

## Chapter 1. Letter to Shareholders

### Dear Shareholders,

We would like to express our sincere gratitude to all shareholders and thank all stakeholders for their continued unconditional support and concern for the company. With the increasing demand for generative AI and high-performance computing, advanced packaging technology has become the most important innovative technology in the semiconductor industry. The Taiwanese semiconductor industry not only collaborates with leading manufacturers from various countries but also integrates its own innovative technologies to lead local suppliers in providing comprehensive solutions. This includes close cooperation in materials, carriers, equipment, and precision testing, driving the overall industry forward and establishing Taiwan as an irreplaceable key player in the semiconductor sector. It is worth mentioning that Gudeng's wafer carriers have achieved significant results over the past year, continuing to demonstrate vigorous growth in 2024. Not only have they received customer certification domestically and commenced large-scale production and shipment, but they have also rapidly expanded their market share in the global market. Additionally, they have established locations worldwide in conjunction with major clients, thereby expanding Gudeng's global footprint. This expansion allows for zero-lag delivery and service efficiency, a comprehensive technical team layout, and the dispersion of regional risks. Upholding the spirit of co-creation, Gudeng will work closely with its customers and suppliers to develop quality and competitive mask and wafer carrier solutions featuring smart manufacturing, aiming to collectively create peak revenues for the group.

Looking at the overall performance of Gudeng in 2024, Gudeng Precision implemented lean production, aimed at high-revenue, high-margin products, and entered the mass production stage as the development of high-end processes became more mature. Advanced packaging processes have also developed rapidly, with the Group's operational focus strategy continuing to evolve. At the same time, integration of the local semiconductor supply chain is gradually showing its effect. The operations of the semiconductor continue to grow, and the Group's scale and operational performance are consistently rising and reaching new heights. The shipment volume of advanced process photomask carriers, EUV POD, is stabilizing; however, the pace of mass production of advanced processes has not slowed down. With Gudeng's High-NA EUV POD successfully obtaining customer certification, overall demand for the EUV series photomask carriers is expected to reach new highs. Gudeng has made a significant breakthrough in the wafer carrier sector, securing a leading position. Its 12-inch FOUP (wafer carrier) has entered the global key industrial supply chain, achieving rapid mass production with steadily increasing monthly shipments. This growth momentum has become the second major driver of revenue expansion. Currently, customers in Greater China have secured nearly half of Gudeng's production capacity. There is a global shortage of wafer carriers, and the Kunshan plant and Chongqing partner factory provide localized services, enabling self-sufficiency in the Greater China market. As key customers continue to request additional capacity, Gudeng is actively expanding production lines to meet the global demand for wafer carriers. Gudeng has strengthened its production capacity to fully meet demand, delivering an outstanding annual performance. Both revenue and profit have reached new highs, with FOUP and EUV POD driving exponential growth for the group. In 2024, Gudeng was awarded the 27th National Quality Award in Comprehensive Excellence - Excellence in Management Award. Gudeng continues to enhance its capabilities to become the leader in the industry while placing great emphasis on the inheritance of its corporate culture. The Chairman of the Board and senior executives personally conduct training sessions to cultivate employees' values, workplace culture, and management skills. At the same time, the company consistently adjusts and modifies its strategies, serving as a model for other small and

medium-sized enterprises (SMEs) in the industry pursuing corporate growth. In terms of ESG initiatives, Gudeng has also achieved the Sustainability Report Platinum Award and Top 100 Sustainability Exemplary Award at the Taiwan Corporate Sustainability Awards. In addition to the "sustainability report" with transparent information disclosure, Gudeng is also committed to promoting its own sustainability efforts to become an enterprise devoted to sustainable development and responsibility, continuing to further sustainable action plans in the areas of environment, society, and governance, aiming to align with key customers and serve as a model for other SMEs in the industry to pursue corporate growth.

Gudeng attaches great importance to independent technology, investing approximately 7% of its revenue annually into research and development expenses and continuing to accumulate research and development capacity. In response to the key new trends in advanced packaging CoWoS processes, Gudeng is collaborating with mainstream global customers to develop CoWoS packaging technology—a comprehensive series of carrier solutions. The company is fully committed to investing resources in the development of exclusive packaging carrier technology, providing a complete range of carriers that meet customer needs. Additionally, Gudeng holds a competitive edge in setting industry specifications and leading advancements in related carrier products. Through close collaboration with major semiconductor clients, Gudeng continues to expand into high-end process wafer carriers and advanced process-related products while maintaining its global leadership in semiconductor advanced process photomask carriers. Building an AI industry ecosystem has been a key strategic focus for Gudeng in recent years. Gudeng has collaborated with various upstream, midstream, and downstream suppliers in the semiconductor supply chain to establish a national team for Taiwan's semiconductor industry with the aim of enhancing the resilience of the semiconductor supply chain. To date, it has achieved remarkable results by integrating critical global materials and innovative technology services. Over the past year, Gudeng has successfully navigated uncertainties arising from industry cycles, economic development, and geopolitical factors. Under the leadership of major clients, Taiwan's semiconductor supply chain has played an indispensable role in the rapid evolution of the semiconductor industry.

Gudeng Group's subsidiary, Gudeng Equipment Co., Ltd., was officially listed on the over-the-counter market in May 2024. Gudeng Equipment primarily focuses on semiconductor lithography processes, including photomask cleaning, exchange, storage, and management, providing automation equipment for photomask handling. Its core focus is on EUV photomasks and advanced process photomask automation technologies. Complemented by Gudeng's carrier storage and inflatable warehousing equipment, the stable quality and high added value have led to our products being certified and adopted by several major international manufacturers, providing Gudeng Equipment with solid and long-term operating momentum. Following an increase in the application of and demand for high-performance computing, high-efficiency heat dissipation technology has become indispensable. With deep industry insight, Gudeng has consistently anticipated market trends. This time, its subsidiary, We Solutions Technology, has partnered with strategic manufacturers to develop immersion cooling solutions. Through collaboration with its partners, We Solutions serves the AI market, not only meeting customer needs but also contributing to ESG efforts by enhancing energy efficiency and reducing carbon emissions across the supply chain. At the same time, this initiative strengthens Gudeng Group's semiconductor service portfolio and creates new growth momentum.

In 2024, the Company did not provide public financial forecasts. The Group's consolidated revenue for the year was NT\$6.545 billion, which increased 29% compared to the previous year's consolidated revenue of NT\$5.078 billion; the gross profit margin was 44%, and the gross profit margin from the previous year was 48%. The after-tax net profit attributable to the owners of the

Company was NT\$1.168 billion, which increased 29% compared to the previous year's net profit after tax of NT\$905 million, and the earnings per share were NT\$12.32. In 2024, Gudeng achieved record highs in total revenue and new product revenue. This reflects the company's forward-looking strategy in pioneering next-generation technologies, as demand for wafer carriers and photomask carriers continues to rise. Furthermore, Gudeng Aerospace has continuously expanded its product line, with long-term orders reinforcing a solid foundation for revenue growth. In the fourth quarter of fiscal year 2024, its revenue hit record highs month after month, marking a new milestone. Gudeng has pursued a dual-track strategy, advancing both High-NA EUV and CoWoS technologies in the semiconductor sector while expanding its aerospace business. By leveraging its core technologies and balancing market risks, the group is well-positioned for strong performance in 2025.

### ► Operating Results in 2024

The comprehensive wafer and photomask carriers developed by Gudeng Precision Industrial through decades of independent research and development have become indispensable products in advanced manufacturing processes. The rapid development of advanced processes and packaging has positioned Taiwan's semiconductor industry as a global leader. With the continuous expansion of demand in the Greater China market, Gudeng is strategically poised to be the preferred partner for these two major markets. Following the strong global demand for wafer carriers, Gudeng is accelerating the expansion of its global manufacturing facilities to ensure robust supply capabilities and implement localized services, providing customers with carrier solutions that combine quality and value. With this advantage, Gudeng's revenue has repeatedly reached record highs and the outstanding performance of its main product lines helped it to deliver the best results in its history, with the Group's revenue performance maintaining double-digit growth. Gudeng has been wholeheartedly developing the technology of aerospace parts precision machining after formally passing the AS9100D aerospace certification. After close discussions and a lengthy development phase with our customers followed by rigorous quality stability testing, explosive growth occurred in 2024 with the securing of long-term contracts with several key customers, making the technology become one of the stable revenue drivers for the next decade. Gudeng has invested a significant amount of resources in various fields, with an unwavering spirit to assist the Group in continuously breaking through bottlenecks and achieving sustained growth. The Company has taken its core technology of precision machining to the extreme, fully embodying its long-lasting business philosophy.

The star product of Gudeng's photomask handling series: EUV extreme ultraviolet mask handling box has passed the ASML certification of the world's largest semiconductor equipment manufacturer. Under the premise of continuous development of R&D technology and full production capacity to meet customers' high-end process development needs, Gudeng will maintain its position as a leading semiconductor vehicle manufacturer in the next decade. In 2022, Gudeng's EUV extreme ultraviolet photomask delivery box has met the needs of high-end semiconductor customers, and steadily improved the shipment level and production capacity, in order to be more closely connected with the global development of EUV technology high-end customer processes. In order to be more closely connected with the global development of EUV technology high-end customer process, the key process uses the same testing and cleaning equipment as the customer's factory process. Gudeng invested in purchasing advanced process vehicles with Brooks M1000 washing machine as standard equipment. This equipment is now in stable production and serves as the standard device for cleaning quality control before the shipment of Gudeng's advanced process products. It ensures that the quality and cleanliness requirements of Gudeng's EUV vehicles are consistent with customers by linking and simulating the real usage conditions of customers, customized EUV carriers exclusive top-level production base to provide customers with the best quality assurance of global advanced

manufacturing processes, and can help Gudeng to be more sophisticated in vehicle manufacturing capabilities and become a professional leader in all-round advanced vehicle solutions. In 2024, Gudeng reached the stage of mature mass production, with EUV POD shipments maintaining a steady growth rate. As advanced process technologies continue to evolve, Gudeng has introduced the next-generation High-NA EUV POD, which has also been certified by ASML. This advancement enhances performance, elevates the value and technology of EUV solutions, and drives a significant leap in industry innovation—contributing to the global development of the semiconductor sector.

In 2024, Gudeng's wafer carrier-related products officially stepped into a leading position in key global industry chains. This development was driven by customer demand arising from geopolitical factors and the continuously robust need for local expansion in the Greater China semiconductor industry, which has led to a continuous influx of orders for wafer carriers. In China, Taiwan, and overseas markets, Gudeng has become the standard product for most new fabs. Additionally, leveraging its capacity efficiency and product quality advantages, Gudeng is gradually gaining market share from competitors in the United States and Japan. Order visibility is not only high but has also reached a state of supply shortage. Faced with the Greater China market, Gudeng's footprint has rapidly expanded, with a track record spanning both domestic and international markets. In particular, we have established close partnerships with more than 20 leading semiconductor manufacturers in the market. For 8-inch and 12-inch wafer carriers, we have expanded our territory to Chinese semiconductor manufacturers in China and have completed product testing and verification. We have achieved order delivery in both existing and new plants. Gudeng has thus become a key wafer carrier supplier for semiconductor fabs in Mainland China. Considering the high order visibility and to better serve semiconductor customers in China and provide faster service, Gudeng has established production facilities in Kunshan and Chongqing. This initiative aims to accelerate the production capacity of wafer carriers while cultivating stable manufacturing capabilities and quality, thereby enhancing service efficiency in order to meet local customer demands. Gudeng has a stable shipping and storage base in Greater China region, which greatly reduces transportation risks, improves response efficiency, and elevates our global service capabilities to a new level. In the future, we will fully invest in advanced packaging series carriers. Gudeng will leverage its comprehensive leading advantages to meet the next critical milestone for explosive growth.

The subsidiary, Gudeng Equipment Co., Ltd., has been highly praised by major clients for its primary products, which include carrier storage cabinets and cleaning machines. Since operating independently, the company has progressed from an emerging player to a thriving industry leader, with its semiconductor carrier storage systems, photomask cleaning, and exchange equipment steadily penetrating major semiconductor fabs and becoming standard equipment in mass production lines. With outstanding revenue performance and the semiconductor industry's increasing focus on big data and smart manufacturing, Gudeng continues to integrate automation and intelligent solutions into its carrier and equipment products. By offering a comprehensive smart factory solution, Gudeng is actively contributing to the advancement of intelligent manufacturing. In 2024, Gudeng Equipment Co., Ltd. aims to achieve continued double-digit growth in revenue, promising an even brighter future.

With decades of experience in independent R&D, Gudeng has created a successful model for photomask handling solutions and replicated it in the wafer carrier series. Both of these products have become essential for the new process. With the rapid development of advanced processes, Gudeng is confident to become a leader in this field. In order to balance the development of Gudeng's industrial development and establish a dual-core business strategy for future operations, the company has expanded into the aerospace industry, achieving remarkable results. Gudeng's rapid response and

swift product sampling have earned recognition from major clients. In 2024, Gudeng Aerospace reached a new revenue high, securing long-term orders from multiple key aerospace customers, with dozens of product categories entering mass production and shipment. In the future, Gudeng Aerospace will continue to expand into new product areas and conduct sample deliveries, further extending its presence in the aerospace sector. With a solid revenue growth foundation supported by accumulating long-term orders, the company aims to achieve revenue targets in the hundreds of millions. Gudeng diligently focuses on every detail, extending the rigorous attitude of semiconductor precision processing to the precision processing techniques of aerospace components. Collaborating with various hidden champions in the aerospace industry, Gudeng actively builds the aerospace supply chain. The benefits from Gudeng's photomasks, wafer carriers, and aerospace confidential processing components collectively drive the group's revenue and upgrade the industry's technology.

## ► Future Outlook

Recent global industry turmoil and policy changes in various countries have affected growth momentum. As an integral part of the industry, Gudeng cannot remain unaffected. However, Gudeng's successive achievements demonstrate the global competitiveness of Taiwan's resilient supply chain. In addition to the mature series of photomask packages and wafer boxes that have supported its growth for over two decades, Gudeng's early deployment of advanced process-related products is also playing a stabilizing role. These products, used for advanced process carriers in the next decade, are not affected by short-term economic fluctuations. Furthermore, amid the rapid development of AI and the rising demand for high-performance computing (HPC), Gudeng has made building an AI industry ecosystem its strategic priority in recent years. In addition to collaborating with upstream, midstream, and downstream suppliers, Gudeng continues to invest in R&D to expand its presence in the advanced process and advanced packaging carrier markets. At the same time, Gudeng Cooperative Group's subsidiary, We Solutions Technology, focuses on ESG and provides AI cooling solutions, offering comprehensive solutions to key clients while also entering emerging markets. Gudeng Precision, with its excellent resilience and prompt response to the needs of key customers, has fully assisted customers in reducing the risk of material disruption resulting from supply chain instability and hence has achieved a significant increase in its revenue, which is attributed to its long-term investment in R&D for independent technology. In addition to the masks and wafer carrier product lines, which have been heavily developed for years, along with the rapidly growing aerospace business, Gudeng is pursuing multiple avenues simultaneously, continuing to leverage its core technologies while balancing market risks. As a result, revenue for 2024 reached new highs. Looking ahead, the operations and profits of Gudeng Group are promising.

The breakthrough achieved in various regions of the world has brought Gudeng strong growth momentum and brilliant performances in revenue of the carrier product lines of wafers and photomasks, especially in the Greater China market. A large number of orders from American and Japanese wafer carrier manufacturers have been transferred to Gudeng. Currently, demand from key customers has already exceeded nearly half of the existing production capacity. Gudeng's parent company in Taiwan is fully engaged in technology transfer and supporting Gudeng's two factories in Greater China: the Kunshan and Chongqing factories. The Company is actively working with major customers to complete site validations, and shipment volumes are expected to continue rising. Local supply solidifies Gudeng's market position as a leader in wafer carriers in Greater China, with anticipated growth momentum for 2025 being particularly promising. After focusing on its main business semiconductor, Gudeng's performance continues to go up. Specifically, apart from the aerospace enterprise having gained momentum and the steady growth of mask carriers enterprise, the

advanced and mature process FOUP has been adopted by key customers and gradually expanded its market share. The Company will continue to devote time and effort in wafer carriers. Gudeng cannot stay out of the torrent of the industry. In the future, Gudeng will continue to refine its photomask and wafer carrier solutions while focusing on advanced process products to meet the carrier demands of global customers.

In response to the rapid growth in demand in the future, Gudeng is accelerating the global expansion of its production bases to ensure sufficient production capacity and provide localized services, so as to mitigate the risk of supply chain disruption and geopolitical impact. The development and demand for wafer and mask carriers will be extremely considerable in the foreseeable future. It is necessary to think ahead about the capacity expansion strategy of the production base in the next decade. Upholding the principle of risk diversification and remote backup, it is imperative to expand the plant in northern Taiwan for Gudeng, while machinery at the Tainan Tree Valley Factory is undergoing successive installation, to continue to support the rising demands for masks and wafer carriers and the new development of aerospace enterprise. In the Asia region, Gudeng also followed major customers in establishing a production base in Japan, which will become a key backup base for Gudeng in the future. In a nutshell, Gudeng has delivered excellent results throughout the year. In order to reach new heights, Gudeng has set the tone for the new year to develop high-revenue markets and fully serve key semiconductor customers. Gudeng's own products are gradually leading the world in technology and becoming irreplaceable; the Company also believes in the long-term trend of "dualization" in the global supply chain. Leveraging Taiwan's small and medium-sized enterprises' flexible production efficiency and the advantage of local real-time service, Gudeng implements lean production and smart manufacturing internally. No matter how the general climate of the industry changes in the future, Gudeng will be able to move forward firmly and reach new operational peaks.

Best wishes to all shareholders

Good health

Good luck

**Gudeng Precision Industrial Co., Ltd.**

Chairman

邱銘乾