	Arizon RFID Technologies (Hong Kong) Co., Ltd.	Room 2702-03 CC Wu Building, 302-8 Hennessy Road, Wan Chai, Hong Kong	Product distribution and R&D services	721,270 (US\$ 22,000 thousand)	721,270 (US\$ 22,000 thousand)	22,000,000	100.00	455,790	87,087	24,263	Subsidiary
	Arizon JAPAN Co., Ltd.	11-2-3-chome, Nishishinjuku, Shinjuku-ku, Tokyo, Japan	Product distribution and technical consulting services	10,495 (JPY 50,000 thousand)	10,495 (JPY 50,000 thousand)	1,000	100.00	8,091	1,159	1,150	Subsidiary

Note 1: Converted based on the exchange rates of US\$1=NT\$32.785 or JPY1=NT\$0.2099 as of December 31, 2024.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 3: Refer to Table 8 for information on investments in mainland China.



TABLE 8

## ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
Arizon RFID Technology Co., Ltd.	Design, development, manufacture, sale and packaging of RFID (radio frequency identification) products	\$ 886,122 (RMB 194,290 thousand)	(b)	\$ 832,477 (US\$ 25,392 thousand)	\$ -	\$ -	\$ 832,477 (US\$ 25,392 thousand)	\$ 827,757	99.98	\$ 827,591 (Note 4, b.)	\$ 5,377,519 (Note 4, b.)	\$ -	Note 3
Yeon Technologies (Yangzhou) Co., Ltd.	Design and agent of RFID module, system and antenna.	-		-	-	-	-	(3,608)	-	(3,428) (Note 4, b.)	- (Note 4, b.)	-	Note 3

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$832,477	\$832,477	N/A

Note 1: Converted based on the exchange rates of US\$1=NT\$32.785 or RMB1=NT\$4.56082 as of December 31, 2024.

Note 2: Methods of investment and the related investors are as follows:

- a. Direct investment in mainland China and the investors.
- b. Investment in mainland China through companies set up in another company, the investor is YFY RFID Co., Ltd.
- c. Investment in mainland China through companies set up in another company, the investor is Arizon RFID Technology Co., Ltd.

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: The recognition basis for investment gain (loss) is as follows:

- a. Financial statements audited by an international CPA firm with the cooperation of the ROC CPA firm.
- b. Financial statements audited by the ROC CPA firm.
- c. Others.

**TABLE 9****ARIZON RFID TECHNOLOGY (CAYMAN) CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
YFY Global Investment B.V.	45,694,935	61.01

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

# **Arizon RFID Technology (Cayman) Co., Ltd.**



Chairman Felix Ho





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