



Stock Code : 6643

# M31 Technology Corporation

## 2024 General Shareholders' Meeting

### Meeting Handbook (Translation)

Time: 9:00AM, May 27, 2024

Place: 2F., No.3 Tai-Yuan 1st Street, Zhubei City, Hsinchu County, Taiwan  
(Banquet Hall)

Meeting type: Physical shareholders' meeting

#### Notice to Readers

*This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.*

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# **M31 Technology Corporation**

## **Procedure of 2024 General Shareholders' Meeting**

1. Commencement of the Meeting
2. Chairman's Address
3. Report Items
4. Matters of Ratification
5. Matters for Discussion
6. Extemporay Motions
7. Adjournment

# **M31 Technology Corporation**

## **Agenda of 2024 General Shareholders' Meeting**

Time: 9:00 AM (Monday) May 27, 2024

Place: 2F., No.3 Tai-Yuan 1<sup>st</sup> Street, Zhubei City, Hsinchu County, Taiwan.  
(Banquet Hall)

Meeting type: Physical shareholders' meeting

Chairman: Dr. Huey-Ling Chen, Chairman of the Board

1. Commencement of the Meeting (announce the number of shares in attendance)
2. Chairman's Address
3. Report Items
  - (1) 2023 Business Report
  - (2) Audit Committee's Review Report and communication with chief internal auditor
  - (3) 2023 Remuneration of Directors and Employee Compensation.
  - (4) Directors' Remuneration Report
  - (5) Cash dividend by 2023 earnings distribution
4. Matters of Ratification
  - (1) 2023 Business Report and Financial Statements
  - (2) 2023 Profit Distribution
5. Matters for Discussion
  - (1) Increase capital by 2023 earnings to issue new shares
  - (2) Release of the non-competition restrictions for current directors and independent directors
6. Extemporay Motions
7. Adjournment

## **1. Commencement of the Meeting (announce the number of shares in attendance)**

## **2. Chairman’s Address**

## **3. Report Items**

Report No. 1 Proposed by the Board of Directors  
Subject : 2023 Business Report.  
Explanation : 2023 Business Report, please refer to Attachment 1 of this handbook.

Report No. 2 Proposed by the Board of Directors  
Subject : Audit Committee’s Review Report and communication with chief internal auditor.  
Explanation : 1. Audit Committee’s Review Report of 2023, please refer to Attachment 2 of this handbook..  
2. The Company’s Independent Directors have good communication with chief internal auditor, mainly through the following three approaches:  
(1) The chief internal auditor sends the audit report to the Independent Directors by email every month, and the Independent Directors communicate with each other by phone or email regarding the audit report.  
(2) At least once a quarter, chief internal auditor will report and explain the implementation of the audit plan and significant audit findings to the Audit Committee, and discuss and communicate directly with the Independent Directors face-to-face.  
(3) The Independent Directors may advice and direct chief internal auditor in the Audit Committee, Board of Directors meetings or individual communication meetings to conduct relevant confirmations regarding the evaluation of investment company bonds and the establishment of subsidiary internal controls.

Report No. 3 Proposed by the Board of Directors  
Subject : 2023 Remuneration of Directors and Employee Compensation.  
Explanation : 1. According to Article 23 of the Company’s Articles of Incorporation “If there is any pre-tax profit, no less than 1% of the profit shall be distributed to eligible employees, and no more than 1.5% of the profit as remuneration to directors. If there are accumulated losses, the pre-tax profit should be reserved to offset the accumulated losses.”  
2. As approved by the Board of Directors’ meeting on February 27, 2024, the total amount of Directors’ Remuneration was NT\$5,600,000 (1.07%) and the total amount of Employees’ Compensation was NT\$6,300,000 (1.20%) for the year 2023, which will be paid in cash.

## Subject : Directors' Remuneration Report.

- Explanation : 1. The remuneration policy of the Company's directors is in accordance with the Company's Articles of Incorporation. The remuneration of the Company's directors is based on their participation in the Company's operations and the value of their contributions, and is determined by the Board of Directors' meeting with reference to industry standards.
2. The Company's Articles of Incorporation also stipulate that the remuneration of the Company's directors shall be no more than 1.5% of the Company's profit. In the event that the Company makes a profit in its annual accounts, the remuneration of the Company's directors will be based on the results of the Company's operations and individual directors' evaluations, which will be reviewed by the Remuneration Committee and approved by the Board of Directors. In FY2023, the directors' self-assessment scored 90% or more, i.e., "exceeded the standard", therefore, the directors' remuneration is distributed according to the company's profitability during their term of office, with individual allocation amounts as follows:

12/31/2023 Unit : NTS thousands ; %

Title	Name	Remuneration								Amount and Ratio of Total Remuneration (A+B+C+D) to Net Income (NTS thousand / %)		Relevant Remuneration Received by Directors Who are Also Employees						Amount and Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (NTS thousand / %)		Remuneration Paid to Directors from Non-consolidate Affiliates or Parent Company		
		Base Compensation (A)		Severance Pay(B)		Directors Compensation (C) (Note 1)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation(G)						
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements					
Chairman	Huey-Ling Chen	4,009	4,009	-	-	800	800	14	14	4,823 /1.11	4,823 /1.11	-	-	-	-	-	-	-	-	4,823 /1.11	4,823 /1.11	-
Director	Yuan-Hsun Chang	-	-	-	-	800	800	14	14	814 /0.19	814 /0.19	6,886	6,886	108	108	-	-	-	-	7,808 /1.79	7,808 /1.79	-
Director	Li-Kuo Liu	-	-	-	-	313	313	4	4	317 /0.07	317 /0.07	-	-	-	-	-	-	-	-	317 /0.07	317 /0.07	-
Director	Chun-Hao Lai (Note 2)	-	-	-	-	487	487	6	6	493 /0.11	493 /0.11	-	-	-	-	-	-	-	-	493 /0.11	493 /0.11	-
Director	Tsung-Hsi Ko (Note 2)	-	-	-	-	487	487	6	6	493 /0.11	493 /0.11	-	-	-	-	-	-	-	-	493 /0.11	493 /0.11	-
Independent Director	Jun-Ji Lin	-	-	-	-	800	800	8	8	808 /0.19	808 /0.19	-	-	-	-	-	-	-	-	808 /0.19	808 /0.19	-
Independent Director	Shih-Ying Huang	-	-	-	-	800	800	12	12	812 /0.19	812 /0.19	-	-	-	-	-	-	-	-	812 /0.19	812 /0.19	-
Independent Director	Cheng-Wen Wu (Note 2)	-	-	-	-	487	487	2	2	489 /0.11	489 /0.11	-	-	-	-	-	-	-	-	489 /0.11	489 /0.11	-
Independent Director	Ching-Te Chuang (Note 2)	-	-	-	-	313	313	-	-	313 /0.07	313 /0.07	-	-	-	-	-	-	-	-	313 /0.07	313 /0.07	-

- Please describe the policy, system, standards and structure for the remuneration of independent directors, and the relevance to the amount of remuneration based on the responsibilities, risks, and time commitment: The remuneration of independent directors shall be set at no more than 1.5% of the Company's profits in accordance with Article 23 of the Company's Articles of Incorporation. If the Company makes a profit in its annual accounts, the remuneration of the Company's directors shall be approved by the Board of Directors after consideration by the Remuneration Committee based on the results of the Company's operations and the evaluation of individual directors.
- In addition to the above table, the remuneration received by the Company's directors for services rendered to all companies in the financial statements (e.g., serving as consultants to non-employees) in the most recent year: None.

Note 1: This column represents the remuneration of directors approved by the Board of Directors on February 27, 2024.

Note 2: Director Chun-Hao Lai and Independent Director Cheng-Wen Wu were newly elected on May 24, 2023; Director Tsung-Hsi Ko and Independent Director Ching-Te Chuang stepped down from office on May 24, 2023.

Report No. 5

Proposed by the Board of Directors

Subject : Cash dividend by 2023 earnings distribution.

Explanation : 1. In accordance with Article 24 of the Company's Articles of Incorporation, when dividends from the Company's profits are distributed in cash, the Board of Directors is authorized to resolve on the distribution and report to the shareholders' meeting.

2. In accordance with the resolution of the Board of Directors' meeting held on March 6, 2024, the Company approved the distribution of cash dividends of NT\$8 per share, amounting to NT\$278,734,400, and authorized the chairman to set the ex-dividend date.

3. 2023 Statement of Profit Distribution, please refer to Attachment 3 of this handbook.

#### 4. Matters for Ratification

Proposal No. 1

Proposed by the Board of Directors

Subject : 2023 Business Report and Financial Statements.

Explanation : 1. The Business Report of 2023, Consolidated and Parent Company Only Financial Statements including Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, have been approved by the sixth Meeting of the Board of Directors of the Fifth Term.

2. The preceding mentioned Consolidated and Parent Company Only Financial Statements audited by the certified public accountants Mei-Chen Tsai and Yu-Feng Huang of Deloitte & Touche with the proposed audit report.

3. The preceding mentioned Business Report, Consolidated and Parent Company Only Financial Statements had been submitted to the Audit Committee for review, and the review report was issued accordingly.

4. 2023 Business Report, Independent Auditors' Report and Financial Statements, please refer to Attachment 1, 4 & 5 of this handbook.

Resolution :

Proposal No. 2

Proposed by the Board of Directors

Subject : 2023 Profit Distribution.

Explanation : The Board of Directors approved the 2023 Statement of Profit Distribution on March 6, 2024, please refer to Attachment 3 of this handbook.

Resolution :

## 5. Matters for Discussion

Proposal No. 1

Proposed by the Board of Directors

Subject : Increase capital by 2023 earnings to issue new shares.

Explanation : 1. The Company intends to increase its working capital by increasing capital by earnings to issue 6,968,360 new shares with a par value of NT\$10 per share in accordance with Article 240 of the Company Act by appropriating NT\$69,683,600 from the distributable profits for the year 2023 as stock dividends.

2. The calculation of increase capital by earnings to issue new shares is based on 34,841,800 shares outstanding as of March 1, 2024. According to the shareholder registry and their respective shareholding ratios, 200 shares will be distributed free of charge for every 1,000 shares. If the new shares distributed to shareholders from this capital increase are less than one full share, shareholders may consolidate them by handling respective procedures within five days from the book closure date at M31's stock transfer agent. For those shares which cannot be consolidated within the specified period or still remain insufficient, cash will be distributed instead (rounded up to the nearest integer), and the Chairman shall be authorized to designate specific persons for purchase of these by cash at par value. Shareholders who participated in the distribution of shares through book-entry transfer, for any fractional share, will be treated as the cost of handling the book-entry transfer.

3. The rights and obligations of this increase capital by earnings to issue new shares are the same as the common shares. After the resolution of the shareholders' meeting and the approval of the competent authority, the Board of Directors will be authorized to make a separate decision to determine the ex-dividend date and matters related to the increase capital by earnings to issue new shares.

4. For any reason, the total number of outstanding shares of the Company is affected in the future, the Board of Directors is authorized to distribute the total amount of stock dividends in accordance with this resolution. The distribution ratio will be adjusted according to the actual number of outstanding shares of the Company on the ex-dividend date.

5. If any of the items specified in this capital increase proposal need to be amended after approved by the competent authority, the Board of Directors is authorized to handle the matter.

Resolution :

Proposal No. 2

Proposed by the Board of Directors

Subject : Release of the non-competition restrictions for current directors and independent directors

Explanation : 1. This is processed pursuant to the provision in Article 209 of the Company Act that "A Director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."



2. In order to leverage the expertise and experience of the Company's Directors, it is proposed to approve the release of the non-competition restrictions for current directors and independent directors, whose concurrent positions are as follows.

Name	Job Titles in Other Companies (Institutions)
Yuan-Hsun Chang	Chairman, M31 Technologies India Private Limited
Chun-Hao Lai	Independent Director, FocalTech Systems Co., Ltd.
Cheng-WenWu	Independent Director, Macronix International Co., Ltd. Independent Director, Global Unichip Corp.

Resolution :

## **6. Extemporary Motions**

## **7. Adjournment**

# M31 Technology Corporation

## Business Report

Dear Shareholders,

In FY2023, despite the global semiconductor market downturn, with the collective efforts of all employees at M31 Technology Corporation (M31), the Company continued to focus on leading and differentiating in IP technology, resulting in the company's full-year revenue and earnings per share (EPS) growth against the trend. Since M31's founding, the Company has achieved 12 consecutive years of record revenue and strong earnings growth. In FY2023, the consolidated operating revenue amounted to NT\$1.612 billion, with EPS of NT\$12.98. We sincerely thank all shareholders for their long-term support and trust in M31. All of our employees will continue to work hard to continuously generate favorable returns for all shareholders.

### 1. FY 2023 Operating Results

#### 1.1 Business Plan Implementation Results

- (1) Operating revenue for the year was NT\$1,612,337 thousand, an annual growth of 18.54% compared to the operating revenue of NT\$1,360,165 thousand in 2022. The gross profit margin for both years was 100%; technical service revenue accounted for 83.52%, and royalty income accounted for 16.48% of the operating revenue in FY2023, with a slight decrease in royalty income compared to FY2022.
- (2) Net income after tax was NT\$435,170 thousand, with a net profit margin of 26.99%, an annual increase of 14.74% compared to the net income after tax of NT\$379,252 thousand in 2022, mainly due to the growth in operating revenues and the increase in the net foreign currency exchange gain; EPS for FY2023 was NT\$12.60.

1.2 Financial Budget: M31 did not prepare the annual financial projection for the year 2023.

#### 1.3 Analysis of Financial Income and Profitability

Item	Year		FY2023	FY2022	Difference
Financial Income and Expenses (NT\$ in Thousands)	Net cash generated from operating activities		241,341	651,573	(410,232)
	Net cash used in investing activities		332,001	(185,571)	517,572
	Net cash used in financing activities		(258,691)	(231,546)	(27,145)
Profitability (%)	Return on Assets		18.28	17.63	3.69%
	Return on Equity		22.20	22.04	0.73%
	Net income before tax as a		147.30	139.80	5.36%
	Net profit ratio		26.99	27.88	-3.19%
	Earnings per share (NT\$)		12.60	11.06	13.92%

M31's financial income and expenses increased in FY2023 compared to FY2022, while profitability also grew compared to 2022.

## 1.4 Research and Development

With continuous process miniaturization, chip design complexity, and rapid development of interface integration, M31's R&D this year will not only continue to keep pace with the evolution of advanced process technologies and develop highly competitive products, but also provide unique IP solutions and integration services to meet the needs of application design in different usage environments, expanding the penetration rate of M31's IP products in various chip design platforms to achieve better operational performance, and realizing a positive development cycle.

In 2023, M31 collaborated with foundries to enter the FinFET processes below 16nm for the first time and launched a series of Foundation IP products on the 12nm process platform, including Standard Cell Library, Memory Compiler, and General Purpose Input/Output Library (GPIO). As for mature processes of 28nm and above at foundries, we focused on diversifying into specialized processes, creating various Foundation IP products derived from logic processes, including high voltage (HV), embedded non-volatile memory (eNVM), and Bipolar-CMOS-DMOS (BCD) technologies. In addition, on specialized process platforms at various regional foundries, we have successfully introduced specialized processes such as 28nm HV and 40nm HV, effectively optimizing power consumption for OLED and LCD driver chip product designs. Furthermore, overseas foundries' BCD technology platforms have expanded the use of our 65nm to 150nm Foundation IP products, primarily used in power management chips, enhancing our technical leadership and differentiation advantages in mature processes. There have also been significant advancements in advanced process memory; the Flash Memory Interface ONFI I/O IP has completed 3nm/5nm designs, which provides a comprehensive solution to address the load and loss issues of high-speed and high-performance ONFI I/O data buses, and has already been adopted by first-tier U.S. manufacturers to aggressively expand our presence in the big data storage market for artificial intelligence (AI) and edge computing applications.

In the realm of high-speed interface IP, we have also closely collaborated with IC design companies to create greater value for the semiconductor industry. In 2023, we actively pursued the development of various standard transmission specifications, such as PCIe, USB, MIPI, etc., in the latest versions for advanced processes and have already completed the development of the 3nm eUSB2 PHY IP, which can be applied in mobile SoC designs. On the 5nm process, the USB4 PHY IP we've developed incorporates circuit technologies for low power consumption and power noise compensation to provide a low-risk solution for high-data-volume-transfer SoCs and maintains compatibility with previous generations of USB, making it easier for customers to integrate SoC applications that support Type-C USB4. Additionally, in terms of analog IP, we have also completed the development of DPLL IP in the 7nm advanced process. Overall, our core technologies in high-speed interface IP provide customers with comprehensive solutions at the physical layer (PHY), which can reduce the overall power consumption and space occupation by the chipset while upgrading the transmission interface. M31's R&D strength and technological competitiveness are demonstrated by the fact that we have been certified and adopted by professional organizations and international manufacturers, as well as its ability to be mass-produced.

In 2023, we have also made significant progress in IP integration services by providing a series of PHY and controller integration solutions, completing the integration of 6nm USB, 12nm

PCIe, and 12nm MIPI PHY with controller subsystems. According to the high level of development of this technology, integrated chips can meet all high-speed transmission interface standards and are widely applied in many consumer electronics products, reducing self-integration time for IC design customers and optimizing SoC power consumption and performance while reducing the cost. Consequently, IC design customers are able to prioritize the allocation of R&D resources to new products, focus on core business development, and strengthen competitiveness, which accelerates the product time-to-market.

In conclusion, we continued to follow the development pace of the foundries in 2023, investing in the development of low-power Foundation IP solutions tailored to the demands of the AIoT market on the 12nm process platform and entering the development of Foundation IP for advanced processes of 7nm and below. In terms of high-speed interface IP, the layout is becoming increasingly complete in pursuit of ultimate chip performance for high-end applications and meeting the needs of mature processes in special fields. Related products are being introduced into various application areas such as automotive electronics, 5G, AI, edge computing, network communication, cloud storage, Internet of Things (IoT), and wearable devices. At the same time, we continue to layout the latest advanced processes at 3nm and below, demonstrating our solid R&D capabilities.

## **2. Business Plan Outline for 2024**

### **2.1 Current Year's Operating Policy**

The emergence of the Silicon Intellectual Property (SIP) industry has led to the third industrial revolution in the global semiconductor industry, which has led to a highly specialized division of labor in the IC industry. In recent years, three major technological trends have emerged: first, the complete division of labor in the semiconductor industry chain, the significant increase in fabless IC design companies, system application vendors, cloud service providers, etc. are also entering the field of chip design, requiring significantly more IP; second, in the post-Moore's Law era, the development of the industry has changed from a single shrinking approach to meet the challenges of multi-dimensional innovation, heterogeneous integration and three-dimensional structure, which will play a key role; Third, the exponential growth of data, the speed of hardware innovation needs to keep up with the pace of software development to provide the necessary arithmetic acceleration, and as process technology continues to evolve, the pressure of the rapid complexity of IC functions, IC design companies will need more and more IP.

In this technological trend, with the development of global applications such as AI, 5G, high-performance computing (HPC), and automotive electronics, fast transmission speeds and low latency are creating a reliable network environment for the IoT. Once tens of billions of devices are connected to the network, the massive amount of data generated will require artificial intelligence to transform the data into meaningful information. Therefore, in the 5G + AI + IoT era of big data, in order to accelerate the efficiency of information processing and create more application value of data, "high-speed interface IP" that contributes to improving computing performance will undoubtedly become increasingly important. Furthermore, many countries have adopted vehicle electrification as one of the strategies for energy conservation and carbon reduction. Under the impetus of the policy, global electric vehicle sales reached 14.22 million units in 2023 according to market statistics, and it is projected to reach 33.8 million units by

2026, indicating a rapid growth in electric vehicle sales, which indicates that the sales of electric vehicles are growing rapidly, reflecting the significant business potential in the automotive semiconductor sector. The automotive semiconductor market is expected to become a primary driver of semiconductor growth in the coming years. Automotive manufacturers have also pointed out that the silicon content of automotive semiconductors increases by 15% annually, meaning that electric vehicles will grow and thrive along with the semiconductor and ICT industries, and that more and more automotive electronics will rely on chips. It is estimated that with the strong demand for electric vehicles (EVs) and advanced driver-assistance systems (ADAS), the demand for semiconductors will remain robust in the long term, contributing to the steady growth in the adoption of automotive-related IPs. The geopolitical reshaping of the semiconductor supply chain has led foundries to expand their overseas presence, further boosting the demand for Foundation IP highly related to processes, which is becoming a crucial strategic commodity in the technological rivalry.

As the demand for advanced process Foundation IP from IC design companies and foundries continues to increase, we have established an overseas R&D center in India in 2023 in order to reserve more abundant R&D capabilities, which will focus on the R&D of advanced process Foundation IP solutions, and continue to recruit outstanding talents both at home and abroad. M31's operational strategy will be to continue to layout advanced processes in response to the expanding applications in the IP market, and to expand the IP market share by deepening strategic partnerships. In terms of automotive IP, despite the long certification period and high entry barrier for automotive products, M31 has successfully entered the automotive electronics supply chain and has been adopted by major global automotive electronics chip makers. Leveraging this strong advantage, M31 will continue to invest in the development and validation of automotive products. Meanwhile, amid the global awareness of the importance of local semiconductor wafer production, M31 has been actively cooperating with major global foundries and IC design houses to develop a wide range of Foundation IP and high-speed interface IP based on the latest wafer fabrication processes, providing high-value IP solutions for the global semiconductor industry. Despite the continuously raised baseline, M31's revenue outlook for 2024 continues to maintain the goal of positive growth.

## 2.2 Growth and Sales Expectation

The future of the semiconductor industry, driven by applications such as AI, 5G, HPC, and automotive applications, will be centered on the development trend of big data. According to the latest report of the research institutions, compared with the global semiconductor market size of US\$534 billion in 2023, which experienced a decline of 10.9%, the global semiconductor market is expected to rebound in 2024, with a growth rate of 16.8% annually, and the market size will reach US\$624 billion, which will propel Taiwan's semiconductor industry to new heights in 2024. The IP industry has continued its growth momentum from 2021, with a growth rate of 19.4%, and from 2020, with a growth rate of 16.7%. The market size of the IP industry is expected to grow from \$6.7 billion in 2022 to \$10 billion in 2025, with a compound annual growth rate (CAGR) of 16.7%. The CAGR of the top five high-speed interface IPs is even higher at 18%, reflecting the healthy development of this niche market. In the direction of R&D and sales, M31 continues to provide high-quality and diversified products and services towards the industry trend of high-frequency, high-speed, advanced processes, and leading-edge technologies. With a more comprehensive product portfolio, the Company will leverage its industry-leading customized R&D capabilities to enhance product

performance. It is expected that the overall sales quantity and amount in 2024 will surpass those in of 2023, driving revenue growth upwards continuously.

### 2.3 Production and Marketing

M31's primary markets are Mainland China, the United States, and Taiwan. However, the IP needs of customers in these three regions are slightly different.

**Mainland China:** Semiconductor is a national strategic industry, and with the strong support of many policies, China's IC design industry has risen rapidly in recent years, with a wide range of end products covering high, medium, and low-end applications and even in the development of advanced process products. This reflects that China has top IC design talents and capabilities, as well as strong demand for advanced processes and high-speed interface IP. In October 2022, the U.S. announced export restrictions on high-performance chips, systems, providers and advanced process semiconductor devices and products to China, prompting China to redirect significant funds into building capacity for mature processes, accelerating the development of the IC design industry ecosystem for 28nm and above. Under the policy of domestic substitution, China will increase its efforts to actively increase the self-sufficiency rate of IC products and boost the demand for foundation IP. In the process of establishing a fully independent semiconductor industry chain, China's semiconductor market share is expected to increase as Chinese companies clarify their goals and diversify their market positioning. Overall design and marketing strategies will adapt to the needs of end-product development, facilitating a comprehensive IP product layout.

**United States :** The U.S. has taken steps to strengthen its control over semiconductor manufacturing technology and the R&D capabilities of advanced chips. Most of the customer IP demands have entered high-end applications such as mobile computing, AI, automotive electronics, high-end storage, cloud servers, etc. With the U.S. technological advantage and control capabilities in the global semiconductor industry, the newly developed process platforms are adding momentum to the demand for foundation IP. Marketing strategies focus on products and services related to advanced processes and high-speed computing transmission, assisting customers in fully leveraging the advantages of M31's advanced technology in power consumption, performance, and area to accelerate product differentiation and innovation.

**Taiwan :** The field of 3C electronic products is the main market for Taiwan IC design companies, requiring standard transmission specification IPs targeting applications such as automotive, IoT, fingerprint recognition, and wireless charging. In terms of foundries, besides cooperating with TSMC for the first time in 2023 on FinFET process platforms below 16nm, M31 has continued to work closely with TSMC on the development of Foundation IP on new special process platforms. There was a strong push for the application of HV processes in panel driver ICs, BCD processes in power management ICs, and eFlash processes in microcontroller ICs, which are also important application markets for Taiwan-based IC design companies. Compared to Taiwan's

consumer IC designers, mature process-related China IC companies will have access to more resources. In response to the intensified competition faced after China IC companies entered the market, as market share and profits gradually erode, Taiwan IC design companies must significantly shorten product development cycles and reduce product development costs by expanding the third-party licensing of standardized IP products to grasp the significant advantage of time-to-market. M31's main marketing strategy will continue to help Taiwan-based companies concentrate resources to maintain the core competitiveness of their products and further identify new product growth opportunities.

### **3. Future Development Strategies and External Competitive, Regulatory, and Overall Business Environment**

Entering 2024, uncertainties persist in the overall economy and geopolitics. Since the onset of the US-China trade war, export bans, import tariffs, and investment restrictions have been imposed. With the continuous expansion of export control measures by the United States against China, M31 has adhered to a cautious selection attitude since the start of the US-China trade war, complying with all regulations and rigorously reviewing whether customers comply with relevant norms to ensure serving customers worldwide under lawful conditions. In the future, M31 will continue to closely monitor US regulatory measures to avoid geopolitical risks and safeguard the long-term interests of our shareholders and employees.

Meanwhile, M31 is committed to strengthening corporate governance and has been ranked in the top 5% of companies in the “Corporate Governance Evaluation” issued by the Taipei Exchange for two consecutive years, which recognizes the company's long-standing commitment and effective implementation of corporate governance improvements. The Company also places great importance on the interests of all stakeholders. Through the operation of the Sustainable Development Committee, the Company internally promotes ESG sustainable development, including initiatives such as quality management, information security, automotive electronics, and environmental protection certifications. In 2024, it is expected that the Company will publish its first sustainability report for the first time to the public, which will disclose how the Company addresses key issues of concern to stakeholders, such as economic, environmental, social, and corporate governance matters, thereby enhancing the transparency of corporate information.

M31 has been honored with the “Best IP Partner” award from TSMC for six consecutive years, demonstrating its continuous advancement towards more advanced processes and showcasing the R&D capabilities that will lead the development in AI, 5G, HPC, and automotive fields with advanced process IP technology. Especially for the company's physical IP products, keeping pace with the progress of foundry process technology is a key indicator of competitiveness and profitability. In the future, M31 will focus on developing a comprehensive IP layout in three major areas of process technology platforms. Firstly, targeting new blue ocean markets for high-speed computing applications with chips below 7nm (6nm/7nm, 5nm, 4nm, and 3nm); 12nm to 16nm serves as an important technological platform for mid-to-high-end consumer ICs; 22nm and 28nm represent cost-effective sweet spots where many applications achieve optimal performance. With the introduction of a more complete IP portfolio, M31 will provide one-stop service and packaged sales for different IP products, integrating the IP platform created by

different IP products. In terms of revenue performance, it will be able to synergize the multiplier effect and add to the overall M31's operational momentum.

Our main competitors are all large companies from Europe and America. In order to enhance our overall competitiveness, M31 is committed to continuously optimizing product specifications, differentiating product and service quality, expanding product lines and service offerings, and actively enhancing the company's international brand image to cope with the competition and challenges posed by international giants. At the same time, we also adhere to the relevant laws and regulations of the OTC-listed company, paying attention to the operational risks brought by interest rates and exchange rates, in order to maximize benefits for shareholders.



## **Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 business report, financial statements, and proposal for distribution of profits. The CPA firm of Deloitte & Touche was retained to audit M31's financial statements (Consolidated and Parent Company Only) and has issued an audit report relating to the financial statements. The business report, financial statements, and profit distribution proposal have been reviewed by the Audit Committee and no irregularities were found. We hereby report as above according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

M31 Technology Corporation

Chairman of the Audit Committee: Shih-Ying Huang

February 27, 2024

## M31 Technology Corporation Statement of Profit Distribution

2023

Unit : NT\$

	<b>Amount</b>
<b>Beginning Balance of Unappropriated Retained Earnings</b>	345,924,221
Add : Net Profit of 2023	435,169,935
Add : Disposal of investments in equity instruments at fair value through other comprehensive income, the cumulative gain or loss is transferred directly to retained earnings	800,758
Less : Legal Reserve Appropriated	(43,597,069)
Sub-total of distributable retained earnings	738,297,845
Distribution Item	
Shareholder Dividends –Cash (NT\$8 per Share)	(278,734,400)
Shareholder Dividends –Stock (NT\$2 per Share)	(69,683,600)
<b>Ending Balance of Unappropriated Retained Earnings</b>	<b>389,879,845</b>

- Remarks: 1. According to the Rule No.871941343 issued by the Ministry of Finance on April 30, 1998, the appropriation of earnings for the current year has priority over the most recent year, i.e., the 2023 earnings.
2. Allotment calculation basis: Based on 34,841,800 shares outstanding as of March 1, 2024 (34,865,800 shares issued less 24,000 shares recovered from employee restricted shares).
3. The cash dividend is NT\$8 per share, and the total amount of dividends to be distributed to each shareholder is calculated to the nearest dollar, with any amount less than one dollar being disregarded. Any remaining fractional amounts of cash dividends that are less than one dollar will be transferred to the Company's Employee Welfare Committee. After reporting to the general shareholders' meeting, the distribution of the aforementioned cash dividends will be authorized by the Board of Directors and the Chairman will set the ex-dividend date separately.
4. Stock dividends allotted NT\$2 per share, according to the shareholder registry and their respective shareholding ratios, 200 shares will be distributed free of charge for every 1,000 shares. If the new shares distributed to shareholders from this capital increase are less than one full share, shareholders may consolidate them by handling respective procedures within five days from the book closure date at M31's stock transfer agent. For those shares which cannot be consolidated within the specified period or still remain insufficient, cash will be distributed instead (rounded to the dollar), and the Chairman shall be authorized to designate specific persons for purchase of these by cash at par value. After the resolution of the shareholders' meeting and the approval of the competent authority, the Board of Directors will be authorized to make a separate decision to determine the ex-dividend date and matters related to the increase capital by earnings to issue new shares.
5. If, for any reason, the total number of outstanding shares of the Company is affected in the future, the distribution ratio will be adjusted according to the actual number of outstanding shares of the Company on the ex-dividend date in accordance with the total amount of cash (stock) dividends authorized and resolved above.

**DELOITTE**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

M31 Technology Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of M31 Technology Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2023 are stated as follows:

#### Risk of Improper Recognition of Technical Service Revenue

The Group's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 11, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Group's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2023, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

### **Other Matter**

We have also audited the parent company only financial statements of M31 Technology Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei-Chen Tsai and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

## M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
**(In Thousands of New Taiwan Dollars)**

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 849,121	35	\$ 546,776	23
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	183,099	8	284,895	12
Financial assets at amortized cost - current (Notes 4 and 9)	115,718	5	282,552	12
Accounts receivable (Notes 4, 5, 10 and 21)	373,804	16	325,217	14
Other receivables	4,587	-	4,177	-
Current tax assets (Notes 4 and 23)	82,556	3	59,856	3
Prepayments (Note 16)	44,155	2	56,889	2
Non-current assets held for sale (Notes 4, 11, and 13)	-	-	98,853	4
Other current assets (Note 16)	1,275	-	105	-
Total current assets	1,654,315	69	1,659,320	70
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	-	-	822	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	147,520	6	118,031	5
Property, plant and equipment (Notes 4, 13 and 30)	561,779	23	570,969	24
Right-of-use assets (Notes 4 and 14)	11,056	1	2,059	-
Intangible assets (Notes 4 and 15)	12,136	1	11,087	1
Deferred tax assets (Notes 4 and 23)	6,975	-	4,751	-
Other non-current assets (Note 16)	3,008	-	259	-
Total non-current assets	742,474	31	707,978	30
<b>TOTAL</b>	<b>\$ 2,396,789</b>	<b>100</b>	<b>\$ 2,367,298</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 21)	\$ 28,151	1	\$ 266,190	11
Accounts payable (Note 17)	4,738	-	2,125	-
Other payables (Note 18)	227,519	10	185,296	8
Current tax liabilities (Notes 4 and 23)	52,632	2	43,045	2
Lease liabilities - current (Notes 4 and 14)	4,756	-	878	-
Other current liabilities (Note 18)	8,289	1	7,591	1
Total current liabilities	326,085	14	505,125	22
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	1,138	-	3,526	-
Lease liabilities - non-current (Notes 4 and 14)	6,547	-	1,190	-
Total non-current liabilities	7,685	-	4,716	-
Total liabilities	333,770	14	509,841	22
<b>EQUITY (Note 20)</b>				
Share capital				
Ordinary shares	348,658	15	317,080	13
Share capital pending cancellation	(180)	-	(100)	-
Share capital subtotal	348,478	15	316,980	13
Capital surplus	750,042	31	756,194	32
Retained earnings				
Legal reserve	194,211	8	155,904	7
Unappropriated earnings	781,894	33	669,512	28
Total retained earnings	976,105	41	825,416	35
Other equity	(11,606)	(1)	(41,133)	(2)
Total equity	2,063,019	86	1,857,457	78
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,396,789</b>	<b>100</b>	<b>\$ 2,367,298</b>	<b>100</b>

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

**M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 21)	\$ 1,612,337	100	\$ 1,360,165	100
GROSS PROFIT	1,612,337	100	1,360,165	100
OPERATING EXPENSES (Notes 15 and 22)				
Selling and marketing expenses	( 100,484)	( 6)	( 72,613)	( 5)
General and administrative expenses	( 124,943)	( 8)	( 105,665)	( 8)
Research and development expenses	( 938,873)	( 58)	( 813,937)	( 60)
Expected credit loss (Notes 10)	( 1,541)	-	-	-
Total operating expenses	( 1,165,841)	( 72)	( 992,215)	( 73)
OPERATING INCOME	446,496	28	367,950	27
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 22)	29,662	2	9,988	1
Other income (Notes 4 and 22)	1,995	-	2,034	-
Other gains and losses (Notes 4 and 22)	35,503	2	63,411	5
Finance costs (Note 22)	( 340)	-	( 254)	-
Total non-operating income and expenses	66,820	4	75,179	6
PROFIT BEFORE INCOME TAX	513,316	32	443,129	33
INCOME TAX EXPENSE (Notes 4 and 23)	( 78,146)	( 5)	( 63,877)	( 5)
NET PROFIT FOR THE YEAR	435,170	27	379,252	28

(Continued)

	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	\$ 134	-	(\$ 2,111)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 20)	( 145)	-	1,673	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 20 and 23)	30	-	( 335)	-
	( 115)	-	1,338	-
Other comprehensive income(loss) for the year, net of income tax	19	-	( 773)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 435,189</u>	<u>27</u>	<u>\$ 378,479</u>	<u>28</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 12.60</u>		<u>\$ 11.06</u>	
Diluted	<u>\$ 12.49</u>		<u>\$ 10.98</u>	

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



**M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**(In Thousands of New Taiwan Dollars)**

	Shares (In Thousands)	Share Capital Amount	Share Capital Pending Cancellation	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Other Equity Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Amount of Treasury Shares	Total Equity
<b>BALANCE AT JANUARY 1, 2022</b>	31,606	\$ 316,060	\$ -	\$ 727,719	\$ 125,647	\$ 514,477	\$ 938	\$ 6,600	(\$ 57,908)	(\$ 48,064)	\$ 1,583,593
Appropriations of 2021 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	30,257	( 30,257 )	-	-	-	-	( 197,782 )
Cash dividends	-	-	-	-	-	( 197,782 )	-	-	-	-	( 197,782 )
Net profit for the year ended December 31, 2022	-	-	-	-	-	379,252	-	-	-	-	379,252
Other comprehensive income(loss) for the year ended December 31, 2022, net of income tax (Note 20)	-	-	-	-	-	-	1,338	( 2,111 )	-	-	( 773 )
Total comprehensive income(loss) for the year ended December 31, 2022	-	-	-	-	-	-	1,338	( 2,111 )	-	-	( 473 )
Transfer of treasury shares to employees (Note 20)	-	-	-	4,225	-	-	-	-	-	48,064	52,289
Issuance of employee restricted shares (Note 25)	110	1,100	-	29,755	-	-	-	-	( 19,855 )	-	11,000
Compensation cost of employee restricted shares (Note 20)	-	-	-	-	-	-	-	-	-	-	-
Employee restricted shares: cancellations (Note 21)	( 8 )	( 80 )	( 100 )	( 5,505 )	-	-	-	-	-	-	( 1,800 )
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	-	3,822	-	( 3,822 )	-	-	-
<b>BALANCE AT DECEMBER 31, 2022</b>	31,708	317,080	( 100 )	756,194	155,904	669,512	400	667	( 42,200 )	-	1,857,457
Appropriations of 2022 earnings	-	-	-	-	-	-	-	-	-	-	-
Legal capital reserve	-	-	-	-	38,307	( 38,307 )	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	( 253,584 )	-	-	-	-	( 253,584 )
Stock dividends to shareholders	3,170	31,688	-	-	-	( 31,688 )	-	-	-	-	-
Net profit for the year ended December 31, 2023	-	-	-	-	-	435,170	-	-	-	-	435,170
Other comprehensive income(loss) for the year ended December 31, 2023, net of income tax (Note 20)	-	-	-	-	-	-	( 115 )	134	-	-	19
Total comprehensive income(loss) for the year ended December 31, 2023	-	-	-	-	-	-	( 115 )	134	-	-	435,189
Compensation cost of employee restricted shares (Note 20)	-	-	-	-	-	-	-	-	25,957	-	25,957
Employee restricted shares: cancellations	( 12 )	( 120 )	( 80 )	( 6,132 )	-	-	-	-	4,332	-	( 2,000 )
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	-	801	-	( 801 )	-	-	-
<b>BALANCE AT DECEMBER 31, 2023</b>	34,866	\$ 348,658	( \$ 188 )	\$ 750,042	\$ 164,211	\$ 781,894	\$ 285	\$ -	(\$ 31,891)	\$ -	\$ 2,063,019

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

**M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 513,316	\$ 443,129
Adjustments for:		
Depreciation expenses	42,517	42,276
Amortization expenses	6,533	5,079
Expected credit loss	1,541	-
Net loss(gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	235	5,596
Finance costs	340	254
Interest income	( 29,662)	( 9,988)
Dividend income	( 540)	( 106)
Share-based payment of compensation costs	25,957	35,903
Gain on disposal of property, plant and equipment	( 1,200)	-
Gain on disposal of non-current assets held for sale	( 42,916)	-
Unrealized loss(gain) on foreign currency exchange	24,588	( 19,268)
Changes in operating assets and liabilities		
Accounts receivable	( 56,988)	( 7,151)
Other receivables	( 331)	540
Prepayments	12,734	( 24,478)
Other current assets	( 1,143)	8,239
Contract liabilities	( 238,039)	177,188
Accounts payable	2,697	( 3,481)
Other payables	47,058	50,385
Other current liabilities	698	( 8,661)
Cash generated from operations	307,395	695,456
Interest received	29,587	6,658
Dividend received	540	106
Interest paid	( 340)	( 270)
Income tax paid	( 95,841)	( 50,377)
Net cash generated from operating activities	<u>241,341</u>	<u>651,573</u>

(Continued)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	\$ 956	\$ 4,554
Acquisition of financial assets at amortized cost	( 170,296)	( 535,672)
Disposal of financial assets at amortized cost	301,590	258,450
Acquisition of financial assets at fair value through profit or loss	-	( 154,308)
Disposal of financial assets at fair value through profit or loss	101,561	280,560
Disposal of non-current assets held for sale	141,767	-
Acquisition of property, plant and equipment	( 34,395)	( 31,076)
Disposal of property, plant and equipment	1,200	-
Increase in refundable deposits	( 1,600)	( 150)
Decrease in refundable deposits	56	395
Acquisition of intangible assets	( 7,582)	( 8,324)
Increase in prepayments for equipment	( 1,256)	-
Net cash generated from (used in) investing activities	<u>332,001</u>	<u>( 185,571)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	-	( 89,303)
Repayment of the principal portion of lease liabilities	( 3,107)	( 1,725)
Dividends paid	( 253,584)	( 197,782)
Purchase of treasury shares by employees	-	48,064
Issuance of employee restricted shares	-	11,000
Payment for buy-back of employee restricted shares	( 2,000)	( 1,800)
Net cash used in financing activities	<u>( 258,691)</u>	<u>( 231,546)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>( 12,306)</u>	<u>4,899</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>302,345</b>	<b>239,355</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>546,776</b></u>	<u><b>307,421</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 849,121</b></u>	<u><b>\$ 546,776</b></u>

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

**DELOITTE**

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders

M31 Technology Corporation

**Opinion**

We have audited the accompanying parent company only financial statements of M31 Technology Corporation (the "Company"), which comprise the parent company only balance sheet as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statement, including a summary of significant accounting policies.

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

**Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements for the year ended December 31, 2023 are stated as follows:

Risk of Improper Recognition of Technical Service Revenue

The Company's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 11, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Company's internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2023, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei-Chen Tsai and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2024

**M31 TECHNOLOGY CORPORATION****PARENT COMPANY ONLY BALANCE SHEETS**

DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 806,045	34	\$ 534,626	23
Financial assets at fair value through profit or loss – current (Notes 4 and 7)	183,099	8	284,895	12
Financial assets at amortized cost - current (Notes 4 and 9)	100,000	4	276,390	12
Accounts receivable (Notes 4, 5, 10 and 21)	353,907	15	290,867	12
Accounts receivable - related parties (Notes 4, 21 and 29)	40,056	2	34,680	1
Other receivables	4,488	-	4,094	-
Other receivables—related parties (Notes 4 and 29)	4,495	-	-	-
Current tax assets (Notes 4 and 23)	80,410	3	59,755	3
Prepayments (Note 16)	43,282	2	56,715	2
Non-current assets held for sale (Notes 4, 11, and 13)	-	-	98,853	4
Other current assets (Note 16)	1,275	-	105	-
Total current assets	<u>1,617,057</u>	<u>68</u>	<u>1,640,980</u>	<u>69</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income – non-current (Notes 4 and 8)	-	-	822	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	147,520	6	118,031	5
Investments accounted for using the equity method (Notes 4 and 12)	41,665	2	20,463	1
Property, plant and equipment (Notes 4, 13 and 30)	559,569	23	570,911	24
Right-of-use assets (Notes 4 and 14)	1,177	-	2,059	-
Intangible assets (Notes 4 and 15)	12,136	1	11,087	1
Deferred tax assets (Notes 4 and 23)	6,975	-	4,751	-
Other non-current assets (Note 16)	1,406	-	150	-
Total non-current assets	<u>770,448</u>	<u>32</u>	<u>728,274</u>	<u>31</u>
<b>TOTAL</b>	<b><u>\$ 2,387,505</u></b>	<b><u>100</u></b>	<b><u>\$ 2,369,254</u></b>	<b><u>100</u></b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 21)	\$ 28,151	1	\$ 266,190	11
Accounts payable (Note 17)	4,738	-	2,125	-
Other payables (Note 18)	227,441	10	185,293	8
Other payables - related parties (Note 29)	2,220	-	2,051	-
Current tax liabilities (Notes 4 and 23)	52,103	2	42,953	2
Lease liabilities - current (Notes 4 and 14)	890	-	878	-
Other current liabilities (Note 18)	7,505	1	7,591	1
Total current liabilities	<u>323,048</u>	<u>14</u>	<u>507,081</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 23)	1,138	-	3,526	-
Lease liabilities - non-current (Notes 4 and 14)	300	-	1,190	-
Total non-current liabilities	<u>1,438</u>	<u>-</u>	<u>4,716</u>	<u>-</u>
Total liabilities	<u>324,486</u>	<u>14</u>	<u>511,797</u>	<u>22</u>
<b>EQUITY (Note 20)</b>				
Share capital				
Ordinary shares	348,658	15	317,080	13
Share capital pending cancellation	( 180)	-	( 100)	-
Share capital subtotal	<u>348,478</u>	<u>15</u>	<u>316,980</u>	<u>13</u>
Capital surplus	750,042	31	756,194	32
Retained earnings				
Legal reserve	194,211	8	155,904	7
Unappropriated earnings	781,894	33	669,512	28
Total retained earnings	<u>976,105</u>	<u>41</u>	<u>825,416</u>	<u>35</u>
Other equity	( 11,606)	( 1)	( 41,133)	( 2)
Total equity	<u>2,063,019</u>	<u>86</u>	<u>1,857,457</u>	<u>78</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 2,387,505</u></b>	<b><u>100</u></b>	<b><u>\$ 2,369,254</u></b>	<b><u>100</u></b>

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

**M31 TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,610,202	100	\$ 1,358,129	100
GROSS PROFIT	1,610,202	100	1,358,129	100
OPERATING EXPENSES (Notes 15, 22 and 29)				
Selling and marketing expenses	( 101,973)	( 6)	( 73,275)	( 5)
General and administrative expenses	( 124,943)	( 8)	( 105,665)	( 8)
Research and development expenses	( 941,452)	( 59)	( 813,937)	( 60)
Expected credit loss (Note 10)	( 1,541)	-	-	-
Total operating expenses	( 1,169,909)	( 73)	( 992,877)	( 73)
OPERATING INCOME	440,293	27	365,252	27
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 22)	29,273	2	9,926	1
Other income (Notes 4 and 22)	1,995	-	2,032	-
Other gains and losses (Notes 4 and 22)	35,703	2	62,975	5
Finance costs (Note 22)	( 22)	-	( 246)	-
Share of profit of subsidiaries (Note 4)	4,268	1	2,363	-
Total non-operating income and expenses	71,217	5	77,050	6
PROFIT BEFORE INCOME TAX	511,510	32	442,302	33
INCOME TAX EXPENSE (Notes 4 and 23)	( 76,340)	( 5)	( 63,050)	( 5)
NET PROFIT FOR THE YEAR	435,170	27	379,252	28

(Continued)



	2023		2022	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 20)	\$ 134	-	(\$ 2,111)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Notes 4 and 20)	( 145 )	-	1,673	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 20 and 23)	30	-	( 335 )	-
	( 115 )	-	1,338	-
Other comprehensive income(loss) for the year, net of income tax	19	-	( 773 )	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 435,189	27	\$ 378,479	28
EARNINGS PER SHARE ( Note 24 )				
Basic	\$ 12.60		\$ 11.06	
Diluted	\$ 12.49		\$ 10.98	

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

**M31 TECHNOLOGY CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

	Share Capital		Share Capital Pending Cancellation	Retained Earnings			Exchange Difference on Translating the Financial Statements of Foreign Operations (\$)	Other Equity			
	Shares (In Thousands)	Amount		Capital Surplus	Legal Reserve	Unappropriated Earnings		Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income (\$)	Unearned Employee Benefits (\$)	Amount of Treasury Shares (\$)	Total Equity (\$)
BALANCE AT JANUARY 1, 2022	31,606	\$ 316,060	\$ -	\$ 727,719	\$ 125,647	\$ 514,477	\$ 938	\$ 6,600	( \$ 57,908 )	48,064	\$ 1,583,593
Appropriations of 2021 earnings	-	-	-	-	30,257	( 30,257 )	-	-	-	-	-
Legal reserve	-	-	-	-	( 197,782 )	197,782	-	-	-	-	( 197,782 )
Cash dividends	-	-	-	-	-	379,252	-	-	-	-	379,252
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	1,338	( 2,111 )	-	-	( 773 )
Other comprehensive income(loss) for the year ended December 31, 2022, net of income tax (Note 20)	-	-	-	-	-	-	1,338	( 2,111 )	-	-	378,479
Total comprehensive income(loss) for the year ended December 31, 2022	-	-	-	-	-	379,252	1,338	( 2,111 )	-	-	378,479
Transfer of treasury shares to employees (Note 20)	-	-	-	4,225	-	-	-	-	-	48,064	52,289
Issuance of employee restricted shares (Note 25)	110	1,100	-	29,755	-	-	-	-	( 19,855 )	-	11,000
Compensation cost of employee restricted shares (Note 20)	-	-	-	-	-	-	-	-	-	-	31,678
Employee restricted shares cancellation (Note 20)	( 8 )	( 80 )	( 100 )	( 5,505 )	-	-	-	-	-	-	( 1,800 )
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	-	3,822	-	( 3,822 )	-	-	-
BALANCE AT DECEMBER 31, 2022	31,708	317,080	( 100 )	756,194	155,904	669,512	400	667	( 42,200 )	-	1,857,457
Appropriations of 2022 earnings	-	-	-	-	38,307	( 38,307 )	-	-	-	-	-
Legal capital reserve	-	-	-	-	( 253,584 )	253,584	-	-	-	-	( 253,584 )
Cash dividends to shareholders	3,170	31,698	-	-	-	( 31,698 )	-	-	-	-	-
Stock dividends to shareholders	-	-	-	-	-	435,170	-	-	-	-	435,170
Net profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income(loss) for the year ended December 31, 2023, net of income tax (Note 20)	-	-	-	-	-	-	( 115 )	134	-	-	19
Total comprehensive income(loss) for the year ended December 31, 2023	-	-	-	-	-	435,170	( 115 )	134	-	-	435,189
Compensation cost of employee restricted shares (Note 20)	-	-	-	-	-	-	-	-	25,957	-	25,957
Employee restricted shares cancellation (Note 20)	( 12 )	( 120 )	( 80 )	( 6,152 )	-	-	-	-	4,352	-	( 2,000 )
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	-	-	801	-	( 801 )	-	-	-
BALANCE AT DECEMBER 31, 2023	34,866	\$ 348,658	( \$ 180 )	\$ 750,042	\$ 164,211	\$ 781,894	\$ 285	\$ -	( \$ 11,891 )	\$ -	\$ 2,063,019

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

**M31 TECHNOLOGY CORPORATION****PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 511,510	\$ 442,302
Adjustments for:		
Depreciation expenses	39,803	41,054
Amortization expenses	6,533	5,079
Expected credit loss	1,541	-
Net loss(gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	235	5,596
Finance costs	22	246
Interest income	( 29,273 )	( 9,926 )
Dividend income	( 540 )	( 106 )
Share-based payment of compensation costs	25,957	35,903
Share of profit of subsidiaries	( 4,268 )	( 2,363 )
Gain on disposal of property, plant and equipment	( 1,200 )	-
Gain on disposal of non-current assets held for sale	( 42,916 )	-
Unrealized loss(gain) on foreign currency exchange	25,954	( 19,585 )
Changes in operating assets and liabilities		
Accounts receivable	( 71,441 )	( 31,467 )
Accounts receivable - related parties	( 6,742 )	22,289
Other receivables	( 315 )	599
Other receivables - related parties	( 4,495 )	-
Prepayments	13,433	( 24,417 )
Other current assets	( 1,143 )	8,239
Contract liabilities	( 238,039 )	177,188
Accounts payable	2,697	( 3,481 )
Other payables	46,983	50,382
Other payables - related parties	169	855
Other current liabilities	( 86 )	( 8,661 )
Cash generated from operations	274,379	689,726
Interest received	29,198	6,596
Dividend received	540	106
Interest paid	( 22 )	( 262 )
Income tax paid	( 92,427 )	( 49,626 )
Net cash generated from operating activities	<u>211,668</u>	<u>646,540</u>

(Continued)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Disposal of financial assets at fair value through other comprehensive income	\$ 956	\$ 4,554
Acquisition of financial assets at amortized cost	( 160,739)	( 529,510)
Disposal of financial assets at amortized cost	301,590	258,450
Acquisition of financial assets at fair value through profit or loss	-	( 154,308)
Disposal of financial assets at fair value through profit or loss	101,561	280,560
Acquisition of long-term equity investments under the equity method	( 17,079)	-
Disposal of non-current assets held for sale	141,767	-
Acquisition of property, plant and equipment	( 31,920)	( 31,014)
Disposal of property, plant and equipment	1,200	-
Increase in refundable deposits	( 107)	( 150)
Decrease in refundable deposits	56	395
Acquisition of intangible assets	( 7,582)	( 8,324)
Increase in prepayments for equipment	( 1,256)	-
Net cash generated from (used in) investing activities	<u>328,447</u>	<u>( 179,347)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term borrowings	-	( 89,303)
Repayment of the principal portion of lease liabilities	( 878)	( 579)
Dividends paid	( 253,584)	( 197,782)
Purchase of treasury shares by employees	-	48,064
Issuance of employee restricted shares	-	11,000
Payment for buy-back of employee restricted shares	( 2,000)	( 1,800)
Net cash used in financing activities	<u>( 256,462)</u>	<u>( 230,400)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>( 12,234)</u>	<u>3,242</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>271,419</b>	<b>240,035</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>534,626</b></u>	<u><b>294,591</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 806,045</b></u>	<u><b>\$ 534,626</b></u>

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

# **Articles of Incorporation of M31 Technology Corporation**

## **Section I General Provisions**

- Article 1 The Company shall be incorporated under the Company Act, and its name shall be M31Technology Corporation.
- Article 2 The scope of business of the Company shall be as follows:  
CC01030 Electrical Appliance and Audiovisual Electric Products Manufacturing  
CC01060 Wired Communication Mechanical Equipment Manufacturing  
CC01070 Wireless Communication Mechanical Equipment Manufacturing  
CC01080 Electronics Components Manufacturing  
CC01090 Manufacture of Batteries and Accumulators  
CC01110 Computer and Peripheral Equipment Manufacturing  
CC01120 Data Storage Media Manufacturing and Duplicating  
CC01990 Other Electrical Engineering and Electronic Machinery Equipment Manufacturing  
F118010 Wholesale of Computer Software  
F218010 Retail Sale of Computer Software  
F219010 Retail Sale of Electronic Materials  
F601010 Intellectual Property Rights  
I301010 Information Software Services  
I301020 Data Processing Services  
I301030 Electronic Information Supply Services  
I199990 Other Consulting Service  
IZ99990 Other Industrial and Commercial Services  
CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified  
ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
- Article 3 The total amount of the Company's reinvestment shall not be subject to the restriction of no more than 40% of the Company's paid-up capital, as provided in Article 13 of the Company Act. The Company may provide endorsement and guarantee and act as a guarantor.
- Article 4 The Company has registered its headquarters in Hsinchu County, Taiwan, Republic of China. Upon approval of government authorities in charge, the Company may also have branch offices at such other places both within and without the territory of the Republic of China as the Board of Directors may determine whenever is necessary.
- Article 5 Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

## **Section II Capital Stock**

- Article 6 The total capital stock of the Company shall be in the amount of NT\$500,000,000, divided into 50,000,000 shares at a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installments as required.
- A total of NT\$75,000,000 among the above total capital stock should be reserved for employee stock options, which may be issued in installments by resolution of the Board of Directors.
- The Company's employee stock options are issued to employees, including employees of control and affiliated companies who meet certain criteria.
- When the Company issues new shares, the employees who acquire the shares include those who meet certain criteria for control and affiliated companies.
- The Company issued new Employee restricted shares to employees of control and subordinate companies who meet certain criteria.
- Treasury shares acquired by the Company in accordance with the law are transferred to employees of control and affiliated companies who meet certain criteria.
- Article 6-1 The issuance of employee stock options with an exercise price lower than the closing price of the Company's ordinary shares on the date of issuance shall be subject to the approval of the shareholders' meeting with more than half of the shareholders representing the total number of outstanding shares and two-thirds of the shareholders' voting rights present.
- The transfer of shares of the Company's ordinary shares to employees at a price less than the average price at which the shares of the Company's ordinary shares were actually repurchased shall be approved by at least two-thirds of the voting rights of the shareholders present at the most recent shareholders' meeting representing more than half of the total number of outstanding shares.
- Article 7 The share certificates of the Company shall all be name-bearing and issued in accordance with Article 161-1 of the Company Act. Share certificates issued by the Company are exempted from printing; however, they shall be registered in the central securities depository.
- Article 8 Registration for share transfer shall be suspended sixty days before the date of general shareholders' meeting, and thirty days before the extraordinary shareholders' meeting, or within five days before the day on which the Company determines to pay dividends, bonuses, or any other benefits.

## **Section III Meetings of Shareholders**

- Article 9 The shareholders' meetings of the Company are classified into two types. The annual meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened in accordance with the relevant laws and regulations, whenever is necessary.

The Company's shareholders' meetings may be held by video conference or by announcement of the central competent authority.

- Article 10 Shareholders may designate a proxy to attend the shareholders' meeting with a power of attorney issued by the Company in accordance with Article 177, Article 177-1, and Article 177-2 of the Company Act and the Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies promulgated by the competent authority.
- Article 11 Shareholders of the Company are entitled to one vote for each share held. However, if there are exceptions to the provisions of Article 179 of the Company Act, this shall not apply to Company's shares held by its own pursuant to laws and regulations.
- Article 12 The resolutions of shareholders' meeting, unless otherwise stated in the relevant laws and regulations, shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of the total number of issued shares. Shareholder who votes electronically shall be deemed as attending the Meeting in person. Electronic voting shall be conducted in accordance with relevant laws and regulations. The proposal shall be deemed adopted if all attending shareholders are solicited by the Chairman and no objection is voiced. Its validity is the same as voted by casting ballot. The Company may withdraw from public offering upon shareholder approval at the Meeting and submission of a request for withdrawal to the competent authority.
- Article 13 If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If a Shareholders' Meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 14 The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting Chairman's seal and be distributed to all shareholders within twenty days after the meeting. The distribution of the preceding minutes shall be in accordance with the provisions of the Company Act.

#### **Section IV Directors and Audit Committee**

- Article 15 The Company shall have five (5) to nine (9) directors to be elected at the Meeting through a nominating system from persons of legal capacity to serve a term of three years. Shareholders shall nominate candidates for election as directors from the list of candidates. Directors are eligible for re-election. The number of Independent Directors within the number of Directors in the preceding article shall be two at least, and shall not be less than one-fifth of the total number of Directors. The professional

qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the competent authorities.

In addition, the Company shall purchase insurance to cover the liability of the directors in respect of the scope of business they are legally obligated to perform during their term of office.

The Company shall establish various functional committees under the Board of Directors, and each functional committee shall establish rules and regulations for the exercise of its powers and functions, which shall be implemented upon approval by the Board of Directors.

Article 16 The Company shall establish an Audit Committee in accordance with the relevant provisions of the Securities and Exchange Act. The number of members, term of office, power and rules of procedure of the Audit Committee shall be determined in accordance with the relevant provisions of the "Regulations Governing the Exercise of Powers and Functions of the Audit Committee of Public Companies" and shall be governed by the Rules and Regulations Governing the Organization of the Audit Committee.

Article 17 The Company's directors shall be elected through cumulative voting. Each share has the voting rights equal to the number of directors to be elected. The votes may be cast to one candidate or among several candidates. The candidates who receives the most votes shall be elected as the director. Any amendment of this voting system shall be handled in accordance with Article 172 of the Company Act and shall be specified, with explanation of the material contents, in the notice of the meeting.

Article 18 The Board is composed of Directors. The Directors shall elect a Chairman from among themselves in the Board meeting with the consent of the majority of attending Directors, which represents more than two-thirds of all Directors. The Chairman shall have the authority to represent the Company.

Article 19 In the case where the Chairman is on leave or cannot exercise his or her authority with due cause, a proxy shall be appointed in accordance with Article 208 of the Company Act.

If a Director is unable to attend the Board meeting for some reason, he/she shall authorize another Director to stand proxy with a power of attorney indicating the scope of authority with reference to the subjects to be discussed at the meeting. No Director may act as a proxy for more than one other Director.

For Board meetings conducted through video-conferencing, a Director who participates through video conferencing is deemed to attend in person.

Article 20 All of the directors shall be paid by the Company regardless of operating gains or losses. The Board is delegated to determine the remuneration to Directors based on their involvement in the Company's business operation and their contributions to the



Company with reference to the remuneration standard of the industry.

## **Section V Managers**

Article 21 The Company shall have several managers. Their appointment, dismissal, and remuneration shall be subject to Article 29 of the Company Act.

## **Section VI Accounting**

Article 22 The Company's Board of Directors shall prepare the following after the end of each fiscal year and forward them to the annual meeting of shareholders for approval:

1. Business report
2. Financial statements
3. Profit distribution or deficit compensation proposal

Article 23 When the Company makes a profit for the year, the compensation to employees shall be no less than 1% of the balance and the remuneration to the Directors shall not be higher than 1.5% of the balance. If there are accumulated losses, the profit should offset the accumulated losses.

Employees' compensation shall be paid in stock or cash to employees, including those of affiliated companies who meet certain criteria, which are authorized by the Board of Directors. Directors' remuneration shall be paid in cash.

Article 24 If there is any profit in an annual general financial statement of the Company, such profit shall be distributed in the following orders:

1. Reserve for tax payments.
2. Offset accumulated losses, if any.
3. Legal reserve, which is set aside 10% of remaining net profits after deducting the aforementioned items. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
4. Set aside or reverse of special reserves as required by law or government authorities.
5. The remaining net profits and retained earnings from previous years shall be prepared by the Board for distribution of earnings. If the distribution is made in the form of new shares, it shall be submitted to the Shareholders' Meeting for a resolution, and if the distribution is made in the form of cash, the Board of Directors shall be authorized to resolve on the distribution in accordance with Article 240, Paragraph 5 of the Company Act and report to the shareholders' meeting.

In accordance with Article 241 of the Company Act, the Company may issue all or part of the legal reserve and capital reserve to new shares or cash in proportion to the shareholders' common shares, and in the case of a cash payment, the Board is authorized to resolve the matter and report it to the shareholders' meeting.

The Company's dividend policy considers the Company's sustainable operation, stable growth, protection of shareholders' rights and interests, and healthy financial

structure, and the Board prepares earnings distribution plans based on future funding needs and long-term financial planning. Total dividends to shareholders shall not be less than 2% of the retained earnings and may be paid in cash or in stock, with cash dividends not less than 10% of the total dividends.

## **Section VII Additional Provisions**

Article 25 Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and other laws and regulations.

Article 26 The Articles of Incorporation was established on October 5, 2011.

The first amendment was made on January 13, 2012.

The second amendment was made on March 13, 2012.

The third amendment was made on April 17, 2012.

The fourth amendment was made on March 25, 2013.

The fifth amendment was made on June 25, 2014.

The sixth amendment was made on June 28, 2016.

The seventh amendment was made on May 9, 2017.

The eighth amendment was made on May 24, 2018.

The ninth amendment was made on November 13, 2018

The tenth amendment was made on August 5, 2021

The eleventh amendment was made on May 26, 2022

## **Rules of Procedure for Shareholders Meetings of M31 Technology Corporation**

- Article 1 In order to establish a good governance system for the Company's shareholders' meeting, improve the supervisory function and strengthen the management function, in accordance with the provisions of Article 5 of the Code of Corporate Governance for Listed Companies, these rules are hereby established for compliance.
- Article 2 The rules of procedure for the Shareholders Meetings of the Company, except as otherwise provided by law, regulation, or the Articles of Incorporation, shall be as provided in these Rules.
- Article 3 **The Convention and Meeting Notice of Shareholders' Meeting**  
The Shareholders' Meetings of the Company shall be convened by the Board of Directors unless otherwise provided by laws and regulations.  
The Company shall prepare electronic versions of the Shareholders' Meeting notice and proxy forms, and the origins, as well as explanatory materials, relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular Shareholders' Meeting or 15 days before the date of a special Shareholders' Meeting. The Company shall prepare electronic versions of the Shareholders' Meeting agenda and supplemental meeting materials and upload them to the MOPS 21 days before the date of the regular Shareholders' Meeting or 15 days before the date of the special Shareholders' Meeting. In addition, 15 days before the date of the Shareholders' Meeting, the Company shall also have prepared the Shareholders' Meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.  
The reasons for convening a Shareholders' Meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.  
Election or dismissal of directors, amendments to the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, using earnings to increase capitalization, using reserve to increase capitalization, the dissolution, merger, or demerger of the Company, or any matter under Article 185, paragraph 1 (Significant change in business policy) of the Company Act, shall be set out in the notice of the reasons for convening the Shareholders' Meeting, as well as the essential contents shall be explained. None of the above matters may be raised by an extemporary motions; the essential contents may be posted on the website designated by the competent authority in charge of securities

affairs or the Company, and such website shall be indicated in the above notice.

Where the matter of that all directors of the Company will be re-elected has been set out in the causes of a meeting of shareholders to be convened, and the date for the elected directors to assume their office is also indicated in, after the re-election is completed in such a shareholders' meeting, the date for the elected directors to assume their office shall not be altered by bring up as extemporary motions or by other means.

A shareholder holding 1 % or more of the total number of issued shares may submit to the Company a proposal for discussion at a regular Shareholders' Meeting. Such proposal is limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. However, the proposed proposal for urging the Company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at the shareholders' meeting by the Board of Directors. In addition, when any one of the circumstances set forth in each subparagraph of paragraph 4, Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before a regular Shareholders' Meeting is held, the Company shall publicly announce that it will receive shareholder proposals, methods of acceptance in writing or by way of electronic transmission and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular Shareholders' Meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a Shareholders' Meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this Article. At the Shareholders' Meeting the Board of Directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

#### Article 4 Proxy form

For each Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given Shareholders' Meeting, and shall deliver the proxy form to the Company before 5 days before the date of the Shareholders' Meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 Principles Determining the Time and Place of a Shareholders' Meeting

The venue for a Shareholders' Meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a Shareholders' Meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 Preparation of Documents such as the Attendance Book

The Company shall specify in its Shareholders' Meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. Shareholders and their proxies (collectively, "shareholders") shall attend Shareholders' Meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials; where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a Shareholders' Meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 The Chair and Non-voting Participants of a Shareholders' Meeting

If a Shareholders' Meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the Chairman shall appoint one of the directors to act as chair. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

It is advisable that Shareholders' Meetings convened by the Board of Directors be chaired by the Chairman in person and attended by a majority of the directors, and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a Shareholders' Meeting is convened by a party with power to convene but other than

the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a Shareholders' Meeting in a non-voting capacity.

Article 8 Documentation of a Shareholders' Meeting by Audio or Video

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the Shareholders' Meeting, and the voting and vote counting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance

Attendance at Shareholders' Meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act; all shareholders shall be notified of the tentative resolution and another Shareholders' Meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the Shareholders' Meeting pursuant to Article 174 of the Company Act.

Article 10 Discussion of Proposals

If a Shareholders' Meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The proposals (including extemporaneous motion and the amendment to original proposal) shall require a voting by poll on every resolution. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the Shareholders' Meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a Shareholders' Meeting convened by a party with the power to convene that is not the Board of Directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions),

except by a resolution of the Shareholders' Meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote with arranging sufficient time for the vote.

#### Article 11 Shareholder Speech

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a Shareholders' Meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### Article 12 Calculation of Voting Shares and Recusal System

Voting at a Shareholders' Meeting shall be calculated based the number of shares.

With respect to resolutions of Shareholders' Meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article 13 Vote on a Proposal

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.

When the Company holds a Shareholders' Meeting, it may allow the shareholders to exercise voting rights by electronic means or correspondence means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company 2 days before the date of the Shareholders' Meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the Shareholders' Meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, 2 days before the date of the Shareholders' Meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a Shareholders' Meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. During a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.



When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 14 Election of Directors

The election of directors at a Shareholders' Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15 Meeting Minutes

The resolutions of the shareholders' meeting shall be recorded in the minutes. The minutes shall be signed or affixed to the meeting Chairman's seal and be distributed to all shareholders within twenty days after the meeting. The production and distribution of video and audio files can be done electronically.

The distribution may be done via public announcement by upload them to the MOPS.

The meeting minutes shall accurately record the year, month, date, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and the results of voting (including the statistical weights of the numbers of votes), in the event of Director election, the number of the votes to each candidate shall be disclosed. The meeting minutes shall be retained for the duration of the existence of the Company.

#### Article 16 Public Disclosure

On the day of a Shareholders' Meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the Shareholders' Meeting.

If matters put to a resolution at a Shareholders' Meeting constitute material information under applicable laws and regulations, and the Taiwan Stock Exchange (Tapei Exchange), the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 Maintaining Order at the Meeting Place

Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or arm band bearing the word "Proctor."

At the place of a Shareholders' Meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 Recess and Resumption of a Shareholders' Meeting

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Shareholders' Meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a Shareholders' Meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules, and any amendments hereto, shall be implemented after adoption by Shareholders' Meetings.

Article 20 These Rules were adopted by the Shareholders' Meeting on June 28, 2016.

The first amendment was made on May 24, 2018.

The second amendment was made on May 29, 2020.

## M31 Technology Corporation

### Shareholdings of All Directors

1. The total number of issued shares: 34,847,800 shares
2. The minimum required combined shareholding of all Directors: 3,600,000 shares
3. Up to the date on which share transfer registration is suspended before the convention of this shareholders' meeting (March 29, 2024), the status of shareholdings of individual and all Directors registered on the shareholders roster is set forth below:

Title	Name	Holding Shares	Shareholding Ratio
Chairman	Huey-Ling Chen	7,438,762	21.34%
Director	Yuan-Hsun Chang	185,601	0.53%
Director	Li-Kuo Liu	0	0.00%
Director	Chun-Hao Lai	0	0.00%
Independent Director	Jun-Ji Lin	0	0.00%
Independent Director	Shih-Ying Huang	0	0.00%
Independent Director	Cheng-Wen Wu	0	0.00%
The number of shares held by all Directors		7,624,363	21.87%