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Industrial Computer Product Data Acquisition System

# ICP DAS CO., LTD. 2023 Annual Report

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**1. Contact Details of Spokesperson and Deputy Spokesperson**

**【Spokesperson】** Name: Cheng, Pi-Yu

Title: Divisional Vice President of Finance

Tel: (03)597-3366 Ext:7756 Email: ir@icpdas.com

**【Deputy Spokesperson】** Name: Peng, Chiung-Yi

Title: Assistant Manager

Tel: (03)597-3366 Ext:7126 Email: ir@icpdas.com

**2. Contact Details of Headquarters, Branches and Factories**

**【Headquarters】**

Address: No. 111, Guangfu N. Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County, 303036

Tel: (03)597-3366

**【Hukou 2nd Factory】**

Address: No. 38, Guangfu Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County, 303036

Tel: (03)597-6699

**【Xindian Office】**

Address: 7F., No. 137, Ln. 235, Baoqiao Rd., Xindian Dist., New Taipei City 231029

Tel: (02) 8919-2216

**【Banciao Office】**

Address: 16F-1, No. 33, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City 220363

Tel: (02)2950-0655

**【Taichung Office】**

Address: 24F.-1, No. 360, Sec. 2, Taiwan Blvd., North Dist., Taichung City 404302, Taiwan

Tel: (04) 2328-5522

**【Tainan Office】**

Address: No. 67, Mingchuan Street, Xinshi District, Tainan City 744001

Tel: (06)599-3666

**【Kaohsiung Office】**

Address: 3F, No. 505, Zhongshan 2nd Rd., Qianjin Dist., Kaohsiung City 801754, Taiwan

Tel: (07)215-7688

**3. Contact Details of Share Registrar Agency:**

Title/Name: Stock Transfer Agency Department, Taishin Securities Co., Ltd.

Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Taipei

Website: <https://www.tssco.com.tw/stocktransfer>

Tel: (02)2504-8125

**4. Contact Details of CPA Responsible for the Most Recent Annual Financial Reports:**

Name: CPA Wu, Wei-Hao, CPA Cheng, Ya-Hui

CPA Firm: PWC Taiwan

Address: 27F., No. 333, Sec. 1, Keelung Rd., Taipei City

URL: <http://www.pwc.com/tw>

Tel: (02)2729-6666

**5. Contact and Access Information on the Company's Offshore Securities Trading: N/A.**

**6. Official Company Website: [https://www.icpdas.com/index\\_tw.php](https://www.icpdas.com/index_tw.php)**

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## Chapter 1      Message to Shareholders

Dear shareholders:

In the fiscal year 2023, ICP DAS's consolidated net operating revenue amounted to NT\$1,018,612 thousand, a 16.72% decrease compared to the previous fiscal year 2022. The consolidated net profit for 2023 was NT\$82,052 thousand, a 64.53% decrease from 2022. The gross profit margin remained between 53% and 59% over these two years. The consolidated after-tax net profit margin was 8% in 2023 and 19% in 2022. Earnings per share were NT\$1.28 in 2023 and NT\$3.62 in 2022.

The performance of each region showed mixed results. The proportion of consolidated results by region is as follows:

Europe: 23.93%, Asia: 30.43% (Mainland China: 12.52% and other Asian countries: 17.91%), the Americas: 8.37%, and others (Africa and Oceania): 0.47%.

Domestic sales accounted for 37%, while export sales accounted for 63%. Europe experienced the largest growth, with only the Americas showing a slight decline. Other regions displayed a decline of 15% to 30%.

The COVID-19 pandemic, which began in 2021, continued into 2023, causing short-term shortages in the supply chain. This drove a large number of manufacturers to over-order, thus resulting in inventory accumulation. Time is needed for digestion and processing of excess inventory. Additionally, the impact of China's domestic market on the global economy has weakened, delaying global market demand. Although Taiwan's domestic private consumption remained relatively stable, weak exports and lackluster corporate investment sentiment led to lower-than-expected economic growth domestically despite the global economy being affected by weak end-market demand and industrial inventory adjustments. Although ICP DAS has successfully grasped the direction of the ESG market and overcome various difficulties through the efforts of all employees, the 2023 revenue still declined by 16.72% compared to 2022. Nevertheless, the Company's caliber remained well maintained above NT\$10 billion.

Despite the expectation for the manufacturing industry in the United States and Europe to continue shrinking in 2024, various factors are expected to normalize. We remain confident and will continue to move forward.

ICP DAS Labs proceeds to invest in the construction and production equipment of its new biomedical business unit, and its experiments and products are becoming increasingly sophisticated. Following the easing of the pandemic and travel recovery in 2023, more international visitors and distributors participated in various exhibitions. ICP DAS also completed overseas exhibitions and visits to distributors in 2023 and early 2024, gaining a better grasp of TPU customer information and greatly increasing the visibility of its biomedical TPU (Thermoplastic Polyurethane) products. Through market business expansion, ICP DAS gained recognition from new customers who were willing to use ICP DAS's TPU in their new products. However, trial use and certification still

require some time. It is believed that ICP DAS's biomedical TPU business performance will reach new heights in 2024.

ICP DAS's future direction remains focused on two basic principles: being customer-oriented and continuously self-improving to develop products and services suitable for the market. The results of past efforts in R&D and product development have won the trust of a wide range of customers who order products through OEM/ODM. In the future, ICP DAS will simultaneously advance both "product R&D" and "providing comprehensive solutions." Technological development is divided into two main axes and five product lines. ICP DAS's market positioning has evolved from being a component provider to a solution provider and is now progressing towards becoming a service provider. Based on customer needs, ICP DAS proposes appropriate solutions. Its products and services aim to provide comprehensive solutions, create different applications, utilize IoT technology, and integrate customer needs to move towards Industry 4.0. ICP DAS's own factory serves as an example of a smart factory, accompanying customers on their journey towards automation, intelligence, improved quality and yield, reduced costs, and decreased inventory.

- The two main axes are: IoT and Industry 4.0
- The five product lines are: PC-Based I/O Card, Remote I/O, PAC Controller, Industrial Communication, OEM/ODM Product

ICP DAS will continue to work hard in various fields: M2M, TouchPAD/HMI/Touch Monitor, Internet of Things (Industrial IoT), WISE, Power Meter/Power Monitoring System, Field Bus, and comprehensive motion control solutions. ICP DAS's new website is now online, and relevant information is being updated. It focuses on six main solutions, making it easier for customers to understand how ICP DAS's products are applied in various industries.

- IIoT (Industrial Internet of Things)
- Smart Factory
- Smart Manufacturing
- Energy Management
- Building Automation
- Smart Farming & Agriculture

Under the influence of the global pandemic, ICP DAS continues to explore different marketing and business directions, promoting products and integrated technology solutions through physical exhibitions and online seminars. ICP DAS also strengthens communication with customers to gain a deep understanding of their needs, which serves as the basis for product development. At the same time, we continue to improve its headquarters factory, promoting the development of Industry 4.0 through learning examples of integrated technology.

Furthermore, ICP DAS values ESG and green sustainability trends, providing energy management, energy conservation, and carbon reduction services through AIoT and smart manufacturing comprehensive solutions. These include monitoring the energy conversion efficiency of solar and wind power generation, ensuring the electrical safety of factory transformers, monitoring the electricity usage of factory refrigeration, air conditioning, lighting, and equipment, tracking the usage status of machinery and equipment, and offering predictive diagnostics and preventive maintenance for equipment. ICP DAS also collaborates with partners in various industries to jointly create outstanding achievements and provide the best solutions for customers.

Respectfully,

ICP DAS Co., Ltd.

Yeh, Nai-Ti, Chairman

## Chapter 2 Company Profile

### I. Date of Incorporation

ICP DAS was established on August 6, 1993.

### II. Company History

1993	<ul style="list-style-type: none"><li>Company establishment and name:</li><li>“ICP DAS Co., Ltd.”, founded with a capital of NT\$6,000 thousand. Focused on developing automation-related products, investing in data acquisition card series products.</li></ul>
1995	<ul style="list-style-type: none"><li>Invested in the research and development of “Distributed Data Acquisition Modules” and began to enter the data acquisition card and distributed data acquisition module market under the brands “ICP DAS” and “ICP CON”.</li></ul>
1997	<ul style="list-style-type: none"><li>Capital surplus transferred for a capital increase of NT\$14,000 thousand, totaling paid-in capital of NT\$20,000 thousand.</li></ul>
1998	<ul style="list-style-type: none"><li>Engaged in the research and development of “handheld embedded CPU modules”.</li></ul>
1999	<ul style="list-style-type: none"><li>Engaged in the development of high-end PLC input/output modules, Ethernet, CAN bus, PROFIBUS “small embedded controllers”, starting to span across PLC, industrial computers, low-end and high-end industrial controller product areas.</li></ul>
2001	<ul style="list-style-type: none"><li>Establishment of the Banqiao Branch, engaged in the research and development of SoftLogic and ISaGRAF related products.</li><li>Obtained the Russian “Pattern Approval Certificate of Measuring Instruments” product type certification, entering the Russian market.</li></ul>
2002	<ul style="list-style-type: none"><li>Establishment of a branch in Xindian, establishing a marketing department and a “Windows CE/Soft PLC Small Controller R&amp;D Team”. Focused on market strategy planning and embedded software/hardware development.</li><li>Establishment of a branch in Kaohsiung, establishing a “Graphic Monitoring Software Development and CAN bus R&amp;D Team”.</li><li>Purchased a factory and land in the Hsinchu Industrial Park, Hukou Township, Hsinchu County, and began construction.</li><li>Obtained the registered trademark “ICP CON” in mainland China.</li><li>Obtained the registered trademark “ICP DAS” in mainland China.</li><li>Capitalized surplus to increase capital by NT\$16,400 thousand, with a total paid-in capital of NT\$36,400 thousand.</li><li>Relocated to the current address at No. 111, Guangfu N. Rd., Hsinchu Industrial Park, Hukou Township, Hsinchu County.</li></ul>
2003	<ul style="list-style-type: none"><li>Enterprise Resource Planning (ERP) management system went online.</li><li>Conducted a capitalization of earnings totaling NT\$33,600 thousand, bringing the total paid-in capital to NT\$70,000 thousand.</li></ul>



2004	<ul style="list-style-type: none"> <li>Invested in establishing “Shanghai Golden ICP DAS International Trade Co., Ltd.” to conduct marketing, sales, and provide customized services in the Chinese mainland market.</li> <li>Purchased a new office in Xindian, expanding research and development as well as marketing capabilities.</li> <li>Established a branch in Taichung and formed the Industrial Machinery Application Development Department.</li> <li>Obtained ISO-9001 quality system certification.</li> </ul>
2005	<ul style="list-style-type: none"> <li>Purchased a surface mount technology (SMT) machine to acquire manufacturing technology, allowing flexible production of small quantities of diverse products and scaling up to meet large-scale production demands.</li> <li>Conducted a cash capital increase and capitalization of retained earnings totaling NT\$100,000 thousand, bringing the total paid-in capital to NT\$170,000 thousand.</li> </ul>
2006	<ul style="list-style-type: none"> <li>Invested in ICP DAS EUROPE to strengthen expansion into the European market.</li> <li>Obtained the registered trademark of “ICP DAS” in Taiwan.</li> <li>Conducted a cash capital increase and capitalization of earnings totaling NT\$90,000 thousand, bringing the total paid-in capital to NT\$260,000 thousand.</li> </ul>
2007	<ul style="list-style-type: none"> <li>Conducted a capitalization of earnings totaling NT\$54,000 thousand, bringing the total paid-in capital to NT\$314,000 thousand.</li> <li>September: Public offering of shares.</li> <li>October: Listed on the Emerging Stock Market.</li> <li>Issued the first set of employee stock options for 2007.</li> <li>Elected two Independent Directors and one Independent Supervisor with monitoring functions.</li> </ul>
2008	<ul style="list-style-type: none"> <li>Purchased Banqiao office to expand R&amp;D capabilities.</li> <li>Conducted a capitalization of earnings totaling NT\$59,100 thousand, bringing the total paid-in capital to NT\$373,100 thousand.</li> <li>Approved for over-the-counter trading by the Securities and Futures Bureau of Financial Supervisory Commission in August.</li> <li>Invested in ICP DAS USA, INC. to strengthen presence in the U.S. market.</li> <li>Recognized as one of Forbes Asia’s “200 Best Under A Billion” in 2008.</li> </ul>
2009	<ul style="list-style-type: none"> <li>Conducted a public offering before listing on the stock exchange, raising NT\$37,190 thousand in cash, with a total paid-in capital of NT\$410,290 thousand.</li> <li>Listed on the stock exchange in January.</li> <li>Two new products, the G-4500 GPRS transmission device and WP-8841 programmable automatic controller awarded the 17th Taiwan Excellence Award.</li> <li>Conducted a capitalization of earnings and employee bonuses totaling NT\$10,937 thousand, bringing the total paid-in capital to NT\$421,227 thousand.</li> </ul>
2010	<ul style="list-style-type: none"> <li>Indirect investment in mainland China to establish ICP DAS(Wuhan) Co., Ltd. approved by the Investment Commission of the Ministry of Economic Affairs.</li> <li>Conducted the employee stock options totaling NT\$9,570 thousand, bringing the total paid-in capital to NT\$430,797 thousand.</li> </ul>

2011	<ul style="list-style-type: none"> <li>• Won the 19th Taiwan Excellent Product Award with the WISE-7901 programmable intelligent controller.</li> <li>• Won the Excellent 100 Series Quality Award with the vehicle service and communication gateway (on-board device/roadside device).</li> <li>• Won the “2011 Most Competitive Innovative Product Award” at the “2011 China Automation Annual Conference” with the WISE-5800.</li> <li>• Conducted the employee stock options totaling NT\$4,952 thousand, bringing the total paid-in capital to NT\$435,749 thousand.</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Conducted the employee stock options totaling NT\$1,145 thousand, bringing the total paid-in capital to NT\$436,894 thousand.</li> <li>• Won the 20th Taiwan Excellence Award with the WISE-5800 Intelligent Data Logger Controller.</li> <li>• Won the Most Competitive Innovative Product Award in China in 2011 with the WISE-5800 No-Programming Intelligent Controller.</li> <li>• Awarded the “Corporate Governance System Evaluation Certificate - CG6007 General Version” by the Corporate Governance Association of Taiwan.</li> </ul>
2013	<ul style="list-style-type: none"> <li>• Won the 21st Taiwan Excellence Award with the WISE-5801 Intelligent Bi-directional SMS Interactive PAC Controller.</li> <li>• Won the 21st Taiwan Excellence Award with the <math>\mu</math>PAC-5000 series wireless handheld programmable controller.</li> <li>• Won the silver medal at the 2013 Pittsburgh INPEX International Invention Exhibition in the United States with the PMC-5141 Intelligent Power Meter Concentrator and WISE-5801 Intelligent Bi-directional SMS Interactive Controller.</li> <li>• ICP DAS became the Greater China distributor for the high-end configuration software InduSoft from the United States.</li> <li>• Won the “Outstanding After-sales Service Brand” award in the “2013 China Automation Service Brand Selection Activity”.</li> <li>• Won the “Annual Innovation Product Award” at the “2013 China Automation Conference” with the PMC-5141.</li> <li>• Purchased Taichung office , expanding its operating base, and continued to seize the huge machinery automation market.</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Won the “Annual Innovation Product Award” at the “2014 China Automation Conference” with the PMC-5141.</li> <li>• Won the “Model Project Award” at the “2014 China Automation Conference” with the application of I-7188EX in oilfield variable frequency oil pumping control systems.</li> <li>• Purchased Hukou Second Plant to expand operating space and continue developing intelligent product series.</li> </ul>
2015	<ul style="list-style-type: none"> <li>• DL-302 Intelligent Carbon Dioxide and Temperature/Humidity Industrial Data Logger won the 23rd Taiwan Excellence Award.</li> <li>• Won the 23rd Taiwan Excellence Award with the WF-2000 Series Intelligent Wireless Data Acquisition Module.</li> </ul>
2016	<ul style="list-style-type: none"> <li>• WISE-5200 intelligent Internet of Things I/O controller selected for the 24th Taiwan Excellence Award.</li> </ul>
2017	<ul style="list-style-type: none"> <li>• Purchased the Taichung office , expanding its operating base, and continued to seize the huge machinery automation market.</li> <li>• Conducted a capitalization of earnings totaling NT\$43,689 thousand, bringing the total paid-in capital to NT\$480,583 thousand.</li> </ul>

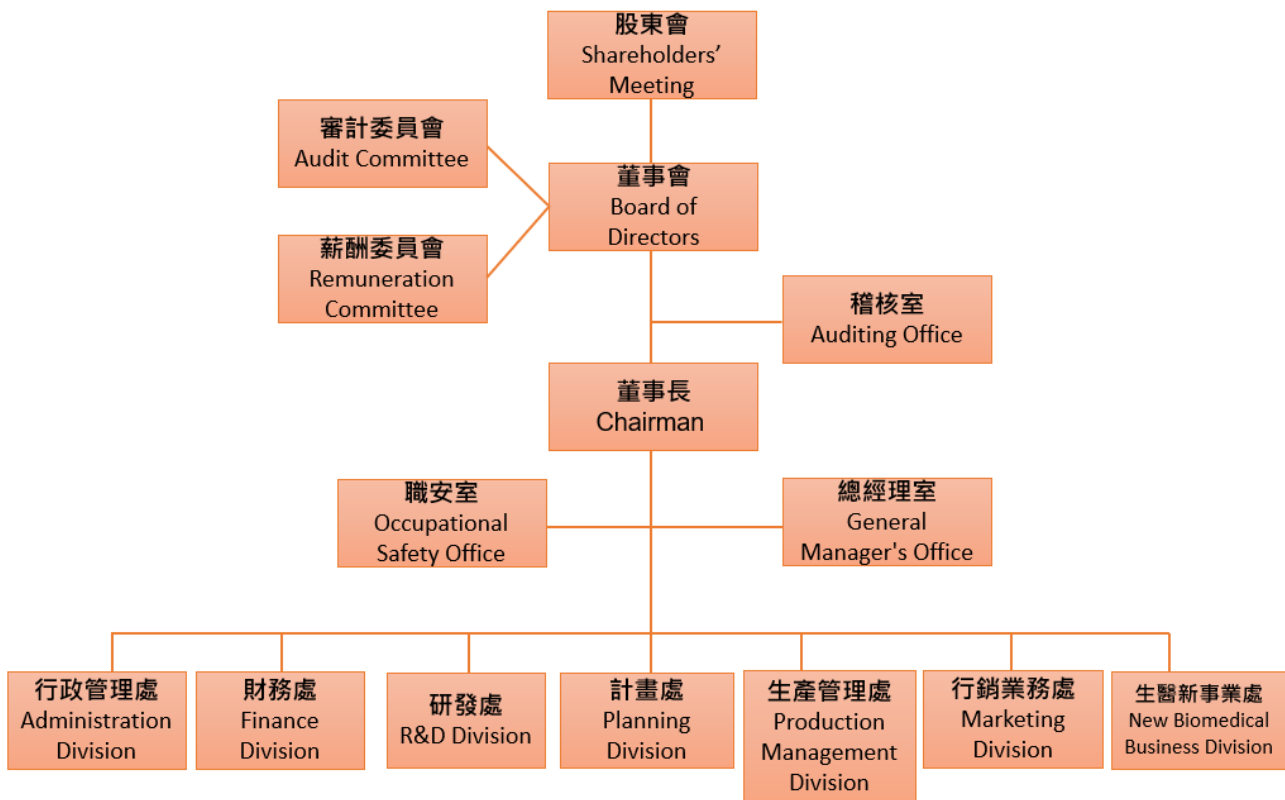
2018	<ul style="list-style-type: none"> <li>Established a new biomedical business unit to produce and manufacture medical polymer materials.</li> <li>Obtained the “Telecommunication Radio-Frequency Equipment Operating License”.</li> </ul>
2019	<ul style="list-style-type: none"> <li>Obtained the “Manufacturer’s License for Pharmaceutical Dealer” for medical devices.</li> <li>Obtained the “Dealer’s License for Pharmaceutical Dealer” for medical devices.</li> <li>Obtained “Registration Certificate for Service Capability of Technical Service Institute” from the Industrial Development Bureau, Ministry of Economic Affairs. The company is registered as an information service provider.</li> <li>Conducted a capitalization of earnings totaling NT\$48,058 thousand, bringing the total paid-in capital to NT\$528,642 thousand.</li> <li>Obtained a new registered trademark for “ICP DAS” in the European Union.</li> </ul>
2020	<ul style="list-style-type: none"> <li>Obtained the “Registration Certificate for Service Capability of Technical Service Institute” from the Industrial Development Bureau, Ministry of Economic Affairs. Registered the Company as a management consulting service provider.</li> <li>Obtained a new registered trademark for “ICP DAS” in the European Union.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Medical-grade thermoplastic polyurethane (TPU) manufacturing certified with the ISO-13485 quality system.</li> <li>Conducted a capitalization of earnings totaling NT\$52,864 thousand, bringing the total paid-in capital to NT\$581,506 thousand.</li> <li>Awarded as a Happy Company by 1111 Job Bank in 2022.</li> <li>Won the 31st Taiwan Excellence Award with the micro weather station (DLW-1000 series).</li> </ul>
2023	<ul style="list-style-type: none"> <li>Obtained “Registration Certificate for Service Capability of Technical Service Institute” from the Industrial Development Bureau, Ministry of Economic Affairs. The company is registered as a management consulting service provider.</li> <li>Conducted a capitalization of earnings totaling NT\$58,151 thousand, bringing the total paid-in capital to NT\$639,657 thousand.</li> </ul>

## Chapter 3 Corporate Governance Report

### I. Organization Systems

#### (I) Organizational Structure

##### ICP DAS Co., Ltd.



#### (II) Business Operations of Major Departments

Major Departments	Main responsibilities of each department
Audit Office	<ul style="list-style-type: none"> <li>Develop an annual overall audit plan based on risk assessment, implement the audit plan, and review the adequacy and effectiveness of the internal control system design to ensure compliance with company policies, procedures, and government laws and regulations.</li> <li>Review the self-assessment reports of each department and subsidiary, which serve as the basis for the Board of Directors and the President to evaluate the effectiveness of the overall internal control system and issue the internal control system statement, and complete the relevant reporting procedures.</li> <li>Responsible for auditing and inspecting the implementation of the internal control system by each unit (including subsidiaries), providing recommendations for improvement, and following up on deficiencies.</li> </ul>
General	<ul style="list-style-type: none"> <li>Formulate operational policies, business objectives, and operational strategies.</li> </ul>

Major Departments	Main responsibilities of each department
Manager's Office	<ul style="list-style-type: none"> <li>• Supervise the implementation of annual operational plans for each department.</li> <li>• Integrate and coordinating the cooperation of departments in overall business marketing.</li> <li>• Assist the President in planning the Company's organization, responsibilities of each department, and coordinating the operations of each department.</li> </ul>
Occupational Safety Office	<ul style="list-style-type: none"> <li>• Identification, evaluation and control of workplace environment or occupational hazards</li> <li>• Management of machinery, equipment, tools and personal protective equipment</li> <li>• Labeling and general knowledge of hazardous substances and hazardous materials, and safety assessment of hazardous workplaces or construction processes</li> <li>• Establishment of safety and health operation standards, management records and performance evaluation, and provision of safety and health education and training</li> <li>• Investigation, handling and statistical analysis of occupational accidents, near misses, and incidents affecting physical and mental health</li> <li>• Emergency response measures</li> <li>• Other safety and health management measures</li> </ul>
Administration Division	<ul style="list-style-type: none"> <li>• Matters related to employee recruitment, human resource allocation, development, maintenance, and planning.</li> <li>• Integration, planning, execution and maintenance of computerized operations</li> <li>• ISO promotion, quality system audits, planning and execution</li> <li>• Management, repair of in-plant facilities and equipment, registration and management of property and goods</li> <li>• Other general affairs management</li> </ul>
Finance Division	<ul style="list-style-type: none"> <li>• Establish accounting systems and preparing financial statement analyses</li> <li>• Matters related to obtaining, utilizing, and allocating financial funds</li> <li>• Matters related to the Company stock issuance, share-related businesses.</li> </ul>
R&D Division	<ul style="list-style-type: none"> <li>• Research and development of product technology and customized application development for new products</li> <li>• Assist in marketing, customer service, and training</li> <li>• Evaluation and development of new products, customization, and new materials</li> <li>• Technical documentation writing</li> </ul>
Planning Division	<ul style="list-style-type: none"> <li>• Product planning</li> <li>• OEM/ODM project evaluation and implementation</li> <li>• News releases of new product</li> <li>• Product ECR management</li> <li>• Website creation and product maintenance</li> </ul>
Production Management Division	<ul style="list-style-type: none"> <li>• Quality system implementation and maintenance.</li> <li>• Manufacturing and assembly of products.</li> <li>• Maintenance of production-related equipment and process improvement.</li> <li>• Determining and promoting the application of statistical techniques, improving deficiencies, and enhancing quality.</li> <li>• Conducting quality and process control audits, statistical analysis of quality conditions.</li> <li>• Managing the procurement and execution of production materials, raw</li> </ul>

Major Departments	Main responsibilities of each department
	<p>materials, and various production activities .</p> <ul style="list-style-type: none"> <li>• Raw material demand planning and storage.</li> <li>• Planning and management of mass production and inventory quantities.</li> <li>• Repair and management of defective products and customer returns.</li> <li>• Follow-up and handling of product quality anomalies.</li> <li>• Quality assurance management and implementation.</li> <li>• Development and maintenance of production technology and process equipment.</li> <li>• Providing manufacturing services for all relevant products to improve yield and reduce costs.</li> <li>• Pilot analysis, mass production introduction, and establishment of engineering documents.</li> </ul>
Marketing Division	<ul style="list-style-type: none"> <li>• Market analysis for products, marketing strategy and market planning, sales targets, review and recommendation of strategies.</li> <li>• Arrange domestic and international exhibitions, seminars, media advertising, publicity, and coordination of sales promotion activities. Management, collection, and reporting of market intelligence.</li> <li>• Formulate marketing department goals and budgets, and be responsible for achieving goals and controlling budgets.</li> <li>• Develop domestic and overseas market businesses, product sales, and customer service.</li> <li>• Regularly visit customers to identify and address their issues.</li> <li>• Handle overseas and domestic customer orders and sales matters.</li> <li>• Process collection of payments and overdue payments.</li> </ul>
New Bionmedical Business Division	<ul style="list-style-type: none"> <li>• Development, mass production, and sales of medical polyurethane materials</li> <li>• Establishment and maintenance of ISO 13485 quality system</li> <li>• Development of biomedical material applications with commercial opportunities</li> </ul>

## II. Information on Directors, President, Vice President, Associate Vice President, and Heads of Departments and Branches

### (I) Director

April 15, 2024 Unit: Shares %

Title	Nationality or Place of Registration	Name	Gender Age	Elected (Appointed) Date	Term (Years)	First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently Holding Concurrent Positions In The Company And Other Companies	Other Managers, Directors or Supervisors Who Are Spouse or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Chairman	R.O.C	Yeh, Nai-Ti	Female 61 - 65	2022.06.14	3	1993.07.27 Note 2	4,194,111	7.93	5,074,874	7.93	8,182,110	12.79	0	0	Master of Management, Yuan Ze University Chairman, Chia Yu Communications Co., Ltd. Spokesperson, ICP DAS Co., Ltd.	Vice President, Administration Division, ICP DAS Co., Ltd. Chairman, Da Zhong Investment Co., Ltd Chairman, Shanghai Golden ICP DAS International Trade Co., Ltd. Chairman, ICP DAS (Wuhan) Co., Ltd.	Director	Chen, Ruei-Yu	Spouse	Note 1
Director	R.O.C	Chen, Ruei-Yu	Male 66 - 70	2022.06.14	3	1993.07.27 Note 3	6,762,075	12.79	8,182,110	12.79	5,074,874	7.93	0	0	Masters of Power Mechanical Engineering, National Tsing Hua University Researcher, Mechanical and Mechatronics Systems Lab, ITRI	President, ICP DAS Co., Ltd. Chairman, Tian Shing Investment Co., Ltd.	Chairman	Yeh, Nai-Ti	Spouse	Note 1
Director	R.O.C	Huang, Bin-Fong	Male 56 - 60	2022.06.14	3	1997.04.27 Note 4	726,000	1.37	550,660	0.86	500,572	0.78	0	0	Institute of Computer Science and Engineering, National Yang Ming Chiao Tung University Researcher, Mechanical and Mechatronics Systems Lab, ITRI Chief Research Engineer, ICP DAS Co., Ltd.	Vice President, R&D Division, ICP DAS Co., Ltd. Chairman, Hong You Investment Co., Ltd.	None	None	None	

Title	Nationality or Place of Registration	Name	Gender Age	Elected (Appointed) Date	Term (Years)	First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently Holding Concurrent Positions In The Company And Other Companies	Other Managers, Directors or Supervisors Who Are Spouse or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Independent Director	R.O.C	Shen, Yang-Bin	Male 56 - 60	2022.06.14	3	2007.11.13	25	0	29	0		0	0	0	Ph.D. in Finance, Louisiana State University EMBA Program Director, College of Management, Yuan Ze University Chair, Graduate School of Management, Yuan Ze University Independent Board Supervisor, PHISON Electronics Corp., Ltd. Independent Board Supervisor, Richtek Technology Corp., Ltd. Independent Director, Dah Chung Bills Finance Co., Ltd. Independent Director, UHT Unitech Co., Ltd. Independent Director, Body Organ Biomedical Co., Ltd. Independent Director, Forward Electronics Co., Ltd. Representative of institutional Director, ,Hantong Ventures Investment Co., Ltd. Representative of institutional Director, CDIB BioScience Ventures Investment Co., Ltd.	Associate Professor in Finance, College of Management, Yuan Ze University Director, Personnel Office, Yuan Ze University Independent Director, TAI-TECH Advanced Electronics Co., Ltd. Member, Audit and Remuneration Committee	None	None	None	



Title	Nationality or Place of Registration	Name	Gender Age	Elected (Appointed) Date	Term (Years)	First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently Holding Concurrent Positions In The Company And Other Companies	Other Managers, Directors or Supervisors Who Are Spouse or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Independent Director	R.O.C	Jiang, Yi-Jyun	Female 51 - 55	2022.06.14	3	2016.06.13	0	0	0	0	0	0	0	0	MA in College of Law, National Chengchi University Corporate Counsel, Vanguard International Semiconductor Corporation (VIS) Assistant President and lawyer, PricewaterhouseCoopers Legal Taiwan Appeal Investigation Committee, Taiwan Accreditation Foundation Supervisor, TeraPower Technology Corp., Ltd. Supervisor, 3E Technology Corp., Ltd. Director, OK Biotech Co., Ltd.	Lawyer, Premium Attorneys-at-Law Independent Director, TAI-TECH Advanced Electronics Co., Ltd. Member, Audit and Remuneration Committee	None	None	None	

Title	Nationality or Place of Registration	Name	Gender Age	Elected (Appointed) Date	Term (Years)	First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently Holding Concurrent Positions In The Company And Other Companies	Other Managers, Directors or Supervisors Who Are Spouse or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Independent Director	R.O.C	Chen, Shao-Chi	Male 66 - 70	2022.06.14	3	2022.06.14	6,600	0.01	2,586	0.00	0	0	0	0	Ph.D. in Electrical Engineering, University at Buffalo, the State University of New York Director, Department of Electronics Engineering & Institute of Electronics, National Yang Ming Chiao Tung University Associate Editor, IEEE Transactions On Circuits And Systems Independent Director, Alpha Imaging Technology Corp Associate Dean, Office of International Affairs, National Yang Ming Chiao Tung University Director, EECS Honors Program, National Yang Ming Chiao Tung University Chair, IEEE Vehicular Technology Society, Taipei Section Chair, Department of Electronics Engineering & Institute of Electronics, National Yang Ming Chiao Tung University Chair, IEEE Vehicular Technology Society, Asian-Pacific Chapters Director, IEEE Taipei Section Member of the Board of Examiners & Convener & Drafter, Ministry of Examination, Examination Yuan Professor, Department of Electronics Engineering & Institute of Electronics, National Yang Ming Chiao Tung University Emeritus Professor, Institute of Electronics, National Yang Ming Chiao Tung University Member of the Screening Committee, Small Business Innovation Research (SBIR) program Program Evaluator of Accreditation of Engineering Education, Institute of Engineering Education Taiwan	None	None	None	None	

Title	Nationality or Place of Registration	Name	Gender Age	Elected (Appointed) Date	Term (Years)	First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently Holding Concurrent Positions In The Company And Other Companies	Other Managers, Directors or Supervisors Who Are Spouse or Within the Second Degree of Kinship			Remarks
							Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Independent Director	R.O.C	Chao, Yu	Female 56 - 60	2022.06.14	3	2022.06.14	0	0	0	0		0	0	0	Ph.D. in Management, National Yang Ming Chiao Tung University Division Director, Career Guidance Division & Alumni Service division, Office of Student Affairs, Chung Hua University Adjunct Associate Professor, Department of Industrial Design, Shih Chien University Editorial Board Member of the "Marketing Review", Taiwan Marketing Research Association Executive Secretary of Social Responsibility Promotion Office, Chung Hua University Adjunct Associate Professor, Department of Educational psychology and counseling, National Tsing Hua University Adjunct Associate Professor, Department of Educational psychology and counseling, National Hsinchu University of Education Adjunct Assistant Professor, Department of Business Administration, National Taipei University of Business Assistant Professor, Department of Business Administration, Chung Hua University Lecturer, Department of Business Administration, Chung Hua University Assistant Research Fellow, Planning Unit of Precision Instrument Development Center, National Science Council, Executive Yuan Secretary to Manager of Production Department II, WYSE Technology Ltd. Special Assistant to the President, Secretariat Office, Chung Hua University	Associate Professor in Department of Business Administration, Chung Hua University Adjunct Associate Professor, Department of Business Administration, National Taipei University of Business	None	None	None	

Note 1: The Chairman and the President are spouses, and the two of them are the original shareholders who co-founded ICP DAS Technology. With all their hearts and efforts, their goal is to create a win-win situation for customers, shareholders, employees, and distributors, striving to create a convenient and reliable technological living environment. To enhance the corporate governance of ICP DAS, two Independent Directors were appointed in 2007. In 2016, the two Independent Directors were re-elected to three Independent Directors, and more than half of the Directors were non-employees or managers, in compliance with the "Corporate Governance 3.0 -

Sustainable Development Blueprint” requirements. The original 3 Independent Directors were re-elected to four Independent Directors at the Shareholders’ Meeting in June 2022.

- Note 2: Chairman Yeh, Nai-Ti served as Director after being re-elected at the Shareholders’ Meeting on June 28, 2007, and his term as Director was interrupted from November 13, 2007 to June 18, 2010. He was then re-elected as Director at the Shareholders’ Meeting on June 18, 2010, and has served as Chairman since being elected at the Shareholders’ Meeting on June 10, 2013.
- Note 3: Director Chen, Ruei-Yu was elected as a supervisor at the Shareholders’ Meeting on July 27, 1993, until he resigned as a supervisor on February 9, 1996. He then served as a Director from May 16, 2002 after being re-elected at the Shareholders’ Meeting until now.
- Note 4: Director Huang, Bin-Fong served as Director from April 27, 1997, after being elected at the Shareholders’ Meeting, until September 20, 2005, when he resigned as Director. On September 20, 2005, at an interim Shareholders’ Meeting, he was elected as Supervisor until June 23, 2006, when he resigned as Supervisor. Then, on June 23, 2006, he was elected as Director at the Shareholders’ Meeting and has served in that position until now.
- Note 5: On June 14, 2022, the Shareholders’ Meeting held a full re-election of Directors, and the first Audit Committee was established on June 14, 2022.

## (II) Major Shareholders of Corporate Shareholders

1. Major Shareholders of Corporate Shareholders: None.
2. Major Shareholder Is a Legal Entity: None.

### (III) Evaluation of Directors

#### 1. Information on Director professional qualifications and Independent Director independence

Name \ Terms	Professional Qualifications and Experience	Independence	Number of other public companies concurrently serving as Independent Director
Chairman Yeh, Nai-Ti	Dedicated to the industrial control field for over 20 years Possesses work experience required for business and corporate operations	1. Has no circumstances as specified in Article 30 of the Company Act 2. Note 2	0
Director Chen, Ruei-Yu	Dedicated to the industrial control field for over 20 years Possesses work experience required for business and corporate operations	1. Has no circumstances as specified in Article 30 of the Company Act 2. Note 2	0
Director Huang, Bin-Fong	Dedicated to the industrial control field for over 20 years Possesses work experience required for business and corporate operations	1. Has no circumstances as specified in Article 30 of the Company Act 2. Not a spouse or relative within the second degree of kinship of any other Director	0
Independent Director Shen, Yang-Bin	Ph.D. in Finance, Louisiana State University. Possessing expertise required for finance and corporate business. Currently serving as Associate Professor in Finance, College of Management, Yuan Ze University and Director, Personnel Office, Yuan Ze University.	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements” 3. Possesses professional expertise in accounting or finance	1
Independent Director Jiang, Yi-Jyun	Possesses work experience in business and legal affairs Has passed the national examination and holds a lawyer’s license Currently employed as Lawyer, Premium Attorneys-at-Law	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements” 3. Does not provide audit, business, legal and other related services for the company or affiliated companies	1

Independent Director Chen, Shao-Chi	Possesses work experience required for business and corporate operations	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements”	0
Independent Director Chao, Yu	Ph.D. in Management, National Yang Ming Chiao Tung University. Possessing expertise in marketing, finance, and business operations required by companies. Currently teaching as an Associate Professor in the Department of Business Administration at Chung Hua University and an Adjunct Associate Professor in the Department of Business Administration at National Taipei University of Business.	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements” 3. Possesses professional expertise in accounting, finance and marketing.	0

Note 1: The aforementioned Director has not been elected by the government, a legal entity, or its representative as stipulated in Article 27 of the Company Act.

Note 2: The Chairman Yeh and Director Chen are spouses, and the two of them are the original shareholders who co-founded ICP DAS Technology. With all their hearts and efforts, their goal is to create a win-win situation for customers, shareholders, employees, and distributors, striving to create a convenient and reliable technological living environment. To enhance the corporate governance of ICP DAS, two Independent Directors were appointed in 2007. In 2016, the two Independent Directors were re-elected to three Independent Directors, and more than half of the Directors were non-employees or managers, in compliance with the “Corporate Governance 3.0 - Sustainable Development Blueprint” requirements. The original 3 Independent Directors were re-elected to four Independent Directors at the Shareholders’ Meeting in June 2022.

## 2. Board of Directors Diversity and Independence

According to Article 23 of the Company’s “Corporate Governance Best Practice Principles” and Article 3 of the “Procedures for Election of Directors”, members of the Board of Directors should generally possess the necessary knowledge, skills and qualities required to perform their duties. The overall capabilities that the Board should possess include operational judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, International vision, leadership, and decision-making skills. In the composition of the Board of Directors, the Company takes into consideration the balance of skills, experience, and diversity required for the Company’s business, including gender, age, nationality, professional background, professional skills, and industry experience. Identifying suitable candidates for appointment as Directors to create a diverse Board of Directors can provide professional opinions from different perspectives, which is beneficial for improving the Company’s operational performance and management.

The specific management objectives and achievements of the Company's diversity policy are as follows:

Management Objectives	Achievement
Female Director ratio of 30%	Achieved
Directors with spouses and second-degree relatives not exceeding 1/3 of Director seats	Achieved
At least 1/3 of Director seats possess legal, accounting, or industry expertise	Achieved

Consideration factors	Composition of the Board of Directors this term	Diversified policies
Board of Director seats	3 Director, 4 Independent Director	1 new Independent Director was added in 2022 The proportion of Independent Directors is 57% (4 seats). The proportion of Directors with employee status is 43% (3 seats). The proportion of Directors with spouse and second-degree relative relationship is 29%.
Gender	3 female, 4 male	Director gender ratio 4:3 (male to female) Female Director ratio of 30% The ratio of female Directors reached 43%, achieved the target
Age	1955 - 1970 years	51-55 years old: 1 Independent Director 56-60 years old: 1 Director, 2 Independent Director 61-65 years old: 1 Director 66-70 years old: 1 Director, 1 Independent Director
Nationality	R.O.C	All are this nationality
Education	3 PhDs, 4 Masters	PhD: 3 Independent Director Master: 3 Director, 1 Independent Director
Professional background	Management, Science and Engineering, Finance and Accounting, Marketing, Law, etc.	Professional background across multiple areas meets the target.
Professional qualifications and more than 5 years of work experience	Management, R&D, Scholars and Professors, Lawyers, Consultants, etc.	Universities and colleges: 3 Independent Director Law firms: 1 Independent Director

Name	Gender	Term of office (years)Note 1	Re-election (times)Note 2	Operation management	Industry knowledge	Legal	Marketing	Finance/Accounting	Science and Engineering
Chairman Yeh, Nai-Ti Note 2	Female	27	4	V	V				
Director Chen, Ruei-Yu Note 2	Male	21	7	V	V				V
Director Huang, Bin-Fong	Male	26	8	V	V				V
Independent Director Shen, Yang-Bin Note 3	Male	16	5	V				V	
Independent Director Jiang, Yi-Jyun	Female	7	2	V		V			
Independent Director Chen, Shao-Chi	Male	1	0	V	V				V
Independent Director Chao, Yu	Female	1	0	V			V	V	

Note 1: The term of office is calculated from the initial appointment date to December 31, 2023, and the years not in service are deducted.

Note 2: The number of uninterrupted terms of office shall be calculated from the date of election at the Shareholders' Meeting.

Note 3: In consideration of his financial and professional expertise, familiarity with relevant laws and regulations, and experience in corporate governance, which will bring significant benefits to the company, he continues to be appointed as the company's Independent Director, allowing him to utilize his expertise and serve on the Board of Directors to provide supervision and advice.



(IV) Information on the President, Vice President, Associate Vice President and Heads of Departments and Branches

April 15, 2024 Unit: Shares %

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently holding concurrent positions in other companies	Managers who are spouses or within the second degree of kinship			Note
					Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
President	R.O.C	Chen, Ruei-Yu	Male	1993.08.06	8,182,110	12.79	5,074,874	7.93	0	0	Masters of Power Mechanical Engineering, National Tsing Hua University Researcher, Mechanical and Mechatronics Systems Lab, ITRI	Chairman, Tian Shing Investment Co., Ltd.	Administration Division Vice President	Yeh, Nai-Ti	Spouse	Note 1
Administration Division Vice President	R.O.C	Yeh, Nai-Ti	Female	1993.08.06	5,074,874	7.93	8,182,110	12.79	0	0	Masters of Management, Yuan Ze University Chairman, Chia Yu Communications Co., Ltd. Spokesperson, ICP DAS Co., Ltd.	Chairman, Da Zhong Investment Co., Ltd Chairman, Shanghai Golden ICP DAS International Trade Co., Ltd. Chairman, ICP DAS(Wuhan) Co., Ltd.	President	Chen, Ruei-Yu	Spouse	Note 1
R & D Division Vice President	R.O.C	Huang, Bin-Fong	Male	1999.08.01	550,660	0.86	500,572	0.78	0	0	Institute of Computer Science and Engineering, National Yang Ming Chiao Tung University Researcher, Mechanical and Mechatronics Systems Lab, ITRI Chief Research Engineer, ICP DAS Co., Ltd.	Chairman, Hong You Investment Co., Ltd.	None	None	None	

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently holding concurrent positions in other companies	Managers who are spouses or within the second degree of kinship			Note
					Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Project Vice President	R.O.C	Huang, Kuo-Cheng	Male	2005.03.07	595,942	0.93	83,461	0.13	0	0	Department of Mathematics, Tsinghua University Vice President of Business, IEI Integration Corp R&D Manager, Hsun Yuan Corp Engineer, EENET Corp Supervisor, Supreme Electronics Co., Ltd.	Supervisor, Shanghai Golden ICP DAS International Trade Co., Ltd. Supervisor, ICP DAS(Wuhan) Co., Ltd. Independent Director, Supreme Electronics Co., Ltd. Member of Audit and Remuneration Committee	None	None	None	
Vice President, Marketing and Business Division	R.O.C	Cheng, Shu-Fa	Male	2009.01.01	275,982	0.43	29,867	0.05	0	0	Department of Power Mechanical Engineering, Tsinghua University Engineer at the Mechanical Engineering Division, Industrial Technology Research Institute	Supervisor of the Taiwan Smart Energy Industry Association	None	None	None	

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently holding concurrent positions in other companies	Managers who are spouses or within the second degree of kinship			Note
					Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Vice President, Medical-grade Polymers Division	R.O.C	Chen,Jui-Hsiang	Male	2018.07.26	670,408	1.05	813,741	1.27	0	0	Master's degree from the Institute of Polymer Science, Tsinghua University Ph.D., Department of Chemical Engineering, Tsinghua University Researcher and Manager at the Polymer Research Division, Institute of Chemical Engineering, Industrial Technology Research Institute Associate Research Fellow and Deputy Group Leader of the Biomedical Materials and Tissue Engineering Technology Group, Biomedical Technology and Device Research Laboratories, Industrial Technology Research Institute Industrial Technology Research Institute, Materials and Chemical Research Laboratories, Fiber Division, Associate Researcher and Research Director	None	President	Chen, Ruei- Yu	Brother	
Vice President	R.O.C	Ku, Chia-Chun	Male	2018.07.26	0	0	0	0	0	0	Department of Power Mechanical Engineering, Tsinghua University Associate Vice President of Marketing, Alpha Precision Instrumentation Corporation President, Sync-Tech System Corp. Special Assistant to the President, MTC-Mercury Trading Co., Ltd.	President, Shanghai Golden ICP DAS International Trade Co., Ltd.	None	None	None	

Title	Nationality	Name	Gender	Elected (Appointed) Date	Shareholding		Shares Held by Spouse and Underage Children		Shares Held in the Name of Others		Principal Professional(Academic) Background	Currently holding concurrent positions in other companies	Managers who are spouses or within the second degree of kinship			Note
					Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%	Number of Shares	Shareholding ratio%			Title	Name	Relationship	
Vice President	R.O.C	Hsieh, Hsi-Fu	Male	2023.03.13	6,600	0.01	0	0	0	0	Department of Control Engineering, National Chiao Tung University Associate Vice President of President's Office, Taiwan Plastics Industry Co., Ltd.	None	None	None	None	Note 2
Director, Production Management division	R.O.C	Chen, Yu-Lin	Male	1998.08.01	444,051	0.69	0	0	0	0	Department of Industrial Management, Southern Taiwan University of Science and Technology President, Shanghai Golden ICP DAS International Trade Co., Ltd.	ICP DAS(Wuhan) Co., Ltd.	None	None	None	Note 3
Associate Vice President and Safety Manager, Production Management Division	R.O.C	Fu, Kuo-Chun	Male	2024.03.04	145,048	0.23	10,700	0.02	0	0	Department of Industrial Engineering and Management, Ming Chi University of Technology Deputy Director, ICP DAS Co., Ltd.	None	None	None	None	Note 3
Divisional Vice President of Finance, And Spokesperson Corporate Governance Officer, ICP DAS Co., Ltd.	R.O.C	Cheng,Pi-Yu	Female	2009.08.01	65,238	0.10	0	0	0	0	Masters of Management, Yuan Ze University Deputy Manager, Finance Department, BENQ Materials Corp.	Yuan Ze University College of Management Assistant Professor-level Professional Technical Personnel	None	None	None	Note 2

Note 1: The President and the Vice President of the administrative department are spouses. The two of them are the original shareholders who co-founded ICP DAS, leveraging their professional expertise and business experience to carry out the company's operations. In response to the requirements of the "Corporate Governance 3.0 - Sustainable Development Blueprint", the original 3 Independent Directors were re-elected to 4 Independent Directors at the Shareholders' Meeting in June 2022, and more than half of the Directors should not concurrently serve as employees or managers.

Note 2: On March 13, 2023, the Board of Directors resolved to appoint the manager and corporate governance officer.

Note 3: The Board of Directors resolved to approve the management change on March 4, 2024. The former Director of Production Management Department, Chen, Yu-Lin, was reassigned as Special Assistant to the President's Office, and Fu, Kuo-Chun was appointed as the Factory Director (Assistant Vice President) of the Production Management Division.

### III. The Most Recent Annual Payment Director, Supervisor, remuneration of the President and Vice President

#### (I) Director Remuneration (Independent Director)

Unit: NT\$ Thousand; % Thousand shares: %

Title	Name	Director Remuneration								(A B C D) as a % of Net Income(Note 3)		Concurrent Employee Remuneration								(A B C D E F G) as a % of Net Income(Note 3)		Remuneration Paid to Directors from Non-consolidated Affiliates or Parent Company
		Remuneration (A)		Severance and Pensions (B) (Note 4)		Director Remuneration (C) (Note 1)		Operating Expenses (D)(Note 2)				Base Compensation, Bonus, and Special Allowance (E)		Severance and Pensions (F) (Note 4)		Employee Compensation (G)(Note 1)						
		The Company	All Companies included in the Financial Report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
Cash Amount	Stock Amount															Cash Amount	Stock Amount					
Chairman	Yeh, Nai-Ti	1,443	1,443	0	0	488	488	0	0	1,931 2.35%	1,931 2.35%	4,314	4,314	215	215	407	0	407	0	6,867 8.37%	6,867 8.37%	None
Director	Chen, Ruei-Yu																					
Director	Huang, Bin-Fong																					
Independent Director	Shen, Yang-Bin	720	720	0	0	650	650	88	88	1,458 1.78%	1,458 1.78%	0	0	0	0	0	0	0	0	1,458 1.78%	1,458 1.78%	None
Independent Director	Jiang, Yi-Jyun																					
Independent Director	Chen, Shao-Chi																					
Independent Director	Chao, Yu																					

Note 1: The total amount of remuneration for Directors, supervisors, and employee compensation for the Company's fiscal year 2023 has been approved by the Board of Directors, but the actual allocation of employee compensation has not yet been resolved. Therefore, the amount of employee compensation in the above table is estimated based on the proportion of the actual allocation amount in the fiscal year 2022.

Note 2: Amount for the 2023

Note 3: It is calculated based on the amount of after-tax net income in the individual financial statements for the 2023.

Note 4: Amount accrued for the 2023

Note 5: Note 1: Independent Directors' remuneration policies, procedures, standards and structure, as well as the linkage to responsibilities, risks and time spent: The Independent Director receives a fixed remuneration for serving as a member of functional committees, Directors' remuneration (1% as stipulated in the company's articles of

association and approved by the Board of Directors), and transportation allowance. The aforementioned remuneration has been reviewed and approved by the Remuneration Committee and the Board of Directors.

Note 6: Other than disclosure in the above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non – employee of parent company/ all consolidated entities/ non – consolidated affiliates) to ICD DAS and all consolidated entities in the most recent financial statements: None.

Remunerations Range Table

Ranges for remuneration of Directors of the Company	Director			
	Sum of (A B C D) (Note 3)		Sum of (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than NT\$1,000,000	Chen, Ruei-Yu, Huang, Bin-Fong, Shen, Yang-Bin, Jiang, Yi-Jyun, Chen, Shao-Chi, Chao, Yu,		Shen, Yang-Bin, Jiang, Yi-Jyun, Chen, Shao-Chi, Chao, Yu	
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Yeh, Nai-Ti		Yeh, Nai-Ti	
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-	Chen, Ruei-Yu, Huang, Bin-Fong	
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
Above NT\$100,000,000	-	-	-	-
Total	7		7	

## (II) Supervisor Remuneration

N/A.

## (III) Remuneration of the President and Vice President

Unit: NT\$ Thousand; % Thousand shares: %

Title	Name	Salary(A) (Note 1)		Severance or retirement and pensions (B) (Note 4)		Bonus and Special Allowance (C) (Note 1)		Employee Compensation Amount(D) (Note 2)				(A B C D) as a % of Net Income(Note 3)		Remuneration Paid to Directors from Non — consolidated Affiliates or Parent Company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Chen, Ruei-Yu	12,553	12,553	721	721	3,098	3,098	972	0	972	0	17,344 21.14%	17,344 21.14%	None
Administration Division Vice President	Yeh, Nai-Ti													
R & D Division Vice President	Huang, Bin-Fong													
Project Vice President	Huang, Kuo-Cheng													
Vice President, Marketing and Business Division	Cheng, Shu-Fa													
Medical-grade Polymers Division Vice President	Chen,Jui-Hsiang													
Vice President	Ku, Chia-Chun													
Vice President	Hsieh, Hsi-Fu													

Note 1: Amount for the 2023

Note 2: The amount of employee compensation for the company in 2023 has been approved by the Board of Directors, but the actual distribution amount has not yet been decided. Therefore, the amount of employee compensation in the above table is calculated based on the proportion of the actual distribution amount in 2022.

Note 3: It is calculated based on the amount of after-tax net income in the individual financial statements for the 2023.

Note 4: Amount accrued for the 2023

Note 5: Vice President Hsieh, Hsi-Fu took office on March 13, 2023.

## Remunerations Rank Table

Remuneration Range of the President and Vice President of the Company	Name of the President and Vice President	
	The Company	All companies in the financial report
Less than NT\$1,000,000	Yeh, Nai-Ti	
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Ku, Chia-Chun	
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	Chen, Ruei-Yu, Huang, Bin-Fong, Huang, Kuo-Cheng, Cheng, Shu-Fa, Chen, Jui-Hsiang, Hsieh, Hsi-Fu	
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
More than NT\$100,000,000	-	-
Total	8	

(IV) The Names of Managers Involved in the Distribution of Employee Remuneration and the Distribution Details

Unit: NT\$ Thousand

Title		Name	Stock Amount (Note 1)	Cash Amount (Note 1)	Total	Amount as a % of Net Income(Note 2)
Managerial officer	President	Chen, Ruei-Yu	0	1,114	1,114	1.36
	Divisional Vice President of Administration, ICP DAS Co., Ltd.	Yeh, Nai-Ti				
	Divisional Vice President of R&D, ICP DAS Co., Ltd.	Huang, Bin-Fong				
	Project Vice President	Huang, Kuo-Cheng				
	Vice President, Marketing and Business Division	Cheng, Shu-Fa				
	Vice President, Medical-grade Polymers Division	Chen, Jui-Hsiang				
	Vice President	Ku, Chia-Chun				
	Vice President	Hsieh, Hsi-Fu				
	Divisional Director of Production and Management (Note 4)	Chen, Yu-Lin				
	Divisional Sr. Manager of Finance, ICP DAS Co., Ltd.	Cheng, Pi-Yu				

Note 1: The amount of employee compensation for the Company in 2023 has been approved by the Board of Directors, but the actual distribution amount has not yet been decided. Therefore, the amount of employee compensation in the above table is calculated based on the proportion of the actual distribution amount in 2022.

Note 2: It is calculated based on the amount of after-tax net income in the individual financial statements for the 2023.

Note 3: Vice President Hsieh, Hsi-Fu took office on March 13, 2023.

Note 4: The Board of Directors resolved to approve the management change on March 4, 2024. The former Director of Production Management Department, Chen, Yu-Lin, was reassigned as Special Assistant to the President's Office, and Fu, Kuo-Chun was appointed as the Factory Director (Assistant Vice President) of the Production Management Division. Fu Kuo-Chun assumed his position on March 4, 2024, and was not included in the list of managers eligible for employee remuneration distribution in 2023.



- (V) Analyze and describe the ratio of total remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents by the Company and all companies covered in the consolidated financial statements for the most recent 2 fiscal years to the individual after-tax net income, and explain the policies, standards, and combinations for compensations, the procedures for setting remuneration, and the correlation with operational performance and future risks:

The remuneration of the Directors, Supervisors, President and Vice Presidents of this company is paid by the company itself, and they do not receive any remuneration from other companies included in the consolidated financial statements.

Item  Title	The Company				All companies in the financial report			
	2022		2023		2022		2023	
	Total	Income After Tax %	Total	Income After Tax %	Total	Income After Tax %	Total	Income After Tax %
Director Remuneration	4,662	2.02%	3,389	4.13%	4,662	2.02%	3,389	4.13%
Supervisor Remuneration	559	0.24%	0	0%	559	0.24%	0	0%
President and Vice President Remuneration	15,503	6.70%	17,344	21.14%	15,503	6.70%	17,344	21.14%
Income After Tax	231,346	-	82,052	-	231,346	-	82,052	-

The total remuneration for Directors of the company in 2023 decreased by 27.31% compared to 2022, mainly because the company allocated 1% of its net profit after tax as Directors' remuneration in 2023, while its net profit after tax in 2023 decreased by 64.53% compared to 2022, resulting in a decrease in Directors' remuneration closely related to its operating performance. The total remuneration for the President and Vice President increased by 11.88% compared to 2022, mainly due to adjustments in remuneration based on operating conditions and performance evaluations, with an average salary increase of approximately 5% in 2023. Additionally, the total amount of employee compensation for 2023 has been approved by the Board of Directors but the actual distribution has not yet been decided. Therefore, the amount of employee compensation is estimated based on the proportion of the actual distribution in 2022. Furthermore, the Board of Directors appointed one additional Deputy President on March 13, 2023, resulting in an increase in the remuneration for the President and Vice President.

The company has established a Remuneration Committee responsible for reviewing and formulating policies, systems, standards, and structures for the remuneration of Directors, Supervisors, and managers, as well as conducting performance evaluations.

The remuneration policies for Directors, Supervisors, and employees are based on industry practices, with provisions for business expenses and adhering to Article 19 of the company's Articles of Incorporation. The company should allocate between 3% and 12% of its annual profits as employee compensation and no more than 3% as Directors'

remuneration, subject to the approval of the Board of Directors. The remuneration is closely related to the company's operating performance. The Directors' performance is evaluated through self-assessment (measured by understanding of company goals and tasks, awareness of Directors' responsibilities, participation in company operations, internal relationship management and communication, professional expertise and continuous learning, internal control, and other items). In 2023, the Directors' performance evaluations ranged from 92 to 100 points. Independent Directors who serve on functional committees receive additional fixed remuneration and transportation allowances for attending meetings, which are not related to performance.

The remuneration for the President, Vice President, and other managers is determined based on their positions and responsibilities, with reference to industry standards for similar positions. In addition to considering the company's overall operating performance, individual contributions to the company's performance are also taken into account to provide reasonable remuneration, subject to the approval of the Board of Directors. The remuneration is related to the current year's operating performance but not related to future risks.

The distribution of remuneration for managers is comprehensively considered based on their participation in the company's operations and performance evaluations. The evaluation criteria include the company's overall operating performance, leadership and delegation abilities, customer/quality orientation and integrity, as well as other special contributions or significant negative events. The performance evaluation results for managers in 2023 ranged from 84.5 to 95.5 points, and their annual salary adjustments, bonuses, and employee profit-sharing are positively correlated with their individual performance evaluations.

#### (VI) Training Status of Directors (including Independent Directors)

##### 1. Implementation of Training Measures for Directors

To enhance the professional knowledge and decision-making abilities of Directors, enabling them to effectively implement the company's corporate governance system, the Company has also referred to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/ TPEX Listed Companies" and established a mechanism and channels for Directors' continued learning. Taking into account each Director's professional background and the Company's business focus and main business development directions, the Company collects information on relevant courses covering corporate governance topics such as finance, business, commerce, law, and accounting organized by institutions recognized by the competent authorities. The Company then arranges appropriate continuing education periods and contents for each member and promptly obtains proof of continued education from each Director, disclosing their continued education status on the MOPS.

The Company's Directors (including Independent Directors) must receive at least 12 hours of continued education in their first year of appointment, and at least 6

hours of continued education each year during their term or upon re-appointment, in compliance with the “Directions for the Implementation of Continuing Education” regarding the required hours of continued education.

2. Training Status of Director (including Independent Director)

Training hours	List of Completed Training Hours
6 hours	Yeh, Nai-Ti, Chen, Ruei-Yu, Huang, Bin-Fong, Shen, Yang-Bin
More than 6 hours	Jiang, Yi-Jyun (9 hours), Chen, Shao-Chi (9 hours), Chao, Yu (9 hours)

Title	Name	Training date	Organizer	Course name	Training hours
Chairman	Yeh, Nai-Ti	2023/02/07	The Corporate Governance Association	Information Security Governance Practical: Analysis of Key Management Issues	3
Independent Director	Jiang, Yi-Jyun	2023/04/14	Taipei Bar Association	Discussing the Theory and Practice of Shareholders Exercising Voting Rights Avoidance in a Company	3
Independent Director	Jiang, Yi-Jyun	2023/04/20	Taipei Bar Association	The Study on Labor Rights Protection Issues in Corporate Mergers and Acquisitions	3
Independent Director	Chao, Yu	2023/04/27	Taipei Exchange (TPEX)	Promotion event for the “Sustainable Development Action Plan for Listed Companies”	3
Independent Director	Jiang, Yi-Jyun	2023/05/24	Taipei Bar Association	Termination Dispute Issue Of Labor Contract	3
Director Independent Director	Huang, Bin-Fong Chen, Shao-Chi	2023/07/24	Taipei Foundation of Finance	AI Explosion: The Technological Development and Commercial Opportunities of the ChatGPT Chatbot	3
Independent Director	Chao, Yu	2023/07/28	The Corporate Governance Association	How can the Audit Committee interpret and use Audit Quality Indicators (AQIs)	3
Chairman Director Director Independent Director Independent Director Independent Director	Yeh, Nai-Ti Chen, Ruei-Yu Huang, Bin-Fong Shen, Yang-Bin Chen, Shao-Chi Chao, Yu	2023/08/08	Taiwan Investor Relations Institute	Strategies for Corporate Operations and News Crisis Management	3

Title	Name	Training date	Organizer	Course name	Training hours
Independent Director	Chen, Shao-Chi	2023/08/15	The Allied Association For Science Park Industries	Corporate Governance 3.0, Capital Market Blueprint and Green Finance	3
Director	Chen, Ruei-Yu	2023/10/04	The Corporate Governance Association	How the Board of Directors Formulates ESG Sustainable Governance Strategies	3
Independent Director	Shen, Yang-Bin	2023/12/22	The Corporate Governance Association	Introduction to carbon market: Discussing carbon costs, carbon tax, carbon rights and carbon trading.	3

#### IV. Operational Status of Corporate Governance

##### (I) Information on the Operations Status of the Board of Directors

Term of this Board of Directors: From June 14, 2022 to June 13, 2025, the meeting has been held 9 times.

In 2023, the meeting has been held 4 times, and the attendance of the Director was as follow:

Title	Name	Number of Actual attendance	Number of proxy attendances	Actual attendance ratio(%)	Remarks
Chairman	Yeh, Nai-Ti	4	0	100	The attendance ratio for this session is 100%.
Director	Chen, Ruei-Yu	4	0	100	The attendance ratio for this session is 100%.
Director	Huang, Bin-Fong	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Shen, Yang-Bin	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Jiang, Yi-Jyun	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Chen, Shao-Chi	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Chao, Yu	4	0	100	The attendance ratio for this session is 100%.

Other material information:

1. If any of the following situations occur in the operation of the Board of Directors, the date, period, agenda content, opinions of all Independent Directors, and the company's handling of the Independent Directors' opinions should be clearly stated:

- (1) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to page 89.
  - (2) Except aforementioned items, other matters resolved by the Board of Directors which an Independent Director has expressed an objection or reservation that has been recorded or stated in writing: No such thing.
2. The implementation of Directors' avoidance of conflicts of interest in the agenda should include the names of the Directors, the content of the agenda, the reasons for avoidance of interests, and the participation in voting:

At the Board of Directors meeting of our company on March 13, 2023, the following matters related to avoidance of conflicts of interest were discussed:

For the 11th case regarding the Chairman's 2023 remuneration standard and structure, since Chairman Yeh, Nai-Ti and Director Chen, Ruei-Yu are spouses, they recused themselves from voting. Director Jiang, Yi-Jyun, the convener of the Remuneration Committee, acted as the interim chairperson. After the chairperson consulted the Independent Directors and the remaining attending Directors, the case was passed without objection. (7 Directors attended, 2 Directors recused themselves, 5 Directors passed the case without objection)

For the 12th case regarding the 2023 manager remuneration standard and structure, Director Chen, Ruei-Yu (the General Manager), Director Yeh, Nai-Ti (Deputy Head of Administrative Management and spouse of Chen, Ruei-Yu), and Director Huang, Bin-Fong (Deputy Head of R&D) recused themselves from voting due to conflicts of interest. Director Jiang, Yi-Jyun, the convener of the Remuneration Committee, acted as the interim chairperson. After the chairperson consulted the Independent Directors, the case was passed without objection. (7 Directors attended, 3 Directors recused themselves, 4 Directors passed the case without objection)

At the Board of Directors meeting on August 8, 2023, the following recusal situation occurred:

For the 5th case regarding manager remuneration, Chairman Yeh, Nai-Ti (Deputy Head of Administrative Management), Director Chen, Ruei-Yu (General Manager), and Director Huang, Bin-Fong (Deputy Head of R&D) recused themselves from voting due to conflicts of interest. Director Jiang, Yi-Jyun, the convener of the Remuneration Committee, acted as the interim chairperson. After the chairperson consulted the Independent Directors, the case was passed without objection. (7 Directors attended, 3 Directors recused themselves, 4 Directors passed the case without objection)

During the Board of Directors meeting on March 4, 2024, the following recusal situation occurred:

For the 7th case regarding related party transactions, since Chairman Yeh, Nai-Ti and Director Chen, Ruei-Yu are spouses, they recused themselves from voting due to conflicts of interest. The chairperson requested Independent Director Shen, Yang-Bin, the convener of the Audit Committee, to act as the interim chairperson. After the chairperson consulted the Independent Directors and the remaining attending Directors, the case was passed without objection. Independent Director Shen, Yang-Bin was authorized to sign the contract on behalf of the Company. (7 Directors attended, 2 Directors recused themselves, 5 Directors passed the case without objection)

For the 10th case regarding the Chairman's 2024 remuneration standard and structure, since Chairman Yeh, Nai-Ti and Director Chen, Ruei-Yu are spouses, they recused themselves from voting. Director Jiang, Yi-Jyun, the convener of the Remuneration Committee, acted as the interim chairperson. After the chairperson consulted the Independent Directors and the remaining attending Directors, the case was passed without objection. (7 Directors attended, 2 Directors recused themselves, 5 Directors passed the case without objection)

For the 11th case regarding the 2024 manager remuneration standard and structure, Director Chen, Ruei-Yu (the General Manager), Director Yeh, Nai-Ti (Deputy Head of Administrative Management and spouse of Chen, Ruei-Yu), and Director Huang, Bin-Fong (Deputy Head of R&D) recused themselves from voting due to conflicts of interest. Director Jiang, Yi-Jyun, the convener of the Remuneration Committee, acted as the interim chairperson. After the chairperson consulted the Independent Directors, the case was passed without objection. (7 Directors attended, 3 Directors recused themselves, 4 Directors passed the case without objection)

Other than the aforementioned proposals, the Board of Directors of the Company did not have any cases of Directors abstaining from voting or discussing proposals due to conflicts of interest during the most recent fiscal year and the current fiscal year to date.

3. Listed companies should disclose the evaluation cycle and period, scope, method, and content of the self (or peer) evaluation of the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation methods	Evaluation content
Once a year	Period ended December 31, 2023	Board of Director Individual Directors Functional Committee	Internal self-evaluation Director members' self-evaluation Internal self-evaluation	Explanatory notes as follows

Aspects of the evaluation metrics measurement items

- (1) Performance evaluation of the Board of Directors:
  - A. Degree of participation in company operations

- B. Improving decision-making quality of the Board of Director
  - C. Composition and structure of the Board of Director
  - D. Selection and continuous training of Directors
  - E. Internal control
  - F. Other items
- (2) Performance evaluation of functional committee :
- A. Degree of participation in company operations
  - B. Understanding of Functional Committee responsibilities
  - C. Improving decision-making quality of functional committees
  - D. Composition and selection of functional committee members
  - E. Internal control
  - F. Other items
- (3) Performance evaluation of Director member :
- A. Understanding company goals and tasks
  - B. Understanding of Director responsibilities
  - C. Degree of participation in company operations
  - D. Internal relationship management and communication
  - E. Expertise and continuous training of Directors
  - F. Internal control
  - G. Other items

The results of evaluation have been announced in the Investor Relations section of the company's website

([https://www.icpdas.com/tw/investor\\_relations/corporate.php?kind=48](https://www.icpdas.com/tw/investor_relations/corporate.php?kind=48)) for reference.

4. Objectives and Evaluation of the Implementation of Strengthening Board of Directors' Functions (such as establishing an Audit Committee, enhancing information transparency, etc.) in the current and recent years:

- (1) Strengthening Board of Directors' Functions

On April 22, 2019, the Company's Board of Directors resolved to adopt the "Standard Operating Procedures for Handling Directors' Requests" to assist Directors in performing their duties and enhance the effectiveness of the Board of Directors. Additionally, on June 14, 2022, the Board of Directors resolved to adopt the "Director Election Procedures" and describe the diversity policy, which is disclosed in detail on the Company's website. The current term of Directors was elected on June 14, 2022, with Independent Directors elected through a candidate nomination system. The attendance of the four Independent Directors at Board meetings has been satisfactory. During their term of office, all members of the current Board of Directors have completed the legally required training hours, which are disclosed on the Market Observation Post System (MOPS). On August 5, 2020, the Board of Directors resolved to adopt the "Board of Directors Performance Evaluation

Measures” to promote the evaluation of the Board of Directors, individual Directors, and functional committees.

On June 14, 2022, the first Audit Committee was established, consisting of four Independent Directors as members, whose attendance at Audit Committee meetings has been satisfactory. On November 7, 2022, the Board of Directors resolved to adopt the “Corporate Governance Best Practice Principles.” On March 13, 2023, the Board of Directors resolved to appoint a Corporate Governance Officer to assist in promoting corporate governance practices.

(2) Enhancing Information Transparency

On April 29, 2022, the Board of Directors resolved to amend the “Code of Ethical Conduct,” “Procedures for Ethical Management and Guidelines for Conduct,” and “Management of Prevention of Insider Trading.” Relevant information is available in the Investor Relations section of the Company’s website.

On November 7, 2022, the Board of Directors resolved to adopt the “Procedures for Handling Material Inside Information.” The Company has established a spokesperson and acting spokesperson system to ensure timely and appropriate disclosure of material information. Dedicated personnel are responsible for collecting and disclosing company information for shareholders and stakeholders to reference financial and business-related information.

(3) Communication between the Chief Internal Auditor and Independent Directors

Upon completing the monthly audit report, the Chief Internal Auditor emails it to the Independent Directors by the end of the following month. The Chief Internal Auditor also presents audit business reports at quarterly Board meetings, keeping Independent Directors informed about internal audit operations and financial business status. Further detailed information can be found on the Company’s website.

(II) Information on the Operations of the Audit Committee or the Participation of Supervisors in Board Meetings:

The Company established its first Audit Committee on June 14, 2022, with four members. The term of the Audit Committee coincides with that of the current Board of Directors, ending on June 13, 2025. The “Audit Committee Charter” has been adopted, and according to Article 6 of the Charter, the Audit Committee’s responsibilities include:



- Establishing or amending the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- Assessing the effectiveness of the internal control system.
- Establishing or amending the procedures for acquiring or disposing of assets, engaging in derivatives trading, loaning funds to others, and making endorsements or guarantees for others, pursuant to Article 36-1 of the Securities and Exchange Act.
- Matters involving the personal interests of Directors.
- Material asset or derivatives transactions.
- Material loans, endorsements, or guarantees.
- The offering, issuance, or private placement of equity-type securities.
- The appointment, dismissal, or remuneration of CPAs.
- The appointment or dismissal of finance, accounting, or internal audit officers.
- Annual financial reports signed or stamped by the Chairman, managers, and accounting officers, and the second quarter financial reports requiring CPA audits.
- Other material matters stipulated by the Company or the competent authority.

1. Data of Audit Committee Members:

Identity	Terms Name	Professional Qualifications and Experience	Independence
Independent Director (Convener)	Shen, Yang-Bin	Ph.D. in Finance, Louisiana State University. Possesses the educational background and work experience required for finance and corporate business, including 24 years as an Associate Professor in Finance at the College of Management, Yuan Ze University, and Director of the Personnel Office at Yuan Ze University (2years). UHT Unitech Co., Ltd (1 year), Forward Electronics Co., Ltd. (9years), serving as a member of the Audit Committee in 2 companies. Currently serves as a member of the Audit Committee at Tai-Tech Advanced Electronics Co., Ltd. (3years)	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements” 3. Possesses professional expertise in accounting or finance
Independent Director	Jiang, Yi-Jyun	Possesses work experience in business and legal affairs Has passed the national examination and holds a lawyer’s license Currently employed as Lawyer, Premium Attorneys-at-Law for 12 years Currently serves as a member of the Audit Committee at Tai-Tech Advanced Electronics Co., Ltd. (3years)	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements” 3. Does not provide audit, business, legal and other related services for the company or affiliated companies
Independent Director	Chen, Shao-Chi	Ph.D. in Electrical Engineering, University at Buffalo, the State University of New York, possesses work experience required for business and corporate operations Served as a professor for 21 years in the Department of Electronic Engineering and Graduate Institute of Electronic Engineering at National Yang Ming Chiao Tung University, and honorably retired in November 2021 Also served as a member of the Screening Committee, Small Business Innovation Research (SBIR) program and Program Evaluator of Accreditation of Engineering Education, Institute of Engineering Education Taiwan	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements”

Terms Identity Name		Professional Qualifications and Experience	Independence
Independent Director	Chao, Yu	Ph.D. in Management, National Yang Ming Chiao Tung University. Possessing expertise in marketing, finance, and business operations required by companies. Currently teaching as an Associate Professor in the Department of Business Administration at Chung Hua University (9years) and an Adjunct Associate Professor in the Department of Business Administration at National Taipei University of Business (3years). Teaching experience includes industrial product design, social responsibility promotion, educational psychology and counseling. Also served as an Editorial Board Member of the "Marketing Review", Taiwan Marketing Research Association	<ol style="list-style-type: none"> <li>Has no circumstances as specified in Article 30 of the Company Act</li> <li>A declaration has been issued stating compliance with the "Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements"</li> <li>Possesses professional expertise in accounting, finance and marketing.</li> </ol>

## 2. Information on the operation of the Audit Committee

- The company has 4 members on its Audit Committee.
- Term of office for this committee: From June 14, 2022 to June 13, 2025, the meeting has been held 9 times.
- In 2023, the Audit Committee held 4 meetings, and the attendance of the members was as follow:

Title	Name	Number of Actual attendance	Number of proxy attendances	Actual attendance ratio(%)	Remarks
Independent Director	Shen, Yang-Bin	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Jiang, Yi-Jyun	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Chen, Shao-Chi	4	0	100	The attendance ratio for this session is 100%.
Independent Director	Chao, Yu	4	0	100	The attendance ratio for this session is 100%.

Note 1: On June 14, 2022, the Shareholders' Meeting held a full re-election of Directors, and the first Audit Committee was established.

## Other matters to be recorded:

- If any of the following circumstances occur in the operations of the Audit Committee, the date, term, agenda items, Independent Directors' objections,

reservations or material suggestions, resolutions of the Audit Committee, and the Company's handling of the Audit Committee's opinions should be stated:

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

Resolution Date	Resolution Content	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent Directors' Objections or Reservations	Company's Handling
March 13, 2023 2023-1 Audit Committee	<ol style="list-style-type: none"> <li>Proposal for the distribution of employee and Director remuneration for 2022.</li> <li>Proposal for the 2022 Business Report, Consolidated Financial Statements, and Individual Financial Statements.</li> <li>2022 earnings distribution proposal</li> <li>Proposal for the capitalization of earnings through the issuance of new shares for 2022.</li> <li>Proposal for the evaluation of the independence, appointment, and remuneration of CPAs for 2023.</li> <li>Proposal for pre-approving non-attestation services provided by the certifying CPAs, their accounting firm, and related enterprises to the Company and its subsidiaries.</li> <li>Proposal for issue the Statement of Internal Control System for 2022.</li> </ol>	<ol style="list-style-type: none"> <li>Other significant matters</li> <li>Annual financial reports</li> <li>Other significant matters</li> <li>Issuance of securities</li> <li>Appointment of CPAs</li> <li>Appointment of Certified CPAs</li> <li>Assessing the effectiveness of the internal control system</li> </ol>	<ol style="list-style-type: none"> <li>None</li> <li>None</li> <li>None</li> <li>None</li> <li>None</li> <li>None</li> <li>None</li> </ol>	<ol style="list-style-type: none"> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> </ol>
May 05, 2023 2023-2 Audit Committee	<ol style="list-style-type: none"> <li>2023 First Quarter Consolidated Financial Report.</li> </ol>	<ol style="list-style-type: none"> <li>Other significant matters</li> </ol>	<ol style="list-style-type: none"> <li>None</li> </ol>	<ol style="list-style-type: none"> <li>Resolution approved</li> </ol>
August 08, 2023 2023-3 Audit Committee	<ol style="list-style-type: none"> <li>2023 Second Quarter Consolidated Financial Report.</li> <li>Proposal for the capitalization of earnings through the issuance of new shares.</li> </ol>	<ol style="list-style-type: none"> <li>Other significant matters</li> <li>Issuance of securities</li> </ol>	<ol style="list-style-type: none"> <li>None</li> <li>None</li> </ol>	<ol style="list-style-type: none"> <li>Resolution approved</li> <li>Resolution approved</li> </ol>
November 06, 2023 2023-4 Audit Committee	<ol style="list-style-type: none"> <li>2023 Third Quarter Consolidated Financial Report.</li> <li>Amendments to "Internal Control System" and "Internal Audit System" case.</li> <li>Formulation of 2024 Audit Plan.</li> </ol>	<ol style="list-style-type: none"> <li>Other significant matters</li> <li>Amendments to Internal control</li> <li>Assessing the effectiveness of the internal control system</li> </ol>	<ol style="list-style-type: none"> <li>None</li> <li>None</li> <li>None</li> </ol>	<ol style="list-style-type: none"> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> </ol>
March 04, 2024 2023-1 Audit Committee	<ol style="list-style-type: none"> <li>Proposal for the 2023 Business Report, Consolidated Financial Statements, and Individual Financial Statements.</li> <li>2023 Earnings Distribution Table.</li> <li>Proposal for the evaluation of the independence, appointment, and remuneration of CPAs for 2024.</li> <li>Proposal for related-party transactions</li> <li>Proposal for issue the Statement of Internal Control System for 2023.</li> </ol>	<ol style="list-style-type: none"> <li>Annual financial reports</li> <li>Other significant matters</li> <li>Appointment of Certified CPAs</li> <li>Matters involving the personal interests of Directors</li> <li>Assessing the effectiveness of the internal control system</li> </ol>	<ol style="list-style-type: none"> <li>None</li> <li>None</li> <li>None</li> <li>None</li> <li>None</li> </ol>	<ol style="list-style-type: none"> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> <li>Resolution approved</li> </ol>

Resolution Date	Resolution Content	Matters listed in Article 14-5 of the Securities and Exchange Act	Independent Directors' Objections or Reservations	Company's Handling
March 09, 2024 2024-2 Audit Committee	1. 2024 First Quarter Consolidated Financial Report. 2. Amendments to the "Organizational Rules of the Audit Committee." 3. Proposal for related-party transactions	11. Other significant matters 11. Other significant matters 7. Matters involving the personal interests of Directors	None None None	Resolution approved Resolution approved Resolution approved

- (2) Except aforementioned items, any other resolution not approved by the Audit Committee but agreed upon by more than two-thirds of all Directors: No such thing.
2. The implementation of Independent Directors' recusal due to conflicts of interest in the agenda should include the names of the Independent Directors, the content of the agenda item, the reasons for recusal, and the participation in voting: No such thing.
3. Communications between Independent Directors, the Chief Internal Auditor, and CPAs (including material matters, methods, and results of communication regarding the company's financial and business status):
- (1) Upon completing the monthly audit report, the Chief Internal Auditor emails it to the Independent Directors for review by the end of the following month. Independent Directors have raised no objections.
- (2) The Chief Internal Auditor presents audit business reports at quarterly Audit Committee meetings, covering financial, business, and internal audit implementation status. When CPAs attend Audit Committee meetings, they can also gain an understanding of internal audit operations and financial business status.
- (3) After reviewing quarterly financial statements, CPAs communicate with Independent Directors face-to-face or in writing regarding the Company's financial audit status, the latest promulgated financial and tax regulations, securities regulations, corporate regulations, etc. Independent Directors have raised no objections.
- (4) The matters communicated with the Chief Internal Auditor and certifying CPAs are as follows. For more detailed information, please visit the Company's website:

Date	Communication with Chief Internal Auditor	Communication with Certifying CPAs	Communication Results
2023/3/13 Audit Committee	<ul style="list-style-type: none"> <li>➤ Reviewed audit reports</li> <li>➤ Examined the Statement of Internal Control System for 2022</li> <li>➤ Meeting communication items (business status, internal audit status)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Communication with governance units at the completion stage of the 2022 audit (explanation of materiality, key audit matters, internal controls, subsequent events, and independence)</li> <li>➤ Communication with governance units at the planning stage for 2023</li> <li>➤ Information on audit quality indicators for 2021 and explanation of amendments to the International Code of Ethics for Professional Accountants</li> </ul>	Passed without objection
2023/5/5 Audit Committee	<ul style="list-style-type: none"> <li>➤ Reviewed audit reports</li> <li>➤ Meeting communication items (business status, internal audit status)</li> </ul>	<ul style="list-style-type: none"> <li>➤ 2023 Q1 communication letter with governance units</li> </ul>	Passed without objection
2023/8/8 Audit Committee	<ul style="list-style-type: none"> <li>➤ Reviewed audit reports</li> <li>➤ Meeting communication items (business status, internal audit status)</li> </ul>	<ul style="list-style-type: none"> <li>➤ 2023 Q2 communication letter with governance units</li> <li>➤ July 2023 important regulation updates</li> </ul>	Passed without objection
2023/11/6 Audit Committee	<ul style="list-style-type: none"> <li>➤ Reviewed audit reports</li> <li>➤ Examined and amendment to “Internal Control System” and “Internal Audit System” case.</li> <li>➤ Examined 2024 audit plan</li> <li>➤ Meeting communication items (business status, internal audit status)</li> </ul>	<ul style="list-style-type: none"> <li>➤ 2023 Q3 communication letter with governance units</li> </ul>	Passed without objection
2024/3/4 Audit Committee	<ul style="list-style-type: none"> <li>➤ Reviewed audit reports</li> <li>➤ Examined 2023 Statement of Internal Control System and effectiveness assessment of internal control system</li> <li>➤ Meeting communication items (business status, internal audit status)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Communication with governance units at 2023 audit completion stage (explanation of materiality, key audit matters, internal controls, subsequent events, independence, etc.)</li> <li>➤ Communication with governance units at 2024 planning stage</li> <li>➤ 2022 audit quality indicators information</li> </ul>	Passed without objection
2024/5/9 Audit Committee	<ul style="list-style-type: none"> <li>➤ Reviewed audit reports</li> <li>➤ Meeting communication items (business status, internal audit status)</li> </ul>	<ul style="list-style-type: none"> <li>➤ 2024 Q1 communication letter with governance units</li> </ul>	Passed without objection

4. Information on the Operations Status of the Board of Directors: N/A.

(III) The Company’s operational status of corporate governance and deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and reasons:

Evaluation Item	Operational status			Deviations and reasons from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”
	Yes	No	Abstract	
1. Has the company established and disclosed corporate governance best practice principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓	✓	On November 7, 2022, the Board of Directors, resolved to appoint the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies,” and has been implemented accordingly.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
2. Shareholding Structure and Shareholders’ Rights				
(1) Has the company established internal operating procedures to handle shareholders’ suggestions, concerns, disputes and litigation matters, and implemented accordingly?	✓		The Company has appointed a spokesperson and provided contact information for the spokesperson and the stock affairs agency on the Investor Relations section of the Company’s website. Dedicated personnel are responsible for handling relevant issues.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
(2) Has the company possess a list of its major shareholders and a list of ultimate owners of these major shareholders?	✓		The Company has a stock affairs unit and a stock affairs agency. The Company’s major shareholders are Directors and the management team, so it can always keep track of the list of major shareholders and the list of ultimate owners of these major shareholders.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

(3) Has the company established and executed risk management and firewall systems between the company and its affiliates?	✓		The Company has established the “Procedures for Supervision and Management of Subsidiaries” and the “Procedures for Transactions with Specific Companies, Group Enterprises, and Related Parties,” which are implemented in accordance with the Company’s internal control system to ensure effective risk management and firewall mechanisms.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
(4) Has the company established internal rules prohibiting insiders from trading securities using information not disclosed to the market?	✓		The Company has established internal control systems such as the “Procedures for Ethical Management and Guidelines for Conduct” and the “Management of Prevention of Insider Trading,” and has informed company insiders to strictly comply with them.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Board of Directors formulated a diversity policy, specific management objectives, and implemented them accordingly?	✓		On June 14, 2022, the Board of Directors resolved to appoint the “Director Election Procedures” and describe the diversity policy, which is disclosed in detail on the Company’s website. The current Board has a male-to-female ratio of 4:3. The target ratio for female Directors is 30%, and the current ratio of 43% meets this target. Additionally, Directors with spousal relationships or within the second degree of kinship do not exceed one-third of the Board seats, and at least one-third of the Directors possess professional knowledge in law, finance, accounting, or industries, all of which meet the objectives. Please refer to pages 19.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
(2) In addition to establishing the Remuneration Committee and the Audit Committee as required by law, has the company voluntarily established other functional committees?		✓	The Company established the Remuneration Committee in October 2011 and the Audit Committee in June 2022. Other functional committees will be set up according to the Company’s actual needs.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”



(3) Has the company established a standard to measure the performance of the Board, and implemented it annually, and are performance evaluation results reported to the Board of Directors and referenced when determining the remuneration of individual Directors and nominations for reelection?	✓		The Company established the “Board of Directors Performance Evaluation Measures” on November 1, 2019, and conducted a self-evaluation for 2022 in January 2023. The results of the 2022 Board performance evaluation were reported at the first Board meeting of 2023 (March 4, 2023). The Board performance result was excellent (above 90 points); the Audit Committee performance result was excellent (above 90 points); the Remuneration Committee performance result was excellent (above 90 points); the overall performance result of individual Directors was excellent (above 90 points). The performance evaluation results are disclosed on the Company’s website. Please refer to page 34 for the aspects of the evaluation indicators, and the Company’s website Investor Relations section for detailed results. The application of the evaluation results to individual Directors’ remuneration and nominations for reelection is detailed on page 30.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”				
(4) Does the company regularly evaluate the independence of its CPAs?	✓		<div>The Audit Committee assessed the independence and suitability of the CPAs at its first meeting in 2023, and also evaluated and examined them with reference to the “Audit Quality Indicators (AQIs).” The resolution was passed to appoint and determine the remuneration of the CPAs for 2023. The Company’s certifying CPAs are Wu,Wei-Hao and Cheng, Ya-Hui from PricewaterhouseCoopers (PwC) Taiwan. They have issued a “Statement of Independence for CPAs Attesting to Financial Reports,” confirming that they are not related parties to the Company and have no conflicts of interest with the Company, strictly adhering to the principle of independence. The items for evaluating their independence are as follows:</div> <table><tr><th>Evaluation Item</th><th>Evaluation Result</th></tr><tr><td>1. The CPAs and their family members (including spouse, cohabitant, and minor children) do not have any direct or material indirect financial interest in the Company.</td><td>Yes</td></tr></table>	Evaluation Item	Evaluation Result	1. The CPAs and their family members (including spouse, cohabitant, and minor children) do not have any direct or material indirect financial interest in the Company.	Yes	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
Evaluation Item	Evaluation Result							
1. The CPAs and their family members (including spouse, cohabitant, and minor children) do not have any direct or material indirect financial interest in the Company.	Yes							

			2. The accounting firm to which the CPAs belong and its related enterprises do not have any direct or material indirect financial interest in the Company.	Yes	
			3. The CPAs and the accounting firm to which they belong, as well as its related enterprises, have not provided the Company with non-audit services that may affect their independence.	Yes	
			4. The CPAs do not currently hold or have not held in the past two years the position of Director, manager, or any other position that has a significant impact on the audit case in the Company.	Yes	
			5. The CPAs have not advertised or brokered the stocks or other securities issued by the Company.	Yes	
			6. The CPAs have not represented the Company in legal cases or other disputes, except as permitted by law.	Yes	
			7. The CPAs do not have a spouse, lineal blood relative, lineal relative by marriage, or collateral blood relative within the second degree of kinship with the Company's Directors, managers, or persons holding positions that have a significant impact on the audit case.	Yes	
			8. The co-practicing CPAs who have left their position within one year have not held the position of Director, manager, or any other position that has a significant impact on the audit case in the Company.	Yes	
			9. The CPAs have not received any gifts of significant value or special favors from the Company or its Directors, managers, or major shareholders.	Yes	
			10. The CPAs have not provided audit services to the Company for seven consecutive years.	Yes	
			11. When providing audit, review, re-audit, or special audit services for financial reports and issuing an opinion, the CPAs maintain substantive independence.	Yes	

			<div>12. The members of the audit team, other co-practicing CPAs or shareholders of the accounting firm, the accounting firm, its related enterprises, and alliance firms also maintain independence from the Company.</div> <div>Yes</div>	
			<div>13. The CPAs maintain an impartial and objective stance when performing professional services and avoid any impact on their professional judgment due to bias, conflicts of interest, or influence from others.</div> <div>Yes</div>	
		This has been submitted to and approved by the resolution of the first Board meeting of 2024 (March 4, 2024)		
4. Has the TWSE/TPEX listed company designated an appropriate number of competent corporate governance personnel and appointed a corporate governance officer responsible for corporate governance matters (including but not limited to providing information required for Directors and Supervisors to perform their duties, assisting Directors and Supervisors in complying with laws and regulations, handling matters related to Board meetings and Shareholders' Meetings in accordance with the law, preparing minutes of Board meetings and Shareholders' Meetings, etc.)?	✓		<p>The appointment of the corporate governance officer was resolved by the Board of Directors on March 13, 2023. Cheng, Pi-Yu, a senior manager, was designated as the corporate governance officer. She has held a managerial position in finance, stock affairs, or corporate governance-related affairs, as specified in Article 21, in a public company for more than three years.</p> <p>The primary responsibilities of the corporate governance officer include handling matters related to Board meetings and Shareholders' Meetings in accordance with the law, preparing minutes of Board meetings and Shareholders' Meetings, assisting Directors in their onboarding and continuous education, providing information required for Directors to perform their duties, assisting Directors in complying with laws and regulations, and other matters stipulated in the Company's Articles of Incorporation or contracts. She has completed the 18-hour training program for newly appointed corporate governance officers in 2023. Please refer to pages 129 for details.</p>	Consistent with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and set up a dedicated stakeholder section on its website?	✓		The Company has set up a dedicated section for stakeholders on its website, which provides contact information for various business units, allowing stakeholders to make inquiries. Stakeholders can also contact the Company at any time via telephone, letter, fax, or other means if necessary.	Consistent with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"

Does the company respond appropriately to important corporate social responsibility issues of concern to stakeholders?				
6. Does the company appoint a professional stock affairs agency to handle matters related to the shareholders' meeting?	✓		The Company has appointed the “Stock Affairs Agency Department of Taishin International Bank” as the professional shareholder service agency to handle its Shareholders’ Meeting affairs.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
7. Information Disclosure				
(1) Has the company set up a website to disclose information on financial operations and corporate governance?	✓		The Company has set up a website and established an “Investor Relations” section to disclose relevant information at any time. Other information related to the Company’s financial operations and corporate governance is disclosed on the Market Observation Post System (MOPS) as required.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
(2) Does the company adopt other means of information disclosure (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, and webcasting investor conferences)?	✓		The Company has established the “Procedures for Handling Material Inside Information” as approved by the Board of Directors on November 7, 2022. A spokesperson and deputy spokesperson system has been set up. An English website has been established, and dedicated personnel have been appointed to collect and disclose company information. The process of the investor conferences held by the Company has been placed on the Company’s website and YouTube channel for stakeholders to access.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”
(3) Does the company announce and report its annual financial report within two months after the end of a fiscal year, and announce and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified		✓	The Company currently does not file its annual financial report within two months after the end of the fiscal year, but the financial reports for the first, second, and third quarters are all announced and filed as soon as possible after the Board of Directors meeting, which is earlier than the required filing deadline.	Consistent with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”

deadline?			
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and purchase of liability insurance for Directors and Supervisors)?	✓		<p>(1) In addition to complying with the Labor Standards Act and relevant laws and regulations, the Company has established an Employee Welfare Committee to provide various subsidies and activities for employee benefits.</p> <p>(2) The Company maintains good interactive relationships with suppliers, customers, financial institutions, and shareholders, and operates in accordance with the internal control system and management regulations established by the Company. It also fulfills its corporate social responsibilities based on relevant laws and regulations.</p> <p>(3) Directors' training: The Company's Directors possess relevant professional knowledge and continue to attend relevant professional courses in accordance with the "Guidelines for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies."</p> <p>(4) Implementation of risk management policies and risk measurement standards: The Company has established various internal management regulations in accordance with the law and conducts various risk management and assessments based on these regulations.</p> <p>(5) Purchase of liability insurance for Directors by the Company: The Company's extraordinary Shareholders' Meeting on November 13, 2007, passed a resolution to purchase liability insurance for Directors annually, and the relevant information is disclosed on the Market Observation Post System (MOPS).</p> <p>(6) The Company's Board of Directors passed a resolution on April 22, 2019, to establish the "Standard Operating Procedures for Handling Directors' Requests" to assist Directors in performing their duties and enhance the effectiveness of the Board of Directors.</p>
9. Please explain the improvements made according to the results of the Corporate Governance Evaluation released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in	✓		<p>The Company scored 57.71 points in the 9th (2022) Corporate Governance Evaluation, ranking in the 36%-50% range among 110 TPEX-listed companies.</p> <p>Items for improvement: Disclosure of individual remuneration content and amounts; provision of English information; succession planning; establishment of other functional committees;</p>

<p>the most recent year, and provide the priorities and measures for those that have not been improved. (Companies not included in the evaluation do not need to fill in this section.)</p>		<p>promotion of sustainability proposals and issuance of sustainability reports; formulation of intellectual property management plans.</p> <p>Improved items: A corporate governance officer was appointed at the first Board of Directors meeting in 2023.</p> <p>The amendment to the “Articles of Incorporation” was passed at the first Board of Directors meeting in 2024, revising the dividend policy.</p> <p>English information (shareholder meeting-related documents/annual reports/financial reports) is provided in 2024.</p> <p>The Company scored 61.4 points in the 10th (2023) Corporate Governance Evaluation, ranking in the 36%-50% range among 113 TPEx-listed companies.</p>
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(IV) If the Company Has Established a Remuneration Committee, Its Composition, Duties, and Operations Should Be Disclosed

The Company established a Remuneration Committee on October 21, 2011. On June 14, 2022, four members were appointed to the fifth Remuneration Committee for a term ending on June 13, 2025, coinciding with the term of the current Board of Directors. The “Remuneration Committee Charter” has been established, and according to Article 3 of the Charter, the Remuneration Committee shall, in accordance with its duties and authorities, regularly submit its recommendations to the Board of Directors for discussion:

1. Review the Charter and propose amendments.
2. Review and establish the policies, systems, standards, and structures for performance evaluation and remuneration of Directors, Independent Directors, and managers.
3. Evaluate and determine the remuneration of Directors, Independent Directors, and managers.

When fulfilling the aforementioned duties and authorities, the Committee shall adhere to the following principles:

1. Remuneration management shall align with the Company’s remuneration philosophy.
2. The performance evaluation and remuneration of Directors, Independent Directors, and managers shall refer to the usual levels of remuneration in the industry and consider the reasonableness of the correlation between individual performance, the Company’s operating performance, and future risks.
3. Directors and managers shall not be led to engage in behavior that exceeds the Company’s risk appetite in pursuit of remuneration.
4. The proportion of bonus payout based on the short-term performance of Directors and senior managers and the timing of the payment of the variable part of remuneration shall be decided with regard to the characteristics of the industry and the nature of the Company’s business.
5. When determining the content and amount of remuneration for Directors, Independent Directors, and managers, their reasonableness shall be considered. The remuneration of Directors, Independent Directors, and managers shall not significantly deviate from financial performance. In the event of a significant decline in profits or long-term losses, their remuneration shall not be higher than the previous year. If it is still higher than the previous year, a reasonable explanation shall be disclosed in the Annual Report and reported at the Shareholders’ Meeting.
6. Members of the Committee shall not participate in the discussion and voting on matters related to their own remuneration.

The remuneration mentioned in the preceding two paragraphs includes cash compensation, stock options, profit sharing, retirement benefits or severance pay, various allowances, and other measures that offer substantive incentives.

# 1. Information on Remuneration Committee Members

<div> <div>Terms</div> <div>Identity (Note 1)</div> <div>Name</div> </div>		Professional Qualifications and Experience	Independence	Number of other public companies where the individual serves as an independent Director concurrently
Independent Director (Convener)	Jiang, Yi-Jyun	<p>Possesses work experience in business and legal affairs</p> <p>Has passed the national examination and holds a lawyer's license</p> <p>Currently employed as Lawyer, Premium Attorneys-at-Law for 12 years</p> <p>Currently serves as a member of the Remuneration Committee at Tai-Tech Advanced Electronics Co., Ltd. (3years)</p>	<ol style="list-style-type: none"> <li>Has no circumstances as specified in Article 30 of the Company Act</li> <li>A declaration has been issued stating compliance with the "Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements"</li> <li>Does not provide audit, business, legal and other related services for the company or affiliated companies</li> </ol>	1
Independent Director	Shen, Yang-Bin	<p>Ph.D. in Finance, Louisiana State University. Possesses the educational background and work experience required for finance and corporate business, including 24 years as an Associate Professor in Finance at the College of Management, Yuan Ze University, and Director of the Personnel Office at Yuan Ze University (2years).</p> <p>Served as a member of the remuneration committee for a total of four companies: Dah Chung Bills Finance Corporation (9 years), UHT Unitech Co., Ltd. (1 year), Body Organ Biomedical Corp. (4 years), and Forward Electronics Co., Ltd. (15 years).</p> <p>Currently serves as a member of the Remuneration Committee at Tai-Tech Advanced Electronics Co., Ltd. (3years)</p>	<ol style="list-style-type: none"> <li>Has no circumstances as specified in Article 30 of the Company Act</li> <li>A declaration has been issued stating compliance with the "Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements"</li> <li>Possesses professional expertise in accounting or finance</li> </ol>	1



<div>Terms</div> <div>Identity (Note 1)      Name</div>		Professional Qualifications and Experience	Independence	Number of other public companies where the individual serves as an independent Director concurrently
Independent Director	Chen, Shao-Chi	Ph.D. in Electrical Engineering, University at Buffalo, the State University of New York, possesses work experience required for business and corporate operations Served as a professor for 21 years in the Department of Electronic Engineering and Graduate Institute of Electronic Engineering at National Yang Ming Chiao Tung University, and honorably retired in November 2021	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements”	0
Independent Director	Chao, Yu	Ph.D. in Management, National Yang Ming Chiao Tung University. Possessing expertise in marketing, finance, and business operations required by companies. Currently teaching as an Associate Professor in the Department of Business Administration at Chung Hua University and an Adjunct Associate Professor in the Department of Business Administration at National Taipei University of Business. Special Assistant to the President, Secretariat Office, Chung Hua University	1. Has no circumstances as specified in Article 30 of the Company Act 2. A declaration has been issued stating compliance with the “Regulations Governing Appointment of Independent Directors by Public Companies and Compliance Requirements” 3. Possesses professional expertise in accounting, finance and marketing.	0

2. Information on the operation of the Remuneration Committee:

- (1) The Company has four members on its Remuneration Committee.
- (2) Term of office for this committee:

From June 14, 2022 to June 13, 2025, the meeting has been held 5 times.

In 2023, the the Remuneration Committee held two meetings, and the attendance of the members was as follow:

Title	Name	Number of Actual attendance	Number of proxy attendances	Actual attendance ratio(%)	Remarks
Convener	Jiang, Yi-Jyun	2	0	100	Independent Director attendance ratio is 100%.
Member	Shen, Yang-Bin	2	0	100	Independent Director attendance ratio is 100%.
Member	Chen, Shao-Chi	2	0	100	Independent Director attendance ratio is 100%.
Member	Chao, Yu	2	0	100	Independent Director attendance ratio is 100%.

Other matters to be recorded:

Remuneration Committee	Proposal item	Resolution	Company's Handling
2023/3/13	<ol style="list-style-type: none"> <li>1. Proposal for the 2022 Distribution of employee, director and supervisor remuneration.</li> <li>2. The Company's Vice President of the President Office appointment case</li> <li>3. The Company's Corporate Governance Officer appointment case</li> <li>4. Proposal for the 2023 allocation ratio of employee and director remuneration.</li> <li>5. Proposal for the standards and structure of Chairman remuneration for 2023</li> <li>6. Proposal for the 2023 standards and structure of Managerial Officers remuneration.</li> </ol>	Passed with the consent of all committee members	Submitted to the Board of Directors and passed with the consent of all attending Directors
2023/8/8	<ol style="list-style-type: none"> <li>1. Proposal for the 2023 salary adjustment range of Managerial Officers.</li> <li>2. Proposal for the 2023 remuneration distribution for Managerial Officers.</li> </ol>	Passed with the consent of all committee members	Submitted to the Board of Directors and passed with the consent of all attending Directors
2024/3/4	<ol style="list-style-type: none"> <li>1. Proposal for the 2023 remuneration distribution for Directors.</li> <li>2. Proposal for the financial and accounting supervisor promotion</li> <li>3. Proposal for the Company's Managerial Officers change</li> <li>4. Proposal for the 2024 allocation ratio of employee and Directors remuneration.</li> <li>5. Proposal for the standards and structure of Chairman remuneration for 2024</li> <li>6. Proposal for the 2024 standards and structure of Managerial Officers remuneration.</li> </ol>	Passed with the consent of all committee members	Submitted to the Board of Directors and passed with the consent of all attending Directors

- (1) If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date of the Board meeting, term, contents of the motion, resolutions of the Board, and the Company's handling of the Remuneration Committee's opinions (if the remuneration approved by the Board is better than that recommended by the Remuneration Committee, the differences and reasons shall be stated): No such thing.
- (2) If, regarding the Remuneration Committee's resolutions, a member has a dissenting or qualified opinion that is on record or stated in a written statement, the Remuneration Committee's date, term, contents of motion, all members' opinions, and the handling of the opinions shall be specified: No such thing.

(V) Implementation of sustainable development and deviations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons:

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
1. Has the company established a governance structure to promote sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development, which is authorized by the Board of Directors to handle it and supervised by the Board of Directors?		✓	<p>The Company has not yet set up a dedicated (or part-time) unit for sustainable development.</p> <p>Currently, only the Occupational Safety and Health Management Unit formulates the “Occupational Safety and Health Work Guidelines” to implement the optimization of production line space utilization in the factory area, regularly re-identify occupational safety and health risks, and conduct work environment inspections for potential hazards in employees’ workplaces to ensure the safety and health of employees.</p> <p>The General Affairs Unit is responsible for promoting office environmental protection and waste recycling, and the Employee Welfare Committee is responsible for planning employee welfare.</p> <p>The Administration Division is responsible for holding irregular employee donation and material donation activities to combine environmental protection issues with care for the disadvantaged and fulfill corporate social responsibility.</p>	In the future, the formulation of relevant sustainable development policies or systems will be discussed.

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
2. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the company’s operations based on the principle of materiality, and establish related risk management policies or strategies?		✓	The Company currently does not promote sustainable development-related risk management matters based on the principle of materiality.	In the future, the formulation of relevant sustainable development policies or systems will be discussed.
3. Environmental Issues (1) Has the company established a suitable environmental management system based on the characteristics of its industry?		✓	The Company is committed to creating technological products that are safe, stable, and not harmful to the natural environment and human health. From raw material selection and manufacturing processes to transportation, the goal is to provide comfortable and safe human life. Since 2005, the production and manufacturing of various products under the Company have followed Echelon’s green policy and adopted raw materials and production processes that comply with the EU RoHS/WEEE directives to meet the requirements of the RoHS directive.	In the future, the formulation of relevant sustainable development policies or systems will be discussed.
(2) Is the company committed to improving the efficiency of resource utilization and using recycled materials with low environmental impact?	✓		The Company carries out activities such as sorting waste resources, recycling kitchen waste, and reducing waste. The Company implements a culture of reusing waste paper to improve the utilization efficiency of various resources.	Consistent with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons						
	Yes	No	Abstract							
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant countermeasures?		✓	<p>The Company currently does not assess the potential risks of climate change to the company now and in the future.</p> <p>At the second Board meeting in 2022, the “Greenhouse Gas Inventory and Verification Schedule Planning” case was passed.</p>	In the future, the formulation of relevant sustainable development policies or systems will be discussed.						
(4) Does the Company compile statistics on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water use reduction, or other waste management?		✓	<table border="1"> <tr> <th>Year</th> <th>Water consumption (units)</th> </tr> <tr> <td>2022</td> <td>7488</td> </tr> <tr> <td>2023</td> <td>5881</td> </tr> </table> <p>The Company has fully adopted personal eco-friendly tableware to reduce the use of disposable tableware, and implements waste sorting, reduction, and kitchen waste recycling. The Company’s water chillers, pantries, operating sites, and meeting rooms have installed the Company’s monitoring products to pay attention to air conditioning temperature control and monitor temperature, humidity, carbon dioxide emissions, and water information at any time, effectively utilizing and saving energy to achieve the goal of energy conservation and carbon reduction.</p> <p>Additionally, a rainwater harvesting device is installed to collect rainwater on the roof when it rains, discharge the rainwater into the basement raft foundation for storage, and use a submersible pump to extract and reuse the rainwater, which can be used for</p>	Year	Water consumption (units)	2022	7488	2023	5881	In the future, the Company will consider formulating relevant sustainable development policies or systems and implementing energy conservation measures to achieve the goals of energy saving and carbon reduction.
Year	Water consumption (units)									
2022	7488									
2023	5881									

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			watering plants and trees in the factory area, effectively reducing water usage.	
4. Social Issues (1) Does the company formulate relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		<p>Based on the International Labour Conventions and Taiwan’s labor-related laws and regulations, the following human rights protection policies have been formulated:</p> <ol style="list-style-type: none"> <li>1. Prohibition of forced labor Specific practices: It is stipulated in the labor contract that due to work requirements, overtime work should be arranged in coordination with the company. However, when the employee is unable to work overtime due to physical health or other legitimate reasons, it cannot be forced. Through the company’s widely established complaint channels and the reminder function set up in the attendance system and overtime application system, monthly inspections and controls of factory working hours are conducted.</li> <li>2. Respect for freedom of association and collective bargaining Specific practices: Stipulated in the work rules: It is stipulated in the work rules that in order to coordinate labor-management relations and promote labor-management cooperation, the company shall</li> </ol>	Consistent with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>hold labor-management meetings once every quarter in accordance with the “Regulations for Implementing Labor-Management Meetings.” Both labor and management shall negotiate and solve problems based on the principle of good faith. Through the company’s widely established complaint channels and the convening of labor-management meetings, harmonious labor-management relations are maintained.</p> <p>3. Prohibition of employment discrimination Specific practices: Promote and implement the internal control procedure “Recruitment and Selection Operations.” In the company’s internal interview notice, interviewers are reminded not to inquire about the applicant’s personal information unrelated to the job during the interview. From the start of the recruitment process, the company conducts it in accordance with internal control procedures to prevent illegal discrimination.</p> <p>4. Prohibition of child labor Specific practices: It is stipulated in the work rules that the company does not employ anyone under the age of 15. However, this does not apply to those who have graduated from junior high school. For those under the age of 16, the company can only employ them</p>	



Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			after they provide a consent form from their legal representative and proof of age. Applicants are required to provide relevant identity documents, and the company conducts the hiring process in accordance with the law from the beginning of recruitment to prevent illegal issues.	
(2) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflected operating performance or results in employee remuneration?	✓		<p>1. The Company has established twenty-two management regulations (rules/guidelines), including the “Salary Management Regulations,” “Performance Management Regulations,” “Attendance Management Regulations,” and “Work Rules,” and provides employee rewards and benefits in compliance with the Labor Standards Act and relevant laws and regulations. The salary structure is as follows:</p> <p>(1) Salary: A salary adjustment was completed in August 2023, with an adjustment range of 2-3% (different ranges are given based on employee performance).</p> <p>(2) Meal expenses</p> <p>2. Welfare measures:</p> <p>(1) Holiday bonuses</p> <p>(2) Performance bonuses: Bonuses are distributed based on individual performance and the company’s profitability.</p> <p>(3) According to the Labor Standards Act, employees are entitled to statutory holidays</p>	Consistent with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>and flexible working hours. For R&amp;D personnel, they can have a flexible one-hour for starting and ending work, while other employees can have a flexible half-hour.</p> <p>(4) Well-planned group insurance</p> <p>(5) Regular free health checkups</p> <p>(6) Provision of single dormitories, employee preferential car purchase plans.</p> <p>(7) Employee Welfare Committee measures: Employee travel subsidies, birthday gifts, marriage allowances, childbirth allowances, funeral allowances, department gathering subsidies, and club activity subsidies.</p> <p>3. Workplace diversity and equality: The average proportion of female employees in the company is 50.4%, of which the average proportion of female managers is 27.1%, realizing equal promotion opportunities. The company also employs employees with disabilities and indigenous employees to protect and promote employment opportunities.</p> <p>4. Reflection of operating performance in employee remuneration Pursuant to Article 19 of the “Articles of Incorporation,” the Company shall allocate 3% to 12% of the annual profit as employee compensation and no more than 3% of the annual</p>	

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			profit as Director remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance. In 2023, the Company’s average annual salary adjustment range was 2-3% (different ranges are given based on employee performance).	
(3) Does the Company provide employees with a safe and healthy work environment and regularly implement safety and health education for employees?	✓		<p>1. Occupational safety and health policy The Company recognizes that occupational safety and health management is an indispensable element of sustainable corporate operations. Therefore, the Company is committed to: Complying with regulatory requirements, popularizing safety and health skills, reducing workplace risks, preventing injuries and ill health, and continuously improving performance. In order to prevent occupational accidents and ensure the safety and health of all employees, an occupational safety and health management plan has been formulated to achieve the goal of zero major occupational accidents.</p> <p>2. In 2023, there were four occupational accidents involving four people, accounting for 0.1% of the total number of employees. All accidents occurred on the way to or from work. Safety education and advocacy for commuting to and from work have been strengthened for employees, and follow-up care for their physical and mental conditions is</p>	Consistent with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons									
	Yes	No	Abstract										
			<p>provided. In addition, education and training are provided to new employees to reduce the hazards to employees’ safety and health in the work environment. Regular factory-wide disaster prevention drills and full evacuation drills are conducted annually, and safety and health education, advocacy, and information dissemination are conducted for employees. The Company’s occupational safety education and training and advocacy in the past two years</p> <table><tr><th>Year</th><th>No. of participants</th><th>Person/hours</th></tr><tr><td>2022</td><td>409</td><td>730</td></tr><tr><td>2023</td><td>109</td><td>308</td></tr></table> <p>3. Monitoring of workers’ operating environment Work environment monitoring is conducted every March and September to protect workers from the hazards of harmful substances in the workplace and provide a healthy and comfortable work environment for workers.</p> <p>4. Equipment safety management Hazardous machinery and equipment are listed and managed, and detailed inspections are conducted to ensure the safe operation of equipment. In 2023, the Company’s hazardous machinery totaled zero units, and regular inspections were conducted to ensure the safe use of equipment.</p>	Year	No. of participants	Person/hours	2022	409	730	2023	109	308	
Year	No. of participants	Person/hours											
2022	409	730											
2023	109	308											

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
(4) Has the Company established an effective career development training program for employees?	✓		<p>The Company’s competency training includes new employee training, professional training, etc., and assists employees in continuous learning and growth through diverse learning methods. The “Education and Training Management Regulations” and “Knowledge Management Process” have been established. Since 2013, the Company has participated in the SME Online University and the Lifelong Labor Education e-Learning Project to actively promote employee self-learning and enhance employee competencies and talent cultivation.</p> <p>In 2023, a total of 1,246 employees participated in education and training, with a total of 2,394.5 hours.</p>	Consistent with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”
(5) Regarding issues such as customer health and safety, customer privacy, marketing and labeling of products and services, does the company follow relevant regulations and international standards, and establish relevant consumer or customer rights protection policies and complaint procedures?	✓		<p>The Company’s products strictly comply with domestic laws and regulations. In accordance with Echelon’s green policy, raw materials and production processes that comply with the EU RoHS/WEEE directives are used to meet the requirements of the RoHS directive. The Company’s legal compliance is monitored and managed by relevant departments. The R&amp;D Department and Marketing and Sales Department are responsible for customer service and complaint handling. A customer complaint handling process has been established to handle related matters. Personal Data Protection Management Guidelines and Information Security Management Regulations have been formulated, and a Personal Data Protection</p>	Consistent with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			Project Team has been set up to manage and protect customer privacy. Through internal audits of personal data, crisis prevention, and education and training, the Company safeguards customers’ data.	
(6) Has the Company established a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation?		✓	<p>1. Evaluation of external suppliers</p> <p>The evaluation methods for new external suppliers are divided into three types: sample, internal, and on-site evaluation.</p> <p>1.1 Sample evaluation:</p> <p>For new external suppliers whose samples have been tested and approved by R&amp;D, production management, or other relevant units, the supplier is required to fill out the “Supplier Evaluation Information Form.” After being signed and approved by the Vice President and the head of the purchasing unit, the supplier is deemed a qualified external supplier, and the purchasing personnel will include it in the “List of Qualified Suppliers.”</p> <p>1.2 Internal evaluation:</p> <p>New external suppliers are required to fill out the “Supplier Evaluation Information Form.” The purchasing unit then determines whether the supplier meets the following conditions for internal evaluation. After being signed and approved by the Vice President and the head of</p>	In the future, the formulation of relevant sustainable development policies or systems will be discussed.

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>the purchasing unit, the supplier is deemed a qualified external supplier, and the purchasing personnel will include it in the “List of Qualified Suppliers.”</p> <p>Terms:</p> <p>A. All government agencies can be considered qualified external suppliers without evaluation.</p> <p>B. Long-term external suppliers whose products have been used without any quality-related issues.</p> <p>C. External suppliers designated by customers.</p> <p>D. External suppliers that provide non-production-related goods or services.</p> <p>E. The sole external supplier of raw materials required for a specific production product.</p> <p>1.3 On-site evaluation:</p> <p>If a new external supplier does not meet the conditions for internal evaluation, the purchasing unit will determine whether an on-site evaluation is required.</p> <p>1.3.1 Evaluation team</p> <p>A. Members: Purchasing, R&amp;D, and Production Management units.</p>	

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>B. Member qualifications: (i) Must be at the managerial level. (ii) Must have worked in the company for more than six months. (iii) Must have passed the audit skills training.</p> <p>1.3.2 Evaluation process</p> <p>The evaluation team conducts an on-site evaluation at the external supplier’s location, and the head of the purchasing unit determines whether to include the supplier in the “List of Qualified Suppliers” based on the evaluation results.</p> <p>2. Handling of evaluation results</p> <p>External suppliers that pass the evaluation are included in the “List of Qualified Suppliers,” while those that fail the evaluation are determined by the head of the purchasing unit whether to re-evaluate at a later date or not consider them.</p> <p>3. Handling of abnormal incoming material quality from external suppliers</p> <p>When incoming inspection personnel or the quality assurance unit discover abnormal incoming material quality, they shall immediately notify the purchasing personnel and issue a “Quality Anomaly Form” as appropriate. The purchasing personnel shall also immediately respond to the external supplier and determine the handling</p>	



Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>method, and provide the “Quality Anomaly Form” to the external supplier.</p> <p>4. Evaluation of external suppliers</p> <p>In July of each year, the head of the purchasing unit convenes relevant personnel from the materials, manufacturing, and quality assurance units to jointly discuss and select the external suppliers that need to be evaluated for the previous year at the meeting. The consideration items for inclusion in the evaluation are as follows:</p> <p>A. External suppliers that provide raw materials affecting product quality (e.g., critical components).</p> <p>B. External suppliers that provide large quantities of raw materials.</p> <p>C. External suppliers with unstable incoming material quality.</p> <p>D. External suppliers with unstable delivery times.</p> <p>E. External suppliers with poor internal management or service attitude.</p> <p>F. Other external suppliers that need to be controlled due to other factors.</p> <p>4.1. Based on the different nature of external suppliers and evaluation locations, the evaluation methods</p>	

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>are divided into the following two types:</p> <p>A. Internal evaluation: Evaluation of the supplier is conducted within the company.</p> <p>B. On-site evaluation: Evaluation is conducted by visiting the supplier’s company or factory.</p> <p>4.2. The purchasing personnel shall record the external suppliers selected for evaluation in the previous year, clearly stating the reasons for evaluation and the evaluation method.</p> <p>4.3 The purchasing, manufacturing, and quality assurance units evaluate the external suppliers included in the evaluation according to the contents of the “Supplier Evaluation Form (Internal)” or “Supplier Evaluation Form (On-site).”</p> <p>4.4. For external suppliers with an average score below 70 (excluding 70) based on the “Supplier Evaluation Form (Internal)” or “Supplier Evaluation Form (On-site),” the following handling methods are applied:</p> <p>A. The head of the purchasing unit adjusts the purchase quantity or payment terms for the supplier based on the evaluation results.</p> <p>B. The head of the quality assurance unit decides whether to provide guidance to the supplier or</p>	

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>strengthen the inspection of incoming materials from the supplier based on the evaluation results.</p> <p>The Company plans to include “Environmental Safety and Health Status” and “Corporate Social Responsibility Situation” as inspection items in the supplier evaluation information form.</p>	

Item	Implementation status			Deviations from the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
5. Does the company refer to internationally recognized reporting standards or guidelines to prepare sustainability reports or other reports that disclose non-financial information? Do the aforementioned reports obtain assurance or assurance opinions from a third-party verification unit?		✓	The Company currently does not refer to internationally recognized reporting standards or guidelines to prepare sustainability reports or other reports that disclose non-financial information.	In the future, the formulation of relevant sustainable development policies or systems will be discussed.

6. If the company has established its own sustainable development best practice principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancies between the principles and their implementation:  
The “Sustainable Development Best Practice Principles” have not yet been established.

7. Other important information to facilitate a better understanding of the implementation of sustainable development:  
The Company has long upheld its responsible attitude as a corporate citizen towards society and is committed to giving back to society through sharing actions. It hopes that through its own efforts and investment in various feedback and sharing activities, it will drive positive interactions with employees, shareholders, customers, and suppliers related to the Company, thereby gathering the power of social reciprocity and mutual assistance to form a positive development cycle.

(1) Human rights

- A. The “Work Rules” and “Labor Contract” are formulated in accordance with the Labor Standards Act and relevant laws and regulations. To coordinate labor-management relations, labor-management meetings are held regularly or irregularly in accordance with the “Regulations for Implementing Labor-Management Meetings.” Employees can raise issues and discuss them through labor-management meetings, and the meeting results are published on the company’s internal website. So far, there have been no major labor-management disputes.
- B. No employee or applicant is discriminated against based on race, religion, color, nationality, age, gender, disability, or other factors unrelated to Echelon’s legitimate business interests. The Company complies with internationally recognized labor rights, such as freedom of association, collective bargaining rights, care for disadvantaged groups, prohibition of child labor, and prohibition of forced labor.
- C. The “Measures for Prevention of Sexual Harassment in the Workplace” and “Regulations for Complaints and Disciplinary Actions against

Workplace Illegal Infringement” have been formulated to protect the rights and privacy of the parties involved. A dedicated window and contact information for sexual harassment complaints are provided, and dedicated personnel can handle them promptly. So far, there have been no employee complaints.

D. The Company actively pursues stable business growth to protect employees’ right to work.

E. Different safety training is provided to employees in different work environments, such as fire safety training, emergency response training, first-aid personnel training, general occupational safety and health education training, and factory safety training.

## (2) Employee rights and employee care

A. In order to enhance the utilization of human resources, stimulate employee self-development, and cultivate talent, the Company has specifically formulated the “Education and Training Management Regulations” and “Knowledge Management Process.” A management unit is established to be responsible for promoting and supervising education and training, and employee education and training are conducted to enhance employees’ work skills and the inheritance of the company’s core knowledge.

B. In accordance with the law, the Company provides labor insurance, national health insurance, and group insurance to protect employees and conducts regular health checkups for in-service personnel.

C. The Company implements an occupational health service plan in the factory, including a maternal health protection plan, a musculoskeletal disorders prevention plan, an abnormal workload hazard prevention plan, a workplace illegal infringement plan, and an employee health promotion plan. A factory doctor/nurse regularly visits the factory to provide employee health services such as health management, health promotion, health consultation, and health education training to promote employees’ physical and mental health development. For high-risk groups, such as pregnant employees and employees with frequent sick leave applications, doctor interviews and health guidance are arranged, and follow-up improvements are tracked.

D. The Company strictly complies with relevant laws and regulations on personal data protection to ensure that the collection, processing, and use of personal data comply with legal requirements and protect personal data rights.

## (3) Environmental protection and occupational safety and health

The Company is committed to the R&D, production, and sales of industrial automation control boards. As a global citizen, it expects to contribute the greatest effort to environmental improvement and strictly complies with environmental protection policies, laws, and regulations to reduce and prevent environmental pollution from production. Our environmental philosophy is: Comply with environmental laws and regulations, conserve energy and cherish resources, and design green products. To implement the promotion of environmental protection activities and conserve various resources, the Company promotes environmental protection activities, complies with relevant environmental protection regulations, and formulates written environmental protection policies, including:

A. In response to the implementation of the EU RoHS Directive in July 2006, the Company proactively understands customer requirements,

purchases testing equipment, and ensures that the Company's products can meet the requirements of the EU Directive or customers.

- B. The goal of promoting electronic administrative operations is to plan and establish electronic bulletin boards and online approval systems for electronic forms, reducing the waste of human and paper resources and improving operational efficiency.
- C. The Company has an occupational safety and health management unit, which writes and revises the written "Occupational Safety and Health Work Guidelines." The production lines in the factory area are adjusted flexibly as needed or the space is re-planned to achieve optimal utilization. In addition to regularly re-identifying safety and health risks, the Company also conducts work environment inspections and improvements for potential hazards in employees' workplaces to ensure the safety and health of employees.
- D. The search for various business waste vendors strictly complies with the regulations of the Environmental Protection Administration (EPA). Through the EPA's Business Waste Control Information Network, vendor information is obtained from the "Permit Information Query," and qualified waste removal and treatment vendors are found according to the waste type and code. The current cooperating waste vendors have all been issued waste removal or treatment permits by the EPA or are reuse vendors licensed by the Ministry of Economic Affairs. The permitted waste removal or treatment code items match the types of waste generated by the Company.
- E. Water conservation and management: The Company does not use water in its production process, only a small amount of water is needed for daily life, but many measures have been taken for water conservation, including:

Installing water-saving devices to reduce water usage, posting water-saving slogans to remind employees to conserve water; for the maintenance of drinking water equipment, professional institutions are entrusted to carry out maintenance and treatment operations, and the operation content is implemented in accordance with the signed maintenance contract. The content of each maintenance is detailed in the "Drinking Water Quality Inspection and Equipment Maintenance Record Form," and the form is placed in a prominent location on the equipment for inspection. Water quality is tested every three months, including tests for coliform bacteria and total bacterial count, to ensure the safety of employees' drinking water.

- F. The Company has fully adopted personal eco-friendly tableware to reduce the use of disposable tableware, and implements waste sorting, reduction, and kitchen waste recycling. The Company implements a culture of reusing waste paper to improve the utilization efficiency of various resources.
- G. The Company's chilled water system, pantry areas, operating sites, and meeting rooms have installed the Company's monitoring products that can pay attention to air conditioning temperature control and monitor temperature, humidity, carbon dioxide emissions, and water usage information at any time. This effectively utilizes and conserves energy, with the goal of achieving energy conservation and carbon reduction targets.

#### (4) Community participation and social contribution, service, and public welfare

Social welfare can be divided into three major areas: education, assistance, and contribution.

Education: The Company continues to actively promote industry-academia cooperation, cultivate industry-needed talent, provide scholarships to outstanding students, and motivate students to improve their practical application capabilities. In addition to donating the “Alumni Scholarship of the Department of Power Mechanical Engineering at National Tsing Hua University” and the “Echelon Yeh, Nai-Ti Scholarship” at Yuan Ze University, the Company sponsored the “Racing Competition Funds for the Department of Power Mechanical Engineering at National Tsing Hua University” in 2023 and the “2023 National Middle School Games” organized by the Education Bureau of Hsinchu County Government in 2023.

Assistance: Some disadvantaged groups in society need timely assistance and care the most. The Company also initiates irregular donations and material donations to provide resources to disadvantaged children, allowing resources to be reused without waste. The Company also mobilizes employees to participate in long-term invoice solicitation and respond to the charitable activities of the Genesis Social Welfare Foundation.

Contribution: The Company is committed to the automation industry, especially in saving social resources and monitoring public construction and resource safety. For example, hydrological monitoring, dam stress monitoring, tunnel safety monitoring, etc. These engineering technologies directly contribute to the well-being and safety of all people.

#### (VI) Climate-Related Information of TWSE/TPEX Listed Companies

##### Implementation of Climate-Related Information

Item	Implementation status
1. State the supervision and governance of the Board of Directors and management regarding climate-related risks and opportunities.	The supervision and governance of climate-related risks and opportunities have not yet been discussed.
2. State how the identified climate risks and opportunities affect the company’s business, strategy, and finances (short-term, medium-term, long-term).	How climate risks and opportunities affect the company’s business, strategy, and finances has not yet been discussed.
3. State the impact of extreme climate events and transition actions on finances.	The impact of extreme climate events and transition actions on finances has not yet been discussed.
4. State how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	How the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system has not yet been discussed.

Item	Implementation status
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used should be stated.	Scenario analysis has not yet been used to assess resilience to climate change risks.
6. If there is a transition plan to manage climate-related risks, state the contents of the plan and the indicators and targets used to identify and manage physical risks and transition risks.	There is currently no transition plan to manage climate-related risks.
7. If internal carbon pricing is used as a planning tool, state the basis for price setting.	Internal carbon pricing is not yet used as a planning tool.
8. If climate-related targets have been set, state the activities covered, greenhouse gas emission scopes, planning timelines, annual progress, etc.; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant targets, state the source and quantity of the offset emissions or the quantity of renewable energy certificates (RECs).	Climate-related targets have not yet been set.
9. Greenhouse gas inventory and verification status (filled in separately in 1-1 and 1-2).	Companies with a capital of less than NT\$5 billion are not required to disclose this information.

# 1. Greenhouse Gas Inventory and Verification Status of the Company in the Past two Years

## (1) Greenhouse Gas Inventory Information

Basic information of the company Companies with a capital of less than 5 billion	According to the regulations of the TWSE/TPEX Listed Companies Sustainable Development Roadmap, at least the following should be disclosed by 2026: Parent company individual inventory
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Year	Direct Scope 1	Energy indirect Scope 2	Other indirect Scope 3	Total emissions (metric tons CO2e)	Intensity (metric tons CO2e/ NT\$ million)
2022	Companies with a capital of less than NT\$5 billion are not required to disclose this information.				
2023					



(2) Greenhouse Gas Inventory Information

The Company plans to conduct external verification of greenhouse gas emissions in 2028.

2. Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Planning to establish a greenhouse gas inventory and reduction promotion team and introduce the ISO 14064-1 greenhouse gas emission verification operation.

(VII) The Company's Implementation of Ethical Corporate Management and Deviations From the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Item	Operational Status			Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract	
1. Establishment of ethical corporate management policies and solution				
(1) Has the Company established an ethical corporate management policy that has been approved by the Board of Directors and clearly specified in the company's regulations and external documents the ethical corporate management policy, practices, and the commitment of the Board of Directors and senior management to actively implement the management policy?	✓		The Company conducts business activities based on the principles of fairness, honesty, integrity, and transparency, and implements ethical management policies and actively prevents unethical behavior. In April 2016, the "Ethical Management Operating Procedures and Conduct Guidelines" were established, which specifically regulate matters that should be noted.	Consistent with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"
(2) Has the Company established a risk assessment mechanism for unethical conduct, regularly analyzed and evaluated business activities with a higher risk of unethical conduct within the	✓		Our company requires that Directors, managers and all employees shall not engage in speculative practices or conceal and seek illegitimate benefits in the course of business operations. To prevent dishonest conduct, we	Consistent with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
business scope, and accordingly established a program to prevent unethical conduct that at least covers preventive measures for the conduct listed in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?			have internal auditors conduct irregular inspections and implement a whistleblower system. Directors are required to sign a “Declaration of Non-Violation of Integrity Principles” upon appointment. New employees are also required to abide by the principles of integrity during their education and training.	Companies”
(3) Has the Company specified operating procedures, conduct guidelines, disciplinary and grievance systems in the unethical conduct prevention program, implemented them, and regularly reviewed and revised the aforementioned program?	✓		The "Integrity Management Procedures and Behavioral Guidelines" established by the Company have specified the relevant contents and are required to be complied with by all employees of the Company; they are placed on the Company's website and are available for employees to read and follow at any time.	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
2. Implementation of ethical corporate management				
(1) Does the Company evaluate the integrity records of its counterparties and specify integrity clauses in contracts with counterparties?	✓		According to the Company’s internal system, before engaging in business dealings with suppliers or customers, credit checks are conducted on the customer’s bank and company information. When entering into contracts, the rights and obligations of both parties are detailed and kept confidential.	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
(2) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy, unethical conduct prevention program, and the supervision and implementation status?	✓		The Company currently has the “Administrative Management Department” as the part-time unit for promoting ethical corporate management. If any unethical conduct occurs, it should be reported to the Board of Directors. The implementation status was reported to the Board of Directors on November 6, 2023, and disclosed on the Company’s website.	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>Implementation status</p> <p>1. Education Training and Promotion</p> <p>(1) New employees receive online training on the procedures for ethical management and guidelines for conduct during the Company’s onboarding process. A test is conducted after the course to ensure that employees understand and implement the procedures for ethical management and guidelines for conduct. In 2023, a total of 40 participants attended, totaling 40 person-hours.</p> <p>(2) The Company promotes education for all employees, advocates matters that employees should pay attention to when performing their duties, and discloses its ethical management policy in internal regulations, Annual Reports, the Company’s website, or other promotional materials. It also declares its ethical management philosophy and norms at external events such as product launches and investor conferences from time to time, so that its suppliers, customers, or other business-related organizations and personnel can clearly understand its ethical management philosophy and norms.</p> <p>2. Regular Inspections</p> <p>(1) Before establishing business relationships with others, employees should prudently evaluate the legality, ethical management policies, and records of unethical</p>	

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>conduct of agents, suppliers, customers, or other business counterparties to ensure that their business practices are fair, transparent, and do not involve bribery requests, provisions, or acceptance.</p> <p>(2) Through the annual audit plan of the internal audit office and regular audits by the external PricewaterhouseCoopers firm, the Company ensures the overall operation of the mechanism and jointly manages and prevents the occurrence of unethical conduct. Ethical management is also incorporated into employee performance appraisals and human resource policies, and a clear and effective disciplinary system is established. In 2023, there were no incidents of corruption or anti-competitive behavior and unethical conduct.</p> <p>3. Reporting System and Whistleblower Protection</p> <p>The Company has established a specific whistleblowing system in the “Code of Ethical Conduct” and “Procedures for Ethical Management and Guidelines for Conduct,” actively preventing unethical behavior and encouraging internal and external personnel to report unethical or improper conduct. The Administrative Management Department is designated as the dedicated unit responsible for handling whistleblowing of employees’ unethical behavior. The stakeholder section on the official website provides effective communication channels for employees,</p>	

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
			<p>shareholders, stakeholders, and external parties. If the reported matter involves a Director, it is consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.”</p> <p>Senior executives will report to Independent Directors and establish a whistleblower protection system to keep the identity and content of whistleblowers strictly confidential and promise to protect whistleblowers from improper treatment due to whistleblowing. In 2023, there were zero external whistleblowing cases received and zero direct whistleblowing cases from employees, with no incidents involving unethical conduct.</p>	
(3) Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”	✓		<p>The Company’s established “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct” have clearly stipulated relevant content. To prevent conflicts of interest, Directors effectively recuse themselves from Board meetings. The Company’s website provides a reporting mailbox for unethical business conduct as a channel for whistleblowers to report, and the identity and content of whistleblowers should be kept confidential and implemented.</p>	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
(4) To implement ethical management, has the Company established an effective accounting system and internal control system, and had the	✓		<p>The Company establishes relevant accounting and internal control systems for business activities with a high risk of unethical conduct and, in addition to self-inspection</p>	Consistent with the “Ethical Corporate Management Best Practice Principles for

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
<p>internal audit unit formulate relevant audit plans based on the assessment results of unethical conduct risks and audit compliance with the unethical conduct prevention program accordingly, or engaged an accountant to perform the audit?</p> <p>(5) Does the Company regularly hold internal and external education and training on ethical management?</p>	✓		<p>procedures and regular audits by auditors, also engages PricewaterhouseCoopers to conduct regular audits to ensure complete and effective implementation.</p> <p>The Company irregularly holds and encourages participation in internal and external education and training on ethical management (including courses related to procedures for ethical management and guidelines for conduct, accounting systems, internal controls, etc.), with a total of fifty-six participants and 122 person-hours, and advocates the philosophy and responsibilities of ethical management. New employees receive online training on the procedures for ethical management and guidelines for conduct during the Company’s onboarding process. A test is conducted after the course. In 2023, a total of 40 participants attended, totaling 40 person-hours.</p>	<p>TWSE/TPEX Listed Companies”</p> <p>Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”</p>
<p>3. Operational status of corporate governance</p> <p>(1) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels, and appointed appropriate dedicated personnel to handle whistleblowing matters?</p>	✓		<p>The Company’s “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct” stipulate a whistleblowing and reward system. The Company’s website has a dedicated section for stakeholders, where internal and external personnel can report to the Company through the contact person’s hotline or independent whistleblowing mailbox in that section.</p>	<p>Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”</p>

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
(2) Has the Company established standard operating procedures for investigating whistleblowing matters, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	✓		The Company requires all personnel involved in handling whistleblowing matters to keep the process completely confidential.	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
(3) Has the Company adopted measures to protect whistleblowers from improper treatment due to whistleblowing?	✓		The Company is responsible for keeping the identity of whistleblowers confidential and has not subjected them to any improper treatment. There have been no employee complaints so far.	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
4. Strengthening Information Disclosure Does the Company disclose the content of its ethical corporate management best practice principles and the effectiveness of its implementation on its website and the Market Observation Post System?	✓		The Company has established the “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Ethical Conduct,” which are announced on the Market Observation Post System and the Company’s website - Investor Relations/Corporate Governance Related Regulations.	Consistent with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”
5. If the Company has established its own ethical corporate management best practice principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancies between the principles and their implementation: (1) The Company does not make political contributions. (2) The Company’s personnel shall limit their social interactions and entertainment due to business needs to convenient meals or working meals, and shall not provide or participate in other activities outside of the meals, nor visit improper venues.				
6. Other important information to facilitate a better understanding of the Company’s ethical corporate management operations (such as review and amendment of the Company’s ethical corporate management best practice principles): (1) The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant regulations for TWSE/TPEX listed companies, and other laws and regulations related to business conduct, serving as the basis for implementing ethical management.				

Item	Operational Status			Deviations from the “Ethical Corporate Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract	
<p>(2) The Company’s “Rules of Procedure for Board of Directors Meetings” stipulate a recusal system for Directors. For any motions listed on the agenda of the Board of Directors meeting, if a Director or the legal entity they represent has an interest in the matter that may harm the interests of the company, the Director may state their opinion and respond to inquiries but may not participate in the discussion and voting and shall recuse themselves during the discussion and voting, and may not exercise voting rights on behalf of other Directors.</p> <p>(3) The Company has established the “Management of Prevention of Insider Trading,” which clearly stipulates that Directors, managers, and employees shall not disclose material inside information they are aware of to others, and shall not inquire about or collect material inside information of the Company that is not related to their personal duties from persons who are aware of such information. They shall also not disclose to others the material inside information of the Company that they have learned of for non-business reasons.</p>				



(VIII) If the Company Has Established Corporate Governance Best Practice Principles and Relevant Regulations, the Inquiry Methods Should Be Disclosed

Please go to the Market Observation Post System

(<http://mops.twse.com.tw/mops/web/index>), select the TPEx market category in the Corporate Governance section under the established corporate governance-related regulations, and inquire using the Company's stock code (3577), or visit the Investor Relations section of the Company's website

([https://www.icpdas.com/tw/investor\\_relations/financial\\_regulations.php](https://www.icpdas.com/tw/investor_relations/financial_regulations.php)) to inquire.

(IX) Other Important Information That Can Enhance the Understanding of the Company's Corporate Governance Operations:

1. Please refer to the "Investor Relations" and "Stakeholders" sections on the Company's website [https://www.icpdas.com/tw/investor\\_relations/index.php](https://www.icpdas.com/tw/investor_relations/index.php) for inquiries.

2. The Company has established the following corporate governance-related regulations:

On March 20, 2008, the Board of Directors passed the "Rules of Procedure for Board of Directors Meetings"

On March 20, 2009, the Board of Directors passed the internal control system for the "Management of Prevention of Insider Trading".

On October 21, 2011, the Board of Directors passed the "Remuneration Committee Charter".

On March 23, 2012, the Board of Directors approved the addition of the "Management of the Operation of the Remuneration Committee", "Management of the Application of International Accounting Standards", and "Internal Control Systems for Accounting Professional Judgments, Accounting Policies and Changes in Estimates" to the internal control system. These items were also included in the annual self-assessment of the internal control system.

On October 30, 2015, the Board of Directors passed the "Procedures for Applying for Suspension and Resumption of Trading".

On April 27, 2016, the Board of Directors passed the "Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" to communicate to Directors, managers, and employees the relevant regulations they should follow.

The Company's Board of Directors passed a resolution on April 22, 2019, to establish the "Standard Operating Procedures for Handling Directors' Requests" to assist Directors in performing their duties and enhance the effectiveness of the Board of Directors.

On August 5, 2020, the Board of Directors adopt the “Board of Directors Performance Evaluation Measures” to establish performance goals and strengthen the operational efficiency of the Board of Directors.

On November 5, 2021, the Board of Directors passed the “Procedures for Election of Directors” and the Shareholders’ Meeting passed the “Procedures for Election of Directors” and abolished the “Regulations for Election of Directors and Supervisors” on June 14, 2022.

On April 29, 2022, the Board of Directors passed the “Audit Committee Charter”.

On November 7, 2022, The Board of Directors passed the “Procedures for Handling Material Inside Information” and “Corporate Governance Best Practice Principles” to establish a good corporate governance system.

(X) Implementation Status of Internal Control System

1. 2023 Statement of Internal Control System

ICP DAS Co., Ltd.

Statement on Internal Control System

Date: March 4, 2024

Based on the results of our self-assessment, the Company hereby declares the following regarding its internal control system for the year 2023:

1. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. The Company has established such a system, which aims to provide reasonable assurance regarding the achievement of objectives in the effectiveness and efficiency of operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and compliance with applicable rules, laws and regulations.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria adopted by the "Regulations" identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component further contains several items. Please refer to the "Regulations" for details.

4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the results of the evaluation mentioned in the preceding paragraph, the Company believes that, as of December 31, 2023, its internal control system (including its supervision and management of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws and

regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This Statement has been passed by the Board of Directors in their meeting held on March 4, 2024, with 0 of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

ICP DAS Co., Ltd.

Chairman: Yeh, Nai-Ti

President: Chen, Ruei-Yu

2. CPA Review Report on Internal Control System Project Review: None.

(XI) For the most recent fiscal year and as of the date of the Annual Report, if the company or its internal personnel have been punished according to the law or the company has punished its internal personnel for violating internal control system regulations, and the results of such punishment may have a significant impact on shareholders' equity or securities prices, the contents of the punishment, major deficiencies, and improvement status shall be listed: No such thing.

(XII) Major resolutions of the Shareholders' Meeting and the Board of Directors for the most recent fiscal year and as of the date of the Annual Report:

Resolution date	Resolution Content	Matters listed in Article 14-3 of the Securities and Exchange Act	Independent Directors' Objections or Reservations	Company's Handling
March 13, 2023 2023-1 Board of Director	1. Proposal for the distribution of employee and Director remuneration for 2022.	6. Issuance of securities	None	Resolution approved
	2. Proposal for the 2022 Business Report, Consolidated Financial Statements, and Individual Financial Statements.		None	Resolution approved
	3. Proposal for the earnings distribution for 2022.		None	Resolution approved
	4. Proposal for the capitalization of earnings through the issuance of new shares for 2022.		None	Resolution approved
	5. Amendments to the Company's Articles of Incorporation.		None	Resolution approved
	6. Appoint the date and agenda for the 2023 Shareholders' Meeting.		None	Resolution approved
	7. Proposal for appointment of the Corporate Governance Officer.		None	Resolution approved
	8. Proposal for the Company's Managerial Officers Appointment and remuneration		None	Resolution approved

Resolution date	Resolution Content	Matters listed in Article 14-3 of the Securities and Exchange Act	Independent Directors' Objections or Reservations	Company's Handling
	9. Proposal for the evaluation of the independence, appointment, and remuneration of CPAs for 2023. 10. Proposal for pre-approving non-attestation services provided by the certifying CPAs, their accounting firm, and related enterprises to the Company and its subsidiaries. 11. Proposal for the standards and structure of Chairman remuneration for 2023 12. Proposal for the standards and structure of Managerial Officers remuneration for 2023 13. Proposal for issue the Statement of Internal Control System for 2022. 14. 2023 business plan.	7. CPAs  7. CPAs  3. Conflicts of interest 3. Conflicts of interest	None  None  None None	Resolution approved  Resolution approved  Resolution approved Resolution approved Resolution approved Resolution approved
May 05, 2023 2023-2 Board of Director	1. 2023 First Quarter Consolidated Financial Report. 2. Bank credit facility.		None  None	Resolution approved Resolution approved
June 9, 2023 Shareholders' Meeting	1. Proposal for the recognition of 2022 Business Report and Financial Statements. 2. Proposal for the recognition of 2022 earnings distribution. 3. Proposal for the voted to approve capitalization of earnings through the issuance of new shares for 2022. 4. Proposal for voted to approve of amendment to the Company's Articles of Incorporation.	N/A.	N/A.	N/A.
August 08, 2023 2023-3 Board of Director	1. 2023 Second Quarter Consolidated Financial Report. 2. Proposal for the capitalization of earnings through the issuance of new shares. 3. Record Date: Record date for suspension of share transfer: 4. Bank credit facility. 5. Proposal for the Company's Managerial Officers remuneration.	6. Issuance of securities   3. Conflicts of interest	None  None None None	Resolution approved Resolution approved  Resolution approved Resolution approved Resolution approved
November 06, 2023 2023-4 Board of Director	1. 2023 Third Quarter Consolidated Financial Report. 2. Amendments to the "Internal Control System" and "Internal Audit System" cases. 3. Formulation of the 2024 Audit Plan.	1. Amendments to the Internal control system	None  None	Resolution approved Resolution approved  Resolution approved
March 04, 2024 2024- 1 Board of Director	1. Proposal for the distribution of Directors remuneration for 2023. 2. Proposal for the 2023 Business Report, Consolidated Financial Statements, and Individual Financial Statements.		None  None	Resolution approved Resolution approved

Resolution date	Resolution Content	Matters listed in Article 14-3 of the Securities and Exchange Act	Independent Directors' Objections or Reservations	Company's Handling
	3. 2023 Earnings Distribution Table. 4. Amendments to the Company's Articles of Incorporation. 5. Appoint the date and agenda for the 2024 Shareholders' Meeting. 6. Proposal for the evaluation of the independence, appointment, and remuneration of CPAs for 2024. 7. Proposal for related-party transactions 8. Proposal for the financial and accounting supervisor promotion 9. Proposal for the Company's Managerial Officers change. 10. Proposal for the standards and structure of Chairman remuneration for 2024 11. Proposal for the standards and structure of Managerial Officers remuneration for 2024 12. Proposal for issue the Statement of Internal Control System for 2023. 13. 2024 business plan.	7. CPAs  3. Conflicts of interest  3. Conflicts of interest 3. Conflicts of interest	None None  None  None None  None None  None None	Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved
March 09, 2024 2024- 2 Board of Director	1. 2024 First Quarter Consolidated Financial Report. 2. Amendments to the "Organizational Rules of the Audit Committee." 3. Amendments to the "Rules of Procedure for 「Board of Directors」 Meetings." 4. Amendments to the "Corporate Governance Best Practice Principles." 5. Amendments to the "Procedures for Transactions with Specific Companies, Group Enterprises, and Related Parties." 6. Proposal for related-party transactions 7. Bank credit facility.	3. Conflicts of interest	None  None  None  None  None  None None	Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved Resolution approved

(XIII) Any dissenting opinions of Directors or Supervisors on major resolutions passed by the Board of Directors that were recorded or stated in writing for the most recent fiscal year and as of the date of the Annual Report: No such thing.

(XIV) A summary of resignations and dismissals of the company's Chairman, President, Accounting Officer, Finance Officer, Chief Internal Auditor, Corporate Governance Officer, and R&D Officer for the most recent fiscal year and as of the date of the Annual Report: No such thing.

## V. Information of CPA Fee

### (I) Audit fees of CPAs

Unit: NT\$ Thousand

CPA Firm	CPA name	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
PWC Taiwan	Wu,Wei-Hao	2023.1.1-2023.12.31	2,490	615	3,105	Note 1
	Cheng, Ya-Hui	2023.1.1-2023.12.31				

Note 1: Non-audit fee items: Tax certification fee of NT\$350 thousand, travel expenses of NT\$100 thousand, free allotment of new shares of NT\$80 thousand.

Non-certification service items: Company registration NT\$60 thousand, capital increase and issuance of new shares NT\$25 thousand.

### (II) If Any of the Following Circumstances Occur, the Company Should Disclose Relevant Information:

1. Payment of non-audit fees to CPAs, CPAs' accounting firm, and its affiliates that exceeds one-fourth of the audit fees: No such situation.
2. Change of accounting firm and the audit fee paid in the year of the change is less than the audit fee paid in the previous year: No such situation.
3. The audit fee is reduced by 10% or more compared to the previous year: No such situation.

## VI. Information of CPA replacement

Information on CPA changes in the last two years and subsequent periods: In 2022, due to internal personnel changes at PricewaterhouseCoopers, the Company's CPAs were changed from Li, Yen-Na and Wu,Wei-Hao to Wu,Wei-Hao and Cheng, Ya-Hui.

## VII. The Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the CPAs' Firm or an Affiliate of the Accounting Firm and, and the Period During Which They Held a Position in the CPA Firm or its Affiliates Should Be Disclosed: No such thing.

## VIII. Changes in Equity Transfer and Pledge by Directors, Supervisors, Managers, and Shareholders with 10% or More Ownership for the Most Recent Fiscal Year and as of the Date of the Annual Report

### (I) Changes in Equity Transfer by Directors, Supervisors, Managerial Officers, and Major Shareholders with 10% Ownership:

Unit: Shares

Title	Name	2022		2023		2024 As of April 15	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
The Company's Vice President of Administration Division	Yeh, Nai-Ti	419,411	0	461,352	0	0	0
Director and President	Chen, Ruei-Yu	676,207	0	743,828	0	0	0
Director and Vice President of R&D Division	Huang, Bin-Fong	72,600	0	(247,940)	0	0	0
Director(Note 1)	Hsiao, Min-Li	-	-	-	-	-	-
Independent Director	Shen, Yang-Bin	2	0	2	0	0	0
Independent Director(Note 1)	Liao, Shu-Ling	-	-	-	-	-	-
Independent Director	Jiang, Yi-Jyun	0	0	0	0	0	0
Independent Director(Note 1)	Chen, Shao-Chi	660	0	(3,674)	0	(1,000)	0
Independent Director(Note 1)	Chao, Yu	0	0	0	0	0	0
Supervisor(Note 1)	Chen, Ming-Feng	-	-	-	-	-	-
Supervisor(Note 1)	Li, Wen-Chuan	-	-	-	-	-	-
Supervisor(Note 1)	Li, Yuan-Ching	-	-	-	-	-	-
Vice President, Marketing and Business Division	Cheng, Shu-Fa	28,808	0	25,089	0	0	0
Project Vice President	Huang, Kuo-Cheng	49,251	0	54,176	0	0	0
Vice President, Medical-grade Polymers Division	Chen, Jui-Hsiang	73,405	0	60,946	0	0	0
Vice President	Ku, Chia-Chun	0	0	0	0	0	0
Vice President (Note 2)	Hsieh, Hsi-Fu	-	-	600	-	0	0
Director, Production and Management Division (Note 3)	Chen, Yu-Lin	(130,674)	0	(7,541)	0	-	-
Factory Director, Production and Management Division (Note 3)	Fu, Kuo-Chun	-	-	-	-	0	0
Sr. Manager, Finance Division	Cheng, Pi-Yu	5,391	0	5,930	0	0	0



Title	Name	2022		2023		2024 As of April 15	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares	Increase (Decrease) in Shares Held	Increase (Decrease) in Pledged Shares
More than 10% of Shareholders	Tian Shing Investment Co., Ltd.	637,697	0	701,467	0	0	0

Note 1: The Directors were fully re-elected at the Shareholders' Meeting on June 14, 2022, so Director Hsiao, Min-Li and Independent Director Liao, Shu-Ling resigned as Directors, Supervisor Chen, Ming-Feng, Supervisor Li, Wen-Chuan, and Supervisor Li, Yuan-Ching resigned as Supervisors, and Independent Director Chen, Shao-Chi and Independent Director Chao, Yu were newly appointed as Directors.

Note 2: Vice President Hsieh, Hsi-Fu took office on March 13, 2023.

Note 3: The Board of Directors resolved to approve the management change on March 4, 2024. The former Director of Production Management Department, Chen, Yu-Lin, was reassigned as Special Assistant to the President's Office, and Fu, Kuo-Chun was appointed as the Factory Director (Assistant Vice President) of the Production Management Division.

- (II) If the counterparty in an equity transfer or pledge is a related party, the name of the counterparty, their relationship with the Company's Directors, supervisors, managerial officer, and shareholders with 10% or more ownership, and the number of shares obtained or pledged should be disclosed:

1. Equity Transfer Information:

Name	Equity Transfer Reason	Date of Trading	Counterparty	Relationship between the Counterparty and the Company's Directors, Managers, and Shareholders with 10% or More Ownership	Number of Shares	Transaction Price
Huang, Bin-Fong	Gift	2023/8/9	Yeh, Jo-Lan	Spouse of Director Huang	300,000 shares	NT\$80.6

2. Equity Transfer Information: None.

**IX. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another**

April 15, 2024; Unit: Share

Name	Personal Shares held		Shares Held by Spouse and Underage Children		Total Shares Held in the Name of Others		Name and Relationship of the Top Ten Shareholders Who Are Related Parties, Spouses, or Relatives Within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name	Relationship	
Chen, Ruei-Yu	8,182,110	12.79%	5,074,874	7.93%	0	0.00%	Yeh, Nai-Ti	Spouse	
Tian Shing Investment Co., Ltd. Person in Charge: Chen, Ruei-Yu	7,716,140	12.06%	0	0.00%	0	0.00%	Chen, Ruei-Yu	Director is the person in Charge	
Da Zhong Investment Co., Ltd. Person in Charge: Yeh, Nai-Ti	5,140,796	8.04%	0	0.00%	0	0.00%	Yeh, Nai-Ti	Chairman is the person in Charge	
Yeh, Nai-Ti	5,074,874	7.93%	8,182,110	12.79%	0	0.00%	Chen, Ruei-Yu	Spouse	
Chen, Wen-Hua	2,466,350	3.86%	0	0.00%	0	0.00%	Chen, Jui-Hsiang	Son of Vice President	
Chen, Ching-Hua	2,024,611	3.17%	0	0.00%	0	0.00%	Chen, Jui-Hsiang	Son of Vice President	
Yi Fang Investment Co., Ltd. Person in Charge: Chen, Wen-Hua	1,366,755	2.14%	0	0.00%	0	0.00%	Chen, Jui-Hsiang	Son of Vice President is the person in Charge	
Chou, Chia-Hui	1,318,850	2.06%	0	0.00%	0	0.00%	-	-	
Chen, Pao-Lien	1,133,000	1.77%	0	0.00%	0	0.00%	Chen, Ruei-Yu	Second-degree relative of Director	
Huang, Wen-Kai	1,111,000	1.74%	0	0.00%	0	0.00%	Huang, Bin-Fong	Son of the Director	
Huang, Yi-Shun	1,111,000	1.74%	0	0.00%	0	0.00%	Huang, Bin-Fong	Son of the Director	

Major shareholders of corporate shareholders:

Name of corporate shareholders	Major shareholders of corporate shareholders
Tian Shing Investment Co., Ltd.	Chen, Ruei-Yu (99.52%)
Da Zhong International Co., Ltd.	Yeh, Nai-Ti (99.00%)
Yi Fang Investment Co., Ltd.	Chen, Wen-Hua (50.00%)

**X. The Number of Shares Held by the Company, its Directors, Supervisors, managers, and Enterprises Directly or Indirectly Controlled by the Company in the Same Reinvested Enterprise, and the Calculation of the Combined Shareholding Percentage**

**Consolidated Shareholding Ratio**

March 31, 2024 Unit: Shares %

Name of investee company	Investment by the Company		Investment by Directors, Supervisors, Managers, and Companies Directly or Indirectly Controlled by the Company		Total Investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
ADVANCE AHEAD LTD.	1,000,000	100%	0	0	1,000,000	100%
Shanghai Golden ICP DAS International Trade Co., Ltd.	0	100%	0	0	0	100%
ICP DAS INVEST LTD.	3,200	100%	0	0	3,200	100%
ICP DAS(Wuhan) Co., Ltd.	0	100%	0	0	0	100%
ICP DAS EUROPE GmbH	4,500	18%	0	0	4,500	18%
ICP DAS USA, INC.	540	18%	0	0	540	18%

## Chapter 4 Capital Overview

### I. Company Capital and Shares

#### (I) Source of Capital

As of the Annual Report publication date. Unit: Share; NT\$1,000, except for par value per share

Year/Month	Issuance Price	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Those who pay for shares with property other than cash	Others
1993/08	10	600,000	6,000	600,000	6,000	Established with a share capital of NT\$6,000 thousand	None	Note 1
1997/05	10	2,000,000	20,000	2,000,000	20,000	Capital reserve transferred to capital NT\$14,000 thousand	None	Note 2
2002/11	10	3,640,000	36,400	3,640,000	36,400	Earnings transferred to capital NT\$16,400 thousand	None	Note 3
2003/09	10	7,000,000	70,000	7,000,000	70,000	Earnings transferred to capital NT\$33,600 thousand	None	Note 4
2005/12	10	50,000,000	500,000	17,000,000	170,000	Cash capital increase NT\$70,000 thousand Earnings transferred to capital NT\$30,000 thousand	None	Note 5
2006/12	10	50,000,000	500,000	26,000,000	260,000	Cash capital increase NT\$25,854,120 Earnings transferred to capital NT\$59,500 thousand Employee bonuses transferred to capital NT\$4,645,880	None	Note 6
2007/07	10	50,000,000	500,000	31,400,000	314,000	Earnings transferred to capital NT\$46,800 thousand Employee bonuses transferred to capital NT\$7,200 thousand	None	Note 7
2008/07	10	50,000,000	500,000	37,310,000	373,100	Earnings transferred to capital NT\$47,100 thousand Employee bonuses transferred to capital NT\$12,000 thousand	None	Note 8
2009/01	10	50,000,000	500,000	41,029,000	410,290	Cash capital increase NT\$37,190 thousand	None	Note 9
2009/09	10	50,000,000	500,000	42,122,653	421,227	Earnings transferred to capital NT\$8,205,800 Employee bonuses transferred to capital NT\$2,730,730	None	Note 10
2010/04	10	50,000,000	500,000	42,900,153	429,002	Stock options exercised for capital increase NT\$7,775 thousand	None	Note 11
2010/05	10	50,000,000	500,000	43,011,653	430,117	Stock options exercised for capital increase NT\$1,115 thousand	None	Note 12
2010/09	10	50,000,000	500,000	43,033,653	430,337	Stock options exercised for capital increase NT\$220 thousand	None	Note 13
2010/11	10	50,000,000	500,000	43,079,653	430,797	Stock options exercised for capital increase NT\$460 thousand	None	Note 14
2011/04	10	80,000,000	800,000	43,382,653	433,827	Stock options exercised for capital increase NT\$3,030 thousand	None	Note 15
2011/05	10	80,000,000	800,000	43,491,653	434,917	Stock options exercised for capital increase NT\$1,090 thousand	None	Note 16
2011/09	10	80,000,000	800,000	43,518,903	435,189	Stock options exercised for capital increase NT\$273 thousand	None	Note 17
2011/11	10	80,000,000	800,000	43,574,903	435,749	Stock options exercised for capital increase NT\$560 thousand	None	Note 18
2012/04	10	80,000,000	800,000	43,689,403	436,894	Stock options exercised for capital increase NT\$1,145 thousand	None	Note 19
2017/07	10	80,000,000	800,000	48,058,343	480,583	Earnings transferred to capital NT\$43,689,400	None	Note 20
2019/10	10	80,000,000	800,000	52,864,177	528,641	Earnings transferred to capital NT\$48,058,340	None	Note 21

2022/09	10	80,000,000	800,000	58,150,594	581,506	Earnings transferred to capital NT\$52,864,170	None	Note 22
2023/10	10	80,000,000	800,000	63,965,653	639,657	Earnings transferred to capital NT\$58,150,590	None	Note 23

Note 1: Document No. 347766 issued by the Ministry of Economic Affairs on August 6, 1993  
Note 2: Document No. 158625 issued by the Ministry of Economic Affairs on May 2, 1997  
Note 3: Document No. 09231583480 issued by the Ministry of Economic Affairs on January 21, 2003  
Note 4: Document No. 09232780200 issued by the Ministry of Economic Affairs on October 9, 2003  
Note 5: Document No. 094333400150 issued by the Ministry of Economic Affairs on December 26, 2005  
Note 6: Document No. 09631583660 issued by the Ministry of Economic Affairs on January 18, 2007  
Note 7: Document No. 09632436650 issued by the Ministry of Economic Affairs on July 16, 2007  
Note 8: Document No. 09732783110 issued by the Ministry of Economic Affairs on August 6, 2008  
Note 9: Document No. 09831606600 issued by the Ministry of Economic Affairs on January 17, 2009  
Note 10: Document No. 09833137590 issued by the Ministry of Economic Affairs on September 28, 2009  
Note 11: Document No. 09931876960 issued by the Ministry of Economic Affairs on April 8, 2010  
Note 12: Document No. 09932012660 issued by the Ministry of Economic Affairs on May 7, 2010  
Note 13: Document No. 09932521720 issued by the Ministry of Economic Affairs on September 1, 2010  
Note 14: Document No. 09932823940 issued by the Ministry of Economic Affairs on November 12, 2010  
Note 15: Document No. 10031894380 issued by the Ministry of Economic Affairs on April 21, 2011  
Note 16: Document No. 10031987960 issued by the Ministry of Economic Affairs on May 12, 2011  
Note 17: Document No. 10032468900 issued by the Ministry of Economic Affairs on September 5, 2011  
Note 18: Document No. 10032718950 issued by the Ministry of Economic Affairs on November 7, 2011  
Note 19: Document No. 10131874600 issued by the Ministry of Economic Affairs on April 12, 2012  
Note 20: Document No. 10633434140 issued by the Ministry of Economic Affairs on July 25, 2017  
Note 21: Document No. 10801132800 issued by the Ministry of Economic Affairs on October 1, 2019  
Note 22: Document No. 11101178750 issued by the Ministry of Economic Affairs on September 22, 2022  
Note 23: Document No. 11230191790 issued by the Ministry of Economic Affairs on October 4, 2023

Unit: Share

Type of Shares	Authorized Capital			Remarks
	Shares Outstanding	Unissued shares	Total	
Ordinary Share	63,965,653	16,034,347	80,000,000	TPEX Listed

## (II) Shareholder Structure

April 15, 2024 Unit: Persons, Shares

Shareholder Structure Quantity	Government Agencies	Financial institution	Other Juridical Persons	Individual	Foreign Institutions and Natural Persons	Total
Amount	0	1	16	2,253	10	2,280
Shares Held	0	57,304	16,052,147	47,555,152	301,050	63,965,653
Shareholding Ratio	0%	0.09%	25.09%	74.35%	0.47%	100.00%

## (III) Dispersion of Shareholding (par value per share NT\$10)

April 15, 2024 Unit: People, Shares

Shares Ownership	Number of Shares	Shares Held	Shareholding Ratio
1 to 999	910	163,923	0.26%
1000 to 5,000	843	1,740,382	2.72%
5,001 to 10,000	174	1,259,409	1.97%
10,001 to 15,000	92	1,114,245	1.74%
15,001 to 20,000	53	947,130	1.48%
20,001 to 30,000	56	1,367,877	2.14%
30,001 to 40,000	25	878,409	1.37%
40,001 to 50,000	18	813,219	1.27%
50,001 to 100,000	47	3,408,338	5.33%
100,001 to 200,000	26	3,435,622	5.37%
200,001 to 400,000	9	2,253,555	3.52%
400,001 to 600,000	10	4,877,694	7.63%

Shares Ownership	Number of Shares	Shares Held	Shareholding Ratio
600,001 to 800,000	2	1,372,253	2.14%
800,001 to 1,000,000	3	2,608,071	4.08%
More than 1,000,001	12	37,725,526	58.98%
Total	2,280	63,965,653	100.00%

Note: The Company has not issued any preferred shares.

#### (IV) List of Major Shareholders

Names, number of shares held, and shareholding percentages of shareholders with 5% or more ownership or the top ten shareholders in terms of ownership percentage

April 15, 2024; Unit: Share

Major shareholders	Shares Held	Shareholding ratio
Chen, Ruei-Yu	8,182,110	12.79%
Tian Shing Investment Co., Ltd.	7,716,140	12.06%
Da Zhong International Co., Ltd.	5,140,796	8.04%
Yeh, Nai-Ti	5,074,874	7.93%
Chen, Wen-Hua	2,466,350	3.86%
Chen, Ching-Hua	2,024,611	3.17%
Yi Fang Investment Co., Ltd.	1,366,755	2.14%
Chou, Chia-Hui	1,318,850	2.06%
Chen, Pao-Lien	1,133,000	1.77%
Huang, Wen-Kai	1,111,000	1.74%
Huang, Yi-Shun	1,111,000	1.74%

#### (V) Market Price, Net Worth, Earnings, Dividends, and Related Information in the Most Recent Two Years

Unit: (NT\$); Share

Item \ Year		2022	2023	As of March 31, 2024
Market price per share		91.70	89.60	82.00
		61.00	73.00	65.90
		78.13	81.58	73.01
Net Worth per Share		21.83	19.91	20.1(Note 4)
		19.85	Note1	N/A.
Earnings per Share	Weighted Average Shares (1,000 shares)	58,151	63,966	63,966
		3.98	1.28	0.15(Note 4)
		3.62	Note1	N/A.
Dividends Per Share		1.5	1(Note1)	N/A.
	Dividends from retained earnings	1.0	0(Note1)	N/A.
	Dividends from additional paid-in capital	0	0	N/A.
	Accumulated undistributed dividends	0	0	0
Return on Investment Analysis (Note 3)		19.63	63.73	120.66
		52.09	81.58	N/A.
		0.02	0.01	N/A.

Note 1: The Company's earnings distribution for 2023 has been approved by the Board of Directors but has not yet been resolved by the Shareholders' Meeting.

Note 2: The average market price for each year is calculated based on the trading values and volumes for each year.

Note 3: Price/Earnings (P/E) Ratio = Average closing price per share for the year / Earnings per share; Price/Dividend (P/D) Ratio = Average closing price per share for the year / Cash dividends per share; Cash dividend yield = Cash dividends per share / Average closing price per share for the year.

Note 4: The net worth per share and earnings per share are based on the financial report data reviewed by CPAs for the first quarter of 2024.

## (VI) Dividend Policy and Implementation

### 1. Dividend Policy

If the Company has a profit at the end of the year, it shall first pay taxes and make up for accumulated losses, then allocate 10% as legal reserve and provide or reverse special reserve in accordance with laws or regulations of the competent authority. If there is any remaining profit, it shall be combined with the accumulated undistributed earnings as the cumulative distributable earnings. The Board of Directors shall prepare a distribution proposal and submit it to the Shareholders' Meeting for resolution.

With regard to the business operations of the Company, as the Company's business is currently in the growth stage, the dividend distribution policy shall take into account the current and future operational plans, investment projects, capital budgets, changes in internal and external environments, as well as the interests of shareholders and the balance of dividends. Each year, the Board of Directors shall propose a distribution proposal in accordance with the law and submit it to the Shareholders' Meeting for approval. The Company's shareholder dividend distribution may be made in the form of stock dividends, and the proportion of cash dividends distributed to shareholders shall not be less than 10% of the total shareholder dividends.

Status of the Board of Directors' resolution to distribute cash dividends in the past five years:

Unit: (NT\$); %

Item \ Year	2019	2020	2021	2022	2023
EPS after tax	0.92	0.76	3.23	3.98	1.28
Cash dividends distribution	0.7	0.7	1.5	1.5	1 (Note 1)
Stock dividends distribution	0	0	1.0	1.0	0 (Note 1)
Distribution ratio for the year	76%	92%	77%	63%	78%

Note 1: The Company's dividend distribution for 2023 will be resolved at the 2024 Annual General Shareholders' Meeting.

## 2. Implementation Status

### Dividend Distribution Plan Proposed (Approved) for the Current Year

On March 4, 2024, the Board of Directors passed the 2023 earnings distribution proposal. From the Company's 2023 earnings, after setting aside 10% as legal reserve, the remaining distributable earnings are distributed as follows:

Unit: (NT\$)

Distribution Item	Amount
Common stock cash dividends(tentatively set at NT\$1 per share)	63,965,653
Common stock cash dividends(tentatively set at NT\$0 per share)	0

## 3. Expected situations in which the dividend policy may change significantly:

The amendment to the "Articles of Incorporation" is proposed to be resolved at the 2024 Shareholders' Meeting, which is expected to revise the dividend policy. With regard to the business operations of the Company, as the Company's business is currently in the growth stage, the dividend distribution policy shall take into account the current and future operational plans, investment projects, capital budgets, changes in internal and external environments, as well as the interests of shareholders and the balance of dividends. Each year, the Board of Directors shall propose a distribution proposal in accordance with the law and submit it to the Shareholders' Meeting for approval. As mentioned earlier, with the Company's business currently in the growth stage, the principle of dividend distribution is that at least 20% of the current year's distributable surplus shall be distributed as cash dividends. The Company's shareholder dividend distribution may be made in the form of stock dividends, and the proportion of cash dividends distributed to shareholders shall not be less than 10% of the total shareholder dividends.

## (VII) The Impact of the Proposed Stock Dividend Distribution on the Company's Operating Performance and Earnings per Share

The Company's earnings distribution for 2023 has been approved by the Board of Directors but has not yet been resolved by the Shareholders' Meeting.



Unit: NT\$1,000 (except for earnings per share and cash dividends, which are in NT\$)

Item Year		2023 (Estimated)	
Paid-in capital		639,657	
Dividend Distribution for the Current Year	Cash Dividends per share(Note 1)	NT\$1	
	Stock dividends from earnings per share (Note 1)	NT\$0	
	Stock dividends per share from additional paid-in capital	NT\$0	
Changes in Operating Performance	Operating profit	Note 2	
	Percentage increase (decrease) in operating profit compared to the same period last year		
	Income After Tax		
	Percentage increase (decrease) in net profit after tax compared to the same period last year		
	Earnings per Share		
	Percentage increase (decrease) in earnings per share compared to the same period last year		
	Annual average return on investment (reciprocal of annual average P/E ratio)		
Pro Forma Earnings per Share and P/E Ratio	If the Retained Earnings for Capitalization are Fully Distributed as Cash Dividends	Pro Forma Earnings Per Share	Note 2
		Pro forma annual average return on investment %	
	If additional paid-in capital is not capitalized	Pro Forma Earnings Per Share	
		Pro forma annual average return on investment %	
	If additional paid-in capital is not capitalized and retained Earnings for Capitalization are Fully Distributed as Cash Dividends	Pro Forma Earnings Per Share	
		Pro forma annual average return on investment %	

Note 1: The Company's dividend distribution for 2023 will be resolved at the 2024 Annual General Shareholders' Meeting.

Note 2: The Company's dividend distribution for 2023 will be resolved at the 2024 Annual General Shareholders' Meeting.

#### (VIII) Remuneration of Employee, Director and Supervisor

1. The Company's Articles of Incorporation do not specify the percentage and range on remuneration of employee, Director and Supervisor

The Company shall allocate 3% to 12% of the current year's profit as employees' compensation and no more than 3% of the current year's profit as Directors' and supervisors' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance.

The employees' compensation in the preceding paragraph may be distributed in the form of shares or cash, and the recipients may include employees of subordinate companies who meet certain conditions. The aforementioned Director and supervisor remuneration can only be paid in cash.

The profit of the current year in Paragraph 1 refers to the profit before tax of the current year minus the employees' compensation and Directors' remuneration.

Profit before supervisor remuneration.

2. Basis for estimating the amount of employee, Director and supervisor remuneration in the current period, the basis for calculating the number of shares for stock-based employee remuneration, and the accounting treatment when there

is a discrepancy between the actual distributed amount and the estimated amount:  
No such thing.

3. Remuneration distribution approved by the Board of Directors:

(1) Amount of employee remuneration and Director remuneration distributed in cash or stock:

A. Employee remuneration - cash: NT\$9,102,000

B. Remuneration of Director-Cash: NT\$1,138,000

(2) Amount of employee remuneration distributed in stock and its proportion to the sum of the net income after tax in the parent company only financial report and the total employee remuneration: N/A.

(3) Calculated earnings per share considering the proposed distribution of employee remuneration and Director remuneration: N/A.

4. Actual distribution of employee and Director remuneration in the previous year:

Unit: (NT\$)

Item	Actual amount distributed as resolved by the Shareholders' Meeting	Amount proposed for distribution as passed by the Board of Directors	Difference amount	Difference analysis
Employee remuneration - cash	25,505,000	25,505,000	0	No difference
Director and supervisor remuneration - cash	3,188,000	3,188,000	0	No difference

5. Review of the Implementation of Resolutions From the Shareholders' Meeting:

The resolutions of the Company's last (2023) annual Shareholders' Meeting have all been implemented in accordance with the resolution results. The implementation is reviewed as follows:

Resolution items	Implementation review
1. Proposal for the recognition of 2022 Business Report and Financial Statements.	1. Relevant information has been announced in the Annual Report, Market Observation Post System, and the company website.
2. Proposal for the recognition of 2022 earnings distribution.	2. September 27, 2023 was set as the ex-dividend date, and October 25, 2023 was set as the cash dividend payment date (distributing a cash dividend of NT\$1.5 per share, totaling NT\$87,225,895).
3. Proposal for the voted to approve capitalization of earnings through the issuance of new shares for 2022.	
4. Proposal for voted to approve of amendment to the Company's Articles	3. The issuance of new shares was reported and became effective with the Financial Supervisory

of Incorporation.	<p>Commission on July 28, 2023, and was approved for change registration by the Ministry of Economic Affairs with Letter No. 11230191790 on October 4, 2023. The distribution was made on October 25, 2023 (distributing a stock dividend of NT\$1 per share, totaling NT\$58,150,590).</p> <p>4. The “Articles of Incorporation” have been published on the company website and approved for change registration by the Ministry of Economic Affairs on July 4, 2023.</p>
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(IX) Share Repurchase Status of the Company: No such situation.

**II. Corporate Bond Issuance Situation:** None.

**III. Preferred share Implementation Status:** None.

**IV. Status of Issuance of Global Depositary Receipts:** None.

**V. Status of Employee Stock Option Certificates and Restricted Stock Options for Employees:** None.

**VI. Share Issuance for Merger or Acquisition of Shares of Other Companies:** None.

**VII. Implementation Status of Fund Utilization Plan:** N/A.

## **Chapter 5      Highlights of Business Operation**

### **I.      Business Content**

#### **(I)      Business Scope**

##### **1.      Major Business Activities**

The business scope of the Company is as follows:

C801100	Synthetic Resin and Plastic Manufacturing
CB01010	Mechanical Equipment Manufacturing
CC01010	Manufacture of Power Generation, Transmission and Distribution Machinery
CC01030	Electrical Appliances and Audiovisual Electronic Products Manufacturing
CC01060	Wired Communication Mechanical Equipment Manufacturing
CC01070	Wireless Communication Mechanical Equipment Manufacturing
CC01080	Electronics Components Manufacturing
CC01100	Controlled Telecommunications Radio-Frequency Devices and Materials Manufacturing
CC01110	Computer and Peripheral Equipment Manufacturing
CE01010	General Instrument Manufacturing
E603050	Automatic Control Equipment Engineering
E604010	Machinery Installation
E605010	Computer Equipment Installation
EZ05010	Instrument and Meters Installation Engineering
F107170	Wholesale of Industrial Catalyst
F107200	Wholesale of Chemical Feedstock
F107990	Wholesale of Other Chemical Products
F108031	Wholesale of Medical Devices
F113020	Wholesale of Electrical Appliances
F113030	Wholesale of Precision Instruments
F113050	Wholesale of Computers and Clerical Machinery Equipment
F207170	Retail Sale of Industrial Catalyst
F207200	Retail Sale of Chemical Feedstock
F207990	Retail Sale of Other Chemical Products
F208031	Retail Sale of Medical Apparatus
F213010	Retail Sale of Electrical Appliances
F213030	Retail Sale of Computers and Clerical Machinery Equipment
F213040	Retail Sale of Precision Instruments
F213050	Retail Sale of Measuring Instruments
F213060	Retail Sale of Telecommunication Apparatus
F218010	Retail Sale of Computer Software
F219010	Retail Sale of Electronic Materials
F401010	International Trade
I101070	Agriculture, Forestry, Fishing and Livestock Consulting
I301010	Information Software Services
I301020	Data Processing Services
I301030	Electronic Information Supply Services
IG03010	Energy Technical Services

JA02010 Electric Appliance and Electronic Products Repair  
 ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

## 2. Business Proportion

Unit: NT\$ Thousand

Major products \ Proportion (%)	2022		2023	
	Operating revenue	Operating revenue	Operating revenue	Operating revenue
Remote controllers, industrial computer interface cards	1,223,145	100.00%	1,018,612	100.00%

## 3. The Company's Current Products (Services)

Products	Description
Remote controllers	7000 series products
	7188 series products
	8000 series products
Industrial control interface cards	Embedded controller interface cards
	DI/DO, AD/DA interface cards
	Motion control interface cards
Other products	Industrial computer peripherals (power supplies, relays, etc.)
	Converter series
	Wireless modems
	LCD display boards
	Industrial-grade network audio and video servers
	Software and application books
	Power monitoring, power meter controllers
	WISE IoT controllers
	OPC UA gateways
	Human-machine interfaces/touchscreens

## 4. Planned Development of new Products (Services)

The Company's R&D focus and future new product development plans mainly involve upgrading and extending the application of existing products, and actively promoting the development of new products related to PACs (Programmable Automation Controllers). Overall, the future development direction of R&D work is as follows:

- (1) Micro industrial controllers: Develop new micro industrial controllers in line with the market's new micro CPUs and chipsets.
- (2) Upgrade and revise the MiniOS7 (self-developed embedded operating system) software to increase added value.
- (3) Embedded industrial computers and industrial controller peripheral control components.
- (4) Gaming machine control systems.
- (5) Motion control systems and application software.
- (6) Visual control software.
- (7) Various industrial fieldbus controllers.
- (8) PAC controllers integrating displays and I/O modules.
- (9) Wireless communication-related products such as ZigBee, GSM/GPRS/3G.
- (10) M2M (Machine to Machine) remote maintenance and remote monitoring systems.
- (11) Machine vision and image processing software.
- (12) Simple HMI (Human Machine Interface).
- (13) Redundant DCS control modules for petrochemical and steel industries.
- (14) Factory energy monitoring solutions.
- (15) Intelligent building monitoring solutions.
- (16) Industry 4.0 solutions.
- (17) Smart factory solutions.
- (18) Industrial IoT, Big Data, and cloud platforms.
- (19) Air quality monitoring equipment and micro weather stations.
- (20) Smart manufacturing and ESG solutions.

## (II) Industry Overview

### 1. Current Status and Development of the Industry

#### (1) Overall Industry Trends

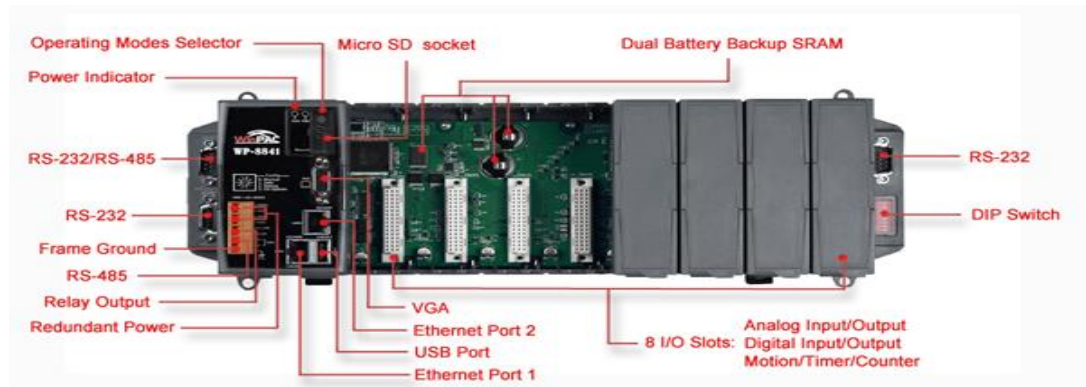
Industrial control, with monitoring and control at its core, is most commonly applied in automation equipment. Since the rise of the Internet of Things (IoT) in 2010, the integration of sensors, data acquisition, communication, network technologies, and the flourishing development of AI technologies, the combined application of these two has become AIoT. The combination of AIoT with factories, industrial production, and the Industry 4.0 concept has given rise to the Industrial Internet of Things (IIoT), which has become the goal that various industries are following. According to data from

MarketsandMarkets, the global Industrial IoT (IIoT) market size is forecast to grow from USD 300.3 billion in 2021 to USD 650.5 billion by 2026, at a compound annual growth rate (CAGR) of 16.7% from 2021 to 2026. The global industrial automation system integrator market size is expected to expand from USD 27 billion in 2022 to USD 35.5 billion by 2027, growing at a CAGR of 5.6% during the forecast period, as factors such as increasing safety and security concerns are stimulating the demand for automation systems and expanding the market. Furthermore, the global IoT integration market is expected to grow from USD 2.4 billion in 2022 to USD 9.2 billion by 2027. With the widespread adoption of IoT devices, the global demand for integration services is increasing, and it is expected to grow at a CAGR of 30.2% during the forecast period. The global industrial control and factory automation market is expected to grow from USD 147.9 billion in 2022 to USD 218.8 billion by 2027, with a CAGR of 8.2%. The key factors driving market growth are the increased government efforts to promote industrial automation, and the increasing integration of technologies such as IoT and artificial intelligence with various industrial control and factory automation solutions. In 2021, DCS will dominate the market share, while PLC will occupy the second-largest share. DCS can achieve process automation and control in manufacturing plants, promoting the integrity of decision-making, simplicity of operation, and improvement of productivity. The global industrial PC (IPC) market is expected to grow at a CAGR of 5.5% during the forecast period, from USD 5 billion in 2023 to USD 6.6 billion by 2028. The machine automation controller market is expected to expand from USD 33.7 billion in 2019 to USD 41.5 billion by 2024. The market is forecast to grow at a CAGR of 4.3% between 2019 and 2024. International giants include Siemens, National Instruments, Chassis Plans (i.e., Industrial Computer Source), Texas Micro, Xycom, etc. In Taiwan, there are approximately 20 industrial computer manufacturers (including Advantech, DFI, IEI, Axiomtek, Portwell, ADLINK, Flytech, Lanner, iBase, FEC, Posiflex, CipherLab, XAC, ASTRO, etc.). The demand from emerging markets such as China provides room for growth in the global industrial computer market.

With the advancement of electronic technology, the prevalence and standardization of information technology, automation controllers are developing towards lower prices, miniaturization, and powerful functionality. In the aforementioned traditionally segmented markets, PLC is the lowest priced and has the smallest size. However, the advantages of PLC development in the past were simplicity and ease of operation; in line with usage trends, adding enhanced functionality is not the forte of traditional PLCs. Therefore, industrial computers in the past made up for the lack of functionality in automation control in the PLC market. However, traditional industrial computers still cannot prevail in the trend of low price and small size, and they continue to face issues such as unstable operating systems,

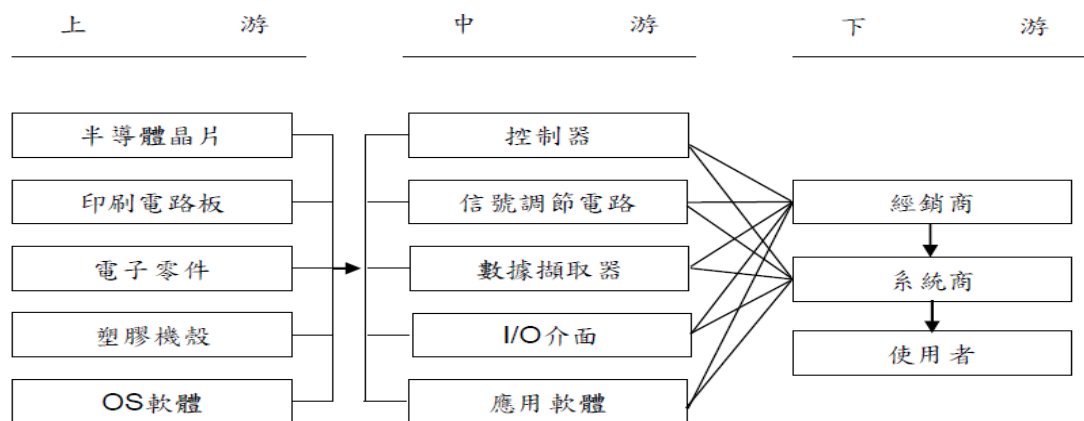
relatively unreliable hardware, and higher learning thresholds for software design environments.

“Programmable Automation Controllers” (PACs) themselves combine the functionality and adaptability of PLCs with the communication and computing capabilities of general computers, satisfying the needs of most users. PACs are mainly designed as embedded computers, with low power consumption and high reliability being one of their characteristics. In the trend of energy conservation and carbon reduction, they will be adopted by more people. In the current situation of strong market application demand, the market for PACs will be vast and difficult to estimate.



The figure below shows the Company’s WinPAC-8000 series products.

## 2. Upstream, Midstream, and Downstream Industry Chain



## 3. Product Development Trends and Competitive Landscape

### (1) Product Development Trends

Due to the need for automation, control systems are now used at every level in various industries. However, because there are numerous application purposes and each customer’s requirements are different, the automation control system products are essentially an industry that highly demands customization. In recent decades, the control systems adopted by the industry mostly have dedicated and closed system architectures, where the hardware design and



architecture have no established standards and are even tailored to customer requirements. Although both DCS and PLC have the advantages of simple structure, mature technology, and economies of scale, they are increasingly exposing their inherent shortcomings when facing the increasingly complex and diverse customer demands today. Especially when customers want to expand or change functionality, they must seek assistance from system suppliers. However, due to the closed and dedicated nature, the expansion of the original system becomes impractical. This not only increases product costs but also becomes a bottleneck for meeting customer needs.

For example, in the automation needs of enterprise operations, the integration of information flow, capital flow, and even logistics at the operation site is necessary. At this time, the network connection capability of the control system becomes indispensable and irreplaceable. Traditional PLCs are bound to decline due to their inherent lack of network system connectivity.

Informatization and networking have changed our lives, changed human's thinking and ways of doing things, and have also changed the way businesses operate as a result. In response to this trend, in addition to requiring products to be more reliable, stable, and faster, it has led to a new trend in the development of control system products: highly flexible (cross-domain functionality, diversified platforms), highly expandable, modular, standardized network interfaces, and standardized programming language software and hardware systems, resulting in the emergence of PAC products.

## (2) Competitive Landscape

Responding to customer demand trends is unavoidable for the industry. Internationally renowned manufacturers, including Siemens, NI, GE Fanuc, AB, and Rockwell, have also invested in the development of PAC systems. In Taiwan, in addition to our company, which has been cultivating for ten years, there are also Advantech, ADLINK, and Moxa, with only a few manufacturers entering the market.

## (III) Technology and R&D Overview

### 1. R&D Expenditure in the Most Recent Year and up to the Date of the Annual Report:

- (1) The R&D expenditure in 2023 amounted to NT\$203,404 thousand.
- (2) The R&D expenditure in 2024 amounted to NT\$50,638 thousand.

### 2. Research and Development

Since its establishment in 1993, the Company has set up an R&D department. Initially, PC-based I/O cards were the first R&D product line. Starting from 1998, it gradually moved to various embedded controllers, remote I/O modules, and other

product lines. The Company's R&D team focuses on R&D in the field of industrial automation. Since the firmware technology for software and hardware integration requires experience accumulation and judgment, this characteristic has a relatively high level of technical confidentiality. The Company is committed to safeguarding the trade secrets of key firmware technologies in the R&D department. With core technologies such as computing, communication, connection, and control, seven R&D divisions have been successively established, respectively mastering embedded software and hardware, industrial Ethernet, various I/O monitoring modules, soft logic and HMI software, motion control technology, etc.

### 3. R&D Personnel and Their Education and Experience

Item \ Year		2022		2023	
		Amount	%	Amount	%
Education Distribution	Master's Degree or Above	50	40.98%	51	41.80%
	Bachelor's Degree	69	56.56%	69	56.56%
	High School (Inclusive) or Below	3	2.46%	2	1.64%
	Total	122	100.00%	122	100.00%

### 4. R&D Expenditure Invested in the Last Five Years

Unit: NT\$ Thousand

Item/Year	2019	2020	2021	2022	2023
R & D Expense	197,863	202,060	230,655	216,194	203,404
Net Sales Revenue	781,725	757,992	1,041,905	1,223,145	1,018,612
Percentage of net sales revenue ratio(%)	25.31	26.66	22.14	17.68	19.97

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

### 1. Short-Term Plans

#### (1) Marketing Strategies

- A. Promote global IoT business opportunities and energy conservation, low carbon, and environmental protection issues. Hold product launches and application case sharing at important global sales locations and high-potential distributor partners to promote products and solutions.
- B. In recent years, due to climate change and global warming, various disasters have occurred in many places, causing huge losses of human life and property. In addition to the national security that has been set in

previous years becoming an important R&D and promotion issue, the Company has also strengthened the business opportunities in energy conservation, low carbon, and environmental protection. It seeks high-potential distributor partners in the directions of energy conservation, water resources, renewable energy, water conservation, oil conservation, electricity conservation, and other systems.

- C. Continue to promote product projects, actively cooperate with customers' different system integration needs, establish strategic alliances with global system integrators to expand marketing areas, and increase the proportion of OEM/ODM and other project business.
- D. Continue to promote the platform concept of PACs (Programmable Automation Controllers), using the entire PAC family series—WinPAC, LinPAC,  $\mu$ PAC, iPAC, XPAC, ViewPAC, MPAC, WISE, etc.—as the cornerstone for in-depth promotion in various industries (energy conservation and environmental protection, industrial automation market, computer communication applications, medical and military applications, network communication systems, security monitoring, transportation, entertainment, etc.). With the launch of more PAC products with 4G/5G communication capabilities and the WISE series, actively construct IoT and energy conservation deployment kits, application software platforms, intelligent systems, and other fields to invest in integrated monitoring and more intelligent and automated system integration industries. In the future, the Company will seize the opportunities in IoT development and actively implement the industrial development of “smart factories/smart manufacturing.”

It is hoped that through the vision of ICP DAS's innovative products, vertical market application areas, and future industrial alliances, the Company will deeply engage in industries such as intelligent buildings, building energy conservation, factory monitoring, water treatment, etc., and jointly market platforms and specific system areas with industrial alliances.

- E. To let the market understand ICP DAS's capabilities in intelligent buildings, ICP DAS established a 1,000-ping intelligent home demonstration and experimental center in Wuhan, China in 2013, showcasing its intelligent applications in five types of building spaces: bedrooms, living rooms, conference rooms, offices, and reception halls. For example, it combined the use of ICP DAS's latest TouchPAD with corresponding control modules and integrated the management of all areas through SCADA or Web central control software and mobile APP.

In Taiwan, ICP DAS's headquarters and second factory are used as demonstration factories, showcasing the intelligent control and management functions required in areas such as air conditioning,

production lines, offices, factory affairs, conference rooms, and reception halls in the factory in the form of modules (subsystems).

ICP DAS will not only continue to deepen its product and service capabilities in IoT applications such as smart factories but is also very willing to cooperate with partners familiar with this field to jointly provide customers with the most complete smart manufacturing solutions.

- F. In response to the ESG trend and the EU carbon border tax that took effect on January 1, 2023, global inflation has led to soaring raw material and energy costs, and enterprises' demand for low carbon and energy conservation is gradually increasing. The extreme climate caused by greenhouse gas emissions has made "greenhouse gas emission inventory" and "product carbon footprint" become requirements that the government requires enterprises to complete within a certain period of time. Therefore, the "energy management system" has become the primary goal to be achieved. The "energy management solution" provided by ICP DAS can provide "visualization of electricity consumption information," "electricity safety," "machine utilization rate," and "equipment maintenance."

## (2) Production and R&D

- A. Continue to promote the market demand-oriented R&D of "micro industrial controllers" and the entire PAC product family, continue the "software upgrade and revision of industrial controllers," and the R&D of three product technologies including industrial controller peripheral control components, and develop wireless remote controller series modules specifically designed for more complex application environments—Machine-to-Machine (M2M).
- B. Continue to increase the acquisition of product technology patents.
- C. Introduce excellent engineering R&D (RD) and product R&D plan (PM) personnel to enrich the current R&D and production team, and cooperate with application engineers to provide customers with the most comprehensive product technical services.
- D. Construct a product instructor talent cultivation system and develop online seminars for product teaching and promotion of application case introductions.

## (3) Operation Management

- A. Implement standard operating procedures for each department.

- B. Strengthen the market positioning of each series of products and establish customer loyalty and brand value goals.
- C. Establish a comprehensive global talent database, establish a comprehensive global business rotation system, strengthen the training of seed business in various regions, and implement a business evaluation system.
- D. Continue to implement “correct and innovative design, pursue first-class quality, and provide satisfactory service,” and establish a good corporate culture.

## 2. Long-Term Plans

As a pioneer in the programmable automation controller industry, the Company will continue to move towards in-depth cultivation of the PAC (Programmable Automation Controller) market, enabling ICP DAS to grow steadily and continue to be profitable, creating a win-win situation and shared benefits.

### (1) Marketing Strategies

- A. Based on the existing global business foundation, strengthen the development of business organizations oriented towards different industries, select high-quality distributors, increase overseas locations in specific regions, expand into new markets in different industries, deeply develop IoT and various energy-saving businesses, and enter the era of the smart planet through the interconnection of things.
- B. Strengthen the “ICPDAS” own brand image, increase global market share, and continue to be the trailblazer for PACs (Programmable Automation Controllers).
- C. Dedicate to project strategies to provide the most complete solutions, with one-stop service.
- D. After the pandemic subsides, strengthen physical exhibitions, online seminars, and application case sharing on blogs.
- E. Strengthen cooperative relationships with major global manufacturers and enhance corporate image.

### (2) Production and R&D

- A. Establish a re-learning system for R&D personnel, regularly send R&D personnel to academic institutions for further study, and adopt an elite strategy.

- B. Promote the international division of labor strategy and establish a global R&D team with division of labor among Taiwan, the United States, Germany, and China to achieve the strongest R&D competitive advantage.
- C. Strengthen strategic alliances with upstream and downstream manufacturers.
- D. Independently develop key components to enter more technologically advanced niche industries.

(3) Operation Management

- A. Strengthen on-the-job training for employees, build a learning-oriented organization, deeply cultivate the company's corporate culture and international perspective, and implement a global business rotation system.
- B. Enhance the company's webpage marketing and e-commerce.

## II. Market and Production Overview

(I) Market Analysis

1. Sales (Provision) Areas of Main Products (Services)

The Company's sales areas of main products in 2022 and 2023 are as follows:

Unit: NT\$ Thousand

Region		2022		2023	
		Sales amount	Ratio	Sales amount	Ratio
Export	Asia	384,210	31.41%	309,845	30.42%
	Europe	209,667	17.14%	243,721	23.93%
	Americas	87,058	7.12%	85,286	8.37%
	Others	7,617	0.62%	4,790	0.47%
Total		688,552	56.29%	643,642	63.19%
Domestic		534,593	43.71%	374,970	36.81%
Total		1,223,145	100.00%	1,018,612	100.00%

2. Market Share

The Company's main business is the R&D, design, production, manufacturing, and sales of remote controllers, industrial control interface cards, and other industrial computer peripheral products. The above three major product lines have a complete marketing system and a strong R&D team. The Company has fully invested in the PAC (Programmable Automation Controller) platform system

concept since 2004. As PAC is an emerging industry and platform, its global sales market lacks historical statistical data. Currently, there are no exact statistics available to indicate the Company's market share. However, for the remote I/O module series products, it should be the second-largest manufacturer in Taiwan, second only to Advantech. From this, it can be expected that the Company will have a very important position in the future. Compared with domestic manufacturers, the Company's industrial control interface cards are second only to Advantech and ADLINK, ranking as the third-largest industrial control interface card manufacturer in Taiwan. In terms of industrial computers, based on serving customers, when entering ICPDAS, one can obtain a complete range of products and services. The Company also provides industrial computer products in combination with controller system sales. In response to the advancement of the times and the continuous changes in security monitoring technology, such as IP-based and intelligent analysis, the Company is developing towards product diversification. Not only has it achieved results in controllers and industrial control interface cards, but in recent years, it has also actively invested in the development of M2M and WSN series exhibits, and actively engaged in the market development of OEM/ODM projects and cooperation with well-known manufacturers. It is expected to occupy a place in the future.

### 3. Future Supply and Demand Situation and Growth Potential of the Market

For more than a decade, the Company has been committed to researching and developing high-quality PC-based control systems. The remote controllers developed by the Company all conform to the concept of PACs (Programmable Automation Controllers) proposed by the ARC (Automation Research Corporation) organization and combine the product advantages of PLCs and IPCs. In recent years, the Company has successively launched  $\mu$ PAC, iPAC, WinPAC, LinPAC, XPCA, ViewPAC, MPAC, WISE, and other series of product lines. With the evolution of technology and the continuous emergence of application demands, the products are actually applied in life, among which the PAC series products have been growing steadily every year.

In the foreseeable future, the requirements for standardization, openness, portability, and interactivity will be important criteria that users pay special attention to. Because PACs have powerful computing capabilities, communication processing, extensive software support, stability, ruggedness, and ease of operation combined, PACs will play an extremely important role in the fields of automation, military aerospace, fishery management, transportation, medical equipment, entertainment, homeland security monitoring, IoT, energy conservation, and other fields in the future.

“In the field of industrial computers and automation equipment, the profits of standard products are gradually declining. Only by launching comprehensive solutions that meet customer needs can market visibility and product sales be effectively improved.” IoT applications are still in a stage of a hundred flowers

blooming. Whether in machine automation or building automation and other fields, ICP DAS's consistent approach is to listen to customers' voices and provide corresponding product services. Shifting from hardware sales to solution providers in the early days, the product R&D model must also shift from product R&D-oriented to customer demand-oriented. "At present, both the government and enterprise end are only deploying IoT applications on a small scale. In this situation, the more partners enter this market, the more diverse application services can be promoted." Due to the wide-ranging aspects involved in IoT applications, it is difficult for a single manufacturer to provide the products and services required by customers. Therefore, ICP DAS hopes to achieve complementarity in market, customers, and technology through cross-domain cooperation and jointly seize the huge IoT business opportunities. Taking intelligent buildings as an example, intelligent buildings encompass at least issues such as power, lighting, air conditioning, air quality, and security monitoring. In addition to continuously deepening and supporting customers' self-developed interface functions for TouchPAD, Power Meter Controller (PMC), WISE, and Creator intelligent control and management solutions, ICP DAS also collaborates with partners such as AVEVA to deepen service capabilities in the SCADA field.

#### 4. Competitive Advantages

##### (1) R&D Capabilities:

In the application of industrial automation products, low power consumption, small size, and stable and durable characteristics are the most important. In other words, it is the product that can stably provide maximum performance with the lowest power consumption on the smallest size for a long time. The Company's R&D team takes this as the research foundation and focuses on R&D in the field of industrial automation, constantly grasping the latest technologies. In terms of the layout of core technologies such as computing, communication, collection, control, and device networking (connection), ICP DAS has successively established seven R&D divisions, respectively mastering embedded software and hardware, industrial Ethernet, various I/O monitoring modules, soft logic and HMI software, motion control technology, etc., enabling the Company's products, from software to hardware, to provide customers with very complete solutions.

##### (2) Innovation Capabilities:

Unlike many Taiwanese companies that are good at making "me-too" products, the Company's R&D is based on the spirit of "innovation and practicality." In the past, many companies' product development strategies were to first "work behind closed doors" and then achieve sales goals through aggressive marketing. ICP DAS's R&D strategy is to make innovative R&D and design in line with market demands. Especially in recent years, the booming development of the Chinese market has allowed us to obtain a large



amount of feedback in this market. As many mainland users are eager to “reach their destination in one step,” it has also allowed our engineers to gain a lot of valuable industrial field experience. Innovation is not equivalent to invention. ICP DAS’s innovation stems from the full mastery of the above-mentioned individual core technologies. Therefore, ICP DAS’s R&D capabilities have shifted from innovative design of individual products to integrated innovative design of solutions. This is the current feature of ICP DAS products. In terms of the leading PAC product line in the industry, it is the combination of computing, communication, collection, control, software technology, etc., and constantly innovating based on the on-site needs of most customers. “Intelligence” is the most important aspect of technology products today. Therefore, the PAC product series developed by the Company also innovate functions at any time according to the needs of the times, moving from wired to all-round wireless development, allowing people to pursue a convenient and safe life, enterprises to pursue cost reduction, and strengthen environmental monitoring and disaster prevention.

(3) Professionalism and Focus:

In Taiwan’s industrial computer industry, the Company is known for providing “professional” automation controllers. In the past, many foreign distributors asked us to develop industrial computer complete machines, but we declined on the grounds of focusing on the development of automation controllers and remote modules. As a result, when other competitors are distracted by investing in the development of multiple products, it creates opportunities for ICP DAS. Due to the continuous improvement of products, the quality and brand image have gradually been established. The I-7000, M-7000, and ET-7000 distributed remote modules developed by the Company are already among the top few in global sales of similar products, far surpassing Advantech’s ADAM-4000 and Avalue’s NuDAM-6000. In the foreseeable future, ICP DAS’s PAC products will also occupy a very large market share.

(4) Sales and Layout:

Taking Taiwan as the R&D base and mainland China as the application base, and then massively replicating relevant successful industry applications to other regions of the world, this has been a very successful model for the Company in recent years. At present, the Company mainly uses distributors for sales worldwide, and only in Taiwan and mainland China does it have the opportunity to contact end-users. In the Taiwan market, due to its small scope, a direct sales model is adopted, while in mainland China, direct sales and distribution are used in parallel. Currently, there are hundreds of global distributors, covering major countries worldwide. As the business of industrial automation products mostly requires industry knowledge, our sales services cover pre-sales consulting and after-sales support. Through continuous

communication with customers, in addition to providing feedback on needs to product managers, we also organize the accumulated cases and provide them to distributors in Europe, the United States, and other regions. Therefore, on this island, our sales points are all over Taiwan. In mainland China, we have a presence in cities such as Shanghai, Beijing, Shenzhen, Wuhan, Chengdu, Chongqing, Nanjing, Hangzhou, and Qingdao. However, behind the sales personnel in these regions, we have a large number of technical application engineers providing customers with the best quality service. This is the biggest difference between the Company and other companies in terms of layout.

## 5. Development Prospects, Favorable and Unfavorable Factors, and Countermeasures

### (1) Favorable Factors:

#### A. Industrial computer group develops into allied partners

As the industrial computer industry has high gross margins compared to other industries, it particularly attracts the interest of many other consumer electronics companies to enter the field. The industrial control interface cards developed and produced by the Company can complement the product lines of the industrial computer group, such as Aaeon, IEI, Axiomtek, and Portwell, which are all currently cooperating industrial computer manufacturers.

#### B. Possessing a professional software R&D technical team, entering the software application market of PLCs and PCs

In recent years, the Company's layout of the R&D team, especially the cultivation of software talents and technical cooperation with third-party software suppliers, has effectively mastered running multiple software applications with different functions on the same platform, and satisfying the operating software required by users according to the design requirements of the control system, entering the software application market of PLCs and PCs.

#### C. Small quantities and variety, fast delivery, stable supply

Due to the Company's long-standing commitment to serving customers, breaking the general industrial computer's made-to-order production, which requires delivery within two to six weeks after ordering, the Company's production support unit has a small amount and variety of product inventory based on changes in production and sales, allowing customers to obtain goods within three to seven days after placing an order.

#### D. Stable product quality

The Company's product technology has always been ahead of its peers,

and its products' reliability, stability, and expandability are the best in the industry. Each product line's product managers and technical application engineers quickly and effectively bring the Company's newly developed products to the market and provide feedback on customer suggestions and needs to the Company's R&D department, thus creating the foundation for the Company's stable product quality and ensuring its leading position in the market.

(2) Unfavorable Factors:

- A. The global "ICPDAS" own brand awareness needs to be further deepened and broadened.

At present, the awareness of the "ICPDAS" own brand varies due to different levels of cultivation in different regions, resulting in inconsistent global awareness.

Countermeasures:

- a. Strengthen overseas distribution locations, actively participate in the service of end customers of distribution locations, and establish the professional brand awareness of ICPDAS.
  - b. Increase media coverage of the Company in various regions, and widely provide application cases for different industry characteristics to print and online media in various regions to increase exposure.
  - c. With the development of emerging online media, in addition to the Company's existing various marketing methods, the Company strengthens online media marketing channels, thereby increasing the sales benefits that come with it.
  - d. Increase domestic and international exhibition opportunities, and hold seminars in the north, central, and south regions. Hold product launches and application case sharing sessions in large companies in various industries.
- B. The ability to obtain OEM/ODM orders needs to be further strengthened.

Exploring the current key success factors of Taiwan's technology industry, one of them is "OEM/ODM order-taking capabilities." According to the analysis results, strong OEM/ODM order-taking capabilities indicate strong competitiveness, indicating that the company's overall competitiveness is also strong.

Countermeasures:

- a. In addition to providing customers with production outsourcing and product design, actively provide peripheral services such as back-end management, transportation, product maintenance, and

material management; expanding the scope and professional depth of manufacturing services has become a necessary strategic means.

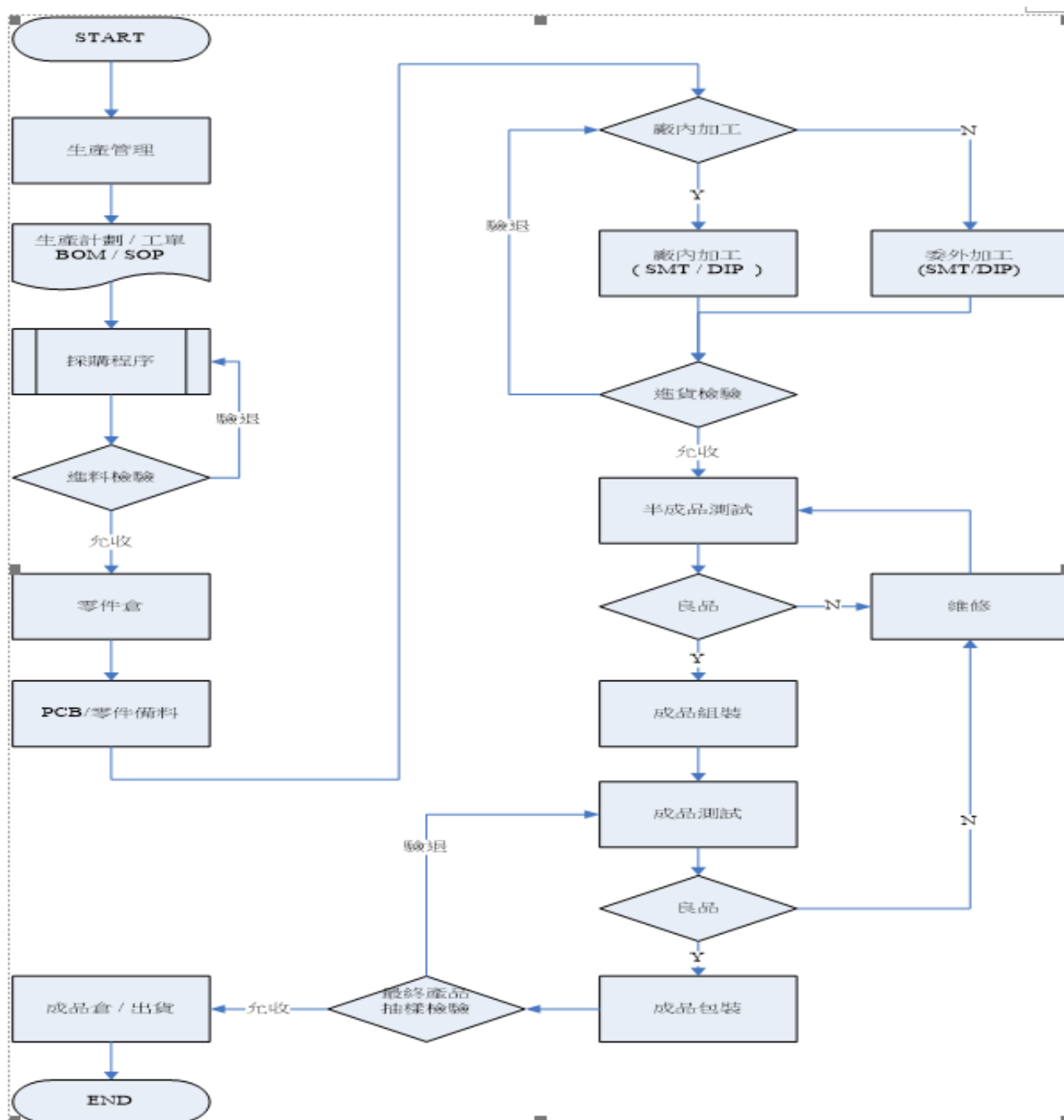
- b. As market competition intensifies, there are more diverse requirements for product specifications, and the demand for OEM/ODM is also increasing. Having the ability to plan, design, manufacture, apply, and provide technical services is the most competitive indicator of a company. Expanding the application and service customer base in different industries is our goal.

## (II) Main Products' Important Uses and Production Process

### 1. Important Uses of Main Products

Product	Important Uses
Remote controllers	For remote measurement and control and other special needs, can withstand harsh environments such as high (low) temperature, high humidity, vibration, and water resistance. Applied in factory automation, energy monitoring systems, machine room monitoring systems, petrochemical and environmental protection industries, power and environmental monitoring applications, communication and transportation uses.
Industrial control interface cards	For expanding the functions of industrial control systems such as motion, monitoring, and measurement.
Other products	Mainly for expanding and supporting the communication, transmission, display, and control of remote controllers, industrial control interface cards, and other industrial computer peripherals for bundled sales.

### 2. Production Process of Main Products



### (III) Supply Status of Main Raw Materials

Main Raw Materials	Supply Source	Supply Status
Integrated circuits (ICs)	TI, WT Microelectronics, Weikeng	Good
Connectors	Quadrep Electronics, DECA, Transway	Good
Mechanical parts	TechUnion	Good
Printed circuit boards (PCBs)	Shengyeh	Good
Power supplies (DC/DC)	Danube	Good

The main components required in the Company's product production process include ICs, connectors, mechanical parts, printed circuit boards, power supplies, etc. The

Company's major suppliers all have a good reputation in their respective industries and maintain a stable and good cooperative relationship with the Company, ensuring that the Company has abundant supply sources for various raw materials without concerns of shortage.

(IV) List of Major Suppliers and Customers in the Last Two Years

1. List of suppliers accounting for more than 10% of total net purchases in either of the last two years and their purchase amounts and percentages:

Unit: NT\$ Thousand; %

Item	2022				2023				As of March 31, 2024			
	Name	Amount	Percentage of total net purchases for the year (%)	Relationship with the issuer	Name	Amount	Percentage of total net purchases for the year (%)	Relationship with the issuer	Name	Amount	Percentage of total net purchases for the year (%)	Relationship with the issuer
1	TI	72,376	14	-	TI	62,923	18	-	TI	5,290	13	-
2	-	-	-	-	-	-	-	-	AVEVA	3,862	10	-
3	Others	457,128	86	-	Others	280,004	82	-	Others	31,563	77	-
	Net purchases	529,504	100		Net purchases	342,927	100		Net purchases	40,715	100	

2. List of customers accounting for more than 10% of total net sales in either of the last two years and their sales amounts and percentages:

Unit: NT\$ Thousand; %

Item	2022				2023				As of March 31, 2024			
	Name	Amount	Percentage of total net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of total net sales for the year (%)	Relationship with the issuer	Name	Amount	Percentage of total net sales for the year (%)	Relationship with the issuer
1	H.P.	157,736	13	-	F.P.	149,668	15	-				-
2	FPC	134,324	11	-	L.T.	121,091	12	-				-
3	Others	931,085	76	-	Others	747,853	73	-	Others	234,855	100	-
	Net Sales	1,223,145	100		Net Sales	1,018,612	100		Net Sales	234,855	100	

(V) Production Volume and Value Table for the Last Two Years

Unit: Volume/thousand pieces, thousand sets; Value/NT\$1,000

Year Production Volume and Value	2022			2023		
	Capacity	Volume	Value	Capacity	Volume	Value
Main products						
Remote controllers	256	256	440,212	262	262	393,701
Industrial control interface cards	32	32	47,937	26	26	24,553
Other products	10	10	85,447	9	9	67,956
Total	298	298	573,595	297	297	486,210

## (VI) Sales Volume and Value Table for the Last Two Years

Unit: Volume/thousand pieces, thousand sets; Value/NT\$1,000

Main products	Year Sales Volume and Value		2022				2023			
			Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Remote controllers	87	386,066	186	592,135	52	272,264	174	573,561		
Industrial control interface cards	17	61,240	14	59,568	13	34,534	9	40,881		
Other products	205	87,287	279	36,849	113	68,172	122	29,200		
Total	309	534,593	479	688,552	178	374,970	305	643,642		

## III. Number of Employees

Information on Employees for the Two Most Recent Fiscal Years, and the Current Fiscal Year Up to the Date of Publication of the Annual Report:

Unit: persons; %

Year		2022	2023	As of March 31, 2024
Employee Amount	R & D	122	122	122
	Administration	40	40	42
	Sales	56	58	58
	Manufacturing	173	175	166
	Total	391	395	388
Average age		38.08	39.74	39.88
Average of Service(years )		8.91	9.58	9.90
Education Distribution Ratio	PhD and Master:	20.40%	19.94%	20.51%
	Bachelor's Degree	65.23%	65.73%	65.81%
	High School	13.80%	13.77%	13.11%
	High School or Below	0.57%	0.56%	0.57%

## IV. Environmental Protection Expenditure Information

- (I) For companies that are required by law to apply for pollution facility installation permits, pollution emission permits, pay pollution prevention fees, or set up dedicated environmental protection personnel, the status of their applications, payments, or establishments shall be explained: N/A.
- (II) List the company's investments in major equipment for environmental pollution prevention and their purposes and possible benefits: None.

- (III) In the most recent two years and up to the date of publication of the Annual Report, explain the process of improvements made by the company to environmental pollution; if pollution disputes have occurred, the handling process shall also be explained: None.
- (IV) In the most recent two years and up to the date of the Annual Report, losses suffered by the company due to environmental pollution (including compensation and results of environmental protection audits that violate environmental laws and regulations; the date of punishment, punishment reference number, article of law violated, content of law violated, and content of punishment shall be listed) and disclose the estimated amount and corresponding measures that may occur at present and in the future: None.
- (V) Explain the current pollution situation and its impact on the company's earnings, competitive position, and capital expenditures, as well as the expected major environmental capital expenditures for the next two years: None.

## **V. Labor Relations**

### **(I) Training Date**

#### **1. Employee Welfare Measures and Their Implementation**

##### **(1) Welfare Measures:**

- A. The Company established an Employee Welfare Committee in 2006 to plan and implement various employee welfare measures to improve the quality of employees' work and life and promote their physical and mental health. It also provides subsidies and activities such as:
- B. Birthday cash gift, Labor Day cash gift, weddings and funerals, childbirth, gatherings, domestic and international employee travel, club activities, and preferential activities at designated stores.
- C. Adhering to the concept of sharing business results with employees, the Company provides profit sharing and stock ownership plans to increase employee job satisfaction and loyalty through profit sharing.
- D. Providing dormitories for single employees and preferential childcare subsidies at designated daycare centers to care for and support employees and their families.
- E. Paying attention to the balance between employees' work and family life, not working overtime, caring for and providing various leaves, including statutory leaves and compensatory leaves under the Labor Standards Act, flexible working hours, prenatal checkup leave, pregnancy protection leave, paternity leave, maternity leave, parental leave without pay, menstrual leave, and family care leave.

##### **(2) Health and Care**



- A. Enhance employee health awareness and reduce employee health risks. Conduct regular health checkups for in-service personnel, widely promote health knowledge through electronic bulletin boards, and strengthen employees' personal correct health concepts.
- B. Establish club activities for employees to relax body and mind after work.

### (3) Communication Channels

- A. The Company's management regularly or irregularly holds labor-management meetings to optimally handle the opinions reflected by grassroots employees.
- B. By arranging an open communication environment, employees can provide feedback to the Company at any time regarding their personal rights, benefits, management, and work environment. Feedback channels include direct supervisors, department heads, and the Administrative Management Department.

### (4) Compensation

When an employee encounters an occupational disaster, they can apply for benefits in accordance with the Labor Insurance Act and other relevant laws and regulations, and the Company will issue condolence or compensation payments.

## 2. Training (Expense)

To enhance employees' competence in the organizational system, stimulate self-development, and cultivate talent, the "Education and Training Management Regulations" and knowledge management processes are formulated to actively invest in education and training, including on-boarding training for new employees and professional training for general employees. Through training, employees' quality and problem-solving abilities are improved, hoping to align employees' personal career planning with the Company's goals, thereby developing employees' potential and creating the Company's productivity and competitiveness to achieve sustainable corporate management.

Since 2013, the Company has participated in the SME Online University and the Lifelong Labor Education e-Learning Project to actively promote employee self-learning. Its advantages are as follows:

- (1) Through the convenience of computers and the Internet, employees are provided with flexibility in learning time and location, promoting employees to develop a proactive learning attitude.

- (2) Through testing self-learning ability results, it is easier to grasp learning content, methods, and progress, and systematically complete a comprehensive personal learning experience.
- (3) Provide cross-organizational resource sharing to enhance departmental collaboration effectiveness.
- (4) Learning resources can be used indefinitely, and employees can learn repeatedly according to their needs, enhancing learning effectiveness.

The following table shows the statistics of education and training hours and expenses in 2023:

➤ External Training Courses

Course Items	Number of Classes	Total Participants	Total Hours	Overheads
Professional Training	24	34	329	76,160
Labor Safety	9	11	71	22,300

➤ Internal Training Courses

Course Items	Number of Classes	Total Participants	Total Hours	Overheads
Professional Training	60	1056	1790.5	0
New Employee Training	24	38	76	0

➤ Lifelong Labor Education e-Learning Data

Course Items	Total Participants	Total Hours	Overheads
Professional Training	3	3	0
Labor Safety	104	125	0
Self-Motivation	0	0	0

The performance goals expected to be achieved are:

- (1) Enhance the concept of integration in new product development, strengthen the R&D department's ability to develop and manage new products, control the R&D cost of products, and make new products competitive in the market.
- (2) Fully utilize informatization to improve execution efficiency between departments.
- (3) Strengthen the marketing and performance management capabilities of the Company's sales personnel, shifting the sales approach from the original "technology-oriented" to a "customer-oriented" marketing approach, reducing customer complaint cases.

- (4) Regularly and irregularly hold internal sharing courses, allowing employees to constantly learn new concepts and new affairs, growing together with the enterprise. Technical experience can be accumulated, customer complaint rates are significantly reduced, and it has practical effects on the Company's image and operations.
- (5) Actively utilize limited resources to invest in employee training, labor relations, and employee benefits.
- (6) After professional education and training, grassroots supervisors and employees can grasp and understand the tasks and goals assigned by the organization.
- (7) Technical personnel adopt a rotational learning method to implement the concept of <OJT>.
- (8) Provide flexible working hours and support employees' self-study to strengthen professional skills and accumulate intellectual capital.
- (9) Regularly hold occupational safety and fire drills and related courses to prevent occupational disasters and ensure employee safety and health.

Employees are the biggest asset of an enterprise and the core of profit creation. By implementing education and training, it helps actual operational efficiency, improves business performance, and strengthens corporate competitiveness.

### 3. Retirement System and its Implementation

The Company established the "Retirement Management Regulations" in 2003 and approved the establishment of the Labor Retirement Reserve Supervision Committee. When employees meet the retirement conditions, the payment of pension is calculated based on the service years and the average salary of the last 6 months before retirement. For service years of 15 years or less, two base units are given for each full year of service; for service years exceeding 15 years, one base unit is given for each full year of service, with a maximum of 45 base units. The Company contributes 2% of the total monthly salary to the retirement fund, which is deposited in a dedicated account at the Bank of Taiwan under the name of the Labor Retirement Reserve Supervision Committee. Starting from July 1, 2005, in line with the implementation of the Labor Pension Act (hereinafter referred to as the "New System"), the service years of employees who have chosen to apply the New System or employees who joined after the implementation of the New System are subject to the defined contribution system. The Company contributes no less than 6% of the employee's monthly salary to the employee's individual pension account, and also deducts and contributes on behalf of employees who voluntarily contribute. The payment of employee pensions is based on the amount in the employee's individual pension account and accumulated earnings, and can be received in the form of monthly pension or lump-sum pension. In addition, according to the provisions of International Accounting Standard No. 19, an

actuary is commissioned to conduct an actuarial analysis and provide an analysis report to protect employees' retirement rights and interests.

As of December 31, 2023

Retirement System	Old System	New System
Applicable Laws	Labor Standards Act	Labor Pension Act
Contribution Method	Contribute 2% of each employee's monthly salary, deposited in a dedicated account at the Bank of Taiwan (formerly Central Trust of China) under the Company's name.	Contribute 6% of the employee's insured salary to the employee's individual account at the Bureau of Labor Insurance.
Contribution Amount	Accumulated Labor Retirement Reserve of NT\$20,572 thousand.	Contributed NT\$14,460 thousand in 2023.
Retirement Payments Made	NT\$14,733 thousand has been paid out	-

#### 4. Labor-Management Agreement Status

The Company is committed to strengthening labor-management harmony and regularly or irregularly holds labor-management administrative meetings as a communication channel between the Company and employees. It has established comprehensive and complete regulations, aligning the interests of employees with the Company. As of now, there have been no major labor-management disputes, so there are no labor-management agreements.

#### 5. Acquisition of Relevant Certifications by Personnel Related to Financial Information Transparency

To enhance the professional quality of accounting officers and strengthen the quality of financial report information to protect investors' rights and interests, the Company's accounting officers not only possess accounting college education but also have a total of five or more years of experience as the head of accounting or accounting supervisor of a public company. During their tenure, they continue to participate in professional training related to accounting, auditing, or financial and economic laws and regulations. Their qualifications fully comply with the regulations of the competent authority, and there are no incidents of non-compliance.

The certifications obtained by the Company's personnel are shown in the following table:

Certification Name	Issuing Authority	Numbers
Bookkeeper	Examination Yuan	2
Junior Intangible Asset Appraiser	Ministry of Economic Affairs	1
Certified Business Valuation	CABIAV.org, Account Research And Development Foundation, Taiwan Academy of Banking and Finance	1
SME Financial Personnel	Small and Medium Enterprise Administration, Ministry of Economic Affairs, Taiwan Academy of Banking and Finance	3
Stock Affairs Profession	Securities and Futures Institute	4
Trust Business Profession	Trust Association of R.O.C.	2
Financial Planning Profession	Taiwan Academy of Banking and Finance	2

#### 6. Participation of managers in corporate governance-related training

Title	Name	Training date	Organizer	Course name	Training Hours
Chairman	Yeh, Nai-Ti	2023/02/07	The Corporate Governance Association	Information Security Governance Practical: Analysis of Key Management Issues	3
Corporate Governance Officer	Cheng, Pi-Yu	2023/04/14	The Corporate Governance Association	Legal Risks and Responses of Corporate Investment and Financing - From the Perspective of Director Responsibilities	3
Corporate Governance Officer	Cheng, Pi-Yu	2023/05/26	Taiwan Investor Relations Institute	ESG Development Trends from the Perspective of Shareholder Activism	3
Corporate Governance Officer	Cheng, Pi-Yu	2023/06/09	The Corporate Governance Association	Promoting Corporate Sustainable Development with Risk Management - Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies	3
Corporate Governance Officer	Cheng, Pi-Yu	2023/06/30	The Corporate Governance Association	Global Future Risks and Opportunities for Sustainable Transformation	3
Divisional Vice President of R&D, ICP DAS Co., Ltd.	Huang, Bin-Fong	2023/07/24	Taipei Foundation of Finance	AI Explosion: The Technological Development and Commercial Opportunities of the ChatGPT Chatbot	3
Chairman President Divisional Vice President of R&D, ICP DAS Co., Ltd. Corporate Governance Officer	Yeh, Nai-Ti Chen, Ruei-Yu Huang, Bin-Fong Cheng, Pi-Yu	2023/08/08	Taiwan Investor Relations Institute	Strategies for Corporate Operations and News Crisis Management	3
Project Vice President	Hsieh, Hsi-Fu	2023/08/24	Taipei Exchange (TPEX)	Equity Awareness Seminar for Insiders of TPEX and Emerging Stock Companies	3
Corporate Governance Officer	Cheng, Pi-Yu	2023/09/08	The Corporate Governance Association	Launching the Succession Plan - Employee Incentive Plans and Equity Inheritance	3

President	Chen, Ruei-Yu	2023/10/04	The Corporate Governance Association	How the Board of Directors Sets ESG Sustainable Governance Strategies	3
Assistant Vice President of Finance Division	Cheng, Pi-Yu	2023/10/06 2023/10/24	Accounting Research and Development Foundation	Continuing Education for Accounting Officers of Issuers, Securities Firms, and Securities Exchanges ➤ Analysis of the Latest “Sustainable Development Action Plan” and the Impact of Net Zero Carbon Emissions on Financial Reports ➤ Analysis of Common Deficiencies in “Financial Report Review” and Important Internal Control Regulations	12.0

## 7. Existence of Employee Conduct or Ethical Code

In order for the Company’s employees to handle company affairs based on the principles of integrity and self-discipline in accordance with ethical standards, the “Work Rules” and “Labor Contract” are established as the “Code of Ethical Conduct” and “Procedures for Ethical Management and Guidelines for Conduct” that employees should follow when performing their duties. The Company’s supervisors at all levels should lead by example and promote the implementation of relevant regulations. The key points are as follows:

- (1) Encourage employees to report any illegal or unethical conduct.
- (2) Employees are willing to undertake their obligation of confidentiality regarding the Company’s or related companies’ business secrets.
- (3) Employees undertake that all creations made during their employment are their own original work, and they will not plagiarize, copy, or infringe upon the copyrights, patents, trade secrets, and intellectual property rights of others in any way.

## 8. Protective Measures for Work Environment and Employee Personal Safety

To maintain a safe work environment and ensure the personal safety of employees, the Company has established the “Occupational Safety and Health Work Guidelines” and “Occupational Safety and Health Management Plan” and other management measures and plans, requiring all employees to thoroughly implement them.

- (1) Labor insurance, health insurance, and group insurance are provided for employees.
- (2) Based on the “Rules for Worker Health Protection,” a general health checkup is arranged for all employees every two years to ensure their physical health.
- (3) The “Occupational Safety and Health Work Guidelines” are established to regulate and educate employees on how to safely and correctly operate machinery and equipment to ensure their work safety.

- (4) According to the “Regulations for Implementing Monitoring of the Working Environment for Workers,” a qualified working environment monitoring organization is commissioned to regularly conduct working environment measurements of chemical factors such as carbon dioxide, organic solvents, and specific chemicals, and determine whether the measurement results comply with legal regulations.
  - (5) According to the ISO9001 quality management system, regular maintenance and inspections are performed on machinery and instruments to maintain their normal operation and avoid the occurrence of machinery and equipment failures, which may lead to occupational safety incidents.
  - (6) In response to emergencies such as earthquakes, wind disasters, and fires, an emergency response team is formed, with regular training and drills conducted annually to avoid or reduce injuries to employees in the event of a disaster.
  - (7) A self-defense firefighting organization is established, consisting of a reporting team, firefighting team, evacuation guidance team, safety protection team, and rescue team. Fire safety seminars and evacuation drills are regularly held twice a year to ensure the safety of the work environment and employees.
  - (8) Occupational safety cases and occupational safety advocacy are irregularly announced on the company’s occupational safety website or via email.
- (II) In the most recent year and up to the date of the Annual Report, losses suffered by the company due to labor disputes (including labor inspection results that violate the Labor Standards Act; the date of punishment, punishment reference number, article of law violated, content of law violated, and content of punishment shall be listed) and the estimated amount and countermeasures that may occur at present and in the future shall be disclosed: No such thing.

## **VI. Information Security Management**

- (I) Information security risk management framework, information security policies, specific management plans, and resources invested in information security management:
  - 1. Information Security Risk Management Framework
 

The Company has not yet established a cross-departmental information security committee. Currently, the head of the Information Department concurrently handles information security-related operations.
  - 2. Information and Communication Security Policy
    - (1) There should be professional personnel within the company responsible for handling matters related to information system security prevention and crisis management to prevent computer network crimes and crises and maintain information system security.

- (2) An security control mechanism for computer network systems should be established to ensure the security of network transmission data, protect network operations, and prevent unauthorized system access that may lead to the leakage of confidential information.
- (3) For cross-company computer network systems, network security management should be particularly strengthened, and antivirus software should be installed internally, and external network firewalls should be set up to prevent computer viruses and malicious software attacks from invading and paralyzing the company's network system.
- (4) Employees should be educated on the concept of using legal software correctly, promoting employees' correct awareness of the threat of computer viruses, further enhancing employees' information security alertness, and implementing information security protection work.

### 3. Specific Management Plans and Resources Invested in Information and Communication Security Management

- (1) In April 2013, the Company established the "Information Security Management Regulations" to ensure compliance with information system security prevention and network transmission data security, and set up network and computer security protection to maintain the company's important corporate operations such as manufacturing, operations, and accounting. However, it is not possible to completely avoid network attacks that paralyze the system from any third-party illegal intrusions.
  - (2) Personal computers and network system servers should be equipped with computer virus scanning tools, and computer viruses should be regularly scanned and virus codes should be updated.
  - (3) The Information Department should regularly check and record the information and communication security status monthly according to the items in the "Information and Communication Security Inspection Record Form." If any abnormalities are found, relevant measures should be taken immediately to prevent the company from suffering significant losses.
  - (4) The control operation of information and communication security inspections is listed as an audit item in the annual audit cycle of the computerized information system, and the audit unit conducts an audit at least once a year.
- (II) In the most recent year and up to the date of the Annual Report, the losses suffered due to major information security incidents, possible impacts, and countermeasures shall be disclosed. If a reasonable estimate cannot be made, the facts that cannot be reasonably estimated shall be explained: No such thing.



## VII. Material Contracts

Nature of Contract	Contracting Party	Contract Start/ End Date		Main Content	Restrictive Clauses
Medium-term secured loan contract	Mega International Commercial Bank	202305	202605	Loan limit of NT\$150,000,000	land Factory building as collateral

## Chapter 6      Financial Information

### I.      Summary of Condensed Balance Sheet and Comprehensive Income Statement for the recent Five-Year

#### (I)      Condensed Consolidated Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: NT\$ Thousand

Item \ Year		Financial Analysis for the Past Five Years					As of March 31, 2024(Note 3)
		2019	2020	2021	2022	2023	
Current assets		532,377	514,895	732,811	828,125	827,326	819,833
Property, Plant, and Equipment		706,948	679,356	644,313	732,681	731,094	723,962
Intangible assets		4,485	4,096	4,764	3,885	3,403	3,699
other assets		107,037	106,101	112,169	115,808	115,791	118,934
Total Assets		1,350,847	1,304,448	1,494,057	1,680,499	1,677,614	1,666,428
Current liabilities	Before distribution	224,788	209,485	294,790	359,814	297,932	275,414
	After Distribution	261,793	246,490	374,086	447,040	Note2	N/A.
Non-current liabilities		141,421	105,049	78,390	51,166	106,026	105,614
Total Liabilities	Before distribution	366,209	314,534	373,180	410,980	403,958	381,028
	After Distribution	403,214	351,539	452,476	498,206	Note 2	N/A.
Capital stock		528,642	528,642	528,642	581,506	639,657	639,657
Capital surplus		68,630	68,630	68,630	68,630	68,630	68,630
Retained earnings	Before distribution	395,184	399,726	531,001	623,932	570,251	579,927
	After Distribution	358,179	362,721	451,705	536,706	Note 2	N/A.
Other equity interest		(7,818)	(7,084)	(7,396)	(4,549)	(4,882)	(2,814)
Treasury stock		0	0	0	0	0	0
Non-Controlling Interests		0	0	0	0	0	0
Total Equity	Before distribution	984,638	989,914	1,120,877	1,269,519	1,273,656	1,285,400
	After Distribution	947,633	952,909	1,041,581	1,182,293	Note 2	N/A.

Note 1:      The financial data for the above five years has been audited and certified by CPAs.

Note 2:      The earnings distribution for 2023 is pending resolution at the Shareholders' Meeting.

Note 3:      The financial data for the first quarter of 2024 has been reviewed by CPAs.

(II) Condensed Parent Company Only Balance Sheet - International Financial Reporting Standards (IFRS)

Unit: NT\$ Thousand

Year Item		Financial Analysis for the Past Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		471,216	446,721	640,993	756,454	759,100
Property, Plant, and Equipment		693,397	668,071	635,642	724,853	724,408
Intangible assets		4,485	4,096	4,764	3,885	3,403
other assets		161,987	159,412	186,696	180,964	177,799
Total Assets		1,331,085	1,278,300	1,468,095	1,666,156	1,664,710
Current liabilities	Before distribution	207,666	184,788	272,396	348,244	287,732
	After Distribution	244,671	221,793	351,692	435,470	Note 2
Non-current liabilities		138,781	103,598	74,822	48,393	103,322
Total Liabilities	Before distribution	346,447	288,386	347,218	396,637	391,054
	After Distribution	383,452	325,391	426,514	483,863	Note 2
Capital stock		528,642	528,642	528,642	581,506	639,657
Capital surplus		68,630	68,630	68,630	68,630	68,630
Retained earnings	Before distribution	395,184	399,726	531,001	623,932	570,251
	After Distribution	358,179	362,721	451,705	536,706	Note 2
Other equity interest		(7,818)	(7,084)	(7,396)	(4,549)	(4,882)
Treasury stock		0	0	0	0	0
Non-Controlling Interests		0	0	0	0	0
Total Equity	Before distribution	984,638	989,914	1,120,877	1,269,519	1,273,656
	After Distribution	947,633	952,909	1,041,581	1,182,293	Note 2

Note 1: The financial data for the above five years has been audited and certified by CPAs.

Note 2: The earnings distribution for 2023 is pending resolution at the Shareholders' Meeting.

(III) Condensed Consolidated statements of comprehensive income - International Financial Reporting Standards (IFRS)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item \ Year	Financial Analysis for the Past Five Years (Note 1)					As of March 31, 2024(Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	781,725	757,992	1,041,905	1,223,145	1,018,612	234,855
Operating gross profit	436,378	412,179	625,004	720,538	532,889	113,321
Operating profit or loss	55,864	47,174	206,813	280,233	99,428	7,487
Operating income and expenses	5,623	1,911	7,585	9,211	3,657	4,608
Profit before tax	61,487	49,085	214,398	289,444	103,085	12,095
Net income from continuing operations	61,487	49,085	214,398	289,444	103,085	12,095
Loss from discontinued operations	0	0	0	0	0	0
Current profit (loss)	48,708	39,983	170,627	231,346	82,052	9,676
Other comprehensive income (loss), net of income tax	(8,271)	2,298	(2,659)	(3,408)	9,311	2,068
Total comprehensive income	40,437	42,281	167,968	227,938	91,363	11,744
Net income attributable to owners of the parent	48,708	39,983	170,627	231,346	82,052	9,676
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	40,437	42,281	167,968	227,938	91,363	11,744
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
Earnings per Share	0.92	0.76	2.93	3.62	1.28	0.15

Note 1: The financial data for the above five years has been audited and certified by CPAs.

Note 2: The financial data for the first quarter of 2024 has been reviewed by CPAs.

(IV) Condensed Parent Company Only Statement of Comprehensive Income - International Financial Reporting Standards (IFRS)

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item \ Year	Financial Analysis for the Past Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	716,270	706,577	959,323	1,160,177	946,131
Operating gross profit	391,494	375,058	555,445	664,487	489,073
Operating profit or loss	63,614	53,670	185,557	278,835	111,031
Operating income and expenses	(2,753)	(4,585)	28,135	10,641	(7,997)
Profit before tax	60,861	49,085	213,692	289,476	103,034
Net income from continuing operations	60,861	49,085	213,692	289,476	103,034
Loss from discontinued operations	0	0	0	0	0
Current profit (loss)	48,708	39,983	170,627	231,346	82,052
Other comprehensive income (loss), net of income tax	(8,271)	2,298	(2,659)	(3,408)	9,311
Total comprehensive income	40,437	42,281	167,968	227,938	91,363
Net income attributable to owners of the parent	48,708	39,983	170,627	231,346	82,052
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the parent	40,437	42,281	167,968	227,938	91,363
Total comprehensive income attributable to non-controlling interests	0				0
Earnings per Share	0.92	0.76	2.93	3.62	1.28

Note 1: The financial data for the above five years has been audited and certified by CPAs.

(V) Names of CPAs and Audit Opinions for the Last Five Years

Year	Certified CPAs	CPA Firm	Audit Opinion
2019	Li, Yen-Na, Hsueh, Shou-Hung	PWC Taiwan	Unqualified opinion
2020	Li Yan-Na, Wu, Wei-Hao	PWC Taiwan	Unqualified opinion
2021	Li, Yan-Na, Wu, Wei-Hao	PWC Taiwan	Unqualified opinion
2022	Wu, Wei-Hao, Cheng, Ya-Hui	PWC Taiwan	Unqualified opinion
2023	Wu, Wei-Hao, Cheng, Ya-Hui	PWC Taiwan	Unqualified opinion

## II. Financial Analysis for the Past Five Years

### (I) Consolidated Financial Analysis - International Financial Reporting Standards (IFRS)

Analysis Item		Year	Financial Analysis for the Past Five Years					As of March 31, 2024 (Note 3)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio		27.11	24.11	24.98	24.46	24.08	22.86
	Long-term funds to property, plant and equipment ratio		159.28	161.18	186.13	180.25	188.71	192.14
Solvency	Current ratio		236.84	245.79	248.59	230.15	277.69	297.67
	Quick ratio		87.50	99.99	87.35	50.41	62.99	83.30
	Interest coverage ratio		24.67	21.15	139.59	143.02	28.50	13.03
Operating ability	Accounts receivable turnover (times)		10.62	9.85	10.43	12.26	10.70	9.21
	Average collection days		34.36	37.05	34.99	29.77	34.11	40.00
	Inventory turnover (times)		1.05	0.85	0.87	0.77	0.63	0.63
	Accounts payable turnover (times)		6.87	7.06	5.79	6.02	8.54	16.01
	Average sales days		347.61	429.41	419.54	474.02	579.36	576.00
	Property, plant and equipment turnover (times)		1.13	1.09	1.57	1.78	1.39	1.29
	Total asset turnover (times)		0.58	0.57	0.74	0.77	0.61	0.56
Profitability	Return on Assets (%)		3.77	3.16	12.28	14.68	5.06	2.36
	Return on Equity(ROE)(%)		4.96	4.05	16.17	19.36	6.45	3.02
	Pre-tax income to paid-in capital (%)		11.63	9.29	40.56	49.77	16.12	7.56
	Net Profit Margin (%)		6.23	5.27	16.38	18.91	8.06	4.12
	Earnings Per Share(NT\$)		0.92	0.76	3.23	3.98	1.28	0.15
Cash flows	Cash flow ratio (%)		47.07	44.64	53.23	35.68	18.55	15.78
	Cash flow adequacy ratio (%)		73.58	72.37	51.17	43.34	45.61	13.00
	Cash reinvestment ratio (%)		5.72	4.47	8.52	3.27	(2.00)	2.77
Leverage	Operating leverage		9.43	10.78	3.62	3.18	7.00	20.72
	Financial leverage		1.05	1.05	1.01	1.01	1.04	1.16

Please explain the reasons for changes in various financial ratios in the last two years. (If the change does not exceed 20%, analysis can be exempted)

Solvency: The current ratio and quick ratio increased due to the decrease in current liabilities; the interest coverage ratio increased due to the decrease in pre-tax net profit and the increase in interest expense.

Operating ability: The accounts payable turnover rate increased due to the decrease in accounts payable; the average days in sales increased due to the increase in inventory; the property, plant and equipment turnover rate decreased due to the increase in property, plant and equipment; the total asset turnover rate decreased due to the increase in assets.

Profitability: Various ratios decreased due to the decrease in profit after tax.

Cash flow ratio (%): The cash flow ratio and cash reinvestment ratio decreased due to the decrease in net

cash inflow from operating activities.

Leverage: The operating leverage decreased due to the decrease in operating net profit.

Note 1: The financial data for the above five years has been audited and certified by CPAs.

Note 2: The financial data has been retroactively adjusted based on the weighted average number of ordinary shares outstanding adjusted for capitalization of earnings over the years.

Note 3: Calculated based on the financial statements for the first quarter of 2024 reviewed by CPAs.

Note 4: Calculation formulas:

1. Financial structure

(1) Debt ratio = Total liabilities / Total assets.

(2) long-term real estate investments

2. Solvency

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest coverage ratio = Earnings before interest and taxes / Interest expenses.

3. Operating ability

(1) Accounts receivable (including accounts receivable and notes receivable arising from business operations) turnover rate = Net sales / Average accounts receivable (including accounts receivable and notes receivable arising from business operations) balance.

(2) Average collection days = 365 / Accounts receivable turnover rate.

(3) Inventory turnover rate = Cost of goods sold / Average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business operations) turnover rate = Cost of goods sold / Average accounts payable (including accounts payable and notes payable arising from business operations) balance.

(5) Average days in sales = 365 / Inventory turnover rate.

(6) Owner-occupied property

(7) Total asset turnover rate = Net sales / Average total assets

4. Profitability

(1) Return on assets = [Net income after tax + Interest expense × (1 - Tax rate)] / Average total.

(2) Return on equity = Net income after tax / Average equity.

(3) Net profit margin = Net income after tax / Net sales.

(4) Earnings per share = (Net income attributable to owners of the parent - Preferred stock dividend) / Weighted average number of shares outstanding. (Note 4)

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities.

(2) Cash flow adequacy ratio = Five-year sum of net cash flow from operating activities / Five-year sum of capital expenditures, inventory additions, and cash dividends.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (Net sales - Variable operating costs and expenses) / Operating income (Note 6).

(2) Financial leverage = Operating income / (Operating income - Interest expense).

Note 5: Attention should be paid to the following matters when calculating the above earnings per share:

1. Based on the weighted average number of ordinary shares outstanding, not the number of issued shares at the end of the year.

2. For any cash capital increase or treasury stock transaction, the circulation period should be considered in calculating the weighted average number of shares.

3. For any capitalization of earnings or capital surplus, the retrospective adjustment shall be made proportionally to the capital increase when calculating the earnings per share for the past years and half-years, regardless of the issuance period of the capital increase.

4. If the preferred shares are non-cumulative and non-convertible, the dividends for the current year (whether paid or not) should be subtracted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, in the case of net income after tax, the preferred stock dividends should be deducted from the net income after tax; in the case of loss, no adjustment is required.

Note 6: When measuring cash flow, the following matters require special attention:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditure refers to the annual cash outflow for capital investment.

3. Inventory increase is included only when the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it is counted as zero.

4. Cash dividends include cash dividends for common stock and preferred stock.

5. Owner-occupied property

Note 7: The issuer should classify operating costs and operating expenses as fixed or variable according to their nature. If it involves estimation or subjective judgment, attention should be paid to its reasonableness and consistency.

Note 8: If the Company's shares have no par value or the par value per share is not NT\$10, any calculation related to the percentage of paid-in capital shall be replaced by the calculation of the ratio to equity attributable to owners of the parent on the balance sheet.



(II) Parent Company Only Financial Analysis - International Financial Reporting Standards (IFRS)

Analysis Item		Financial Analysis for the Past Five Years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	26.03	22.56	23.65	23.81	23.49
	Property, Plant, and Equipment	162.02	163.68	188.11	181.82	190.08
Solvency	Current ratio	226.91	241.75	235.32	217.22	263.82
	Quick ratio	74.43	89.95	68.28	35.86	42.74
	Interest coverage ratio	26.61	23.13	161.31	148.84	28.49
Operating ability	Accounts receivable turnover (times)	9.96	9.90	9.74	11.47	10.13
	Average collection days	36.65	37.00	37.00	32.00	36.00
	Inventory turnover (times)	1.06	0.89	0.92	0.78	0.63
	Accounts payable turnover (times)	6.61	7.55	6.16	5.93	8.33
	Average sales days	343.10	410.00	397.00	470.00	582.00
	Property, plant and equipment turnover (times)	1.06	1.04	1.47	1.71	1.31
	Total asset turnover (times)	0.54	0.54	0.70	0.74	0.57
Profitability	Return on Assets (%)	3.80	3.20	12.50	14.86	5.11
	Return on Equity(ROE)(%)	4.96	4.05	16.17	19.36	6.45
	Pre-tax income to paid-in capital (%)	11.51	9.29	40.42	49.78	16.11
	Net Profit Margin (%)	6.80	5.66	17.79	19.94	8.67
	Earnings per share (NT\$) (Note 2)	0.92	0.76	3.23	3.98	1.28
Cash flow statement	Cash flow ratio (%)	47.05	48.71	39.82	39.07	13.67
	Cash flow adequacy ratio (%)	73.74	75.02	44.21	40.03	39.96
	Cash reinvestment ratio (%)	5.02	4.15	5.03	3.76	(2.98)
Leverage	Operating leverage	7.64	8.91	3.71	3.07	5.87
	Financial leverage	1.04	1.04	1.01	1.01	1.03

Please explain the reasons for changes in various financial ratios in the last two years. Please explain the reasons for changes in various financial ratios in the last two years. (If the change does not exceed 20%, analysis can be exempted)

Solvency: The current ratio increased due to the decrease in current liabilities; the interest coverage ratio increased due to the decrease in pre-tax net profit and the increase in interest expense.

Operating ability: The accounts payable turnover rate increased due to the decrease in accounts payable; the average days in sales increased due to the increase in inventory; the property, plant and equipment turnover rate decreased due to the increase in property, plant and equipment; the total asset turnover rate decreased due to the increase in assets.

Profitability: Various ratios decreased due to the decrease in profit after tax.

Cash flow ratio (%): The cash flow ratio and cash reinvestment ratio decreased due to the decrease in net cash inflow from operating activities.

Leverage: The operating leverage decreased due to the decrease in operating net profit.

Note 1: The financial data for the above five years has been audited and certified by CPAs.

### **III. Audit Committee Review Report on the Most Recent Annual Financial Statements**

Attachment 2

#### **ICP DAS Co., Ltd. Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements, and Earnings Distribution Proposal. The 2023 Financial Statements have been audited and a report has been issued by PwC Taiwan. The above-mentioned statements and reports have been reviewed and found to be correct by the Audit Committee. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for your review.

To:

2024 Annual General Meeting of Shareholders of ICP DAS Co., Ltd.

Convener of the Audit Committee

Shen, Yang-Bin

March 4, 2024

**IV. The Most Recent Annual Consolidated Financial Statements of the Parent and  
Subsidiary Companies Audited and Certified by a Certified CPA**

**INDEPENDENT AUDITORS' REPORT**

(113) Financial Audit Report No. 23004177.

ICP DAS Co., Ltd.

**Audit Opinion**

The individual balance sheets of ICP DAS Co., Ltd. Group as of December 31, 2023 and 2022, as well as the consolidated statements of comprehensive income, consolidated statements of changes in equity, individual statements of cash flows for the years then ended January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies, have been audited by us.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ICP DAS Group as of December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the year then ended January 1 to December 31, 2023 and 2022, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretative Announcements endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Basis for Opinions**

“The accountants conducted the audit in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. The accountants’ responsibilities under those standards will be further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section. The personnel of the firm to which the accountants belong have remained independent of ICP DAS Group in accordance with the Code of Ethics for Professional Accountants in the Republic of China, and have fulfilled other ethical responsibilities in accordance with the Code. We believe and obtain sufficient and appropriate audit evidence as a basis for our opinion.

## **Key Audit Matter**

Key audit matters refers to those which, in accordance with the professional judgment of the CPA, are of utmost importance for the Consolidated Financial Statements of ICP DAS Group's audit for 2023. These matters have been addressed in the process of auditing the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Consolidated Financial Statements of ICP DAS Group for 2023 are listed as follows:

### **Inventory Allowance for Loss on Decline in Market Value**

#### Event Description

The accounting policies, significant accounting estimates and assumptions regarding inventory valuation, and the explanation of the accounting item for inventory loss allowance, please refer to Note 4.(11), 5.(2), and 6.(3) of the consolidated financial statements. As of December 31, 2023, the balances of inventories and allowance for inventory valuation losses of ICP DAS Group were NT\$785,033 thousand and NT\$153,125 thousand respectively.

ICP DAS Group is primarily engaged in the production and sales of industrial computer hardware, software, and peripherals. Since the market demand for industrial control, real-time monitoring, and automation products is diverse, ICP DAS Group needs to stock various types of products to meet the demand, resulting in a higher risk of inventory obsolescence. Moreover, as the assessment process often involves subjective judgments, it may lead to a high degree of uncertainty in accounting estimates. Therefore, the provision for inventory valuation of ICP DAS Group has been identified as one of the most critical audit matters for the current year.

#### Audit Procedures in Response

The auditor has performed the following audit procedures for inventories exceeding a certain aging period and individually obsolete inventories:

1. Based on our understanding of ICP DAS Group, we assessed the reasonableness of the policies and procedures adopted for the valuation of inventory allowances, including determining the extent of inventory obsolescence using historical information, and evaluating the reasonableness of the inventory allowance policies.

2. Review its annual inventory plan and observe the annual inventory count and management status to assess the effectiveness of management's segregation and control of obsolete inventory.
3. Verify the accuracy of the inventory aging report and the information on inventory turnover, to ensure that the report information is consistent with the relevant policies.
4. Inspect and verify the accuracy of the calculation of inventory impairment losses, and assess the appropriateness of the allowance for impairment losses.

### **Parent Company Only Financial Statements**

ICP DAS Group has prepared its 2023 and 2022 individual financial statements, and the certified public accountant has issued an unqualified audit report, which is available for reference.

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

The 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 the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretative Announcements endorsed and issued into effect by the Financial Supervisory Commission, and for maintaining effective internal control relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management is responsible for assessing ICP DAS 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 the management either intends to liquidate ICP DAS Group or to cease operations, or has no realistic alternative but to do so.

Those in charge with ICP DAS Group's governance (including the Audit Committee) are responsible for overseeing its financial reporting process.

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

The purpose of our audit of the consolidated financial statements is 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 auditor's report. Reasonable assurance is a high level of assurance, but according to the auditing standards generally accepted in the Republic of China, the audit work performed cannot guarantee that all material misstatements in the consolidated financial statements will be detected. Misstatements can arise from fraud or error. An item is considered material if there is a reasonable possibility that its individual or aggregated amount, if misstated, would influence the economic decisions of users made on the basis of the consolidated financial statements.

In accordance with the auditing standards generally accepted in the Republic of China, the CPA exercises professional judgment and maintains professional skepticism throughout the audit. The CPA also performs the following tasks:

1. Identify and evaluate the risk of material misstatements due to fraud or error in the consolidated financial statements. design and perform appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence as 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 ICP DAS 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 ICP DAS Group's ability to continue as a going concern. When the auditor concludes that a material uncertainty exists, the auditor shall draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, modify the opinion on the consolidated financial statements. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause ICP DAS Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the related notes) and whether the consolidated financial statements appropriately represent the underlying transactions and events.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the group audit and for expressing an opinion on the consolidated financial statements of the Group.

The CPA communicated with the governance unit, among other matters, the planned scope and timing of the audit, as well as significant audit findings (including any significant deficiencies in internal control that were identified during the audit).

We also provided to the governing body a statement that the personnel of the firm to which they belong have complied with the ethical requirements regarding independence outlined in the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and communicated with the governing body all relationships and other matters that may reasonably be thought to bear on their independence (including related safeguards).

From the communication with the management unit, the CPA decided on the key audit matters for the Consolidated Financial Statements of ICP DAS Group for 2023. The auditor shall communicate such matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's 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 audits resulting in this independent auditors' report are Wu, Wei-Hao and Cheng, Ya-Hui.

PwC Taiwan  
Taipei, Taiwan  
Republic of China  
March 4, 2024

Notice to Reader

*For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## CONSOLIDATED BALANCE SHEET

nit: NTD Thousand

The notes to the consolidated financial statements are an integral part of these consolidated financial reports. Please refer to them together.

**Chairman: Yeh, Nai-Ti** **Managerial Officer: Chen, Ruei-Yu** **Accounting Manager: Cheng, Pi-Yu**



ICP DAS CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

December 31, 2023, and 2022

Unit: NTD Thousand ( Except earnings per share in NTD)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(18)	\$ 1,018,612	100	\$ 1,223,145	100
5000 Operating Costs	6(22)(23)	( 485,723)	( 47)	( 502,607)	( 41)
5900 Operating gross profit		<u>532,889</u>	<u>53</u>	<u>720,538</u>	<u>59</u>
Operating Expenses	6(22)(23) and 7				
6100 Marketing expenses		( 128,187)	( 13)	( 122,034)	( 10)
6200 General and administrative expenses		( 104,276)	( 10)	( 105,056)	( 8)
6300 Research and development expense		( 203,404)	( 20)	( 216,194)	( 18)
6450 Expected credit impairment gains		<u>58</u>	<u>-</u>	<u>20</u>	<u>-</u>
6000 Total operating expenses		<u>( 435,809)</u>	<u>( 43)</u>	<u>( 443,264)</u>	<u>( 36)</u>
Other Non-Operating Income and Expenses					
6500 Other non-operating income and expenses	6(8)(19)	<u>2,348</u>	<u>-</u>	<u>2,959</u>	<u>-</u>
6900 Operating Profit		<u>99,428</u>	<u>10</u>	<u>280,233</u>	<u>23</u>
Operating Income and Expenses					
7100 Interest revenue		837	-	661	-
7010 Other revenue	6(20)	7,139	1	2,744	-
7020 Other Gains and Losses	6(21)	( 571)	-	7,844	1
7050 Financial costs	6(10)(12) and 7	( 3,748)	( 1)	( 2,038)	-
7000 Total non-operating income and expenses		<u>3,657</u>	<u>-</u>	<u>9,211</u>	<u>1</u>
7900 Profit Before Tax		<u>103,085</u>	<u>10</u>	<u>289,444</u>	<u>24</u>
7950 Income tax expense	6(24)	( 21,033)	( 2)	( 58,098)	( 5)
8200 Net Profit for the Period		<u>\$ 82,052</u>	<u>8</u>	<u>\$ 231,346</u>	<u>19</u>
Other Comprehensive Income (Net)					
Items That May not Be Reclassified to Profit or Loss					
8311 Remeasurements of defined benefit plan	6(13)	\$ 9,644	1	( \$ 6,255)	-
8316 Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	6(17)	<u>1,579</u>	<u>-</u>	<u>1,273</u>	<u>-</u>
8310 Total of items that may not be reclassified to profit or loss		<u>11,223</u>	<u>1</u>	<u>( 4,982)</u>	<u>-</u>
Items That May Be Subsequently Reclassified to Profit or Loss					
8361 Exchange differences on translation of foreign financial statements	6(17)	( 1,912)	-	1,574	-
8360 Total items that may be subsequently reclassified to profit or loss		<u>( 1,912)</u>	<u>-</u>	<u>1,574</u>	<u>-</u>
8300 Other Comprehensive Income (Net)		<u>\$ 9,311</u>	<u>1</u>	<u>( \$ 3,408)</u>	<u>-</u>
8500 Total Comprehensive Income		<u>\$ 91,363</u>	<u>9</u>	<u>\$ 227,938</u>	<u>19</u>
Net income attributable to:					
8610 Owner of the parent company		<u>\$ 82,052</u>	<u>8</u>	<u>\$ 231,346</u>	<u>19</u>
Total Comprehensive Income Belong to					
8710 Owner of the parent company		<u>\$ 91,363</u>	<u>9</u>	<u>\$ 227,938</u>	<u>19</u>
Earnings per Share	6(25)				
9750 Basic Earnings per Share Attributable to Owners of the Parent Company		<u>\$ 1.28</u>		<u>\$ 3.62</u>	
9850 Net Earnings per Share Attributable to Owners of the Parent Company		<u>\$ 1.28</u>		<u>\$ 3.59</u>	

The notes to the consolidated financial statements are an integral part of these consolidated financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu

ICP DAS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

December 31, 2023, and 2022

Unit: NTD Thousand

		Equity Attributable to Owners of the Parent Company							
		Retained Earnings				Other Equity Interest			

The notes to the consolidated financial statements are an integral part of these consolidated financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu

ICP DAS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

December 31, 2023, and 2022

Unit: NTD Thousand

	Note	2023	2022
<u>Cash Flows from Operating Activities</u>			
Net profit before tax for the current period		\$ 103,085	\$ 289,444
Adjustment item			
Income and expense items			
Expected credit impairment gains	6(2)	( 58 )	( 20 )
Depreciation expenses (including right-of-use assets and investment properties)	6(22)	56,558	51,254
Various amortization	6(22)	1,298	1,307
Interest revenue		( 837 )	( 661 )
Interest expense		3,748	2,038
Cost transferred from property, plant and equipment		-	1,945
Changes in operating assets/liabilities			
Net changes in liabilities relating to operating activities			
Notes receivable		1,987	2,373
Accounts receivable		( 4,514 )	9,441
Other receivables		364	764
Inventories		3,634	( 182,825 )
Prepayments		3,446	11,388
Net changes in assets relating to operating activities			
Contract liability - Current		( 782 )	( 2,345 )
Accounts payable		( 37,951 )	( 15,152 )
Other payables		( 34,700 )	8,064
Other current liabilities		6,581	371
Net defined benefit liability- non-current		( 2,019 )	( 2,653 )
Cash flows from operating activities		99,840	174,733
Interest charged		837	661
Interest payable		( 3,748 )	( 2,038 )
Income tax paid		( 41,656 )	( 50,000 )
Net cash inflows from operating activities		55,273	123,356
<u>Cash Flows from Operating Activities</u>			
Property, plant, and equipment	6(26)	( 31,766 )	( 124,472 )
Acquire intangible assets		( 816 )	( 428 )
Increase in refundable deposits		305	( 1,227 )
Increase other non-current assets		( 13,736 )	( 10,060 )
Net cash outflow from operating activities		( 46,013 )	( 136,187 )
<u>Cash Flows from Financing Activities</u>			
Principal repayments of lease liabilities	6(27)	( 4,377 )	( 4,352 )
Repayment of short-term loans		( 630,000 )	( 360,000 )
Raise short-term loans		680,000	430,000
Raise long-term loans		100,000	-
Repayment of long-term loans		( 62,000 )	( 32,000 )
Decrease in other payables – related parties		-	( 7,167 )
Increase (decrease) in margin deposits		( 12 )	110
Cash dividends	6(16)	( 87,226 )	( 79,296 )
Net cash outflow from financing activities		( 3,615 )	( 52,705 )
Foreign exchange adjustment amount		( 1,585 )	1,972
Increase (decrease) in cash and cash equivalents for the current period		4,060	( 63,564 )
Beginning cash and cash equivalent balances		87,178	150,742
End of period cash and cash equivalents balance		\$ 91,238	\$ 87,178

The notes to the consolidated financial statements are an integral part of these consolidated financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu

ICP DAS CO., LTD. AND SUBSIDIARIES  
**CONSOLIDATED FINANCIAL STATEMENTS**

2023 and 2022

Unit: NTD Thousand (Unless otherwise specified)

**1. Company History and Business Scope**

ICP DAS Co., Ltd.(hereinafter referred to as “the Company”) was established in the Republic of China. The Company and its subsidiaries’ (hereinafter collectively referred to as “the Group”) main business activities are the production and sales of industrial computer hardware, software and related peripheral equipment. The Company’s shares have been officially listed and traded on the Republic of China Over-the-Counter Securities Exchange since January 6, 2009.

**2. Approval Dates and Procedures of the Financial Statements**

These consolidated financial statements were authorized for issue by the Board of Directors on March 4, 2024.

**3. New Standards, Amendments and Interpretations Adoptions**

- (1) The Impact of Adopting New and Amended IFRSs as Endorsed and Issued into Effect by the Financial Supervisory Commission (“FSC”)

The following table summarizes the newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) endorsed and issued into effect by the Financial Supervisory Commission (FSC) for application in 2023:

<b>New Standards, Amendments and Interpretations Issued</b>	<b>Effective Date Issued by IASB</b>
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendment to IAS 12 “International Tax Reform – Pillar Two Model Rules”	May 23, 2023

The Group assessed that the above mentioned criteria and interpretations had no material impact on the Group’s financial position and financial performance.

- (2) The Impact of not Adopting New and Revised IFRSs Recognized by the FSC

The following table summarizes the new standards, amendments, and interpretations of International Financial Reporting Standards (IFRS) endorsed by the FSC for application in 2024:

<b>New Standards, Amendments and Interpretations Issued</b>	<b>Effective Date Issued by IASB</b>
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Group assessed that the above mentioned criteria and interpretations had no material impact on the Group's financial position and financial performance.

(3) Impact of IFRSs Issued by the IASB but not yet Endorsed by the FSC

The following lists the new issuances, amendments and revisions of standards and interpretations issued by the International Accounting Standards Board (IASB) but not yet incorporated into the International Financial Reporting Standards (IFRSs) as endorsed and issued into effect by the Financial Supervisory Commission (FSC):

<b>New Standards, Amendments and Interpretations Issued</b>	<b>Effective Date Issued by IASB</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group assessed that the above mentioned criteria and interpretations had no material impact on the Group's financial position and financial performance.

#### **4. Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards (IFRSs), International Accounting Standards, Interpretations as well as related guidance translated by the Accounting Research and Development Foundation, endorsed and issued into effect by the FSC.

(2) Basis of Preparation

1. Aside from the following significant items, the consolidated financial statements have been prepared on the historical cost basis:

- (1) Financial assets measured at fair value through other comprehensive income.
  - (2) The defined benefit liability is recognized as the net amount of the defined benefit obligations' present value deducted from the retirement fund assets.
2. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates and the use of management's judgment in the process of applying the Group's accounting policies. For items involving a high degree of judgment or complexity, or involving significant assumptions and estimates in the consolidated financial statements, please refer to Note 5 for details.
- (3) Basis of Consolidation

1. Principles of Consolidated Financial Statements

- (3) The consolidated financial statements incorporate all subsidiaries that are controlled by the Group. A subsidiary refers to an entity (including structured entity) that is controlled by the Group while the Group is exposed to or entitled to variable remuneration from its involvement with such entity and has the ability to influence such remuneration through its power over such entity. Subsidiaries are included in the consolidated financial statements from the date the Group gains control, and the consolidation shall be terminated on the date of loss of control.
- (4) Transactions, balances, and unrealized gains or losses between companies within the Group have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to ensure consistency with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial statements:

Name of Investee	Name of Subsidiary	Nature of Business	Equity Percentage Held		Description
			December 31, 2023	December 31, 2022	
The Company	ADVANCE AHEAD LTD.	Reinvest in related businesses	100%	100%	
The Company	ICP DAS INVEST LTD.	Reinvest in related businesses	100%	100%	
ADVANCE AHEAD LTD.	Shanghai Golden ICP DAS International Trade Co.,Ltd. (Second-tier Subsidiary— Shanghai Golden ICP DAS)	International trade, entrepot trade, bonded area trade between enterprises, and trade agency of industrial computer controllers and interface cards, etc.	100%	100%	
ICP DAS INVEST LTD.	ICP DAS(Wuhan) Co., Ltd. (Second-tier Subsidiary— ICP DAS(Wuhan))	Research, development, production and sales of software, hardware, electronic products, instruments, meters and automatic equipment for the automatic control industry; automation engineering and project reconstruction; related technical services and transfers.	100%	100%	

3. Subsidiaries not Included in the Consolidated Financial Statements

None.

4. Adjustments for Subsidiaries with Different Accounting Periods

None.

5. Major Restrictions

None.

6. Subsidiaries with Significant Non-Controlling Interests

None.

(4) Foreign Currency Exchange

The operating results and assets and liabilities of the Group entities are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). These consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign Currency Transaction and Balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction date or date of measurement, and any resulting translation differences are recognized as profit or loss for the current period.
- (2) Foreign currency monetary assets and liabilities are adjusted using the prevailing exchange rates at the balance sheet date, and the resulting exchange differences are recognized as gains or losses in the current period.
- (3) Non-monetary foreign currency asset and liability balances measured at fair value through profit or loss are remeasured using the spot exchange rate at the balance sheet date, with resulting exchange differences recognized in profit or loss for the period. for those measured at fair value through other comprehensive income, the adjustment is evaluated at the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment is recognized in other comprehensive income; Those that are not measured at fair value, are measured at the historical exchange rate on the initial transaction date.

2. Translation of Foreign Operating Entities

For all entities and affiliates of the Group whose functional currency is different from the presentation currency, the operating results and financial position are converted into the presentation currency in the following manner:

- (1) The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the balance sheet date.
- (2) Income and expenses presented in each statement of comprehensive income are translated at the average exchange rate for the period. and
- (3) All exchange differences arising from translation are recognized as other comprehensive income.

(5) The Criteria for Classifying Assets and Liabilities as Current and Non-Current

1. An asset shall be classified as a current asset when it satisfies any of the following criteria:

- (1) It is expected to realize the asset within the normal operating cycle, or intends to sell or consume.
- (2) Mainly held for trading purposes.
- (3) Expected to be realized within twelve months after the balance sheet date.
- (4) Cash or cash equivalents, excluding those that are restricted for exchange or settlement of a liability for at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.

2. A liability is classified as a current liability when:

- (1) Expected to be settled within the normal operating cycle.
- (2) Mainly held for trading purposes.
- (3) Expected to be realized within twelve months after the balance sheet date.
- (4) It does not have an unconditional right to defer settlement for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the above conditions as non-current.

(6) Financial Assets Measured at Fair Value Through Other Comprehensive Income

1. It is an irrevocable option at initial recognition to present the changes in fair value of non-derivative equity instrument investments in other comprehensive income.
2. The Group adopts trade date accounting for regular-way equity instrument investments at fair value through other comprehensive income.



3. At initial recognition, the Group measures the fair value plus transaction costs. Subsequently, it is measured at fair value. Changes in fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income are not subsequently reclassified to profit or loss, but are transferred to retained earnings. The Group recognizes dividend income in profit or loss when the right to receive the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(7) Accounts and Notes Receivable

1. Refer to the account with the right to unconditionally receive the consideration amount in exchange for the transfer of goods or services according to the contract.
2. Short-term accounts and notes receivable without interest paid which are measured by the Group at the original invoice amount as the effect of discounting is insignificant.

(8) Impairment Loss on Financial Assets

On each balance sheet date, after considering all reasonable and supportable information (including forward-looking information), the Group measures the allowance for losses for financial assets measured at amortized cost. For those whose credit risk has not increased significantly since initial recognition, the 12-month expected credit loss amount is measured. For those whose credit risk has increased significantly since the original recognition, the Corporation measures the allowance loss at the expected credit loss amount during the duration; For accounts receivable that do not contain a significant financing component, the allowance for losses is measured at an amount equal to the expected credit loss over the life of the receivable.

(9) Derecognition of Financial Assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Lessor's Lease Transactions - Operating Leases

Operating lease rental income is amortized on a straight-line basis over the lease term after deducting any incentives granted to the lessee, and recognized as income for the current period.

(11) Inventories

Inventories are measured at the lower of cost and net realizable value, and cost carry-forward is calculated using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), but

excludes borrowing costs. When comparing the lower of the cost with net realizable value, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal course of business, deducting the estimated cost to be invested until completion and estimated cost of completion of sale.

## (12) Property, Plant, and Equipment

1. Property, plant and equipment are recorded on the basis of acquisition cost, and the relevant interest during the period of acquisition and construction is capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replacement part shall be derecognized. All other maintenance costs shall be recognized as current profit or loss when incurred.
3. Property, plant and equipment shall be subsequently measured through adopting the cost model, and shall be depreciated on a straight-line method based on their estimated useful life, with the exception of land. The depreciation of each component of property, plant and equipment is provided separately if it is significant.
4. At the end of each fiscal year, the Group reviews the residual value, useful life and depreciation method of each asset. If the expected value of residual value and useful life differs from previous estimates, or if there has been a significant change in the expected consumption pattern of future economic benefits contained in the asset, the changes are accounted for prospectively as changes in accounting estimates in accordance with International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The useful life of each asset are as follows:

Housing and Construction	3-50 years
Machinery and Equipment	3-10 years
Mold Equipment	2 years
Transportation Equipment	3-5 years
Office Equipment	3-5 years
Other Equipment	3-10 years

## (13) Lessee's Lease Transaction - Right-of-Use Asset/Lease Liability

1. Lease assets are recognized as right-of-use assets and lease liabilities when they become available for use by the Group. When the lease contract is for a short-term lease or a lease of a low-value underlying asset, the lease payment is recognized as an expense by the straight-line method during the lease term.

2. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. The lease payments comprise:
  - (1) Fixed payments, less any lease incentives receivable.
  - (2) Lease payments that depend on an index or a rate.
  - (3) The expected amount to be paid by the Group under the residual value guarantee.
  - (4) Exercise price of a purchase option if the lessee is reasonably certain to exercise that option. and
  - (5) Penalties payable for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, the interest method is used to measure at amortized cost, with interest expense accrued over the lease term. When there is a change in the lease term or lease payments not resulting from a contract modification, the lease liability is remeasured and the remeasurement amount is adjusted against the right-of-use asset.

3. Right-of-use assets are recognized at cost on the lease commencement date, with cost comprising:
  - (1) The original measurement amount of lease liability.
  - (2) Any lease payments made on or before the commencement date.
  - (3) Any incurred original direct costs.
  - (4) The estimated costs of dismantling, removing the underlying asset, and restoring the site where it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequently, the cost model is used for measurement, and depreciation expense is provided at the earlier of the expiration of the useful life of the right-of-use asset or the expiration of the lease term. The right-of-use asset is adjusted for any remeasurement of the lease liability.

#### (14) Investment Property

Investment properties are initially recognized at cost and subsequently measured using the cost model. Depreciation is provided on a straight-line basis over the estimated useful life of 30 years.

#### (15) Intangible Assets

1. Computer Software

Computer software is recognized at cost of acquisition and amortized on a straight-line basis over an estimated useful life of 1 to 3 years.

## 2. Technology Licensing

The medical technology licenses are recognized at cost and amortized using the straight-line method over an amortization period of 10 years.

### (16) Impairment of Non-Financial Assets

The Group estimates the recoverable amount of assets with impairment indications on the balance sheet date. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. When the impairment of an asset recognized in previous years does not exist or decreases, the impairment loss shall be reversed, provided that the increase in the carrying amount of the asset resulting from the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

### (17) Loans

Refers to the long-term and short-term borrowings from banks. The Group measures them at fair value less transaction costs at initial recognition, and subsequently recognizes interest expense in profit or loss over the circulation period using the effective interest method for any difference between the transaction costs deducted and the redemption value.

### (18) Accounts and Notes Payable

1. Refers to debts arising from the purchase of raw materials, goods or services on credit, and notes payable arising from business and non-business operations.
2. For short-term accounts and notes payable without interest accrued, the Group measures them at the original invoice amount as the effect of discounting is immaterial.

### (19) Derecognition of Financial Liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired.

### (20) Employee Benefits

#### 1. Short-Term Employee Benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and recognized as an expense when the related service is rendered.

## 2. Pension

### (1) Defined Contribution Plans

Short-term employee benefits are measured at the undiscounted amount expected to be paid and recognized as an expense when the related service is rendered. Prepaid contributions are recognized as assets to the extent that a cash refund or a reduction in future payments is available.

### (2) Defined Benefit Plan

- A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by the employee's current or past service, using the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The discount rate is determined by reference to market yields on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation at the balance sheet date. In countries where there is no deep market for such bonds, the market yield on government bonds (as of the balance sheet date) is utilized.
- B. The remeasurement amount arising from defined benefit plans is recognized in other comprehensive income in the period in which it occurs and is presented in retained earnings.
- C. Costs related to front-end service costs are immediately recognized as expenses.

## 3. Employee Compensation and Directors' and Supervisors' Remuneration

Employee compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, when there is a legal or constructive obligation and the amount can be reasonably estimated. If there is a discrepancy between the actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate. For companies that award employee compensation with stocks, the number of shares is calculated based on the closing price of the day before the board resolution.

## (21) Income Tax

- 1. Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except for those relating to items recognized directly in other comprehensive income or equity, which is recognized in other comprehensive income or equity, respectively.

2. The Group calculates the current income tax based on the tax rates enacted or substantively enacted on the balance sheet date in the countries in which it operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The income tax imposed on undistributed earnings under the Income Tax Act shall not be recognized for the distribution of undistributed earnings until after the shareholders' meeting has approved the distribution of surplus in the year after the year in which the surplus is generated.
3. Deferred income tax is recognized using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts on the consolidated balance sheets. If a temporary difference arises from investments in subsidiaries, the Group does not recognize deferred tax liabilities if it is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is provided using the tax rates (and laws) that are enacted or substantively enacted as of the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized for temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized, and are reviewed at each balance sheet date for unrecognized and recognized deferred tax assets.
5. Current income tax assets and current income tax liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.
6. A portion of the unused tax credits arising from the purchase of equipment and research and development expenditures carried forward to subsequent periods is recognized as deferred tax assets to the extent that it is probable that future taxable income will be available against which the unused tax credits can be utilized.

## (22) Capital Stock

Common stock is classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options are deducted from equity as a reduction in proceeds, net of income tax.

#### (23) Dividend Distribution

Dividends distributed to the Company's shareholders are recognized as a liability in the period in which they are approved by shareholders at the shareholders' meeting. Cash dividends are recorded as liabilities, while stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the new share issuance date.

#### (24) Revenue Recognition

The Group manufactures and sells industrial computer hardware, software, and related peripheral products. Revenue from the sale of goods is recognized when control of the product is transferred to the customer, i.e. when the product is delivered to the customer and the customer has discretion over the method of distribution and pricing of the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue from the sale of goods is recognized when the goods are delivered, the risks of obsolescence and loss have been transferred to the customer, the customer has accepted the goods in accordance with the sales contract, and there is objective evidence that all acceptance criteria have been satisfied.

#### (25) Government Grants

Government grants are recognized at fair value when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government subsidies are recognized as income for the current period on a systematic basis during the period in which the related expenses are incurred when the nature of government subsidies is to compensate for expenses incurred by the Group.

#### (26) Operating Segments

The operating segment information of the Group is reported in a manner consistent with the internal management reports provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker is responsible for allocating resources and assessing performance of the operating segments.

### **5. Significant Accounting Judgments, Assumptions and Major Sources of Estimation Uncertainty**

During the preparation of the Group's consolidated financial statements, the management exercised its judgment in order to determine the accounting policies to be adopted and has made accounting estimates and assumptions concerning future events based on the conditions prevailing at the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continuously evaluated and adjusted by taking into account historical experience and other factors. These estimates and assumptions carry a risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next financial year. The Group's significant accounting judgments and estimates, and assumptions related to the uncertainties are summarized as follows:

(1) Significant Judgments Applied in Accounting Policies

None.

(2) Significant Accounting Estimates and Assumptions

Since inventories must be stated at the lower of cost or net realizable value, the Group must judge and estimate the net realizable value of inventories as of the balance sheet date. Due to the rapid technological changes, the Group evaluates the amount of inventories arising from normal deterioration, obsolescence or lack of marketable selling prices on the balance sheet date, and writes down the cost of inventories to net realizable value. This inventory valuation is mainly dependent on product demand over a specific future period, and therefore may be subjected to significant changes.

The carrying amount of the Group's inventory on December 31, 2023 was \$631,908.

**6. Explanation of Significant Accounting Items**

(1) Cash

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on Hand and Working Capital	\$ 1,113	\$ 935
Checks for Deposit and Demand Deposits	<u>90,125</u>	<u>86,243</u>
Total	<u>\$ 91,238</u>	<u>\$ 87,178</u>

1. The financial institutions which our Group has transactions with holds high credit quality, and the Group transacts with multiple financial institutions to diversify credit risk, resulting in extremely low expected probability of default.

2. The Group has not pledged any cash and cash equivalents as collateral.

(2) Notes and Accounts Receivable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes Receivable	\$ 5,324	\$ 7,311
Less: Provision for losses	<u>( 37)</u>	<u>( 42)</u>
	<u>\$ 5,287</u>	<u>\$ 7,269</u>
Accounts receivable	\$ 91,102	\$ 86,588
Less: Provision for losses	<u>( 1)</u>	<u>( 54)</u>
	<u>\$ 91,101</u>	<u>\$ 86,534</u>



1. The aging analysis of accounts receivable and notes receivable is as follows:

	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Accounts Receivable</b>	<b>Notes Receivable</b>	<b>Accounts Receivable</b>	<b>Notes Receivable</b>
Not past due	\$ 88,303	\$ 5,324	\$ 77,480	\$ 7,311
1-30 days	2,242	-	6,394	-
31-90 days	557	-	2,714	-
91-180 days	-	-	-	-
More than 181 days	-	-	-	-
	<u>\$ 91,102</u>	<u>\$ 5,324</u>	<u>\$ 86,588</u>	<u>\$ 7,311</u>

The above aging analysis is based on the number of days past due.

2. 2023 The balances of accounts receivable and notes receivable as of December 31, 2022 were all generated from customer contracts, and the balance of receivables from customer contracts as of January 1, 2022 was \$105,713.
3. The Group did not pledge any notes receivable or accounts receivable as collateral.
4. Without considering collateral or other credit enhancements, the maximum exposure to credit risk for notes receivable as of December 31, 2023 and 2022 was \$5,287 and \$7,269, respectively. the maximum exposure to credit risk of accounts receivable was \$91,101 and \$86,534 as of December 31, 2023 and 2022, respectively.
5. For credit risk information related to accounts receivable and notes receivable, please refer to Note 12.(2).

### (3) Inventories

	<b>December 31, 2023</b>		
	<b>Cost</b>	<b>Allowance to Reduce Inventory to Market</b>	<b>Carrying Amount</b>
Raw materials	\$ 454,523	(\$ 98,281)	\$ 356,242
Work in progress	136,485	( 19,341)	117,144
Finished good	194,025	( 35,503)	158,522
Total	<u>\$ 785,033</u>	<u>(\$ 153,125)</u>	<u>\$ 631,908</u>

	<b>December 31, 2022</b>		
	<b>Cost</b>	<b>Allowance to Reduce Inventory to Market</b>	<b>Carrying Amount</b>
Raw materials	\$ 434,846	(\$ 65,441)	\$ 369,405
Work in progress	153,297	( 17,070)	136,227
Finished good	162,042	( 32,132)	129,910
Total	<u>\$ 750,185</u>	<u>(\$ 114,643)</u>	<u>\$ 635,542</u>

Current cost of inventories recognized by the Group as expense or loss:

	<b>2023</b>	<b>2022</b>
Cost of Inventories Sold	\$ 446,890	\$ 492,719
Inventory Impairment Loss	<u>38,833</u>	<u>9,888</u>
	<u>\$ 485,723</u>	<u>\$ 502,607</u>

(4) Financial Assets Measured at Fair Value Through Other Comprehensive Income

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unlisted/OTC Stocks	\$ 10,236	\$ 10,236
Valuation Adjustment	<u>6,071</u>	<u>4,097</u>
Total	<u>\$ 16,307</u>	<u>\$ 14,333</u>

1. The Group elected to classify the equity investments in ICP DAS EUROPE GmbH and ICP DAS USA INC, which are strategic investments, as financial assets at fair value through other comprehensive income. The fair values of these investments were \$16,307 and \$14,333 as of December 31, 2023 and 2022, respectively.
2. The Group does not have any fair value through other comprehensive income financial assets pledged as collateral.
3. For the credit risk information of financial assets at fair value through other comprehensive income, please refer to Note 12.(3).

(5) Property, Plant, and Equipment

2023									
	Land	Housing and Construction	Machinery and Equipment	Mold Equipment	Transportation Equipment	Office Equipment	Other Equipment	Unfinished Construction and Equipments Pending Acceptance	Total
January 1									
Cost	\$ 324,536	\$ 453,442	\$ 67,787	\$ 1,581	\$ 11,171	\$ 6,746	\$ 23,762	\$ 59,356	\$ 948,381
Accumulated depreciation and impairment	-	( 172,164)	( 22,976)	( 638)	( 4,987)	( 5,072)	( 9,863)	-	( 215,700)
	<u>\$ 324,536</u>	<u>\$ 281,278</u>	<u>\$ 44,811</u>	<u>\$ 943</u>	<u>\$ 6,184</u>	<u>\$ 1,674</u>	<u>\$ 13,899</u>	<u>\$ 59,356</u>	<u>\$ 732,681</u>
January 1	\$ 324,536	\$ 281,278	\$ 44,811	\$ 943	\$ 6,184	\$ 1,674	\$ 13,899	\$ 59,356	\$ 732,681
Acquisition	-	2,171	20,299	-	1,195	621	3,531	3,555	31,372
Reclassification (Note)	17,244	15,917	17,113	-	-	212	-	( 33,180)	17,306
Depreciation expense	-	( 27,270)	( 15,386)	( 648)	( 1,770)	( 917)	( 4,147)	-	( 50,138)
Net exchange differences	-	( 109)	( 9)	-	-	( 9)	-	-	( 127)
December 31, 2023	<u>\$ 341,780</u>	<u>\$ 271,987</u>	<u>\$ 66,828</u>	<u>\$ 295</u>	<u>\$ 5,609</u>	<u>\$ 1,581</u>	<u>\$ 13,283</u>	<u>\$ 29,731</u>	<u>\$ 731,094</u>
December 31, 2023									
Cost	\$ 341,780	\$ 471,111	\$ 103,064	\$ 1,019	\$ 9,692	\$ 6,405	\$ 23,123	\$ 29,731	\$ 985,925
Accumulated depreciation and impairment	-	( 199,124)	( 36,236)	( 724)	( 4,083)	( 4,824)	( 9,840)	-	( 254,831)
	<u>\$ 341,780</u>	<u>\$ 271,987</u>	<u>\$ 66,828</u>	<u>\$ 295</u>	<u>\$ 5,609</u>	<u>\$ 1,581</u>	<u>\$ 13,283</u>	<u>\$ 29,731</u>	<u>\$ 731,094</u>

Note: This period's transfer is from other non-current assets.

**2022**

	Land	Housing and Construction	Machinery and Equipment	Mold Equipment	Transportation Equipment	Office Equipment	Other Equipment	Unfinished Construction and Equipments Pending Acceptance	Total
January 1									
Cost	\$ 309,451	\$ 463,779	\$ 69,519	\$ 6,847	\$ 11,190	\$ 7,771	\$ 18,312	\$ 2,935	\$ 889,804
Accumulated depreciation and impairment	-	( 171,834)	( 45,218)	( 5,668)	( 9,837)	( 5,592)	( 7,342)	-	( 245,491)
	<u>\$ 309,451</u>	<u>\$ 291,945</u>	<u>\$ 24,301</u>	<u>\$ 1,179</u>	<u>\$ 1,353</u>	<u>\$ 2,179</u>	<u>\$ 10,970</u>	<u>\$ 2,935</u>	<u>\$ 644,313</u>
January 1	\$ 309,451	\$ 291,945	\$ 24,301	\$ 1,179	\$ 1,353	\$ 2,179	\$ 10,970	\$ 2,935	\$ 644,313
Acquisition	12,085	14,445	25,161	1,019	6,059	707	5,074	58,366	122,916
Reclassification (Note)	3,000	3,000	4,867	-	-	-	1,246	( 1,945)	10,168
Depreciation expense	-	( 28,224)	( 9,529)	( 1,255)	( 1,228)	( 1,220)	( 3,391)	-	( 44,847)
Net exchange differences	-	112	11	-	-	8	-	-	131
December 31, 2022	<u>\$ 324,536</u>	<u>\$ 281,278</u>	<u>\$ 44,811</u>	<u>\$ 943</u>	<u>\$ 6,184</u>	<u>\$ 1,674</u>	<u>\$ 13,899</u>	<u>\$ 59,356</u>	<u>\$ 732,681</u>
December 31, 2022									
Cost	\$ 324,536	\$ 453,442	\$ 67,787	\$ 1,581	\$ 11,171	\$ 6,746	\$ 23,762	\$ 59,356	\$ 948,381
Accumulated depreciation and impairment	-	( 172,164)	( 22,976)	( 638)	( 4,987)	( 5,072)	( 9,863)	-	( 215,700)
	<u>\$ 324,536</u>	<u>\$ 281,278</u>	<u>\$ 44,811</u>	<u>\$ 943</u>	<u>\$ 6,184</u>	<u>\$ 1,674</u>	<u>\$ 13,899</u>	<u>\$ 59,356</u>	<u>\$ 732,681</u>

Note: This period's transfers are from other non-current assets into transfers in and reclassifications of expenses and intangible assets.

1. The amounts of interest capitalized in 2023 and 2022 were both \$0.
2. The major components of the Group's buildings and construction include buildings and high-voltage electrical facilities, which are depreciated over 10 to 50 years and 20 years, respectively.
3. There is no impairment of property, plant and equipment.
4. Please refer to Note 8 for information on guarantees provided with property, plant and equipment.

(6) Lease Transactions - Lessor

1. The leased assets of the Group include land use rights and buildings. For the land use right contracts signed, the lease term is 40 years, and for building lease contracts, the lease term is typically between 1 and 3 years. Lease contracts are negotiated individually and contain various terms and conditions. Except for land use rights, leased assets cannot be used as collateral or pledged, and no other restrictions are imposed.
2. The lease term for the office premises and parking spaces leased by the Group does not exceed 12 months, and the leases of low-value assets such as water dispensers and office equipment are also accounted for.
3. Information on the carrying amount of right-of-use assets and recognized depreciation expenses is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	<b>Carrying Amount</b>	<b>Carrying Amount</b>
Land use rights	\$ 27,453	\$ 29,580
Housing	5,874	5,512
	<u>\$ 33,327</u>	<u>\$ 35,092</u>
	<b>2023</b>	<b>2022</b>
	<b>Depreciation Expense</b>	<b>Depreciation Expense</b>
Land use rights	\$ 1,609	\$ 1,619
Housing	4,378	4,352
	<u>\$ 5,987</u>	<u>\$ 5,971</u>

4. The Group's additions to right-of-use assets in 2023 and 2022 were \$4,849 and \$3,345, respectively.

5. Information on profit or loss items related to lease agreements is as follows:

	<b>2023</b>	<b>2022</b>
<u>Items Affecting Current Profit or Loss</u>		
Expense attributable to short-term leases	\$ 6,230	\$ 5,844
The Cost of leases of low-value assets	1,251	2,181

6. The Group's total lease cash outflows in 2023 and 2022 were \$11,858 and \$12,377, respectively.

7. Options to Extend and Terminate a Lease

In determining the lease term, the Group takes into account all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The lease term is reassessed if a significant event or a significant change in circumstances occurs which affects the assessment.

(7) Lease Transactions - Lessor

1. The leased assets of the Group include buildings, and the lease terms are typically between 1 and 3 years. Lease contracts are negotiated individually and contain various terms and conditions. To protect the usage of the leased assets, lessees are generally required not to use the leased assets as loan collateral or provide residual value guarantees.
2. The Group recognized rental income of \$2,781 and \$3,395 from operating leases in 2023 and 2022, respectively, none of which were variable lease payments.
3. An analysis of the lease payments due for the Group's operating leases is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Within 1 years	\$ 2,374	\$ 2,529
1-2 years	1,649	547
2-3 years	<u>693</u>	<u>-</u>
Total	<u>\$ 4,716</u>	<u>\$ 3,076</u>

(8) Investment Property

	<b>Housing and Construction</b>	
	<b>2023</b>	<b>2022</b>
January 1		
Cost	\$ 13,048	\$ 12,859
Accumulated depreciation and impairment	( 5,074)	( 4,572)
	<u>\$ 7,974</u>	<u>\$ 8,287</u>
January 1	\$ 7,974	\$ 8,287
Reclassification	-	-
depreciation expense	( 433)	( 436)
Net exchange differences	( 141)	123
December 31	<u>\$ 7,400</u>	<u>\$ 7,974</u>
December 31		
Cost	\$ 12,808	\$ 13,048
Accumulated depreciation and impairment	( 5,408)	( 5,074)
	<u>\$ 7,400</u>	<u>\$ 7,974</u>

1. Rental income and direct operating expenses from investment properties:

	<b>2023</b>	<b>2022</b>
Rental income from investment properties	<u>\$ 2,781</u>	<u>\$ 3,395</u>
Direct operating expenses incurred for investment properties generating rental income during the period	<u>\$ 433</u>	<u>\$ 436</u>

2. The fair values of the Group's investment properties as of 2023 and December 31, 2022 were \$17,299 and \$18,036, respectively, which were evaluated by independent appraisers using the income approach. As the inputs used are not observable market inputs, the fair value measurements are categorized as Level 3. The key assumptions are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Annual Depreciation Rate	1.80%	1.80%
One-Year Fixed Deposit Interest Rate	1.45%	1.50%
Capitalization Rate of Real Estate Income	3.18%	3.38%

3. For information on lease transactions related to investment properties, please refer to Note 6.(7).
4. There were no impairment losses or collateral provided for investment properties.

(9) Other Non-Current Assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Refundable Deposits	\$ 11,900	\$ 12,205
Prepayments for Business Facilities	3,479	7,068
	<u>\$ 15,379</u>	<u>\$ 19,273</u>

(10) Short-Term Loans

<b>Nature of Loan</b>	<b>December 31, 2023</b>	<b>Interest Rate</b>	<b>Collateral</b>
Bank Loan			
Credit Loans	<u>\$ 120,000</u>	1.8%-1.98%	None

<b>Nature of Loan</b>	<b>December 31, 2022</b>	<b>Interest Rate</b>	<b>Collateral</b>
Bank Loan			
Credit Loans	<u>\$ 70,000</u>	1.775%-2.03%	None

Interest expense recognized in profit or loss for 2023 and 2022 amounted to \$2,915 and \$1,282, respectively.

(11) Other Payables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Salaries and Bonus Payable	\$ 46,340	\$ 58,692
Compensation Payable to Directors, Supervisors and Employees	10,240	28,693
Payables for Equipments	2,360	2,754
Others	<u>29,224</u>	<u>33,119</u>
	<u>\$ 88,164</u>	<u>\$ 123,258</u>



(12) Long-Term Loans

<b>Nature of Loan</b>	<b>Borrowing Period and Repayment Method</b>	<b>Interest Rate</b>	<b>Collateral</b>	<b>December 31, 2023</b>
Collateral borrowing	From September 27, 2023 to May 25, 2026, with interest payable monthly, and principal repayable in full upon maturity	2.335 %	Land, Housing and Construction	\$ 70,000

Less: Current portion of long-term borrowings (presented under other current liabilities)

-  
\$ 70,000

<b>Nature of Loan</b>	<b>Borrowing Period and Repayment Method</b>	<b>Interest Rate</b>	<b>Collateral</b>	<b>December 31, 2022</b>
Collateral borrowing	From October 2018 to October 2023, with interest payable monthly, and principal repayable quarterly starting from April 2020	1.968 %	Land, Housing and Construction	\$ 32,000

Less: Current portion of long-term borrowings (presented under other current liabilities)

( 32,000)  
\$ -

Interest expense recognized in profit or loss for 2023 and 2022 amounted to \$833 and \$676, respectively.

(13) Pension

1. (1) In accordance with the Labor Standards Act, the Company has established a defined benefit pension plan covering all regular employees' service years prior to July 1, 2005, the effective date of the Labor Pension Act, and service years after the Act took effect for employees who chose to continue applying the Labor Standards Act. For employees who meet the retirement criteria, the pension payment is calculated based on service years and the average salary for the six months prior to retirement. For service years up to 15 years, two base units are given for each year of service; for service years beyond 15 years, one base unit is given for each year of service, with a maximum of 45 base units. The Company contributes 2% of the total payroll amount to a pension fund on a monthly basis, which is deposited in a designated account at the Bank of Taiwan under the supervision of the Labor Pension Fund Supervisory Committee. Furthermore, before the end of each year, the Company estimates the balance of the aforementioned labor retirement reserve special account. If the balance is insufficient to pay the retirement pensions calculated based on the above method for employees expected to meet the retirement conditions in the following year, the Company will make an additional contribution to cover the shortfall by the end of March of the following year.

- (2) Amounts recognized in the balance sheet are as follows:

	<b><u>December 31, 2023</u></b>	<b><u>December 31, 2022</u></b>
Present value of a defined benefit obligation	(\$ 40,826)	(\$ 64,958)
Fair value of plan assets	<u>8,718</u>	<u>18,776</u>
Net defined benefit liability	<u>(\$ 32,108)</u>	<u>(\$ 46,182)</u>

(3) Changes in Net defined benefit liability are as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Asset (Liability)</b>
<b>2023</b>			
Balance as of January 1	(\$ 64,958)	\$ 18,776	(\$ 46,182)
Current period service cost	-	-	-
Interest expenses (revenue)	( 870)	257	( 613)
Settlement gain (loss)	<u>1,014</u>	<u>-</u>	<u>1,014</u>
	<u>( 64,814)</u>	<u>19,033</u>	<u>( 45,781)</u>
Remeasurement Amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	131	131
Effect of demographic assumption changes	( 1)	-	( 1)
Effect of financial assumption changes	11,085	-	11,085
Experience adjustments	<u>840</u>	<u>-</u>	<u>840</u>
	<u>11,924</u>	<u>131</u>	<u>12,055</u>
Pension contribution fund	-	1,618	1,618
Benefits paid	<u>12,064</u>	<u>( 12,064)</u>	<u>-</u>
Balance as of December 31	<u>(\$ 40,826)</u>	<u>\$ 8,718</u>	<u>(\$ 32,108)</u>
<b>2022</b>			
Balance as of January 1	(\$ 55,658)	\$ 14,641	(\$ 41,017)
Current period service cost	-	-	-
Interest expenses (revenue)	<u>( 387)</u>	<u>104</u>	<u>( 283)</u>
	<u>( 56,045)</u>	<u>14,745</u>	<u>( 41,300)</u>
Remeasurement Amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,095	1,095
Effect of demographic assumption changes	1	-	1
Effect of financial assumption changes	( 2,303)	-	( 2,303)
Experience adjustments	<u>( 6,611)</u>	<u>-</u>	<u>( 6,611)</u>
	<u>( 8,913)</u>	<u>1,095</u>	<u>( 7,818)</u>
Pension contribution fund	-	2,936	2,936
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of December 31	<u>(\$ 64,958)</u>	<u>\$ 18,776</u>	<u>(\$ 46,182)</u>

- (4) The Company's pension fund assets is managed by the Bank of Taiwan in accordance with the regulations on the investment operations prescribed by the Labor Pension Fund Supervisory Committee, and to be managed in accordance with the investment portfolio and allocation set forth in the annual investment plan for the fund. The investments must comply with the permitted items under Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (such as deposits in domestic or foreign financial institutions, investments in domestic or foreign publicly traded or privately placed equity securities, and investments in securitized real estate products, etc.). The utilization of the fund is supervised by the Labor Pension Fund Supervisory Committee. The minimum annual distribution of the fund's earnings should not be less than the income calculated based on the local bank's two-year fixed deposit interest rate. If there is any shortfall, it shall be supplemented by the national treasury after being approved by the competent authority. Since the Company does not have the right to participate in the operation and management of the fund, it is unable to disclose the classification of plan assets fair value in accordance with paragraph 142 of IAS 19. Please refer to the annual labor pension fund utilization reports published by the government for the fair value of the total plan assets as of December 31, 2023 and 2022.
- (5) The principal actuarial assumptions relating to the pension plan are summarized as follows:

	<b>2023</b>	<b>2022</b>
Discount Rate	<u>1.25%</u>	<u>1.35%</u>
Future Salary Increase Rate	<u>2.00%</u>	<u>4.00%</u>

The assumptions for future mortality rates are based on the 6th Experience Mortality Table issued by the Actuarial Institute of Taiwan Life Insurance Industry.

An analysis of the impact on the present value of defined benefit obligations from changes in key actuarial assumptions is as follows:

	<b>Discount Rate</b>		<b>Future Salary Increase Rate</b>	
	<b>Increase by 0.25%</b>	<b>Decrease of 0.25%</b>	<b>Increase by 0.25%</b>	<b>Decrease of 0.25%</b>
December 31, 2023				
Impacts on present value of defined benefit obligation	<u>(\$ 1,001)</u>	<u>\$ 1,039</u>	<u>\$ 1,029</u>	<u>(\$ 996)</u>
December 31, 2022				
Impacts on present value of defined benefit obligation	<u>(\$ 1,768)</u>	<u>\$ 1,837</u>	<u>\$ 1,785</u>	<u>(\$ 1,727)</u>

The above sensitivity analysis is based on analysis of the impact of changes in one assumption while other assumptions remain unchanged. In practice,

changes in some assumptions may correlate. The sensitivity analysis is consistent with the methodology used to calculate the defined benefit obligation on the balance sheet.

The same methodologies and assumptions were used for the current period's sensitivity analysis as those used for the prior period.

- (6) The Group expects to contribute NT\$1,310 to the defined benefit plans in 2024.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The analysis of the timing of future pension payments is as follows:

Less 1 years	\$	776
1-2 years		1,690
2-5 years		11,615
More than 5 years		<u>31,662</u>
	\$	<u>45,743</u>

2. (1) Since July 1, 2005, in accordance with the "Labor Pension Act", the Company has established a defined contribution retirement plan applicable to employees with Taiwanese nationality. For the employee pension system defined by the "Labor Pension Act", our company contributes 6% of the employee's monthly salary to the individual account at the Labor Insurance Bureau. When an employee retires, they can receive monthly pension payments or a lump sum pension based on the accumulated amount and returns in their individual pension account.
- (2) Shanghai Golden ICP DAS and ICP DAS(Wuhan) contribute pension insurance premiums based on a certain percentage of the total salaries of local employees in accordance with the pension insurance system stipulated by the Chinese government, with a contribution rate of 14%-16% in 2023 and 2022. Employees' pensions are administered and arranged by the government, and the Group has no further obligations other than making the monthly contributions.
- (3) In 2023 and 2022, the Group's pension expenses recognized in accordance with the above pension plans were \$18,161 and \$16,247, respectively.

#### (14)Capital Stock

1. As of December 31, 2023 and 2022, the Company's authorized capital was \$800,000 (including \$75,000 reserved for issuing employee stock options), while the paid-in capital was \$639,657 and \$581,506, respectively, with a par value of NT\$10 per share. All proceeds from the issuance of shares have been received.

2. Based on the resolution of the shareholders' meeting in June 2022, the Company issued 5,286,417 new shares with a par value of NT\$10 per share, totaling NT\$52,864 through capitalizing unappropriated earnings. The capital increase was completed and registered on September 22, 2022.
3. In June 2023, the Company resolved to issue 5,815,059 new shares at NT\$10 par value per share, totaling NT\$58,151 thousand, by transferring from unappropriated earnings in accordance with the shareholders' resolution. The capital increase was completed and registered on October 4, 2023.

#### (15) Capital Surplus

In accordance with the Company Act, for any surplus in the capital surplus arising from the issuance of shares at a premium or gifts received, the Company may distribute it in the form of new shares or cash to shareholders in proportion to the number of shares held by each shareholder when the company has no accumulated deficit. Additionally, in accordance with the relevant provisions of the Securities and Exchange Act, when the above-mentioned capital reserve is capitalized, the total amount per year shall not exceed 10% of the paid-in capital. A company shall not use its capital surplus to make up for capital deficits if its surplus reserve is insufficient to offset the deficits.

#### (16) Retained Earnings

1. The Company's Articles of Incorporation stipulate that if there is a surplus in the annual total budget, taxes shall be paid first, previous deficits shall be made up, and 10% shall be set aside as a legal reserve surplus, followed by a special surplus reserve as required by laws or regulations of the competent authority. If there is still a surplus, it shall be combined with the undistributed surplus from previous years to form the accumulated distributable surplus, for which the Board of Directors shall propose a distribution plan to be resolved at the Shareholders' Meeting.
2. Regarding the business operations of the Company, as the Company's business is currently in the growth stage, the dividend distribution policy shall take into account the current and future operational plans, investment projects, capital budgets, changes in internal and external environments, as well as the interests of shareholders and the balance of dividends. Each year, the Board of Directors shall propose a distribution proposal in accordance with the law and submit it to the shareholders' meeting for approval. The Company's shareholder dividend distribution may be made in the form of stock dividends, and the proportion of cash dividends distributed to shareholders shall not be less than 10% of the total shareholder dividends.
3. Aside from compensating for company losses and issuing new shares or cash dividends in proportion to existing shareholdings, the statutory surplus reserve cannot be used for any other purpose. However, the issuance of new shares or cash dividends is limited to the portion of the reserve that exceeds 25% of the paid-in capital.

4. The Company resolved to distribute cash dividends of NT\$79,296 (NT\$1.5 per share) and stock dividends of NT\$52,864 (NT\$1 per share) from 2021 retained earnings at the shareholders' meeting on June 14, 2022.
5. The Company resolved to distribute cash dividends of NT\$87,226 (NT\$1.5 per share) and stock dividends of NT\$58,151 (NT\$1 per share) from 2022 retained earnings at the shareholders' meeting on June 9, 2023.
6. On March 4, 2024, the Board of Directors proposed the distribution of cash dividends of \$51,173 (NT\$0.8 per share) on ordinary shares from the 2023 earnings.

(17) Other Equity Items

	2023		
	Unrealized Valuation Gain (Loss)	Foreign Currency Exchange	Total
January 1, 2023	\$ 3,278	(\$ 7,827)	(\$ 4,549)
Valuation adjustment	1,973	-	1,973
Assessment adjustment tax amount	( 394)	-	( 394)
Foreign currency exchange differences:			
– Group	-	( 2,390)	( 2,390)
– Group tax amount	-	478	478
December 31, 2023	<u>\$ 4,857</u>	<u>(\$ 9,739)</u>	<u>(\$ 4,882)</u>

	2022		
	Unrealized Valuation Gain (Loss)	Foreign Currency Exchange	Total
January 1, 2022	\$ 2,005	(\$ 9,401)	(\$ 7,396)
Valuation adjustment	1,591	-	1,591
Assessment adjustment tax amount	( 318)	-	( 318)
Foreign currency exchange differences:			
– Group	-	1,967	1,967
– Group tax amount	-	( 393)	( 393)
December 31, 2022	<u>\$ 3,278</u>	<u>(\$ 7,827)</u>	<u>(\$ 4,549)</u>

(18) Operating Revenue

	2023	2022
Revenue from Contracts with Customers	<u>\$ 1,018,612</u>	<u>\$ 1,223,145</u>

# 1. Breakdown of Customer Contract Revenue

The Company's revenue is derived from the transfer of goods at a point in time, and revenue can be broken down into the following major product and departmental categories:

		Second-Tier Subsidiary – Company	Second-Tier Subsidiary – Company	
		Shanghai Golden ICP DAS	ICP DAS(Wuhan)	
2023	The Company			Total
Remote controllers, industrial computer interface cards	\$ 800,953	\$ 119,940	\$ 347	\$ 921,240
Others	90,159	4,204	3,009	97,372
Total	<u>\$ 891,112</u>	<u>\$ 124,144</u>	<u>\$ 3,356</u>	<u>\$ 1,018,612</u>

		Second-Tier Subsidiary – Company	Second-Tier Subsidiary – Company	
		Shanghai Golden ICP DAS	ICP DAS(Wuhan)	
2022	The Company			Total
Remote controllers, industrial computer interface cards	\$ 960,073	\$ 138,759	\$ 177	\$ 1,099,009
Others	107,121	4,370	12,645	124,136
Total	<u>\$ 1,067,194</u>	<u>\$ 143,129</u>	<u>\$ 12,822</u>	<u>\$ 1,223,145</u>

# 2. Contract Liabilities

The contract liabilities in relation to revenue from contracts with customers recognized by the Group are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract Liability	<u>\$ 7,236</u>	<u>\$ 8,018</u>	<u>\$ 10,364</u>

# 3. Revenue recognized in the current period for contract liabilities at the beginning of the period:

	2023	2022
Merchandise sales contracts	<u>\$ 5,849</u>	<u>\$ 10,286</u>



(19) Other Non-Operating Income and Expenses

	<u>2023</u>	<u>2022</u>
Other revenue		
Rent revenue/income	\$ 2,781	\$ 3,395
Other losses		
depreciation expense	( 433)	( 436)
Total	<u>\$ 2,348</u>	<u>\$ 2,959</u>

(20) Other Revenue

	<b>2023</b>	<b>2022</b>
Subsidy Income	\$ 6,096	\$ 724
Sundry Revenue	<u>1,043</u>	<u>2,020</u>
Total	<u><u>\$ 7,139</u></u>	<u><u>\$ 2,744</u></u>

(21) Other Gains or Losses

	<b>2023</b>	<b>2022</b>
Net foreign exchange (loss) gain	(\$ 443)	\$ 7,955
Sundry expenditure	<u>( 128)</u>	<u>( 111)</u>
	<u><u>(\$ 571)</u></u>	<u><u>\$ 7,844</u></u>

(22) Additional Information on the Nature of Expenses

	<b>2023</b>		
	<b>Cost of Goods Sold</b>	<b>Belonging to Operating Expenses</b>	<b>Total</b>
Employee Benefits Expenses	\$ 103,607	\$ 283,023	\$ 386,630
Depreciation expense (Note)	13,100	43,458	56,558
Amortization expense	552	746	1,298

	<b>2022</b>		
	<b>Cost of Goods Sold</b>	<b>Belonging to Operating Expenses</b>	<b>Total</b>
Employee Benefits Expenses	\$ 95,528	\$ 306,053	\$ 401,581
Depreciation expense (Note)	10,432	40,822	51,254
Amortization expense	425	882	1,307

Note: The depreciation expense of the right-of-use assets for 2023 and 2022 amounted to \$5,987 and \$5,971, respectively. The depreciation expense for investment properties amounted to \$434 and \$436 respectively.

(23) Employee Benefits Expenses

	2023		
	Operating Costs	Operating Expenses	Total
Salaries and wages	\$ 83,011	\$ 234,502	\$ 317,513
Expenses for labor and health insurance	9,915	19,772	29,687
Pension expense payable	3,919	13,841	17,760
Other personnel expenses	<u>6,762</u>	<u>14,908</u>	<u>21,670</u>
	<u>\$ 103,607</u>	<u>\$ 283,023</u>	<u>\$ 386,630</u>

	2022		
	Operating Costs	Operating Expenses	Total
Salaries and wages	\$ 79,495	\$ 260,912	\$ 340,407
Expenses for labor and health insurance	7,764	19,053	26,817
Pension expense payable	3,331	13,199	16,530
Other personnel expenses	<u>4,938</u>	<u>12,889</u>	<u>17,827</u>
	<u>\$ 95,528</u>	<u>\$ 306,053</u>	<u>\$ 401,581</u>

1. According to the provisions of the Company's Articles of Incorporation, after deducting accumulated losses from the profit for the year, if there is a remaining balance, the Company shall appropriate 3% - 12% as employee compensation and no more than 3% as compensation for directors and supervisors.
2. The estimated amounts of employee remuneration of the Company in 2023 and 2022 were \$9,102 and \$25,505, respectively. The estimated amounts of directors and supervisors remuneration were \$1,138 and \$3,188, respectively, and the aforementioned amounts were charged to the remuneration expenses.

In 2023, employee compensation and directors' and supervisors' remuneration were estimated at 8% and 1%, respectively, based on the profit for the period. The amounts of employee compensation and directors' and supervisors' remuneration resolved by the Board of Directors were consistent with the amounts recognized in the 2023 financial statements.

The employee compensation and remuneration to directors and supervisors for 2022 resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.

Information on employee remuneration and director remuneration approved by the Board of Directors of the Corporation is available at the Market Observation Post System (MOPS).

(24) Income Tax

1. Income Tax Expense

(1) Components of income tax expenses:

	<b>2023</b>	<b>2022</b>
Current Income Tax:		
Income Tax Incurred in Current Period	\$ 28,800	\$ 62,480
Income tax on unappropriated earnings	2,718	949
Prior year's income tax overestimation	( 2,919)	( 1,335)
Total current income tax	<u>28,599</u>	<u>62,094</u>
Deferred Tax:		
Origination and reversal of temporary differences	( 7,566)	( 3,996)
Total deferred income tax	( 7,566)	( 3,996)
Income tax expense	<u>\$ 21,033</u>	<u>\$ 58,098</u>

(2) Income tax related to other comprehensive income:

	<b>2023</b>	<b>2022</b>
Defined benefit obligation	\$ 2,412	(\$ 1,564)
Remeasurements		
Changes in fair value of financial assets at fair value through other comprehensive income	394	318
Exchange differences on translation of foreign operations	( 478)	393

(3) Income tax directly debited or credited to equity: None.

2. The relationship between income tax expense(benefit) and accounting profit:

	<b>2023</b>	<b>2022</b>
Income Tax Calculated at Statutory Rate (Note)	\$ 20,658	\$ 57,863
Income tax impact of adjustments in accordance with tax regulations	24	17
Deductible temporary differences for which no deferred tax assets were recognized	-	-
Changes in the realization of deferred tax assets	552	604
Prior year's income tax overestimation	( 2,919)	( 1,335)
Income tax on unappropriated earnings	<u>2,718</u>	<u>949</u>
income tax expense	<u>\$ 21,033</u>	<u>\$ 58,098</u>

Note: The applicable tax rate is calculated based on the income tax rates applicable in the relevant countries.

3. The amount of each deferred tax asset or liability arising from the temporary difference is as follows:

2023				
	January 1	Recognized in Profit or Loss	Recognized in Other Consolidated Net Income	December 31
Deferred tax assets:				
- Temporary Differences:				
Inventory Impairment Loss	\$ 19,265	\$ 7,576	\$ -	\$ 26,841
Employee Benefits - Pension	9,762	( 404)	( 2,411)	6,947
Investment loss recognized under equity method	-	683	-	683
Foreign operation translation differences	1,957	-	478	2,435
Others	8,152	( 1,680)	-	6,472
Total	<u>\$ 39,136</u>	<u>\$ 6,175</u>	<u>(\$ 1,933)</u>	<u>\$ 43,378</u>
Deferred income tax liabilities:				
- Temporary Differences:				
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(\$ 820)	\$ -	(\$ 394)	(\$ 1,214)
Investment income recognized under equity method	( 1,391)	1,391	-	-
Total	<u>(\$ 2,211)</u>	<u>\$ 1,391</u>	<u>(\$ 394)</u>	<u>(\$ 1,214)</u>

2022				
	January 1	Recognized in Profit or Loss	Recognized in Other Consolidated Net Income	December 31
Deferred tax assets:				
- Temporary Differences:				
Inventory Impairment Loss	\$ 18,132	\$ 1,133	\$ -	\$ 19,265
Employee Benefits - Pension	8,176	22	1,564	9,762
Foreign operation translation differences	2,350	-	( 393)	1,957
Others	5,223	2,994	( 65)	8,152
Total	<u>\$ 33,881</u>	<u>\$ 4,149</u>	<u>\$ 1,106</u>	<u>\$ 39,136</u>
Deferred income tax liabilities:				
- Temporary Differences:				
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(\$ 567)	\$ -	(\$ 253)	(\$ 820)
Investment income recognized under equity method	( 1,238)	( 153)	-	( 1,391)
Total	<u>(\$ 1,805)</u>	<u>(\$ 153)</u>	<u>(\$ 253)</u>	<u>(\$ 2,211)</u>

4. The effective periods of the Group's unused tax losses and the relevant amounts of unrecognized deferred income tax assets are as follows:

Mainland, China

December 31, 2023				
Year	Reported/Approved Amount	Undeducted Amount	Unrecognized Deferred Tax Asset Amount	Final Deductible Year
2019	\$ 9,016	\$ 207	\$ 207	2024
2020	704	704	704	2025
2023	11,464	11,464	11,464	2028
	<u>\$ 21,184</u>	<u>\$ 12,375</u>	<u>\$ 12,375</u>	

December 31, 2022				
Year	Reported/Approved Amount	Undeducted Amount	Unrecognized Deferred Tax Asset Amount	Final Deductible Year
2019	\$ 9,016	\$ 207	\$ 207	2024
2020	704	704	704	2025
	<u>\$ 9,720</u>	<u>\$ 911</u>	<u>\$ 911</u>	

5. The Company's profit-seeking enterprise income tax has been approved by the tax authorities through 2021.

(25) Earnings per Share

Common Earnings per Share

	2023		
	After-Tax Amount	Weighted Average Number of Outstanding Shares (in thousands)	Earnings per Share (NTD)
<u>Basic Earnings per Share</u>			
Current Profit Attributable to Common Shareholders of the Parent	\$ 82,052	63,966	\$ 1.28
<u>Diluted deficit per share</u>			
Current Profit Attributable to Common Shareholders of the Parent	\$ 82,052	63,966	
Effect of potentially dilutive ordinary shares	-	206	
Current Net Loss Attributable to Common Shareholders of the Parent plus Effect of Potential Common Shares	\$ 82,052	64,172	\$ 1.28

	2022		
	After-Tax Amount	Weighted Average Number of Outstanding Shares (in thousands)	Earnings per Share (NTD)
<u>Basic Earnings per Share</u>			
Current Profit Attributable to Common Shareholders of the Parent	\$ 231,346	63,966	\$ 3.62
<u>Diluted deficit per share</u>			
Current Profit Attributable to Common Shareholders of the Parent	\$ 231,346	63,966	
Effect of potentially dilutive ordinary shares	-	440	
Current Net Loss Attributable to Common Shareholders of the Parent plus Effect of Potential Common Shares	\$ 231,346	64,406	\$ 3.59

Note: The weighted-average number of outstanding shares for 2023 and 2022 has been retrospectively adjusted based on the 10% stock dividend distribution rate for 2023.

(26) Supplemental Cash Flow Information

Investing activities with only partial cash payments:

	2023	2022
Property, Plant, and Equipment	\$ 31,372	\$ 122,916
Add: Beginning equipment payable	2,754	4,310
Less: Ending equipment payable	(2,360)	(2,754)
Cash Paid During the Period	\$ 31,766	\$ 124,472

(27) Changes in Liabilities from Financing Activities

2023				
	Short-Term Loans	Long-Term Loans	Lease Liabilities	Total Liabilities from Financing Activities
January 1	\$ 70,000	\$ 32,000	\$ 5,511	\$ 107,511
Changes in cash flows from financing activities	50,000	38,000	( 4,377)	83,623
The effects of changes in foreign exchange rates	-	-	( 109)	( 109)
Other non-cash changes	-	-	4,849	4,849
December 31	<u>\$ 120,000</u>	<u>\$ 70,000</u>	<u>\$ 5,874</u>	<u>\$ 195,874</u>

2022				
	Short-Term Loans	Long-Term Loans	Lease Liabilities	Total Liabilities from Financing Activities
January 1	\$ -	\$ 64,000	\$ 6,420	\$ 70,420
Changes in cash flows from financing activities	70,000	( 32,000)	( 4,352)	33,648
The effects of changes in foreign exchange rates	-	-	98	98
Other non-cash changes	-	-	3,345	3,345
December 31	<u>\$ 70,000</u>	<u>\$ 32,000</u>	<u>\$ 5,511</u>	<u>\$ 107,511</u>



## 7. Related-Party Transactions

### (1) Names and Relationships of Related Parties

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Yeh,Nai-Ti	The Company's Chairman
Chen,Ruei-Yu	The Company's President
Hsiao,Po-Ling	Second-degree relatives of the company's directors
Chen,Jui-Hsiang	The Company's Vice President
Chen,Ching-Hua	Immediate family member of the Company's Vice President
Chairman, Supervisors, President, and Vice Presidents, who are the key management personnel of the Company	Key management personnels of the Group

### (2) Significant Transactions with Related Parties

#### 1. Rent Expenses

	<u>2023</u>	<u>2022</u>
Rent Expenses:		
Chen,Ruei-Yu	\$ 1,398	\$ 1,406
Yeh,Nai-Ti	1,448	1,383
Chen,Jui-Hsiang	686	690
Close family members of key management personnels	<u>1,345</u>	<u>1,353</u>
	<u>\$ 4,877</u>	<u>\$ 4,832</u>

- (1) The aforementioned rent is the general rent paid for renting an office, and the rent is determined with reference to the general market price, payable on a monthly basis.
- (2) The Group leases dormitories in Korea from the Company's Chairman, Mr. Yeh Nai-Ti, with a refundable deposit of US\$350 thousand, recorded under other non-current assets.

#### 2. Capital Loans

Loans from related parties (recorded under other payables - related parties):

##### (1) Ending balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Yeh,Nai-Ti	<u>\$ -</u>	<u>\$ -</u>

(2) Interest expense:

	2023	2022
Yeh,Nai-Ti	\$ -	\$ 80

Interest was charged at an annual rate of 3% in 2023 and 2022.

(3) Key Management Personnel Compensation

	2023	2022
Short-Term Employee Benefits	\$ 23,528	\$ 24,090
Post-Employment Benefits	895	733
Total	\$ 24,423	\$ 24,823

**8. Assets Pledged as Security**

Details of the Company's assets pledged as collateral are as follows:

Name of Assets	December 31, 2023	December 31, 2022	Purpose of Collateral
Land	\$ 125,500	\$ 125,500	Long-term loans
Housing and Construction	161,095	181,633	Long-term loans

**9. Significant Commitments and Contingencies**

(1) Contingency

None.

(2) Commitment

1. As of December 31, 2023 and 2022, performance guarantees totaling \$11,600 and \$600 were provided to the Customs Administration, Ministry of Finance and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, respectively, which were guaranteed by banks.
2. As of December 31, 2023 and 2022, the Company had outstanding commitments of \$18,755 and \$35,412, respectively, for research and development projects, equipment acquisition, and construction of plant facilities.

**10. Losses Due to Major Disasters**

None.

**11. Significant Events After the Balance Sheet Date**

None.

## 12. Others

### (1) Capital Management

The Group's capital management objectives are to ensure the Group maintains an optimal capital structure to reduce the cost of capital and provide returns for shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors its capital using a net debt-to-equity ratio, which is calculated by dividing total liabilities by total equity.

The Group's strategy for 2023 remains the same as 2022, aiming to maintain a reasonable and safe level for its net debt-to-equity ratio. As of December 31, 2023 and 2022, the Company's net debt-to-equity ratios were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total Liabilities	\$ 403,958	\$ 410,980
Total Equity	1,273,656	1,269,519
Debt to Equity Ratio	32%	32%

### (2) Financial Instruments

#### 1. Types of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Current financial assets measured at fair value through other comprehensive income		
Equity instrument investments elected to be designated	<u>\$ 16,307</u>	<u>\$ 14,333</u>
Financial assets at amortized cost/loans and receivables		
Cash and cash equivalents	\$91,238	\$87,178
Notes receivable	5,287	7,269
Accounts receivable	91,101	86,534
Other receivables	39	403
Refundable deposits	<u>11,900</u>	<u>12,205</u>
	<u>\$ 199,565</u>	<u>\$ 193,589</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	\$ 120,000	\$ 70,000
Accounts payable	37,899	75,850
Other payables (related parties)	88,164	123,258
Long-term borrowings (including portions maturing within one year or one operating cycle)	70,000	32,000
Deposit margin	<u>641</u>	<u>653</u>
	<u>\$ 316,704</u>	<u>\$ 301,761</u>
Lease liabilities (including portions maturing within one year or one operating cycle)	<u>\$ 5,874</u>	<u>\$ 5,511</u>

## 2. Risk Management Policies

- (1) The Group's daily operations are affected by a variety of financial risks, including market risk (comprising foreign exchange, interest rate and price risks), credit risk and liquidity risk.
- (2) Risk management is carried out by the Finance Department of the Corporation in accordance with the policies approved by the Board of Directors. The Group's Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with the Group's operating units. The Board of Directors has established written principles for overall risk management and written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, and the investment of surplus working capital.

## 3. The Nature and Extent of Significant Financial Risks

### (1) Market Risk

#### Exchange Rate Risk

- A. The Group operates across borders and is exposed to foreign exchange risk arising from transactions in currencies other than the functional currency of the Company and its subsidiaries, primarily with respect to the USD and RMB. The foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has set policies requiring companies within the Group to manage their foreign exchange risk against their functional currencies. The companies shall hedge their overall foreign exchange risk exposure through the Group's finance department.
- C. The Group engages in businesses involving certain non-functional currencies (the functional currencies of the Company and certain subsidiaries are NTD, while the functional currencies of certain other subsidiaries are RMB), and therefore is affected by fluctuations in exchange rates. Information on foreign currency assets and liabilities with significant effects from exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$ 1,332	30.71	\$ 40,906

December 31, 2022			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$ 1,939	30.71	\$ 59,548

D. An explanation of the significant unrealized foreign exchange gains or losses arising from exchange rate fluctuations on the monetary items of the Group is as follows:

December 31, 2023			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$ -	30.71	(\$ 878)

December 31, 2022			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$ -	30.71	(\$ 511)

- E. The analysis of the Group's foreign currency market risk arising from significant fluctuations in foreign exchange rates is as follows:

2023				
Sensitivity Analysis				
	Movement	Impact on Profit or Loss		Impact on Other Comprehensive Income
(Foreign currency: Functional currency)				
Financial Assets				
Monetary Items				
USD: NTD	1%	\$	409	\$ -

2022				
Sensitivity Analysis				
	Movement	Impact on Profit or Loss	Impact on Other Comprehensive Income	
(Foreign currency: Functional currency)				
Financial Assets				
Monetary Items				
USD: NTD	1%	\$	595	\$ -

The equity instruments exposed to price risk by the Group are those financial assets at fair value through other comprehensive income.

#### Cash Flow and Fair Value Interest Rate Risk

- A. The Group's interest rate risk mainly arises from long-term and short-term borrowings with floating interest rates, exposing the Group to cash flow interest rate risk. In 2023 and 2022, the Group's borrowings issued at floating rates were primarily denominated in NTD.
- B. The Group's borrowings are measured at amortized cost, and the interest rates are repriced annually according to the contract terms, exposing the Group to the risk of future market interest rate fluctuations.
- C. When the New Taiwan dollar borrowing rates increase or decrease by 1%, while all other factors remain unchanged, the net profit after tax for 2023 and 2022 will decrease or increase by \$1,520 and \$816, respectively, mainly due to the change in interest expenses caused by floating-rate borrowings.

## (2) Credit Risk

- A. The Group's credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to perform its contractual obligations. This arises principally from the inability of the counterparty to settle its accounts receivable, notes receivable, and contractual cash flows from financial assets measured at amortized cost in accordance with the agreed payment terms.
- B. The Group has established credit risk policies to manage credit risk for the Group. For banks and financial institutions, only those with credible ratings are accepted as counterparties. According to the Group's internal credit policies, each operating entity in the Group must conduct a credit review for each new customer before defining the payment and delivery terms and conditions. Internal risk control is to assess the credit quality of customers by considering their financial position, past experience and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings, and the usage of credit lines is regularly monitored.
- C. The Group adopts the IFRS 9 presumption that if the contractual payments are more than 30 days past due, it is considered that the credit risk on the financial asset has increased significantly since initial recognition.
- D. After the Group's recovery procedures, the amounts that cannot be reasonably expected to be recovered are written off. However, the Group will continue to engage in enforcement activity to preserve its claim rights. The Group's written-off receivables that are still subject to enforcement activities amounted to \$0 and \$0 as of December 31, 2023 and 2022, respectively.
- E. The indicators used by the Group to determine whether a debt instrument investment is credit-impaired are as follows:
  - a. The issuer has significant financial difficulties or is increasingly likely to enter bankruptcy or other financial reorganization.
  - b. The disappearance of an active market for the financial asset due to the issuer's financial difficulties.
  - c. The issuer defaults on interest or principal payments.
  - d. Adverse changes in national or regional economic conditions relating to causes of default by the issuer.

- F. The Group categorizes customer receivables by characteristics of credit risk and uses the simplified approach to estimate expected credit losses, based on provision matrix.
- G. The Group takes into account the forward-looking information, using the loss rate methodology to estimate expected credit losses based on historical loss experience and current conditions. The provision matrix as of December 31, 2023 and 2022 is as follows:

	<u>Not Past due</u>	<u>1-30 Days</u>	<u>31-90 Days</u>	<u>90-180 Days</u>	<u>More Than 181 Days</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	0.0007%-0.450 8%	0.0229% -2.2007%	0.0001% -12.5%	0%	0%	
Total book value	\$ 93,627	\$ 2,242	\$ 557	\$ -	\$ -	\$ 96,426
Provision for losse	38	-	-	-	-	38
<u>December 31, 2022</u>						
Expected loss rate	0.0431% -1.1254%	0.0000% -3.0519%	4.1693% -13.8074%	0%	0%-100%	
Total book value	\$ 84,791	\$ 6,394	\$ 2,714	\$ -	\$ -	\$ 93,899
Provision for losse	78	14	4	-	-	96

- H. The movement of the Group's allowance for doubtful accounts using the simplified approach is as follows:

	<u>2023</u>	
	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
January 1	\$ 54	\$ 42
Impairment loss (reversal)	( 53)	( 5)
Effect of exchange rate changes	-	-
December 31	<u>\$ 1</u>	<u>\$ 37</u>
	<u>2022</u>	
	<u>Accounts Receivable</u>	<u>Notes Receivable</u>
January 1	\$ 81	\$ 34
Impairment loss (reversal)	( 28)	( 8)
Effect of exchange rate changes	1	-
December 31	<u>\$ 54</u>	<u>\$ 42</u>

### (3) Liquidity Risk

- A. Cash flow forecasts are prepared by the operating entities of the Group and consolidated by the Group's finance department. The Group's finance department monitors forecasts of the Group's liquidity requirements to ensure it has sufficient funds to meet operational needs



and maintain adequate undrawn borrowing facilities at all times, so that the Group does not breach relevant borrowing limits or terms. Such forecasts take into account the Group's debt financing plans, compliance with debt terms, compliance with internal balance sheet financial ratio targets, and external regulatory requirements, such as foreign exchange control.

- B. Any excess cash held by the operating entities, beyond working capital management needs, will be remitted to the Group's Finance Department. The Group's Finance Department will invest the remaining funds in interest-bearing demand deposits and time deposits, and the instruments selected have an appropriate maturity date or sufficient liquidity to provide sufficient dispatch levels.
- C. The following table details the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-Derivative Financial Liabilities:

December 31, 2023	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More Than 5 years</u>
Short-term borrowings	\$ 120,000	\$ -	\$ -	\$ -
Accounts payable	37,899	-	-	-
Other payables	88,164	-	-	-
Lease liabilities (including current portion)	3,811	2,063	-	-
Long-term loans (due within 1 year)	70,000	-	-	-

Non-Derivative Financial Liabilities:

December 31, 2022	<u>Less than 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More Than 5 years</u>
Short-term borrowings	\$ 70,000	\$ -	\$ -	\$ -
Accounts payable	75,850	-	-	-
Other payables	123,258	-	-	-
Lease liabilities (including current portion)	3,391	2,120	-	-
Long-term loans (due within 1 year)	32,394	-	-	-

### (3) Fair Value Information

- The definitions of the different levels of valuation techniques adopted for measuring fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market refers to a market where sufficient frequency and volume of

transactions in assets or liabilities occur, providing pricing information on an ongoing basis.

Level 2: Observable inputs for the asset or liability other than quoted prices included within Level 1, either directly or indirectly.

Level 3: An unobservable input for an asset or liability. The equity instruments in which the Group invests have no active market.

2. Please refer to Note 6.(8) for information on fair value of investment properties measured at cost.
3. Financial Instruments not Measured at Fair Value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, other payables, and long-term borrowings approximate their fair values.

4. For financial instruments measured at fair value, the Group classifies based on the nature, characteristics and risks of the assets and liabilities and the fair value hierarchy levels, with relevant information as follows:

- (1) The Group classifies assets and liabilities according to their nature, with the relevant information as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring Fair Value</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 16,307	\$ 16,307

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring Fair Value</u>				
Financial assets measured at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 14,333	\$ 14,333

- (2) The methods and assumptions used by the Group to measure fair value are as follows:

- A. The Group assesses the overall value of the valuation subject, covering individual assets and individual liabilities, reflecting the overall value of the enterprise or business, and estimates the consideration required to

reconstitute or acquire the valuation subject under the going concern premise.

- B. The outputs of the valuation models are estimated approximate values, while the valuation techniques may not reflect all relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated values of the valuation models will be appropriately adjusted based on additional parameters, such as model risk or liquidity risk.

5. In 2023 and 2022, there was no transfer between Level 1 and Level 2.
6. There was no transfer in or out from Level 3 in 2023 and 2022.
7. The Group's valuation process for fair value classification in Level 3 is managed by the management department, which is responsible for performing independent fair value verification of financial instruments. This is done through utilizing independent source data to ensure that the valuation results are close to market conditions, confirming that the data sources are independent, reliable, and consistent with other resources, as well as making any other necessary fair value adjustments to ensure that the valuation results are reasonable.
8. The quantitative information about significant unobservable inputs used in the valuation models for items measured at fair value categorized within Level 3 of the fair value hierarchy, and the sensitivity analysis of changes in significant unobservable inputs are as follows:

December 31, 2023					
	Fair Value	Valuation Technique	Significant Unobservable Input	Interval (Weighted Average)	Relations Between Input and Fair Value
Non-derivative equity instruments:					
Unlisted and untraded company stocks	\$ <u>16,307</u>	Net asset value method	N/A.	N/A.	The higher the net asset value, the higher the fair value

December 31, 2022					
	Fair Value	Valuation Technique	Significant Unobservable Input	Interval (Weighted Average)	Relations Between Input and Fair Value
Non-derivative equity instruments:					
Unlisted and untraded company stocks	\$ <u>14,333</u>	Net asset value method	N/A.	N/A.	The higher the net asset value, the higher the fair value

9. The Group selects the evaluation model and evaluation parameters after careful evaluation, however the use of different evaluation models or evaluation parameters may lead to different evaluation results.

### 13. Other Disclosures

#### (1) Information on Significant Transactions

1. Capital loan to others: No such situation.
2. Endorsement guarantees for others: No such situation.
3. As of the end of the period, the status of securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 1 for details.
4. The amount of real estate acquired reached NT\$300 million or 20% of the paid-in capital: No such situation. No such situation.
5. The amount of disposing of real estate reaches NT\$300 million or 20% of paid-in capital: No such situation.
6. The amount of disposing of real estate reaches NT\$300 million or 20% of paid-in capital: No such situation.
7. Amounts of inward or outward merchandise transactions with related parties reaching NT\$100 million or 20% of paid-in capital: No such situation.
8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital: No such situation.
9. Derivative transactions: No such situation.
10. Business Relationships and Significant Intercompany Transactions Between the Parent Company and its Subsidiaries and Among Subsidiaries and Their Respective Amounts: Please refer to Table 2 for details.

#### (2) information on Investees

Names, Locations and Relevant Information of Investee Companies (Excluding Investee Companies in Mainland China): Please refer to Table 3 for further details.

#### (3) information on Investment in Mainland China

1. General Information: Please refer to Table 4 for details.
2. Direct or indirect material transactions between the Company and the Mainland Chinese investees through third areas: Please refer to Table 2 for details.

#### (4) Major Shareholders

If the issuer's shares have been traded on the securities trading location, the names, shareholdings, and percentages of shareholders holding 5% or more of the issuer's equity shall be disclosed: Please refer to Table 5 for details.

## 14. Segment Information

### (1) General Information

The Group's management has determined the operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Group operates its business and formulates its management objectives by legal entities; the Group currently focuses on the individual reports of the Company, the subsidiary - Shanghai Jinghongge, and the subsidiary - Honggeton as a basis for supervising performance. The reportable segments of the Group are based on the main revenue sources from the manufacture and sale of industrial computer controllers and related products.

### (2) Measurement of Segment Information

The Group's chief operating decision maker assesses the performance of the operating segments based on profit before tax. The measurement basis excludes the impact of non-recurring income and expenses from the operating departments. The accounting policies for the operating segments are the same as those described in Note 4 of the consolidated financial statements.

### (3) Segment Information

The reportable segment information provided to the Chief Operating Decision Maker is as follows:

2023	Second-Tier Subsidiary— Company		Second-Tier Subsidiary— Company		Adjustments (Note)	Total
	The Company	Shanghai Golden ICP DAS	ICP DAS (Wuhan)	Others		
Revenue from external customers	\$ 885,631	\$ 124,144	\$ 3,356	\$ 5,481	\$ -	\$ 1,018,612
Revenue from internal customers	55,019	-	20,353	-	( 75,372)	-
Segment revenue	<u>\$ 940,650</u>	<u>\$ 124,144</u>	<u>\$ 23,709</u>	<u>\$ 5,481</u>	<u>(\$ 75,372)</u>	<u>\$ 1,018,612</u>
Segment profit or loss	<u>\$ 507,206</u>	<u>\$ 40,737</u>	<u>\$ 2,631</u>	<u>(\$ 25,394)</u>	<u>\$ 7,709</u>	<u>\$ 532,889</u>
Segment profit or loss	<u>\$ 195,779</u>	<u>(\$ 7,816)</u>	<u>(\$ 3,830)</u>	<u>(\$ 92,744)</u>	<u>\$ 11,696</u>	<u>\$ 103,085</u>
Depreciation and amortization expenses	<u>(\$ 13,138)</u>	<u>(\$ 4,581)</u>	<u>(\$ 2,997)</u>	<u>(\$ 37,140)</u>	<u>\$ -</u>	<u>(\$ 57,856)</u>
Income tax expense	<u>(\$ 20,982)</u>	<u>(\$ 51)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 21,033)</u>
Segment assets	<u>\$ 1,664,710</u>	<u>\$ 78,676</u>	<u>\$ 68,737</u>	<u>\$ -</u>	<u>(\$ 134,509)</u>	<u>\$ 1,677,614</u>

2022	Second-Tier Subsidiary— Company		Second-Tier Subsidiary— Company		Adjustments (Note)	Total
	The Company	Shanghai Golden ICP DAS	ICP DAS (Wuhan)	Others		
Revenue from external customers	\$ 1,063,188	\$ 143,129	\$ 12,822	\$ 4,006	\$ -	\$ 1,223,145
Revenue from internal customers	92,983	-	24,441	-	(\$ 117,424)	-
Segment revenue	<u>\$ 1,156,171</u>	<u>\$ 143,129</u>	<u>\$ 37,263</u>	<u>\$ 4,006</u>	<u>(\$ 117,424)</u>	<u>\$ 1,223,145</u>
Segment profit or loss	<u>\$ 678,608</u>	<u>\$ 51,705</u>	<u>\$ 10,167</u>	<u>\$ 320</u>	<u>(\$ 20,262)</u>	<u>\$ 720,538</u>
Segment profit or loss	<u>\$ 352,372</u>	<u>\$ 770</u>	<u>\$ 2,909</u>	<u>(\$ 62,895)</u>	<u>(\$ 3,712)</u>	<u>\$ 289,444</u>
Depreciation and amortization expenses	<u>(\$ 14,783)</u>	<u>(\$ 4,600)</u>	<u>(\$ 3,086)</u>	<u>(\$ 30,092)</u>	<u>\$ -</u>	<u>(\$ 52,561)</u>
Income tax expense	<u>(\$ 58,129)</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 58,098)</u>
Segment assets	<u>\$ 1,666,157</u>	<u>\$ 84,709</u>	<u>\$ 80,590</u>	<u>\$ -</u>	<u>(\$ 150,957)</u>	<u>\$ 1,680,499</u>

Note: The segment information reported to the Chief Operating Decision-Maker does not include eliminations of inter-segment transactions, profit or loss, and segment assets.

(4) Reconciliation Information for Segment Profit (Loss), Assets and Liabilities

Sales between departments are conducted on an arm's length basis. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with the consolidated statements of comprehensive income. Amounts for the reportable segments reported to the Chief Operating Decision-Maker are consistent with the amounts in the consolidated financial statements, and there is no need for reconciliation.

(5) Product Information

The Group's revenue from external customers is primarily derived from the sale of industrial computer controllers and related products, with details as follows:

	<u>2023</u>	<u>2022</u>
Remote Controllers and Industrial Computer Interface Cards	\$ 921,240	\$ 1,099,009
Others	<u>97,372</u>	<u>124,136</u>
	<u>\$ 1,018,612</u>	<u>\$ 1,223,145</u>

(6) Geographic Information

The Group's geographic information for 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Taiwan				
	\$ 374,869	\$ 731,290	\$ 533,736	\$ 735,807
Mainland, China				
	218,227	47,413	228,947	50,893
United States				
	82,178	-	83,972	-
Germany				
	57,360	-	64,440	-
United Arab Emirates	-	-	26,117	-
Others				
	<u>285,978</u>	<u>-</u>	<u>285,933</u>	<u>-</u>
	<u>\$ 1,018,612</u>	<u>\$ 778,703</u>	<u>\$ 1,223,145</u>	<u>\$ 786,700</u>

Note: Revenue is attributed to countries based on the customers' location.

(7) Major Customer Information

Details of the Group's customers which individually accounted for over 10% of the Group's revenues from sales for 2023 and 2022 as shown in the consolidated statement of profit or loss are as follows:

Customer	2023	
	Revenue	Segment
181400015	\$ 149,668	Entity
111000008E	121,091	Entity

Customer	2022	
	Revenue	Segment
142800002A	\$ 157,736	Entity
181400015	134,324	Entity



## **V. The Most Recent CPA Audited and Certified Individual Financial Statements**

### **INDEPENDENT AUDITORS' REPORT**

(113) Financial Audit Report No. 23004180.

ICP DAS Co., Ltd.

#### **Audit Opinion**

The individual balance sheets of ICP DAS Co., Ltd. as of December 31, 2023 and 2022, as well as the individual statements of comprehensive income, individual statements of changes in equity, individual statements of cash flows for the years then ended January 1 to December 31, 2023 and 2022, and notes to the individual financial statements, including a summary of significant accounting policies, have been audited by us.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the individual financial position of ICP DAS Co., Ltd. as of December 31, 2023 and 2022, and its individual financial performance and its individual cash flows for the year then ended January 1 to December 31, 2023 and 2022, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinions**

“The accountants conducted the audit in accordance with the Regulations Governing the Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. The accountants’ responsibilities under those standards will be further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section. The personnel of the firm to which the accountants belong have remained independent of ICP DAS Co., Ltd. in accordance with the Code of Ethics for Professional Accountants in the Republic of China and have fulfilled other ethical responsibilities in accordance with the Code. The Certified Public Accountant believes that sufficient and appropriate audit evidence has been obtained to provide a basis for the audit opinion.

## **Key Audit Matter**

Key audit matters refer to those matters that, in our professional judgment, were of most significance in the audit of the 2023 individual financial statements of ICP DAS Co., Ltd. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the 2023 individual financial statements of Transcend Information, Inc. are as follows:

### **Inventory Allowance for Loss on Decline in Market Value**

#### Event Description

The accounting policies, significant accounting estimates and assumptions for inventory valuation, and the explanation of the accounting item for inventory loss allowance, please refer to Notes 4.(9), 5(2), and 6(3) of the individual financial statements. As of December 31, 2023, the balances of inventories and allowance for inventory valuation losses of ICP DAS Co., Ltd. were NT\$763,223 thousand and NT\$134,210 thousand, respectively.

ICP DAS Co., Ltd. is primarily engaged in the production and sales of industrial computer hardware, software, and peripherals. Since the market demand for industrial control, real-time monitoring, and automation products is diverse, ICP DAS Co., Ltd. needs to stock various types of products to meet the demand, resulting in a higher risk of inventory obsolescence. Moreover, as the assessment process often involves subjective judgments, it may lead to a high degree of uncertainty in accounting estimates. Therefore, the provision for inventory valuation of ICP DAS Co., Ltd. has been identified as one of the most critical audit matters for the current year.

#### Corresponding Audit Procedures

The auditor has performed the following audit procedures for inventories exceeding a certain aging period and individually obsolete inventories:

7. Based on our understanding of ICP DAS Co., Ltd., we assessed the reasonableness of the policies and procedures adopted for the valuation of inventory allowances, including determining the extent of inventory obsolescence using historical information, and evaluating the reasonableness of the inventory allowance policies.

8. Review its annual inventory plan and observe the annual inventory count and management status to assess the effectiveness of management's segregation and control of obsolete inventory.
9. Verify the accuracy of the inventory aging report and the information on inventory turnover, to ensure that the report information is consistent with the relevant policies.
10. Inspect and verify the accuracy of the calculation of inventory impairment losses and assess the appropriateness of the allowance for impairment losses.

### **Management's and Those Charged with Governance Responsibilities for the Individual Financial Statements**

The responsibilities of management are to prepare individual financial statements that present fairly in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management is responsible for assessing ICP DAS Co., Ltd.'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 the management either intends to liquidate ICP DAS Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

The governance entities (including the Audit Committee) of ICP DAS Co., Ltd. are responsible for overseeing the financial reporting process.

### **The Responsibilities of Auditors for the Audit of Financial Statements**

The purpose of our audit of the individual financial statements is to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, however is not a guarantee that an audit conducted in accordance with the Republic of China Auditing Standards will always be able to detect material misstatements. Misstatements can arise from fraud or error. Materiality is considered to exist if an individual amount or aggregate of misstatements can reasonably be expected to influence the economic decisions made by users of the financial statements.

In accordance with the auditing standards generally accepted in the Republic of China, the CPA exercises professional judgment and maintains professional skepticism throughout the audit. The CPA also performs the following tasks:

11. Identify and evaluate the risk of material misstatements due to fraud or error in the Parent Company Only Financial Statements; design and perform appropriate responses to the assessed risks; and obtain sufficient and appropriate audit evidence as 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.
12. 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 ICP DAS Co., Ltd.'s internal control.
13. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
14. 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 ICP DAS Co., Ltd.'s ability to continue as a going concern. If the CPA concludes that a material uncertainty exists, it is required to draw attention in the auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause ICP DAS Co., Ltd. to cease to continue as a going concern.
15. Evaluate the overall presentation, structure and content of the individual financial statements (including related notes), and whether the individual financial statements appropriately present the underlying transactions and events.
16. To obtain sufficient and appropriate audit evidence about the financial information of the entities or business activities within ICP DAS Co., Ltd. to express an opinion on the entity's financial statements. The CPA is responsible for the direction, supervision and performance of the entity audit, and remain solely responsible for the audit opinion on the entity's financial statements.

The CPA communicates 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 provided to the governing body a statement that the personnel of the firm to which they belong have complied with the ethical requirements regarding independence outlined in the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and communicated with the governing body all relationships and other matters that may reasonably be thought to bear on their independence (including related safeguards).

From the matters communicated with those charged with governance, we determine the key audit matters in the audit of the individual financial statements of ICP DAS Co., Ltd. for the year 2023. The CPA communicates these matters in our auditor's 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 audits resulting in this independent auditors' report are Wu, Wei-Hao and Cheng, Ya-Hui.

PwC Taiwan  
Taipei, Taiwan  
Republic of China  
March 4, 2024

Notice to Reader

*For the convenience of readers, this report has been translated into English from the original Chinese version. The English version has not been audited or reviewed by independent auditors. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

## ICP DAS CO., LTD.

## PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and December 31, 2022

Unit: NTD Thousand

Assets		Note	December 31, 2023		December 31, 2022		Liabilities and Equity		Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%				Amount	%	Amount	%
<b>Current Assets</b>							<b>Current Liabilities</b>						
1100	Cash and cash equivalents	6(1)	\$ 27,726	2	\$ 33,483	2	2100	Short-term loans	6(9)	\$ 120,000	7	\$ 70,000	4
1150	Net notes receivable	6(2)	3,708	-	4,191	-	2130	Contract liability- Current	6(17)	6,686	-	7,749	1
1170	Net accounts receivable	6(2)	84,152	5	77,707	5	2170	Accounts payable		37,217	2	74,265	4
1180	Net accounts receivable - related parties	6(2) and 7	7,381	1	9,516	-	2200	Other payables	6(10)	83,007	5	116,933	7
130X	Inventories	6(3)	629,013	38	621,573	37	2230	Current tax liabilities	6(22)	31,435	2	44,491	3
1410	Prepayments		7,120	-	9,984	1	2320	Current portion of long-term liabilities	6(11)	-	-	32,000	2
11XX	<b>Total Current Assets</b>		<u>759,100</u>	<u>46</u>	<u>756,454</u>	<u>45</u>	2399	Other current liabilities – Others		<u>9,387</u>	<u>1</u>	<u>2,806</u>	<u>-</u>
<b>Non-Current Assets</b>							21XX	<b>Total Non-Current Liabilities</b>		<u>287,732</u>	<u>17</u>	<u>348,244</u>	<u>21</u>
1517	Non-current financial assets measured at fair value through other comprehensive income	6(4)	16,307	1	14,333	1	<b>Non-Current Liabilities</b>						
1550	Investments accounted for using equity method	6(5)	103,331	6	108,829	7	2540	Long-term loans	6(11)	70,000	4	-	-
1600	Property, plant, and equipmen	6(6) and 8	724,408	43	724,853	44	2570	Deferred income tax liabilities	6(22)	1,214	-	2,211	-
1780	Intangible assets		3,403	-	3,885	-	2640	Net defined benefit liability- Non-current	6(12)	<u>32,108</u>	<u>2</u>	<u>46,182</u>	<u>3</u>
1840	Deferred income tax assets	6(22)	43,378	3	39,136	2	25XX	<b>Total Non-Current Liabilities</b>		<u>103,322</u>	<u>6</u>	<u>48,393</u>	<u>3</u>
1900	Other non-current assets	6(8) and 7	14,783	1	18,666	1	2XXX	<b>Total Liabilities</b>		<u>391,054</u>	<u>23</u>	<u>396,637</u>	<u>24</u>
15XX	<b>Total Non-Current Assets</b>		<u>905,610</u>	<u>54</u>	<u>909,702</u>	<u>55</u>	<b>Equity</b>						
1XXX	<b>Total Assets</b>		<u>\$ 1,664,710</u>	<u>100</u>	<u>\$ 1,666,156</u>	<u>100</u>		Capital stock	6(13)				
							3110	Capital stock - Common shares		639,657	39	581,506	35
								Capital surplus	6(14)				
							3200	Capital surplus		68,630	4	68,630	4
								Retained earnings	6(15)				
							3310	Legal reserve		189,271	11	166,762	10
							3320	Special reserve		4,549	-	7,396	-
							3350	undistributed earnings		376,431	23	449,774	27
								Other equity interest	6(16)				
							3400	Other equity interest		( 4,882)	-	( 4,549)	-
							3XXX	<b>Total Equity</b>		<u>1,273,656</u>	<u>77</u>	<u>1,269,519</u>	<u>76</u>
								Significant commitments and contingencies	9(2)				
							3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 1,664,710</u>	<u>100</u>	<u>\$ 1,666,156</u>	<u>100</u>

The notes to the individual financial statements are an integral part of these individual financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu

## INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

December 31, 2023, and 2022

Unit: NTD Thousand ( Except earnings per share in NTD)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating Revenue	6(17) and 7	\$ 946,131	100	\$ 1,160,177	100
5000 Operating Costs	6(3)(20)(21)	( 464,319)	( 49)	( 481,249)	( 42)
5900 Operating Gross Profit		481,812	51	678,928	58
5910 Unrealized Profit on Sales		( 19,618)	( 2)	( 26,879)	( 2)
5920 Realized Profit on Sales		26,879	3	12,438	1
5950 Net Operating Gross Profit		489,073	52	664,487	57
Operating Expenses	6(20)(21) and 7				
6100 Selling and marketing expense		( 87,490)	( 9)	( 83,049)	( 7)
6200 General and administrative expenses		( 87,206)	( 9)	( 86,351)	( 7)
6300 Research and development expense		( 203,404)	( 22)	( 216,194)	( 19)
6450 Expected credit impairment gains (losses)		58	-	( 58)	-
6000 Total operating expenses		( 378,042)	( 40)	( 385,652)	( 33)
6900 Operating Profit		111,031	12	278,835	24
Operating Income and Expenses					
7100 Interest revenue		417	-	204	-
7010 Other revenue	6(18) and 7	5,884	1	1,853	-
7020 Other gains or losses	6(19)	( 182)	-	9,777	1
7050 Financial costs		( 3,748)	( 1)	( 1,958)	-
7070 Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(5)	( 10,368)	( 1)	765	-
7000 Total non-operating income and expenses		( 7,997)	( 1)	10,641	1
7900 Profit Before Tax		103,034	11	289,476	25
7950 Income tax expense	6(22)	( 20,982)	( 2)	( 58,130)	( 5)
8200 Net Profit for the Period		\$ 82,052	9	\$ 231,346	20
Other Comprehensive Income (Net)					
Items that May not Be Reclassified to Profit or Loss					
8311 Remeasurements of defined benefit plan	6(12)	\$ 9,644	1	( \$ 6,255)	-
8316 Unrealized gains (losses) from investment in equity instrument measured at fair value through other comprehensive income	6(16)	1,579	-	1,273	-
8310 Total of items that may not be reclassified to profit or loss		11,223	1	( 4,982)	-
Items That May Be Subsequently Reclassified to Profit or Loss					
8380 Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	6(16)	( 1,912)	-	1,574	-
8360 Total items that may be subsequently reclassified to profit or loss		( 1,912)	-	1,574	-
8300 Other Comprehensive Income (Net)		\$ 9,311	1	( \$ 3,408)	-
8500 Total Comprehensive Income		\$ 91,363	10	\$ 227,938	20
Basic Earnings per Share	6(23)				
9750 Total basic Earnings per Share		\$ 1.28		\$ 3.62	
Diluted Deficit per Share	6(23)				
9850 Total Diluted Deficit per Share		\$ 1.28		\$ 3.59	

The notes to the individual financial statements are an integral part of these individual financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu

ICP DAS CO., LTD.

**PARENT COMPANY CHANGES IN EQUITY**

December 31, 2023 and December 31, 2022

Unit: NTD Thousand

	Note	Capital Stock - Common Shares	Capital Surplus - Share Premium	Retained Earnings		Undistributed Earnings	Other Equity Interest		Total Equity
				Legal Reserve	Special Reserve		Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) From Financial Assets Measured at Fair Value Through Other Comprehensive Income	
<u>2022</u>									
Balance as of January 1, 2022		\$ 528,642	\$ 68,630	\$ 149,934	\$ 7,084	\$ 373,983	( \$ 9,401 )	\$ 2,005	\$ 1,120,877
Net income in 2022		-	-	-	-	231,346	-	-	231,346
Other comprehensive income in 2022	6(16)	-	-	-	-	( 6,255 )	1,574	1,273	( 3,408 )
Total comprehensive income in 2022		-	-	-	-	225,091	1,574	1,273	227,938
Appropriation and distribution of earnings	6(15)								
Legal reserve		-	-	16,828	-	( 16,828 )	-	-	-
Special reserve		-	-	-	312	( 312 )	-	-	-
Cash dividends		-	-	-	-	( 79,296 )	-	-	( 79,296 )
Stock dividends		52,864	-	-	-	( 52,864 )	-	-	-
Balance as of December 31, 2022		<u>\$ 581,506</u>	<u>\$ 68,630</u>	<u>\$ 166,762</u>	<u>\$ 7,396</u>	<u>\$ 449,774</u>	<u>( \$ 7,827 )</u>	<u>\$ 3,278</u>	<u>\$ 1,269,519</u>
<u>2023</u>									
Balance as of January 1, 2023		\$ 581,506	\$ 68,630	\$ 166,762	\$ 7,396	\$ 449,774	( \$ 7,827 )	\$ 3,278	\$ 1,269,519
Net income in 2023		-	-	-	-	82,052	-	-	82,052
Other comprehensive income in 2023	6(16)	-	-	-	-	9,644	( 1,912 )	1,579	9,311
Total comprehensive income in 2023		-	-	-	-	91,696	( 1,912 )	1,579	91,363
Appropriation and distribution of earnings	6(15)								
Legal reserve		-	-	22,509	-	( 22,509 )	-	-	-
Special reserve		-	-	-	( 2,847 )	2,847	-	-	-
Cash dividends		-	-	-	-	( 87,226 )	-	-	( 87,226 )
Stock dividends		58,151	-	-	-	( 58,151 )	-	-	-
Balance as of December 31, 2023		<u>\$ 639,657</u>	<u>\$ 68,630</u>	<u>\$ 189,271</u>	<u>\$ 4,549</u>	<u>\$ 376,431</u>	<u>( \$ 9,739 )</u>	<u>\$ 4,857</u>	<u>\$ 1,273,656</u>

The notes to the individual financial statements are an integral part of these individual financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu



**INDIVIDUAL STATEMENT OF CASH FLOWS**

December 31, 2023 and December 31, 2022

Unit: NTD Thousand

	<b>Note</b>	<b>2023</b>	<b>2022</b>
<u>Cash Flows from Operating Activities</u>			
Net profit before tax of the period		\$ 103,034	\$ 289,476
Adjustment item			
Revenue and expense items			
Expected credit losses	6(2)	( 58 )	58
Depreciation expenses (right-of-use asset)	6(20)	48,981	43,567
Various amortization	6(20)	1,298	1,307
Share of profit or loss of subsidiaries accounted for using the equity method		10,368	( 765 )
Unrealized gross profit on sales		( 7,261 )	14,441
Interest revenue		( 417 )	( 204 )
Interest expense		3,748	1,958
Cost transferred from property, plant and equipment		-	1,945
Changes in operating assets/liabilities			
Net changes in liabilities relating to operating activities			
Notes Receivable		488	( 831 )
Accounts receivable		( 6,392 )	14,498
Accounts receivable due from related parties		2,135	5,543
Other receivables		-	758
Inventories		( 7,440 )	( 187,854 )
Prepayments		2,865	11,287
Net changes in assets relating to operating activities			
Contract liability - Current		( 1,063 )	( 1,328 )
Accounts payable		( 37,048 )	( 13,906 )
Other payables		( 33,532 )	9,453
Other current liabilities		6,581	372
Net defined benefit liability - non-current		( 2,019 )	( 2,653 )
Cash flows from operating activities		84,268	187,122
Interest income		417	204
Interest payable		( 3,748 )	( 1,958 )
Income tax paid		( 41,605 )	( 49,313 )
Net cash inflow from operating activities		39,332	136,055
<u>Cash Flows from Operating Activities</u>			
Property, plant, and equipment	6(24)	( \$ 31,624 )	( \$ 124,166 )
Acquire intangible assets		( 816 )	( 428 )
Decrease (increase) in refundable deposits		294	( 1,184 )
Increase other non-current assets		( 13,717 )	( 10,060 )
Net Cash outflow from operating activities		( 45,863 )	( 135,838 )
<u>Cash Flows from Financing Activities</u>			
Raise short-term loans	6(25)	680,000	430,000
Repayment of short-term loans		( 630,000 )	( 360,000 )
Repayment of long-term loans		( 62,000 )	( 32,000 )
Raise long-term loans		100,000	-
Distribute cash dividends	6(15)	( 87,226 )	( 79,296 )
Net cash inflows (outflow) from financing activities		774	( 41,296 )
Increase (decrease) in cash and cash equivalents for the current period		( 5,757 )	( 41,079 )
Beginning cash and cash equivalent balances		33,483	74,562
Ending cash and cash equivalents balance		\$ 27,726	\$ 33,483

The notes to the individual financial statements are an integral part of these individual financial reports. Please refer to them together.

Chairman: Yeh, Nai-Ti

Managerial Officer: Chen, Ruei-Yu

Accounting Manager: Cheng, Pi-Yu

ICP DAS CO., LTD.  
**NOTES TO FINANCIAL STATEMENTS**

2023 and 2022

Unit: NTD Thousand (Unless specified)

**1. Company History and Business Scope**

ICP DAS Co., Ltd.(hereinafter referred to as “the Company”) was established in the Republic of China. The Company’s main business activities are the production and sales of industrial computer hardware, software and related peripheral equipment. The Company’s shares have been officially listed and traded on the Republic of China Over-the-Counter Securities Exchange since January 6, 2009.

**2. Approval Dates and Procedures of Financial Statements**

These separate financial statements were authorized for issue by the Board of Directors on March 4, 2024.

**3. New Standards, Amendments and Interpretations Adoptions**

- (1) The Impact of Adopting New and Amended IFRSs as Endorsed and Issued Into Effect by the Financial Supervisory Commission (“FSC”)

The following table summarizes the new issuances, amendments and revisions to IFRS accounting standards applicable in 2023, as approved by the FSC:

<b>New Standards, Amendments and Interpretations Issued</b>	<b>Effective Date Issued by IASB</b>
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
Amendment to IAS 12 “International Tax Reform – Pillar Two Model Rules”	May 23, 2023

The Company assessed that the above-mentioned criteria and interpretations had no material impact on the Company’s financial position and financial performance.

- (2) The Impact of not Adopting New and Revised IFRSs Recognized by the FSC

The following table summarizes the new, amended and revised standards and interpretations of the applicable IFRSs for 2024 endorsed by the FSC:

<b>New Standards, Amendments and Interpretations Issued</b>	<b>Effective Date Issued by IASB</b>
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

(3) Impact of IFRSs Issued by the IASB but not yet Endorsed by the FSC

The following lists the new issuances, amendments and revisions of standards and interpretations issued by the International Accounting Standards Board (IASB) but not yet incorporated into the International Financial Reporting Standards (IFRSs) as endorsed and issued into effect by the Financial Supervisory Commission (FSC):

<b>New Standards, Amendments and Interpretations Issued</b>	<b>Effective Date Issued by IASB</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the International Accounting Standards Board
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company assessed that the above mentioned criteria and interpretations had no material impact on the Company's financial position and financial performance.

#### 4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these individual financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Follow the Statement

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

1. Except for the following significant items, the individual financial statements have been prepared on the historical cost basis:
  - (1) Financial assets and liabilities at fair value through other comprehensive income.
  - (2) The net defined benefit liability recognized as the defined benefit obligation present value deducted from the fair value of plan assets.

2. The preparation of financial statements in compliance with the 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 (FSC) requires the use of certain critical accounting estimates and the use of management's judgment in the process of applying the Corporation's accounting policies. For items involving a high degree of judgment or complexity, or involving significant assumptions and estimates in the financial statements, please refer to Note 5 for details.

### (3) Translation of Foreign Currency

These parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

#### 1. Foreign Currency Transaction and Balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted based on the spot exchange rate on the balance sheet date, and any translation differences arising from the adjustment are recognized as profit or loss for the current period.
- (3) For foreign currency non-monetary asset and liability balances that are measured at fair value through profit or loss, they are evaluated and adjusted at the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment are recognized as profit or loss for the current period; for those measured at fair value through other comprehensive income, the adjustment is evaluated at the spot exchange rate on the balance sheet date, and the exchange differences arising from the adjustment is recognized in other comprehensive income; for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction date.

#### 2. Translation of foreign operating entities

For all entities and affiliates of the Company whose functional currency is different from the presentation currency, the operating results and financial position are converted into the presentation currency in the following manner:

- (1) The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the date of that balance sheet.

- (2) Revenue and expenses expressed in each statement of comprehensive income are translated at the average exchange rate for the period; and
- (3) All exchange differences arising from translation are recognized in other comprehensive income.

(4) The Criteria for Classifying Assets and Liabilities as Current and Non-Current

- 1. An asset shall be classified as a current asset when it satisfies any of the following criteria:
  - (1) It is expected to be realized or intended to be sold or consumed in the normal operating cycle.
  - (2) Held for trading purposes.
  - (3) Expected to be realized within twelve months after the balance sheet date.
  - (4) Cash or cash equivalents, excluding those that are restricted for exchange or settlement of a liability for at least twelve months after the balance sheet date.

The company classifies all assets that do not meet the above conditions as non-current.

- 2. Liabilities that meet one of the following conditions are classified as current liabilities:
  - (1) Expected to be settled in the normal operating cycle.
  - (2) Held for trading purposes.
  - (3) Expected to be realized within twelve months after the balance sheet date.
  - (4) It is not permissible to unconditionally defer the repayment period until at least twelve months after the balance sheet date. The terms of a liability which may, at the option of the counterparty, result in its settlement by the issuance of equity instruments, do not affect its classification.

The Company classifies all liabilities not meeting the above conditions as non-current.

(5) Financial Assets Measured at Fair Value Through Other Comprehensive Income

- 1. It is an irrevocable option at initial recognition to present the changes in fair value of non-derivative equity instrument investments in other comprehensive income.
- 2. For financial assets at fair value through other comprehensive income that conform to the trading practice, the Company adopts trade-date accounting.

3. At initial recognition, the Company measures it at fair value plus transaction costs. Subsequently, it is measured at fair value. Changes in fair value of equity instruments are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is not subsequently reclassified to profit or loss but is transferred to retained earnings. When the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow to the Company, and the amount of the dividends can be measured reliably, the Company recognizes dividend income in profit or loss.

(6) Accounts and Notes Receivable

1. Refer to the account with the right to unconditionally receive the consideration amount in exchange for the transfer of goods or services according to the contract.
2. Short-term accounts and notes receivable without interest paid which are measured by the Group at the original invoice amount as the effect of discounting is insignificant.

(7) Impairment Loss on Financial Assets

When the right to receive dividends is established, it is probable that the economic benefits associated with the dividends will flow to the Company, and the amount of the dividends can be measured reliably, the Company recognizes dividend income in profit or loss. for those whose credit risk has increased significantly since the original recognition, the Corporation measures the allowance loss at the expected credit loss amount during the duration; For receivables that do not contain significant financing components, the allowance for losses is measured at an amount equal to the lifetime expected credit losses.

(8) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(9) Inventories

Inventories are measured at the lower of cost and net realizable value, with cost carry-forward calculated using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity),but excludes borrowing costs. The comparison of costs and net realizable values is made on an item-by-item basis, with the net realizable value being the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments Accounted for Using the Equity Method - Subsidiaries and Affiliates

1. Subsidiary means an entity (including structured entity) that is controlled by the Corporation when the Corporation is exposed to or entitled to variable remuneration arising from participation in such entity and is able to influence such remuneration through its power over such entity.
2. All unrealized gains or losses arising from transactions between the Corporation and its subsidiaries have been written off. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with those adopted by the Corporation.
3. The Corporation recognizes the share of profit and loss of the subsidiaries after acquisition as current profit and loss, and recognizes the share of other comprehensive income as other comprehensive income. When the shares of losses of a subsidiary recognized by the Corporation equal or exceed its equity in that subsidiary, the Corporation continues recognizing its losses in proportion to its holdings.
4. According to the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive income of the Parent Company Only Financial Statements shall be the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial statements prepared on a consolidated basis, and the owner's equity of the Parent Company Only Financial Statements shall be the same as the equity attributable to the owners of the parent company in the financial statements prepared on a consolidated basis.

(11) Property, Plant, and Equipment

1. Property, plant and equipment are recorded on the basis of acquisition cost, and the relevant interest during the period of acquisition and construction is capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replacement part shall be derecognized. All other maintenance costs shall be recognized as current profit or loss when incurred.
3. Property, plant and equipment shall be subsequently measured by the cost model, and shall be depreciated by the straight-line method based on the estimated useful life except for land. The depreciation of each component of property, plant and equipment is provided separately if it is significant.
4. The Corporation reviews the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of residual value

and useful life is different from previous estimates, or if there is a material change in the expected consumption pattern of future economic benefits contained in the asset, it shall be treated in accordance with the provisions of IAS 8 “Changes in Accounting Policies, Estimates and Errors” for changes in accounting estimates since the date of the change. The useful life of each asset are as follows:

Housing and Construction	3-50 years
Machinery and Equipment	3-6 years
Mold Equipment	2 years
Transportation Equipment	5 years
Office Equipment	3-5 years
Other Equipment	3-10 years

#### (12) Lessee’s Lease Transaction - Right-of-Use Asset/Lease Liability

1. Lease assets are recognized as right-of-use assets and lease liabilities when they become available for use by the Group. When the lease contract is for a short-term lease or a lease of a low-value underlying asset, the lease payment is recognized as an expense by the straight-line method during the lease term.
2. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group’s incremental borrowing rate. The lease payments comprise:
  - (1) Fixed payments, less any lease incentives receivable.
  - (2) Lease payments that depend on an index or a rate.
  - (3) The amount that the Group is expected to pay under residual value guarantees.
  - (4) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
  - (5) Penalties payable for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequently, the interest method is used to measure at amortized cost, with interest expense accrued over the lease term. When there is a change in the lease term or lease payments not resulting from a contract modification, the lease liability is remeasured and the remeasurement amount is adjusted against the right-of-use asset.

3. The right-of-use asset is recognized at cost on the lease commencement date, the cost including:
  - (1) The original measurement amount of the lease liability.
  - (2) Any lease payments made on or before the commencement date.



- (3) Any incurred original direct costs.
- (4) The estimated costs of dismantling, removing the underlying asset, and restoring the site where it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequently measured using the cost model, depreciation expense is provided throughout the shorter of the useful life of the right-of-use asset or the lease term when the useful life of the right-of-use asset expires or the lease term ends, whichever occurs first. The right-of-use asset is adjusted for any remeasurement of the lease liability.

### (13) Intangible Assets

#### 1. Computer Software

Computer software is recognized at cost of acquisition and amortized on a straight-line basis over an estimated useful life of 2 to 3 years.

#### 2. Technology Licensing

The medical technology licenses are recognized at cost and amortized using the straight-line method over an amortization period of 10 years.

### (14) Non Impairment Loss on Financial Assets

The Company estimates the recoverable amount of assets with impairment indications on the balance sheet date. When the recoverable amount is lower than its carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. When the impairment of an asset recognized in previous years does not exist or decreases, the impairment loss shall be reversed, provided that the increase in the carrying amount of the asset resulting from the reversal of the impairment loss shall not exceed the carrying amount of the asset after deducting depreciation or amortization if the impairment loss is not recognized.

### (15) Loans

Refers to the long-term and short-term borrowings from banks. The Company measures them at fair value less transaction costs at initial recognition, and subsequently recognizes interest expense in profit or loss over the circulation period using the effective interest method for any difference between the amount less transaction costs and the redemption amount.

### (16) Accounts and Notes Payable

1. Refers to debts arising from the purchase of raw materials, goods or services on credit, and notes payable arising from business and non-business operations.

2. Short-term accounts payable and notes that do not bear interest are measured by the Group at the original invoice amount as the effect of discounting is insignificant.

#### (17) Derecognition of Financial Liabilities

The Company derecognizes financial liability when its contractual obligations are discharged, cancelled, or expire.

#### (18) Employee Benefits

##### 1. Short-Term Employee Benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and recognized as an expense when the related service is rendered.

##### 2. Pension

###### (1) Defined Contribution Plans

For defined contribution plans, the amount of pension fund contributions to be made is recognized as retirement benefit costs for the period in which the service is rendered by the employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

###### (2) Defined Benefit Plans

- A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by the employee's current or past service, and the present value of the defined benefit obligation on the balance sheet date minus the fair value of the plan assets. The net defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The discount rate is determined with reference to the market yield on high-quality corporate bonds consistent with the currency and period of the defined benefit plan; The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The discount rate is determined by reference to market yields on high-quality corporate bonds, in countries where there is no deep market for such bonds, the market yield on government bonds (as of the balance sheet date) is used.
- B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income in the period in which they occur and are presented in retained earnings.
- C. The related expenses of costs of services rendered in the preliminary stage are immediately recognized as expenses.

### 3. Employee Compensation and Compensation for Directors and Supervisors

Employee benefits and remuneration to directors and supervisors are recognized as expenses and liabilities when the company has a legal or constructive obligation, and the amounts can be reasonably estimated. If there is a discrepancy between the actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate. For employee compensation paid in shares, the number of shares is calculated based on the closing price of the day before the Board of Directors' resolution.

### (19) Income Tax

1. Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except for those relating to items included in other comprehensive income or directly in equity, which is recognized in other comprehensive income or directly in equity, respectively.
2. The Group calculates current income tax based on the tax rates enacted or substantively enacted on the balance sheet date in the countries in which it operates and generates its taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The income tax imposed on undistributed earnings under the Income Tax Act shall not be recognized for the distribution of undistributed earnings until after the shareholders' meeting has approved the distribution of surplus in the year after the year in which the surplus is generated.
3. Deferred income tax is accounted for using the asset and liability method, which accounts for temporary differences arising from the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. For temporary differences associated with investments in subsidiaries, the Company does not recognize them if it can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax is subject to the tax rates (and tax laws) that are enacted or substantively enacted at the balance sheet date and that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is paid off.
4. Deferred income tax assets are recognized to the extent that temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. Current income tax assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when

the entity has a legally enforceable right to offset current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realized simultaneously.

6. The unused tax credit carryforwards arising from the purchase of equipment and research and development expenditures are recognized as deferred tax assets to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized.

#### (20) Capital Stock

Common stock is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### (21) Dividend Distribution

Dividends distributed to the Company's shareholders are recognized as a liability in the financial statements in the period in which they are approved by the shareholders' meeting. Cash dividends are recognized as a liability, while stock dividends are recognized as dividends distributable and transferred to ordinary shares on the record date of new shares issued.

#### (22) Revenue Recognition

The Company manufactures and sells industrial computer hardware, software and related peripheral products. Revenue from sales is recognized when control of the products is transferred to the customer, which is when the products are delivered to the customer, the customer has discretion over the channel and price for sales of the products, and the Company has no unsatisfied performance obligations that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products in accordance with the sales contract, or there is objective evidence that all acceptance criteria have been satisfied.

#### (23) Government Grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attaching to them and that the grants will be received. Where the government grant is of a revenue nature and is intended to compensate expenses incurred by the Company, the grant is recognized as income on a systematic basis over the periods in which the related costs are recognized as expenses.

### **5. Significant Accounting Judgments, Assumptions and Main Sources of Estimation Uncertainty**

In preparing these individual financial statements of the Group, management has used its judgment in determining the accounting policies adopted and has made accounting estimates and assumptions regarding future events based on the conditions prevailing at the balance sheet date. Significant accounting estimates and assumptions made may differ from actual results and will be continuously evaluated and adjusted by taking into account historical experience and other factors. These estimates and assumptions carry a risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year. Please refer to the following descriptions of significant accounting judgments, estimates and assumptions of uncertainty:

(1) Significant Judgments in Applying Accounting Policies

None.

(2) Significant Accounting Estimates and Assumptions

Since inventories must be stated at the lower of cost or net realizable value, the Company must exercise judgment and make estimates to determine the net realizable value of inventories on the balance sheet date. Due to technology's rapid changes, the Company assesses the amount of normal waste, obsolescence, or lack of marketable price of inventories on the balance sheet date and writes down the cost of inventories to net realizable value. This inventory valuation is primarily based on estimates of product demand within a specific future period and may be subjected to significant fluctuations.

The carrying amount of the Group's inventory on December 31, 2023 was \$629,013.

## 6. Explanation of Significant Accounts

(1) Cash

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on Hand and Working Capital	\$ 469	\$ 316
Checks for Deposit and Demand Deposits	<u>27,257</u>	<u>33,167</u>
Total	<u>\$ 27,726</u>	<u>\$ 33,483</u>

1. The financial institutions with which our company has transactions maintain good credit quality, and our company transacts with multiple financial institutions to diversify credit risk, so the probability of default is expected to be extremely low.

2. The Company has not pledged any cash and cash equivalents as collateral.

(2) Notes and Accounts Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes Receivable	\$ 3,745	\$ 4,233
Less: Loss Allowance	<u>( 37)</u>	<u>( 42)</u>
	<u>\$ 3,708</u>	<u>\$ 4,191</u>
Accounts receivable - Non-related parties	\$ 84,154	\$ 77,762
Less: Loss Allowance	<u>( 2)</u>	<u>( 55)</u>
	<u>84,152</u>	<u>77,707</u>
Accounts receivable - Related parties	<u>7,381</u>	<u>9,516</u>
	<u>\$ 91,533</u>	<u>\$ 87,223</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Accounts Receivable	Notes Receivable	Accounts Receivable	Notes Receivable
Not past due	\$ 90,070	\$ 3,745	\$ 85,317	\$ 4,233
1-30 days	1,438	-	1,912	-
31-90 days	<u>27</u>	<u>-</u>	<u>49</u>	<u>-</u>
	<u>\$ 91,535</u>	<u>\$ 3,745</u>	<u>\$ 87,278</u>	<u>\$ 4,233</u>

The above aging analysis is based on the number of days past due.

2. The balances of accounts receivable and notes receivable as of December 31, 2023 and December 31, 2022 were both derived from customer contracts. Additionally, the balance of receivables from customer contracts as of January 1, 2022 was \$110,721.
3. The Company has not pledged notes receivable or accounts receivable as collateral.
4. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk of notes receivable was \$3,708 and \$4,191 as of December 31, 2023 and 2022, respectively. the maximum exposure to credit risk of accounts receivable was \$91,533 and \$87,223 as of December 31, 2023 and 2022, respectively.
5. For credit risk information related to accounts receivable and notes receivable, please refer to Note 12.(2).

(3) Inventories

	December 31, 2023		
	Cost	Allowance to Reduce Inventory to Market	Carrying Amount
Raw materials	\$ 451,936	(\$ 95,471)	\$ 356,465
Work in progress	134,202	( 17,789)	116,413
Finished good	<u>177,085</u>	<u>( 20,950)</u>	<u>156,135</u>
Total	<u>\$ 763,223</u>	<u>(\$ 134,210)</u>	<u>\$ 629,013</u>

	December 31, 2022		
	Cost	Allowance to Reduce Inventory to Market	Carrying Amount
Raw materials	\$ 427,386	(\$ 62,967)	\$ 364,419
Work in progress	157,427	( 15,717)	141,710
Finished good	<u>133,089</u>	<u>( 17,645)</u>	<u>115,444</u>
Total	<u>\$ 717,902</u>	<u>(\$ 96,329)</u>	<u>\$ 621,573</u>

Costs related to inventories recognized in the current period:

	<b>2023</b>	<b>2022</b>
Cost of Inventories Sold	\$ 426,437	\$ 472,559
Inventory Impairment Loss	<u>37,882</u>	<u>8,690</u>
	<u>\$ 464,319</u>	<u>\$ 481,249</u>

(4) Financial Assets Measured at Fair Value Through Other Comprehensive Income

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unlisted/OTC Stocks	\$ 10,236	\$ 10,236
Valuation Adjustment	<u>6,071</u>	<u>4,097</u>
Total	<u>\$ 16,307</u>	<u>\$ 14,333</u>

1. The Company elected to classify the equity investments in ICP DAS EUROPE GmbH and ICP DAS USA INC, which are strategic investments, as financial assets at fair value through other comprehensive income. The fair values of these investments were \$16,307 and \$14,333 as of December 31, 2023 and 2022, respectively.
2. The Company does not have any fair value through other comprehensive income financial assets pledged as collateral.
3. For the credit risk information of financial assets at fair value through other comprehensive income, please refer to Note 12.(3).

(5) Investments Accounted for Using Equity Method

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
ADVANCE AHEAD LTD.	\$ 49,214	\$ 54,135
ICP DAS INVEST LTD.	<u>54,117</u>	<u>54,694</u>
	<u>\$ 103,331</u>	<u>\$ 108,829</u>

For information regarding the subsidiaries of the Company, please refer to Note 4.(3) to the Company's 2023 consolidated financial statements.

(6) Property, Plant, and Equipment

	2023									
	Land	Housing and Construction	Machinery and Equipment	Mold Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total	
January 1										
Cost	\$ 324,536	\$ 430,604	\$ 66,671	\$ 1,581	\$ 9,393	\$ 2,330	\$ 23,762	\$ 59,356	\$ 918,233	
Accumulated depreciation and impairment	-	( 156,016)	( 22,413)	( 638)	( 3,210)	( 1,240)	( 9,863)	-	( 193,380)	
	<u>\$ 324,536</u>	<u>\$ 274,588</u>	<u>\$ 44,258</u>	<u>\$ 943</u>	<u>\$ 6,183</u>	<u>\$ 1,090</u>	<u>\$ 13,899</u>	<u>\$ 59,356</u>	<u>\$ 724,853</u>	
January 1	\$ 324,536	\$ 274,588	\$ 44,258	\$ 943	\$ 6,183	\$ 1,090	\$ 13,899	\$ 59,356	\$ 724,853	
Acquisition	-	2,171	20,299	-	1,196	478	3,531	3,555	31,230	
Disposal										
Cost	-	-	( 2,012)	( 562)	( 2,641)	( 451)	( 4,170)	-	( 9,836)	
Accumulated depreciation	-	-	2,012	562	2,641	451	4,170	-	9,836	
Reclassification (Note)	17,244	15,917	17,113	-	-	212	-	( 33,180)	17,306	
Depreciation expense	-	( 26,478)	( 15,275)	( 648)	( 1,770)	( 663)	( 4,147)	-	( 48,981)	
December 31, 2023	<u>\$ 341,780</u>	<u>\$ 266,198</u>	<u>\$ 66,395</u>	<u>\$ 295</u>	<u>\$ 5,609</u>	<u>\$ 1,117</u>	<u>\$ 13,283</u>	<u>\$ 29,731</u>	<u>\$ 724,408</u>	
December 31, 2023										
Cost	\$ 341,780	\$ 448,692	\$ 102,071	\$ 1,019	\$ 7,948	\$ 2,569	\$ 23,123	\$ 29,731	\$ 956,933	
Accumulated depreciation and impairment	-	( 182,494)	( 35,676)	( 724)	( 2,339)	( 1,452)	( 9,840)	-	( 232,525)	
	<u>\$ 341,780</u>	<u>\$ 266,198</u>	<u>\$ 66,395</u>	<u>\$ 295</u>	<u>\$ 5,609</u>	<u>\$ 1,117</u>	<u>\$ 13,283</u>	<u>\$ 29,731</u>	<u>\$ 724,408</u>	

Note: Transfers were from other non-current assets being transferred in and reclassified as expenses and intangible assets for the period.



**2022**

	<b>Land</b>	<b>Housing and Construction</b>	<b>Machinery and Equipment</b>	<b>Mold Equipment</b>	<b>Transportation Equipment</b>	<b>Office Equipment</b>	<b>Other Equipment</b>	<b>Construction in Progress</b>	<b>Total</b>
January 1									
Cost	\$ 309,451	\$ 441,273	\$ 68,380	\$ 6,847	\$ 9,438	\$ 3,538	\$ 18,314	\$ 2,934	\$ 860,175
Accumulated depreciation and impairment	-	( 156,704)	( 44,743)	( 5,668)	( 8,085)	( 1,991)	( 7,342)	-	( 224,533)
	<u>\$ 309,451</u>	<u>\$ 284,569</u>	<u>\$ 23,637</u>	<u>\$ 1,179</u>	<u>\$ 1,353</u>	<u>\$ 1,547</u>	<u>\$ 10,972</u>	<u>\$ 2,934</u>	<u>\$ 635,642</u>
January 1	\$ 309,451	\$ 284,569	\$ 23,637	\$ 1,179	\$ 1,353	\$ 1,547	\$ 10,972	\$ 2,934	\$ 635,642
Acquisition	12,085	14,445	25,161	1,019	6,059	402	5,072	58,367	122,610
Disposal									
Cost	-	( 28,114)	( 31,737)	( 6,285)	( 6,104)	( 1,610)	( 870)	-	( 74,720)
Accumulated depreciation	-	28,114	31,737	6,285	6,104	1,610	870	-	74,720
Reclassification (Note)	3,000	3,000	4,867	-	-	-	1,246	( 1,945)	10,168
Depreciation expense	-	( 27,426)	( 9,407)	( 1,255)	( 1,229)	( 859)	( 3,391)	-	( 43,567)
December 31, 2022	<u>\$ 324,536</u>	<u>\$ 274,588</u>	<u>\$ 44,258</u>	<u>\$ 943</u>	<u>\$ 6,183</u>	<u>\$ 1,090</u>	<u>\$ 13,899</u>	<u>\$ 59,356</u>	<u>\$ 724,853</u>
December 31, 2022									
Cost	\$ 324,536	\$ 430,604	\$ 66,671	\$ 1,581	\$ 9,393	\$ 2,330	\$ 23,762	\$ 59,356	\$ 918,233
Accumulated depreciation and impairment	-	( 156,016)	( 22,413)	( 638)	( 3,210)	( 1,240)	( 9,863)	-	( 193,380)
	<u>\$ 324,536</u>	<u>\$ 274,588</u>	<u>\$ 44,258</u>	<u>\$ 943</u>	<u>\$ 6,183</u>	<u>\$ 1,090</u>	<u>\$ 13,899</u>	<u>\$ 59,356</u>	<u>\$ 724,853</u>

Note: Transfers were from other non-current assets being transferred in and reclassified as expenses and intangible assets for the period.

1. The amounts of interest capitalized in 2023 and 2022 were both \$0.
2. The major components of the Company's buildings and construction include buildings and high-voltage electrical facilities, which are depreciated over 10 to 50 years and 20 years, respectively.
3. There is no impairment of property, plant and equipment.
4. Please refer to Note 8 for information on guarantees provided with property, plant and equipment.

(7) Lease Transactions - Lessor

1. The lease term for the office premises and parking spaces leased by the Company does not exceed 12 months, and the leases of low-value assets such as water dispensers and office equipment are also accounted for.
2. Information on profit or loss items related to lease agreements is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items Affecting Current Profit or Loss</u>		
Expense attributable to short-term leases	\$ 2,010	\$ 1,437
The Cost of leases of low-value assets	746	1,762

3. The Group's total lease cash outflows in 2023 and 2022 were \$2,756 and \$3,199, respectively.

(8) Other Non-Current Assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable Deposits	\$ 11,304	\$ 11,598
Others	3,479	7,068
	<u>\$ 14,783</u>	<u>\$ 18,666</u>

(9) Short-Term Loans

<u>Nature of Loan</u>	<u>December 31, 2023</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank Loan			
Credit Loans	<u>\$ 120,000</u>	1.8%-1.98%	—

<u>Nature of Loan</u>	<u>December 31, 2022</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank Loan			
Credit Loans	<u>\$ 70,000</u>	1.775%-2.03%	—

Interest expense recognized in profit or loss for 2023 and 2022 amounted to \$2,915 and \$1,282, respectively.

(10) Other Payables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Salaries and Bonus Payable	\$ 41,833	\$ 54,168
Compensation Payable to Directors, Supervisors and Employees	10,240	28,693
Equipments Payable	2,360	2,754
Others	<u>28,574</u>	<u>31,318</u>
	<u>\$ 83,007</u>	<u>\$ 116,933</u>

(11) Long-Term Loans

<b>Nature of Loan</b>	<b>Borrowing Period and Repayment Method</b>	<b>Interest Rate</b>	<b>Collateral</b>	<b>December 31, 2023</b>
Secured loan	From September 27, 2023 to May 25, 2026, with interest payable monthly, and principal repayable in full upon maturity	2.335 %	Land, Housing and Construction	\$ 70,000
Less: Current portion of long-term borrowings (presented under other current liabilities)				<u>-</u>
				<u>\$ 70,000</u>

<b>Nature of Loan</b>	<b>Borrowing Period and Repayment Method</b>	<b>Interest Rate</b>	<b>Collateral</b>	<b>December 31, 2022</b>
Collateral borrowing	From October 2018 to October 2023, with interest payable monthly, and principal repayable quarterly starting from April 2020	1.968 %	Land, Housing and Construction	\$ 32,000
Less: Current portion of long-term borrowings (presented under other current liabilities)				<u>( 32,000)</u>
				<u>\$ -</u>

Interest expense recognized in profit or loss for 2023 and 2022 amounted to \$833 and \$676, respectively.

(12) Pension

- (1) The Company has established a defined benefit pension plan under the Labor Standards Law, which applies to the service years of all formal employees prior to the implementation of the Labor Pension Act on July 1, 2005, as well as the subsequent service years of employees who choose to continue to apply the Labor Standards Law after the implementation of the Labor Pension Act. When employees meet the retirement conditions, the payment of pension is calculated based on the service years and the average salary of the last 6 months before retirement. For service years of 15 years or less, two base units are given for each full year of service; for service years exceeding 15 years, one base unit is given for each full year of service, with a maximum of 45 base units. The Company contributes 2% of the total salary on a monthly basis to the retirement fund, which

is deposited in a special account under the name of the Labor Retirement Reserve Supervision Committee at the Bank of Taiwan. Furthermore, before the end of each year, the Company estimates the balance of the aforementioned labor retirement reserve special account. If the balance is insufficient to pay the retirement pensions calculated based on the above method for employees expected to meet the retirement conditions in the following year, the Company will make an additional contribution to cover the shortfall by the end of March of the following year.

(2) Amounts recognized in the balance sheet are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of a defined benefit obligation	(\$ 40,826)	(\$ 64,958)
Fair value of plan assets	<u>8,718</u>	<u>18,776</u>
Net defined benefit liability	<u>(\$ 32,108)</u>	<u>(\$ 46,182)</u>

(3) Changes in net defined benefit liability are as follows:

	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Asset (Liability)</b>
2023			
Balance as of January 1	(\$ 64,958)	\$ 18,776	(\$ 46,182)
Current period service cost	-	-	-
Interest expenses (revenue)	( 870)	257	( 613)
Settlement gain (loss)	<u>1,014</u>	<u>-</u>	<u>1,014</u>
	<u>( 64,814)</u>	<u>19,033</u>	<u>( 45,781)</u>
Remeasurement Amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	131	131
Effect of demographic assumption changes	( 1)	-	( 1)
Effect of financial assumption changes	11,085	-	11,085
Experience adjustments	<u>840</u>	<u>-</u>	<u>840</u>
	<u>11,924</u>	<u>131</u>	<u>12,055</u>
Pension contribution fund	-	1,618	1,618
Benefits paid	<u>12,064</u>	<u>( 12,064)</u>	<u>-</u>
Balance as of December 31	<u>(\$ 40,826)</u>	<u>\$ 8,718</u>	<u>(\$ 32,108)</u>
	<b>Present Value of Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Asset (Liability)</b>
2022			
Balance as of January 1	(\$ 55,658)	\$ 14,641	(\$ 41,017)
Current period service cost	-	-	-
Interest expenses (revenue)	( 387)	104	( 283)
	<u>( 56,045)</u>	<u>14,745</u>	<u>( 41,300)</u>
Remeasurement Amount:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,095	1,095
Effect of demographic assumption changes	1	-	1
Effect of financial assumption changes	( 2,303)	-	( 2,303)
Experience adjustments	<u>( 6,611)</u>	<u>-</u>	<u>( 6,611)</u>
	<u>( 8,913)</u>	<u>1,095</u>	<u>( 7,818)</u>
Pension contribution fund	-	2,936	2,936
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Balance as of December 31	<u>(\$ 64,958)</u>	<u>\$ 18,776</u>	<u>(\$ 46,182)</u>

(4) The assets of the Company's defined benefit pension plans are entrusted to the Bank of Taiwan for operation in accordance with the ratio and amount range of the commissioned operating items stipulated in the annual investment operation plan of the fund, in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., depositing in domestic or foreign financial institutions, investing in domestic or foreign listed, over-the-counter, or private equity securities, and investing in securitized real estate products, etc.). The utilization of the fund is supervised by the Labor Retirement Fund Supervisory Committee. The minimum earnings to be distributed upon annual settlement of the fund shall not be less than the earnings calculated based on the two-year term deposit interest rates of local banks. If there is a shortfall, it shall be supplemented by the national treasury after approval by the competent authority. As the

Company does not have the authority to participate in the operation and management of the fund, it is unable to disclose the classification of fair values of the plan assets in accordance with paragraph 142 of IAS 19. For the composition of the fair values of the fund's total assets as of December 31, 2023 and December 31, 2022, please refer to the annual Labor Retirement Fund Utilization Report published by the government.

- (5) The principal actuarial assumptions are summarized as follows:

	<b>2023</b>	<b>2022</b>
Discount Rate	<u>1.25%</u>	<u>1.35%</u>
Future Salary Increase Rate	<u>2.00%</u>	<u>4.00%</u>

The assumptions for future mortality rates are based on the 6th Experience Mortality Table issued by the Actuarial Institute of Taiwan Life Insurance Industry.

The impact of changes in the principal actuarial assumptions on the present value of the defined benefit obligation is analyzed as follows:

	<b>Discount Rate</b>		<b>Future Salary Increase Rate</b>	
	<b>Increase by 0.25%</b>	<b>Decrease of 0.25%</b>	<b>Increase by 0.25%</b>	<b>Decrease of 0.25%</b>
December 31, 2023				
Impacts on present value of defined benefit obligation	<u>(\$ 1,001)</u>	<u>\$ 1,039</u>	<u>\$ 1,029</u>	<u>(\$ 996)</u>
December 31, 2022				
Impacts on present value of defined benefit obligation	<u>(\$ 1,768)</u>	<u>\$ 1,837</u>	<u>\$ 1,785</u>	<u>(\$ 1,727)</u>

The above sensitivity analysis is based on the impact of changes in individual assumptions with all other assumptions remaining unchanged. In practice, many changes in assumptions are likely to be interconnected. The sensitivity analysis is consistent with the method used in calculating the net pension liability recognized in the balance sheet.

The methods and assumptions used in the preparation of the sensitivity analysis for the current period are the same as those for the previous period.

- (6) The Company estimates the contribution to be paid to the retirement plan in 2024 to be \$1,310.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 10 years. The maturity analysis of pension payments is as follows: The analysis of the timing of future pension payments is as follows:

(8)

Less 1 years	\$	776
1-2 years		1,690
2-5 years		11,615
More than 5 years		<u>31,662</u>
	\$	<u>45,743</u>

2. (1) Since July 1, 2005, the Corporation, has formulated a retirement method with defined contributions in accordance with the “Labor Pension Act”, which is applicable to employees in Taiwan. For the part of employees’ retirement fund scheme defined under the “Labor Pension Act” adopted by the Company, 6% of the employee’s monthly salary is contributed to the employee’s personal account at the Labor Insurance Bureau. The employee’s pension shall be paid on a monthly pension basis or on a lump sum basis according to the dedicated pension account and the number of accumulated incomes.

- (2) In 2023 and 2022, the Company recognized pension costs of \$14,481 and \$12,917, respectively, in accordance with the aforementioned pension plan.

#### (13) Capital Stock

1. As of December 31, 2023 and 2022, the Company’s authorized capital was \$800,000 (including \$75,000 reserved for the issuance of employee stock options), and the paid-in capital was \$639,657 and \$581,506, respectively, with a par value of \$10 per share. All proceeds from the issuance of shares have been received.
2. Based on the resolution of the shareholders’ meeting in June 2022, the Company issued 5,286,417 new shares with a par value of NT\$10 per share, totaling NT\$52,864, by capitalizing unappropriated earnings. The capital increase was completed and registered on September 22, 2022.
3. In June 2023, the Company resolved to issue 5,815,059 new shares at NT\$10 par value per share, totaling NT\$58,151 thousand, by transferring from unappropriated earnings in accordance with the shareholders’ resolution. The capital increase was completed and registered on October 4, 2023.

#### (14) Capital Surplus

In accordance with the Company Act, the capital surplus derived from the issuance of shares at a premium over par value from endowments received shall, except for covering deficits, be distributed to shareholders in the form of new shares or cash in proportion to their original shareholdings when the company has no accumulated deficit. Additionally, according to relevant regulations of the Securities and Exchange Act, when the aforementioned capital surplus is capitalized, the annual total shall not exceed 10% of the paid-in capital. A company shall not use its capital surplus to make up for capital deficits if its surplus reserve is insufficient to offset the deficits.

#### (15) Retained Earnings

1. The Company's Articles of Incorporation stipulate that if there is a surplus in the annual total budget, taxes shall be paid first, previous deficits shall be made up, and 10% shall be set aside as a legal reserve surplus, followed by a special surplus reserve as required by laws or regulations of the competent authority. If there is still a surplus, it shall be combined with the undistributed surplus from previous years to form the accumulated distributable surplus, for which the Board of Directors shall propose a distribution plan to be resolved at the Shareholders' Meeting.
2. With regard to the business operations of the Company, as the Company's business is currently in the growth stage, the dividend distribution policy shall take into account the current and future operational plans, investment projects, capital budgets, changes in internal and external environments, as well as the interests of shareholders and the balance of dividends. Each year, the Board of Directors shall propose a distribution proposal in accordance with the law and submit it to the shareholders' meeting for approval. The Company's shareholder dividend distribution may be made in the form of stock dividends, and the proportion of cash dividends distributed to shareholders shall not be less than 10% of the total shareholder dividends.
3. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of a legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.
4. The Company resolved to distribute cash dividends of NT\$79,296 (NT\$1.5 per share) and stock dividends of NT\$52,864 (NT\$1 per share) from 2021 retained earnings at the shareholders' meeting on June 14, 2022.
5. The Company resolved at the shareholders' meeting on June 9, 2023, to distribute cash dividends of \$87,226 (NT\$1.5 per share) and stock dividends of \$58,151 (NT\$1 per share) from the retained earnings for the year 2022 to its common shareholders.
6. On March 4, 2024, the Board of Directors proposed to distribute a cash dividend of \$51,173 (NT\$0.8 per share) on common shares from the retained earnings of 2023.



(16) Other Equity Items

	<b>2023</b>		
	<b>Unrealized Valuation Gain (Loss)</b>	<b>Foreign Currency Exchange</b>	<b>Total</b>
January 1, 2023	\$ 3,278	(\$ 7,827)	(\$ 4,549)
Valuation adjustment	1,973	-	1,973
Assessment adjustment tax amount	( 394)	-	( 394)
Foreign currency exchange differences:			
– Associated enterprise	-	( 2,390)	( 2,390)
– Associates’ tax	-	478	478
December 31, 2023	<u>\$ 4,857</u>	<u>(\$ 9,739)</u>	<u>(\$ 4,882)</u>

	<b>2022</b>		
	<b>Unrealized Valuation Gain (Loss)</b>	<b>Foreign Currency Exchange</b>	<b>Total</b>
January 1, 2022	\$ 2,005	(\$ 9,401)	(\$ 7,396)
Valuation adjustment	1,591	-	1,591
Assessment adjustment tax amount	( 318)	-	( 318)
Foreign currency exchange differences:			
– Associated enterprise	-	1,967	1,967
– Associates’ tax	-	( 393)	( 393)
December 31, 2022	<u>\$ 3,278</u>	<u>(\$ 7,827)</u>	<u>(\$ 4,549)</u>

(17) Operating Revenue

	<b>2023</b>	<b>2022</b>
Revenue from Contracts with Customers	<u>\$ 946,131</u>	<u>\$ 1,160,177</u>

1. Breakdown of Customer Contract Revenue

The Company’s revenue is derived from the transfer of goods at a point in time, and revenue can be broken down into the following major product categories:

	<b>2023</b>	<b>2022</b>
Remote controllers, industrial computer interface cards	\$ 849,177	\$ 1,032,558
Others	<u>96,954</u>	<u>127,619</u>
Total	<u>\$ 946,131</u>	<u>\$ 1,160,177</u>

## 2. Contract Liabilities

The contract liabilities in relation to revenue from contracts with customers recognized by the Company are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Contract Liability	<u>\$ 6,686</u>	<u>\$ 7,749</u>	<u>\$ 9,077</u>

Revenue recognized in the current period for contract liabilities at the beginning of the period:

	<b>2023</b>	<b>2022</b>
Merchandise sales contracts	<u>\$ 5,581</u>	<u>\$ 8,999</u>

## (18) Other Revenues

	<b>2023</b>	<b>2022</b>
Subsidy Revenue	\$ 4,927	\$ 236
Sundry Revenue	<u>957</u>	<u>1,617</u>
Total	<u>\$ 5,884</u>	<u>\$ 1,853</u>

## (19) Other Gains and Losses

	<b>2023</b>	<b>2022</b>
Net foreign exchange (loss) gain	<u>(\$ 182)</u>	<u>\$ 9,777</u>

## (20) Additional Information on the Nature of Expenses

	<b>2023</b>		
	<b>Operating Cost</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee Benefits Expenses	\$ 99,667	\$ 247,829	\$ 347,496
Depreciation expense	12,996	35,985	48,981
Amortization expense	552	746	1,298

	<b>2022</b>		
	<b>Operating Cost</b>	<b>Operating Expenses</b>	<b>Total</b>
Employee Benefits Expenses	\$ 91,718	\$ 270,208	\$ 361,926
Depreciation expense	10,315	33,252	43,567
Amortization expense	425	882	1,307

(21) Employee Benefits Expenses

	2023		
	Operating Costs	Operating Expenses	Total
Salaries and wages	\$ 80,070	\$ 208,415	\$ 288,485
Expenses for labor and health insurance	9,915	19,772	29,687
Pension expense payable	3,561	10,519	14,080
Other personnel expenses	<u>6,121</u>	<u>9,123</u>	<u>15,244</u>
	<u>\$ 99,667</u>	<u>\$ 247,829</u>	<u>\$ 347,496</u>

	2022		
	Operating Costs	Operating Expenses	Total
Salaries and wages	\$ 76,581	\$ 233,214	\$ 309,795
Expenses for labor and health insurance	7,764	19,053	26,817
Pension expense payable	3,000	10,200	13,200
Other personnel expenses	<u>4,373</u>	<u>7,741</u>	<u>12,114</u>
	<u>\$ 91,718</u>	<u>\$ 270,208</u>	<u>\$ 361,926</u>

1. In accordance with the Company's articles of incorporation, the Company should allocate 3%-12% as employee compensation and no more than 3% as compensation for directors and supervisors from the remaining profits after deducting accumulated losses for the year, if there is any remaining balance.
2. The estimated employee compensation amounts for the Company in 2023 and 2022 are \$9,102 and \$25,505, respectively. The estimated amounts of directors and supervisors remuneration were \$1,138 and \$3,188, respectively, and the aforementioned amounts were charged to the remuneration expenses.

For 2023, the provision for employee bonuses and directors' remuneration is estimated at 8% and 1% respectively, based on the profit situation as of the current period. The employee compensation and remuneration to directors and supervisors resolved by the Board of Directors for 2023 are consistent with the amounts recognized in the 2023 financial statements.

The employee compensation and remuneration to directors and supervisors for 2022 resolved by the Board of Directors are consistent with the amounts recognized in the 2022 financial statements.

Information related to employee and director compensation approved by the company's board of directors can be found on the Public Information Observatory website.

(22) Income Tax

1. Income Tax Expenses

(1) Components of income tax expenses:

	<b>2023</b>	<b>2022</b>
Current Income Tax:		
Income Tax Incurred in Current Period	\$ 28,749	\$ 62,512
Income tax on unappropriated earnings	2,718	949
Prior year's income tax overestimation	( 2,919)	( 1,335)
Total current income tax	<u>28,548</u>	<u>62,126</u>
Deferred Income Tax:		
Origination and reversal of temporary differences	( 7,566)	( 3,996)
Total deferred income tax	( 7,566)	( 3,996)
Income tax expense	<u>\$ 20,982</u>	<u>\$ 58,130</u>

(2) Income tax relating to other comprehensive income:

	<b>2023</b>	<b>2022</b>
Remeasurements of the defined benefit obligation	\$ 2,412	(\$ 1,564)
Changes in fair value of financial assets at fair value through other comprehensive income	394	318
Associates' share of other comprehensive income	( 478)	393

(3) Income tax directly debited or credited to equity: None.

2. The relationship between income tax expense and accounting profit:

	<b>2023</b>	<b>2022</b>
Income tax calculated at statutory tax rate on profit before tax	\$ 20,607	\$ 57,895
Income tax impact of adjustments in accordance with tax regulations	24	17
Changes in the realization of deferred tax assets	552	604
Prior year's income tax overestimation	( 2,919)	( 1,335)
Undistributed surplus profit surtax	<u>2,718</u>	<u>949</u>
income tax expense	<u>\$ 20,982</u>	<u>\$ 58,130</u>

3. The amount of each deferred tax asset or liability arising from the temporary difference is as follows:

2023				
	January	Recognized in Profit or Loss	Recognized in Other Consolidated Net Income	December 31, 2023
Deferred tax assets:				
- Temporary Differences:				
Inventory Impairment Loss	\$ 19,265	\$ 7,576	\$ -	\$ 26,841
Employee write-down	9,762	( 404)	( 2,411)	6,947
Investment loss accounted for using the equity method	-	683	-	683
Associates' share of other comprehensive income	1,957	-	478	2,435
Others	8,152	( 1,680)	-	6,472
Total	<u>\$ 39,136</u>	<u>\$ 6,175</u>	<u>(\$ 1,933)</u>	<u>\$ 43,378</u>
Deferred income tax liabilities:				
Temporary Differences:				
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 820)	\$ -	(\$ 394)	(\$ 1,214)
Income from investments accounted for using the equity method	( 1,391)	1,391	-	-
Total	<u>(\$ 2,211)</u>	<u>\$ 1,391</u>	<u>(\$ 394)</u>	<u>(\$ 1,214)</u>

2022				
	January	Recognized in Profit or Loss	Recognized in Other Consolidated Net Income	December 31, 2023
Deferred tax assets:				
- Temporary Differences:				
Inventory Impairment Loss	\$ 18,132	\$ 1,133	\$ -	\$ 19,265
Employee write-down	8,176	22	1,564	9,762
Associates' share of other comprehensive income	2,350	-	( 393)	1,957
Others	5,223	2,994	( 65)	8,152
Total	<u>\$ 33,881</u>	<u>\$ 4,149</u>	<u>\$ 1,106</u>	<u>\$ 39,136</u>
Deferred income tax liabilities:				
- Temporary Differences:				
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 567)	\$ -	(\$ 253)	(\$ 820)
Income from investments accounted for using the equity method	( 1,238)	( 153)	-	( 1,391)
Total	<u>(\$ 1,805)</u>	<u>(\$ 153)</u>	<u>(\$ 253)</u>	<u>(\$ 2,211)</u>

4. The Company's profit-seeking enterprise income tax has been approved by the tax authorities through 2021.

## (23) Earnings per Share

	2023		
	After-Tax Amount	Weighted Average Number of Outstanding Shares (in thousands)	Earnings per Share (NTD)
<u>Basic Earnings per Share</u>			
Current Net Profit Attributable to Common Shareholders of the Parent Company	\$ 82,052	63,966	\$ 1.28
<u>Diluted deficit per share</u>			
Current Net Profit Attributable to Common Shareholders of the Parent Company	\$ 82,052	63,966	
Effect of potentially dilutive ordinary shares	-	206	
Current Net Profit Attributable to Common Shareholders of the Parent Company plus the Effects of Potential Common Shares	\$ 82,052	64,172	\$ 1.28

	2022		
	After-Tax Amount	Weighted Average Number of Outstanding Shares (in thousands)	Earnings per Share (NTD)
<u>Basic Earnings per Share</u>			
Current Net Profit Attributable to Common Shareholders of the Parent Company	\$ 231,346	63,966	\$ 3.62
<u>Diluted deficit per share</u>			
Current Net Profit Attributable to Common Shareholders of the Parent Company	\$ 231,346	63,966	
Effect of potentially dilutive ordinary shares	-	440	
Current Net Profit Attributable to Common Shareholders of the Parent Company plus the Effects of Potential Common Shares	\$ 231,346	64,406	\$ 3.59

Note: The weighted-average number of outstanding shares for 2023 and 2022 has been retrospectively adjusted based on the 10% stock dividend distribution rate for 2023.

## (24) Cash Flow Supplementary Information

Investing activities with only partial cash payments:

	2023	2022
Property, Plant, and Equipment	\$ 31,230	\$ 122,610
Add: Beginning equipment payable	2,754	4,310
Less: Ending equipment payable	(2,360)	(2,754)
Cash Paid During the Period	\$ 31,624	\$ 124,166

(25) Changes in Liabilities from Financing Activities

2023			
	Short-Term Loans	Long-Term Loans	Lease Liabilities
January 1	\$ 70,000	\$ 32,000	\$ -
			\$ 102,000
			88,000
Changes in cash flows from financing activities	50,000	38,000	-
December 31	\$ 120,000	\$ 70,000	\$ -
			\$ 190,000

2022			
	Short-Term Loans	Long-Term Loans	Lease Liabilities
January 1	\$ -	\$ 64,000	\$ -
			\$ 64,000
Changes in cash flows from financing activities	70,000	( 32,000)	-
December 31	\$ 70,000	\$ 32,000	\$ -
			\$ 102,000

## 7. Related Party Transactions

(1) Names and Relationships of Related Parties

Name of Related Party	Relationship with the Group
ADVANCE AHEAD LTD.	Subsidiaries of the Company
ICP DAS INVEST LTD.	Subsidiaries of the Company
Shanghai Golden ICP DAS International Trade Co.,Ltd.	Second-tier Subsidiary of the Company
ICP DAS(Wuhan) Co., Ltd.	Second-tier Subsidiary of the Company
Yeh,Nai-Ti	The Company's Chairman
Chairman, Supervisors, President, and Vice Presidents, who are the key management personnel of the Company	The Company's key management personnel

## (2) Significant Transactions with Related Parties

### 1. Operating Revenue

	<b>2023</b>	<b>2022</b>
Merchandise sales:		
Second-tier Subsidiary— Company	\$ <u>55,018</u>	\$ <u>92,982</u>

The selling price is based on the price offered to general customers and is determined through negotiation between both parties. The selling price is slightly lower than that for general customers. The payment term is 30 to 120 days after the end of the month, which is comparable to general customers.

### 2. Rent Expenses

	<b>2023</b>	<b>2022</b>
Rent Expenses:		
Yeh,Nai-Ti	\$ <u>720</u>	\$ <u>720</u>

- (1) The aforementioned rent is the general rent paid for renting an office, and the rent is determined with reference to the general market price, payable on a monthly basis.
- (2) The Company leased dormitories in Korea from the Chairman, Yeh Nai-Ti, and deposited a guarantee of USD 350 thousand, which was recorded under other non-current assets.

### 3. Receivables: Related parties

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable		
Shanghai Golden ICP DAS International Trade Co.,Ltd.	\$ 6,203	\$ 3,528
ICP DAS(Wuhan) Co., Ltd.	<u>1,178</u>	<u>5,988</u>
Total	<u>\$ 7,381</u>	<u>\$ 9,516</u>

## (3) Key Management Personnel Compensation

	<b>2023</b>	<b>2022</b>
Short-Term Employee Benefits	\$ 23,528	\$ 24,090
Post-Employment Benefits	<u>895</u>	<u>733</u>
Total	<u>\$ 24,423</u>	<u>\$ 24,823</u>



## 8. Assets Pledged as Security

Details of the Company's assets pledged as collateral are as follows:

Name of Assets	December 31, 2023	December 31, 2022	Purpose of Collateral
Land	\$ 125,500	\$ 125,500	Long-term loans
Housing and Construction	161,095	181,633	Long-term loans

## 9. Significant Commitments and Contingencies

### (1) Contingency

None.

### (2) Commitment

As of December 31, 2023 and December 31, 2022, performance guarantees totaling \$11,600 and \$600 were provided to the Customs Administration, Ministry of Finance and the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, respectively, which were guaranteed by banks.

As of December 31, 2023 and 2022, the Company had outstanding commitments of \$13,557 and \$35,412, respectively, for research and development projects, equipment acquisition, and construction of plant facilities.

## 10. Losses Due to Major Disasters

None.

## 11. Significant Events After the Balance Sheet Date

None.

## 12. Others

### (1) Capital Management

The capital management objective of the Company's capital management is to safeguard the Company's ability to continue as a going concern, maintain an optimal capital structure to reduce the cost of capital, and provide returns for shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors its capital using a net debt-to-equity ratio, which is calculated by dividing total liabilities by total equity.

The Company's strategy for 2023 remains the same as 2022, aiming to maintain a reasonable and safe level for its net debt-to-equity ratio. As of December 31, 2023 and 2022, the Company's net debt-to-equity ratios were as follows:

	December 31, 2023	December 31, 2022
Total Liabilities	\$ 391,054	\$ 396,637
Total Equity	1,273,656	1,269,519
Debt to Equity Ratio	31%	31%

## (2) Financial Instruments

### 1. Types of Financial Instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income		
Equity instrument investments elected to be designated	<u>\$ 16,307</u>	<u>\$ 14,333</u>
Financial assets at amortized cost/loans and receivables		
Cash and cash equivalents	\$ 27,726	\$ 33,483
Notes Receivable	3,708	4,191
Accounts receivable (including related parties)	91,533	87,223
Deposit margin	<u>11,304</u>	<u>11,598</u>
	<u>\$ 134,271</u>	<u>\$ 136,495</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	\$ 120,000	\$ 70,000
Accounts payable	37,217	74,265
Other payables	83,007	116,933
Long-term borrowings (including portions maturing within one year or one operating cycle)	<u>70,000</u>	<u>32,000</u>
	<u>\$ 310,224</u>	<u>\$ 293,198</u>

### 2. Risk Management Policies

- (1) The Company's daily operations are affected by a variety of financial risks, including market risk (comprising foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (2) Risk management is carried out by the Finance Department of the Corporation in accordance with the policies approved by the Board of Directors. The Corporation's Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with the Corporation's operating units. The Board of Directors has established written principles for overall risk management and written policies on specific areas and issues, such as exchange rate risk, interest rate risk, credit risk, and the investment of surplus working capital.

### 3. The Nature and Extent of Significant Financial Risks

#### (1) Market Risk

##### Exchange Rate Risk

- A. The Company operates across borders and is exposed to foreign exchange risk arising from transactions in currencies other than the functional currency of the Company and its subsidiaries, primarily with respect to the U.S. dollar and the RMB. The foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Company's management has set policies requiring the companies within the group to manage their foreign exchange risk against their functional currencies. The companies shall hedge their overall foreign exchange risk exposure through the corporate finance department.
- C. C. The Company engages in businesses involving certain non-functional currencies (the functional currencies of the Company and certain subsidiaries are New Taiwan Dollars, while the functional currencies of certain other subsidiaries are RMB), and therefore is affected by fluctuations in exchange rates. Information on foreign currency assets and liabilities with significant effects from exchange rate fluctuations is as follows:

December 31, 2023			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
<b>(Foreign currency: Functional currency)</b>			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$ 1,332	30.71	\$ 40,906

December 31, 2022			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
<b>(Foreign currency: Functional currency)</b>			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$ 1,939	30.71	\$ 59,548

- D. An explanation of the significant unrealized foreign exchange gains or losses arising from exchange rate fluctuations on the monetary items of the Company is as follows:

December 31, 2023			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$	- 30.71	(\$ 878)

December 31, 2022			
	Foreign Currency (NT\$ thousand)	Exchange Rate	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial Assets</u>			
<u>Monetary Items</u>			
USD: NTD	\$	- 30.71	(\$ 511)

- E. The analysis of the Company's foreign currency market risk arising from significant fluctuations in foreign exchange rates is as follows:

2023				
Sensitivity Analysis				
	Movement	Impact on Profit or Loss		Impact on Other Comprehensive Income
(Foreign currency: Functional currency)				
Financial Assets				
Monetary Items				
USD: NTD	1%	\$	409	\$ -

2022				
Sensitivity Analysis				
	Movement	Impact on Profit or Loss	Impact on Other Comprehensive Income	
(Foreign currency: Functional currency)				
<u>Financial Assets</u>				
<u>Monetary Items</u>				
USD: NTD	1%	\$ 595	\$ -	

### Price Risk

The equity instruments exposed to price risk by the Company are those financial assets at fair value through other comprehensive income.

### Cash Flow and Fair Value Interest Rate Risk

- A. The Company's interest rate risk primarily arises from long-term and short-term borrowings issued at floating interest rates, exposing the Company to cash flow interest rate risk. In 2023 and 2022, the Company's borrowings issued at floating rates were primarily denominated in New Taiwan Dollars.
- B. The Company's borrowings are measured at amortized cost, and the interest rates are repriced annually according to the contract terms, exposing the Company to the risk of future market interest rate fluctuations.
- C. When the New Taiwan dollar borrowing rates increase or decrease by 1%, while all other factors remain unchanged, the net profit after tax for 2023 and 2022 will decrease or increase by \$1,520 and \$816, respectively, mainly due to the change in interest expenses caused by floating-rate borrowings.

### (2) Credit Risk

- A. The Company's credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, arising principally from the inability of counterparties to pay accounts receivable when due, and contract cash flows from debt instrument investments classified as measured at amortized cost, measured at fair value through other comprehensive income, and measured at fair value through profit or loss. And contract cash flows from debt instrument investments classified as measured at fair value through other comprehensive income.
- B. The Company establishes credit risk management from a corporate perspective. For corresponding banks and financial institutions, only institutions with good credit ratings and no significant default records in recent times are set to be accepted as trading counterparties. In accordance with the internal credit policies defined by the Company, each operating entity is required to conduct credit and risk analysis on each new customer before offering payment and delivery terms and conditions. Internal risk control is conducted through assessing the credit quality of customers, taking into account their financial position, past experience, and other factors. Individual risk limits are set by the Board

of Directors based on internal or external ratings, and the utilization of credit limits is monitored regularly.

- C. For financial assets, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, in accordance with the presumption of IFRS 9.
- D. After the recovery process, the Company writes off the amount of financial assets that cannot reasonably be expected to be recovered. However, the Company continues to carry out legal recovery procedures to preserve its claim rights. The amount of claims written off by the Company but still under recovery activities was \$0 and \$0 as of December 31 ,2023 and 2022, respectively.
- E. The indicators used by the Company to determine whether a debt instrument investment is credit-impaired are as follows:
  - a. The issuer is experiencing significant financial difficulties or there is an increased likelihood of bankruptcy or other financial restructuring.
  - b. The issuer experiences financial difficulties leading to the disappearance of an active market for that financial asset.
  - c. The issuer delays or fails on the payment of interest or principal.
  - d. Adverse changes in national or regional economic conditions relevant to the issuer's default.
- F. The Company groups notes and accounts receivable from customers based on the customer rating characteristics and adopts the simplified approach of using a provision matrix to estimate expected credit losses.
- G. The Company considers forward-looking adjustments and establishes loss rates based on historical and current information for specific periods to estimate the allowance for doubtful accounts for accounts receivable and notes receivable. The provision matrices as of 2023 and December 31, 2022 are as follows:

	<b>Not Past due</b>	<b>1-30 Days</b>	<b>31-90 Days</b>	<b>90-180 Days</b>	<b>More Than 181 Days</b>	<b>Total</b>
<u>December 31, 2023</u>						
Expected loss rate	0.0007%	0.0229%	8.5031%	0%	0%	
Total book value	\$ 93,815	\$ 1,438	\$ 27	\$ -	\$ -	\$ 95,280
Loss Allowance	39	-	-	-	-	39
<u>December 31, 2022</u>						
Expected loss rate	0.0431%	0.07049%	4.1693%	0%	100%	
Total book value	\$ 89,550	\$ 1,912	\$ 49	\$ -	\$ -	\$ 91,511
Loss Allowance	79	14	4	-	-	97

- H. The movement of the Company's allowance for doubtful accounts using the simplified approach is as follows:

	<b>2023</b>	
	<b>Notes Receivable</b>	<b>Accounts Receivable</b>
January 1	\$ 42	\$ 55
Impairment loss (reversal)	( 5)	( 53)
December 31, 2023	<u>\$ 37</u>	<u>\$ 2</u>
	<b>2022</b>	
	<b>Notes Receivable</b>	<b>Accounts Receivable</b>
January 1	\$ 34	\$ 5
Impairment loss (reversal)	8	50
December 31, 2022	<u>\$ 42</u>	<u>\$ 55</u>

### (3) Liquidity Risk

- A. Cash flow forecasts are prepared by the operating entities of the Company and consolidated by the Company's finance department. The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- B. Any excess cash held by the operating entities, beyond working capital management needs, will be remitted to the corporate Finance Department. The Company's Finance Department will invest the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and marketable securities, the instruments selected have an appropriate

maturity date or sufficient liquidity to meet the aforementioned forecasts and provide adequate working capital.

- C. The following table details the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-Derivative Financial Liabilities:

December 31, 2023	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
Short-term loans	\$ 120,000	\$ -	\$ -
Accounts payable	37,217	-	-
Other payables	83,007	-	-
Long-term loans (due within 1 year)	70,000	-	-

Non-Derivative Financial Liabilities:

December 31, 2022	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-5 years</b>
Short-term loans	\$ 70,000	\$ -	\$ -
Accounts payable	74,265	-	-
Other payables	116,933	-	-
Long-term loans (due within 1 year)	32,394	-	-

(3) Fair Value Information

- The definitions of the different levels of valuation techniques adopted for measuring fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is one in which transactions of assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than quoted prices included within Level 1, either directly or indirectly, for the asset or liability.

Level 3: An unobservable input for an asset or liability. The equity instruments invested by the Company without an active market belong to this level.

- Financial instruments not measured at fair value



The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable, other payables, and long-term borrowings approximate their fair values.

3. For financial instruments measured at fair value, the Company classifies based on the nature, characteristics and risks of the assets and liabilities and the fair value hierarchy levels, with relevant information as follows:

- (1) The company classifies assets and liabilities according to their nature, and the relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring Fair Value</u>				
Current financial assets measured at fair value through other comprehensive income				
Equity securities	\$ _____ -	\$ _____ -	\$ 16,307	\$ 16,307

December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring Fair Value</u>				
Current financial assets measured at fair value through other comprehensive income				
Equity securities	\$ _____ -	\$ _____ -	\$ 14,333	\$ 14,333

- (2) The methods and assumptions used by the Company to measure fair value are described as follows:

- A. The company assesses the total value of the valuation subject, covering individual assets and individual liabilities, reflecting the overall value of the enterprise or business, and estimates the consideration required to reconstitute or acquire the valuation subject under the going concern premise.
    - B. The outputs of the valuation models are estimated values, and the valuation techniques may not reflect all relevant factors of the financial instruments and non-financial instruments held by the Company. Therefore, the estimated values of the valuation models will be appropriately adjusted based on additional parameters, such as model risk or liquidity risk.

4. There was no transfer between Level 1 and Level 2 in 2023 and 2022.
5. There was no transfer in or out from Level 3 in 2023 and 2022.

6. The Company's valuation process for fair value classification in Level 3 is managed by the management department, which is responsible for performing independent fair value verification of financial instruments. This is done by using independent source data to ensure that the valuation results are close to market conditions, confirming that the data sources are independent, reliable, and consistent with other resources, as well as making any other necessary fair value adjustments to ensure that the valuation results are reasonable.
7. The quantitative information about significant unobservable inputs used in the valuation models for items measured at fair value categorized within Level 3 of the fair value hierarchy, and the sensitivity analysis of changes in significant unobservable inputs, are as follows:

December 31, 2023					
	Fair Value	Valuation Technique	Significant Unobservable Input	Interval (Weighted Average)	Relations Between Input and Fair Value
Non-derivative equity instruments:					
Unlisted stocks	\$ <u>16,307</u>	Net asset value method	N/A.	N/A.	The higher the net asset value, the higher the fair value

December 31, 2022					
	Fair Value	Valuation Technique	Significant Unobservable Input	Interval (Weighted Average)	Relations Between Input and Fair Value
Non-derivative equity instruments:					
Unlisted stocks	\$ <u>14,333</u>	Net asset value method	N/A.	N/A.	The higher the net asset value, the higher the fair value

8. The Group selects the evaluation model and evaluation parameters after careful evaluation, but the use of different evaluation models or evaluation parameters may lead to different evaluation results.

### 13. Other Disclosures

#### (1) Information on Significant Transactions

1. Capital loan to others: No such situation.
2. Endorsement guarantees for others: No such situation.
3. As of the end of the period, the status of securities held (excluding investments in subsidiaries, associates and joint ventures): Please refer to Table 1 for details.
4. The cumulative amount of purchases or sales of the same securities reaching NT\$300 million or 20% of the paid-in capital: No such situation.
5. The amount of real estate acquired reaching NT\$300 million or 20% of the paid-in capital: No such situation.

6. The amount of disposing of real estate reaching NT\$300 million or 20% of the paid-in capital: No such situation.
7. The amount of inward or outward merchandise trading with related parties reaching NT\$100 Million or 20% of the paid-in capital: No such situation.
8. The amount receivable from related parties reaching NT\$100 million or 20% of the paid-in capital: No such situation.
9. Derivative transactions: No such situation.
10. Intercompany relationships and significant intercompany transactions between the Parent Company and subsidiaries, and between subsidiaries and their amounts: Please refer to Table 2 for details.

(2) Information on Investees

Names, Locations and Relevant Information of Investee Companies (Excluding Investee Companies in Mainland China): Please refer to Table 3.

(3) Information on Investment in Mainland China

1. Basic Information: Please refer to Table 4 for details.
2. Direct or indirect material transactions between the Company and the Mainland Chinese investees through third areas: Please refer to Table 2 for details.

(4) Major Shareholders

If the issuer's shares have been traded on the securities trading location, the names, shareholdings, and percentages of shareholders holding 5% or more of the issuer's equity shall be disclosed: Please refer to Table 5 for details.

**14. Segment Information**

N/A.

**VI. Financial Difficulties Experienced by the Company and its Affiliates in the Most Recent Fiscal Year up to the Date of Annual Report Publication**

None.

## Chapter 7      Review of Financial Conditions, Performance and Risk Management

### I.      Financial Position

Unit: NT\$ thousand

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	828,125	827,326	(799)	(0.10)
Property, Plant, and Equipment	732,681	731,094	(1,587)	(0.22)
Intangible assets	3,885	3,403	(482)	(12.41)
Other assets	115,808	115,791	(17)	(0.01)
Total Assets	1,680,499	1,677,614	(2,885)	(0.17)
Current liabilities	359,814	297,932	(61,882)	(17.20)
Non-current liabilities	51,166	106,026	54,860	107.22
Total Liabilities	410,980	403,958	(7,022)	(1.71)
Capital stock	581,506	639,657	58,151	10
Capital surplus	68,630	68,630	-	-
Retained earnings	623,932	570,251	(53,681)	(8.60)
Other equity	(4,549)	(4,882)	(333)	7.32
Treasury stock	-	-	-	-
Non-Controlling Interests	-	-	-	-
Equity	1,269,519	1,273,656	4,137	0.33
1. Significant changes (changes of 20% or more between the current and previous periods, and the amount of change reaches NT\$10 million) The increase in non-current liabilities was due to the addition of long-term loans. 2. Countermeasures: No need to formulate a response plan.				

Note:      The financial data for the above has been audited and certified by CPAs.

## II. Financial Performance

- (I) The main reasons for significant changes in operating revenue, operating net profit, and pre-tax net profit in the recent two fiscal years

Unit: NT\$ thousand

Item \ Year	2022	2023	Increase (Decrease) Amount	Change %
Operating revenue	1,223,145	1,018,612	(204,533)	(16.72)
Operating gross profit	720,538	532,889	(187,649)	(26.04)
Operating profit or loss	280,233	99,428	(180,805)	(64.52)
Operating income and expenses	9,211	3,657	(5,554)	(60.30)
Profit before tax	289,444	103,085	(186,359)	(64.39)
Net income from continuing operations	289,444	103,085	(186,359)	(64.39)
Loss from discontinued operations	-	-	-	-
Current profit (loss)	231,346	82,052	(149,294)	(64.53)
Other comprehensive income for the current period (net after tax)	(3,408)	9,311	12,719	(373.21)
Total comprehensive income for the current period	227,938	91,363	(136,575)	(59.92)
Net income attributable to owners of the parent	231,346	82,052	(149,294)	(64.53)
Net income attributable to non-controlling interests	-	-	-	-
Total comprehensive income attributable to owners of the parent	227,938	91,363	(136,575)	(59.92)
Total comprehensive income attributable to non-controlling interests	-	-	-	-
<p>Analysis of the percentage changes in the last two years: (Changes of 20% or more between the current and previous periods, and the amount of change reaches NT\$10 million)</p> <p>Gross profit, operating income, profit before tax, net profit from continuing operations for the current period, net profit for the current period, and other comprehensive income decreased due to the decrease in operating revenue this year.</p>				

Note: The financial data for the above has been audited and certified by CPAs.

- (II) Expected Sales Volume and its Basis

The Company's expected sales volume for 2024 is based on the Company's operating strategy, operational targets and budgets of each unit, and takes into account the overall industry outlook, development trends, and historical operating performance with reasonable assumptions. The expected sales volume is as follows:

Major products	Expected Sales Volume for 2024
Remote controllers, industrial control interface cards, other products	790,000

### (III) Possible Impact on the Company's Future Financial Operations and Response Plans

In accordance with the Company's established operational plans and assessment of the current global economic environment, managing market risk, credit risk, liquidity risk, and cash risk, the Company operates prudently with a short cash cycle, maintains interest burden at a normal level through bank loans, and has a low cost of capital burden. The performance in 2023 decreased by 16.7% compared to 2022, but the Company still maintained a high level of current assets (49%) and low current liabilities (18%), with a stable financial structure and sufficient working capital to meet the needs of future business growth.

## III. Cash Flow Analysis

### (I) Analysis of Changes in Cash Flow in the Most Recent Year

Unit: NT\$ thousand

Cash Balance at Beginning of Period	Net Cash Provided by Operating Activities for the Year	Net Cash Used in Other Activities for the Year	Other matters (Note 1)	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
					Investment Plans	Financial Plans
87,178	55,273	(49,628)	(1,585)	91,238	-	-

Note 1: Exchange rate adjustment

1. Net cash inflow from operating activities of NT\$55,273 thousands, mainly due to stable profitability from revenue.
2. Net cash outflow from investing and financing activities of NT\$49,628 thousands, mainly due to the purchase of equipment, distribution of cash dividends, and repayment of short-term and long-term loans.

### (II) Analysis of Cash Liquidity for the Next Year (2024)

Unit: NT\$ thousand

Cash Balance at Beginning of Period	Net Cash Provided by Operating Activities for the Year	Net Cash Used in Other Activities for the Year	Other matters	Cash Surplus (Deficit)	Remedial Measures for Cash Deficit	
					Investment Plans	Financial Plans
91,238	116,638	(98,000)	(1,000)	108,876	-	-

Analysis of cash flow in 2024:

1. Operating activities: Mainly net cash inflow from operating activities under normal operating activities.
2. Net cash flow from investing and financing activities: Mainly due to the purchase of equipment, distribution of cash dividends, and repayment of loans.

#### **IV. Impact of Major Annual Capital Expenditures on Financial Operations**

As the Company has sufficient net cash inflow from operating activities and a low debt ratio, and maintains good credit relationships with banks on a regular basis each year, it is sufficient to support major capital expenditures.

#### **V. Main Reasons for the Recent Annual Reinvestment Policies and Profits or Losses, Improvement Plans, and Investment Plans for the Coming Year**

##### **(I) Investment Policy:**

The Company's investment policy is implemented by relevant executive departments in accordance with the internal control "Investment Cycle" and "Procedures for Acquisition or Disposal of Assets" and other regulations, and the aforementioned regulations or procedures have been discussed and approved by the Board of Directors or shareholders' meeting.

##### **(II) Main Reasons for Investment Profit or Loss and Improvement Plans:**

The operating losses of Shanghai Golden ICP DAS and ICP DAS Wuhan , which are currently wholly-owned subsidiaries, are due to the overall poor economic conditions in China, and they are still cultivating the market and waiting for opportunities.

##### **(III) Investment Plans for the Next Year:**

In response to the continued global economic and trade growth, the Company's business scope is widely distributed globally in line with its overseas deployment strategy, with the expectation of expanding the Company's sales and service locations and grasping a more comprehensive sales and service network.

## VI. Recent Annual Report and Risk Factors' Analysis and Evaluation up to the Date of Annual Report Publication

### (I) Impact of Interest Rate and Exchange Rate Changes and Inflation on the Company's Profit and Loss and Future Countermeasures

#### 1. Impact of Interest Rate Changes:

Unit: NT\$ thousand

Item	2023	First Quarter of 2024
Interest revenue	837	97
Financial costs (interest expense)	3,748	1,005
Profit after tax	82,052	9,676
(Financial costs - Interest income) / Profit after tax	3.55%	9.38%

The Company maintains good relationships with its cooperating banks on a regular basis each year to obtain lower-cost funds and avoid the risk of rising interest rates. As the Company is in a stage of growth and development, it needs to expand production equipment to strengthen its competitiveness. In the future, the Company will comprehensively consider the amount and cost of legal sources of funds to raise the required funds.

To avoid the risk of interest rate fluctuations, after prudently assessing the financial market situation, the Company signed contracts with several well-known banks when interest rates were relatively low, and the contracted interest rates were lower than the estimated cost, so interest rate fluctuations have no significant impact on the Company.

#### 2. Impact of Exchange Rate Changes:

Unit: NT\$ thousand

Item	2023	First Quarter of 2024
Net exchange gains (losses)	(443)	2,604
Profit after tax	82,052	9,676
Net operating revenue	1,018,612	234,855
Net foreign exchange gains (losses) / Profit after tax	(0.54%)	26.91%
Net foreign exchange gains (losses) / Net operating revenue	(0.04%)	1.11%

The Company manages its foreign exchange positions by opening foreign currency deposit accounts and buying and selling foreign currency deposits in a timely manner, directly using the foreign currency generated from sales to pay for the



amount required for procurement, which can reduce exchange losses if offsetting and achieve the effect of natural hedging, thereby reducing the impact of exchange rate changes on profit and loss.

The Company will continue to observe the trend of the US dollar to fully grasp market information and estimate the long-term and short-term exchange rate trends. When the exchange rate fluctuates greatly, the Company will renegotiate the transaction price with customers or suppliers as appropriate to mitigate the impact of exchange rate fluctuations on the Company's revenue and profitability.

3. Inflation:

The Company's profit and loss have not been significantly affected by inflation. If the Company's purchase costs are affected by price increases, it will consider reflecting them in the selling price in a timely manner, and the main materials are purchased from many domestic and foreign manufacturers, so the impact of inflation on the Company can be relatively dispersed.

(II) Policies, main reasons for profit or loss, and future countermeasures for engaging in high-risk, high-leverage investments, lending funds to others, providing endorsements and guarantees, and derivative transactions:

1. The Company has always operated steadily with sound finances, and as of the date of the annual report, it has not engaged in high-risk, high-leverage investments, endorsements and guarantees, and other transactions.
2. If the Company needs to engage in derivative transactions, it strictly adheres to the regulations of the "Procedures for Acquisition or Disposal of Assets" formulated by the Company for engaging in derivative transactions, and it will be for hedging purposes, not for speculation.
3. Lending funds to others is handled in accordance with the "Procedures for Lending Funds to Others," and the risk and other matters are evaluated and handled after the resolution of the Board of Directors.

(III) Future R&D Plans and Expected R&D Expenses

1. The Company's R&D focus and future new product development plans mainly involve upgrading and extending the application of existing products, and actively promoting the development of new products related to PACs (Programmable Automation Controllers). Overall, the future development direction of R&D work is as follows:
  - (1) Micro industrial controllers: Develop new micro industrial controllers in line with the market's new micro CPUs and chipsets.
  - (2) Upgrade and revise the MiniOS7 (self-developed embedded operating system) software to increase added value.

- (3) Embedded industrial computers and industrial controller peripheral control components.
- (4) Gaming machine control systems.
- (5) Motion control systems and application software.
- (6) Visual control software.
- (7) Various industrial fieldbus controllers.
- (8) PAC controllers integrating displays and I/O modules.
- (9) Wireless communication-related products such as ZigBee, GSM/GPRS/3G.
- (10) M2M (Machine to Machine) remote maintenance and remote monitoring systems.
- (11) Machine vision and image processing software.
- (12) Simple HMI (Human Machine Interface).
- (13) Redundant DCS control modules for petrochemical and steel industries.
- (14) Green energy-saving monitoring modules for wind power generation and solar power generation.
- (15) Power metering, communication, monitoring, and control modules.
- (16) Factory energy management monitoring solutions.
- (17) Intelligent building monitoring solutions.
- (18) DSRC (Dedicated Short Range Communications) communication modules for Intelligent Transportation Systems.
- (19) Fleet management systems and related in-vehicle control systems.
- (20) Integrated development of SCADA, cloud platforms, and Mobile Device Apps.  
Smart factory solutions.
- (21) New-generation fieldbus communication standard EtherCAT I/O Module.
- (22) OPC UA related controllers for machine-to-machine network transmission protocols for automation technology.

2. The R&D investment plans are summarized in the following table:

Product Category	Future Development Direction	Related Applications
Development of various PAC products	Develop new PAC products in line with various new application requirements in the market	1. Hydrological monitoring 2. Machine monitoring 3. Environmental data monitoring system 4. Semiconductor production line monitoring
Development of various	Divided into:	1. DCS system

Redundant systems	1. CPU Redundant system 2. Network Redundant system 3. I/O Redundant system	2. Semiconductor packaging and testing equipment 3. Unmanned store 4. Conveyor
Development of rugged remote modules for various fieldbuses	Divided into: 1. Ethernet 2. CAN Bus 3. ProfiBus PROFINet 4. RS-485 5. EtherCAT 6. Meter Bus 7. Others	Measurement and control system
Motion control systems and application software.	Multi-axis servo motor motion control card and development software, distributed motion control	Manufacturing automation
Monitoring and management software for intelligent buildings	How to quickly and effectively link and apply network communication, databases, and I/O	Intelligent building automation
Development of power metering, communication, monitoring, and control modules	Develop relevant metering and monitoring modules in line with household and factory energy-saving needs	1. e-Home 2. Machine power monitoring
Development of communication modules for intelligent transportation systems	Application of DSRC in different intelligent transportation systems, OBU, RSU	Intelligent transportation systems
Development of fleet management systems and in-vehicle control systems	Develop related controllers and software in line with the needs of electric vehicles and fleet management	Fleet management
Integrated development of SCADA, cloud platforms, and Mobile Device Apps Smart factory solutions.	Develop integrated applications of cloud platforms and Mobile Device Apps in response to the trend of Industry 4.0	IoT and Industry 4.0, Big Data
Smart factory and intelligent manufacturing solutions	In the trend of industrial IoT and Industry 4.0, and based on customer needs, deeply engage in applications in different industries, integrate different technologies, and meet customer needs.	Energy management, equipment preventive maintenance, production history, OEE

3. The R&D expenses invested in 2024 are expected to account for approximately 18~25% of revenue.

(IV) Impact of Important Domestic and Foreign Policy and Legal Changes on the Company's Financial Operations and Countermeasures:

The Company's daily operations are conducted in accordance with relevant domestic and foreign laws and regulations, and the Company pays attention to the development trends of domestic and foreign policies and changes in regulations at any time, collects relevant information to provide reference for the management's decision-making, and

adjusts the Company's relevant operating strategies. As of now, the Company has not been affected by important domestic and foreign policy and legal changes that impact the Company's financial operations.

(V) Impact of Technological Changes and Industry Changes on the Company's Financial Operations and Countermeasures:

The Company pays attention to the changes and technological developments in the industry in which it operates at any time, grasps the industry dynamics and market information of its peers, continuously improves product quality and manufacturing processes, actively expands production capacity and enhances R&D capabilities, and also adopts a prudent financial management strategy to maintain market competitiveness. Therefore, technological changes and industry changes currently have no significant impact on the Company.

(VI) Impact of Changes in Corporate Image on Corporate Crisis Management and Countermeasures:

The Company has always adhered to the principles of integrity and professionalism in its operations, actively strengthening internal management, improving quality and performance, and striving to maintain its corporate image in compliance with relevant laws and regulations. As of now, there have been no incidents that could affect the corporate image. In the future, while pursuing the maximization of shareholders' equity, the Company will also fulfill its corporate social responsibilities.

(VII) Expected Benefits, Possible Risks, and Countermeasures of Mergers and Acquisitions:  
No such thing.

(VIII) Expected Benefits, Possible Risks, and Countermeasures of Plant Expansion

The Company can plan office spaces that meet its usage needs with its own assets, which can accommodate the expansion of the Company's operating scale and the use of intelligent demonstration sites.

(IX) Risks and Countermeasures of Concentration in Purchasing or Sales

The Company currently does not have a situation of concentration in purchasing or sales. Although raw materials are mainly supplied by several manufacturers, they are the Company's long-term cooperating suppliers without significant risks. The Company is also actively developing new manufacturers to ensure the source of materials.

(X) Impact, Risks, and Countermeasures of Substantial Transfer or Replacement of Equity by Directors, Supervisors, or Shareholders Holding More Than 10% of Shares

The majority of the Company's equity is concentrated in the hands of directors and employees. There have been no incidents of substantial transfer or replacement of equity in the most recent year and as of the date of the annual report. In order to

comply with the regulations of the competent authority and with the expectation that the Company's management can be more sound and allow the Company's Board of Directors to operate more efficiently and independently, the Company has introduced independent directors, which has a positive benefit to the Company.

(XI) Impact, Risks, and Countermeasures of Changes in Management Rights

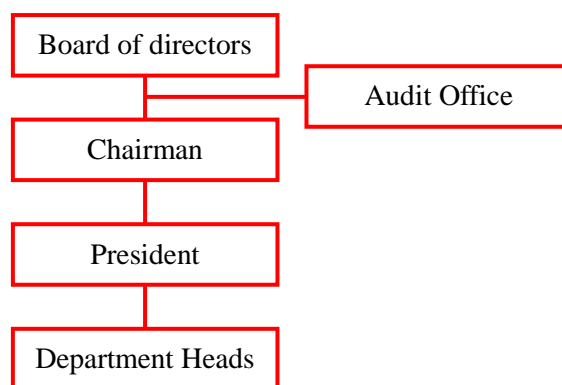
The majority of the Company's equity is concentrated in the hands of directors and employees. The directors have long participated in the Company's work, agree with the Company's development direction, and are willing to hold the Company's shares for the long term and grow together with the Company. The Company has established a complete organizational structure and implements management strategies through internal management systems and communication and coordination between departments. Therefore, changes in management rights have a very small impact on the Company's operations.

(XII) For major litigations, non-litigious matters, or administrative disputes that have been adjudicated or are still pending, and the results may have a significant impact on shareholders' equity or securities prices, the following shall be listed: the facts of the dispute, the amount of the subject matter, the date of commencement of the litigation, the main parties involved, and the handling situation as of the date of the annual report: None.

(XIII) Other Important Risks and Countermeasures

The Company's risk management organizational structure and description are as follows:

1. Risk Management Organizational Structure



2. Risk management responsible unit: Board of directors

3. Risk management judgment unit: President and Chairman

4. Risk management execution unit: Department Heads

5. Risk management supervision unit: Audit Office

## 6. Risk Management Policies

- (1) The Company's risk control is based on prevention at all levels at all times, not controlled by one person, which is the most thorough risk control method. Risk control is divided into three levels: The "first level" is the department heads, responsible for the initial risk discovery, assessment, and control of the functional operations of each unit. The "second level" is the President and Chairman, responsible for judging the feasibility of each operating policy and the tolerance for operational risks. The "third level" is the Board of Directors, responsible for coordinating the overall operating direction of the Company and the implementation and effectiveness of risk policies.
- (2) In accordance with the spirit of corporate governance and the requirements of securities laws and regulations, the Company has established an internal control system, internal audit system, and related operating procedures and measures, which include self-assessment procedures. Each year, the Audit Office supervises each unit to conduct risk assessments of their operating contents and summarizes the results to report to the independent directors and the Board of Directors. The Audit Office also completes audit reports for the items in the annual audit plan in accordance with the internal audit system and reports to the independent directors, and reports the results of each audit report at regular Board of Directors meetings.

## VII. Other Significant Matters

### (I) Evaluation Basis and Foundation for the Provision of Asset and Liability Valuation Items

#### 1. Accounts receivable

The expected credit loss model is used to assess the impairment of accounts receivable based on the incurred loss approach.

#### 2. Notes Receivable

The provision ratio for the allowance for doubtful accounts for notes receivable is 1% of the total amount of outstanding notes receivable.

Accounts receivable, notes receivable, and various claims are deemed to have incurred bad debt losses under any of the following circumstances:

- (1) Bankruptcy, evasion, settlement, or declaration of bankruptcy, or other reasons that render part or all of the claims uncollectible.
- (2) Claims that have been overdue for two years and have not been collected after urging.

In addition, if a claim is recovered after being recorded as a loss, the recovered amount shall be recorded as income for the year of recovery.

### 3. Inventories

The Company's inventories are recorded at the actual purchase cost and calculated using the weighted average method during the period, and are evaluated at the lower of cost and net realizable value at the end of the period. In order to truly reflect the value of inventories and ensure the appropriate presentation of inventory valuation, the Company regularly provides an allowance for inventory price decline and obsolescence losses on a quarterly basis, and inventories are provided with an appropriate ratio of allowance for price decline and obsolescence losses in accordance with the policy. In summary, the valuation items of allowance for inventory price decline and obsolescence losses vary according to changes in inventory market prices and the increase or decrease in the age of inventories, respectively.

#### (1) Obsolescence Provision Policy:

- A. Based on the inventory age as of the assessment date, the inventory is divided into the following intervals and the ratio of obsolescence losses provision.

Inventory Age	0-180 days	181-360 days	361-720 days	More than 721 days
Obsolescence Provision Ratio	0%	40%	75%	100%

- B. Based on the inventory balance as of the assessment date, for the amount of inventory with a turnover ratio of less than 40% in the last two years, and the amount of obsolescence losses already provided according to the assessment method, the difference between the two is fully provided as obsolescence losses and recognized as cost of goods sold.
- C. For the assessed inventory items, if there are reasons such as the original manufacturer's discontinuation of production that require the Company to purchase sufficient inventory to meet the sales of existing products or other special reasons, they can be excluded from the applicable assessment.

#### (2) Price Decline Provision Policy:

The definitions of inventory cost and net realizable value are in accordance with the definitions in International Accounting Standards Bulletin No. 2 "Inventories."

The value of inventories is evaluated at the lower of cost and net realizable value; the resulting price decline losses or recovery gains must be expressed under cost of goods sold.

### (II) Information Security Risk Assessment

The Company has established the “Information Security Management Regulations” to ensure compliance with information system security prevention and network transmission data security, and has set up network and computer security protection to maintain important corporate operations such as the Company’s manufacturing operations and accounting functions, but it cannot completely avoid network attacks from any third-party illegal intrusion that paralyzes the system.

The Company has proposed related data file defense and backup strengthening plans, and strengthened the promotion of the importance of information security to employees and the implementation of information security protection work.

### (III) Intellectual Property Management

In order to effectively protect the intellectual property rights owned by the Company, prevent the outflow of intellectual property without control, and protect the integrity of customer products, the Company actively implements measures such as the application and maintenance of intellectual property rights, and continues to accumulate intellectual property rights.

1. Trade Secret Management: The following are stipulated in the Company’s internal management regulations and employment contracts:
  - (1) Employees have a confidentiality obligation to the Company’s trade secrets.
  - (2) During employment or after resignation, employees shall not disclose, inform, deliver or transfer any business secrets without the Company’s prior written consent, otherwise the Company has the right to dismiss them and may request liquidated damages and related compensations.

#### 2. Patent Management

The R&D unit conducts technological development and irregularly entrusts external patent firms to apply for patents.

#### 3. Trademark Management

- (1) For trademark applications, the R&D unit submits the request, and then the legal affairs unit applies with external intellectual property firms.
- (2) For the extension of the duration of existing trademarks, the R&D application unit evaluates the maintenance benefits before the expiration of the right period and determines whether to continue maintenance; when deciding to maintain, the legal affairs unit follows the regulations to carry out the procedures required for extending the right period.
- (3) Based on the Company’s scale, business objectives, and cost-effectiveness, the relevant use of property rights is revised in a timely manner; when necessary, the value of intellectual property rights is assessed, and licensing,



technology transfer, assignment, etc. are carried out to effectively allocate organizational resources and maintain organizational operations.

List of acquired intellectual property and achievements:

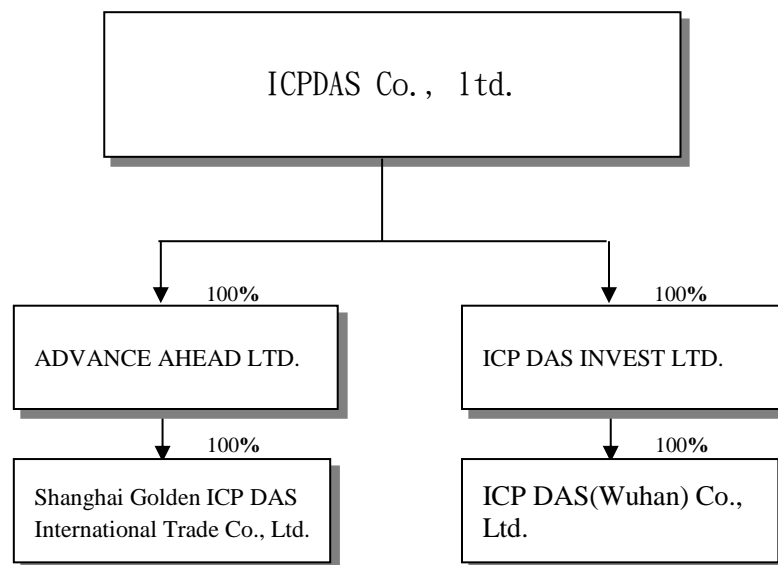
1. Patents: As of December 31, 2023, the number of patent applications is about 35, of which 7 are granted “invention” patents, 19 are “utility model” patents, and 2 are “design” patents.
2. Trademarks: Applications include trademarks in Taiwan, the United States, China, and the European Union. As of December 31, 2023, the number of valid and existing trademarks in Taiwan is about 17.

## Chapter 8 Special Disclosure

### I. Related Data of Affiliated Companies

#### (I) Overview of Related Enterprises

##### 1. Related Enterprise Organization Chart



2. Pursuant to Article 369-3 of the Company Act, presumed to have a controlling and subordinate relationship: No such thing.
3. Pursuant to Article 369-2, Paragraph 2 of the Company Act, directly or indirectly controlled by the Company in terms of personnel, finance or business operations: No such thing.

(II) Basic Information of Each Related Enterprise

Enterprise Name	Establishment Date	Address	Paid-in capital	Main Business or Products
ADVANCE AHEAD LTD.	2003.9.18	British Virgin Islands	USD 1,000,000	Reinvest in related businesses
Shanghai Golden ICP DAS International Trade Co., Ltd.	2004.2.2	Shanghai	USD 1,000,000	International trade, entrepot trade, bonded area trade between enterprises, and trade agency of industrial computer controllers and interface cards, etc.
ICP DAS INVEST LTD.	2010.3.30	British Virgin Islands	USD 3,200,000	Reinvest in related businesses
ICP DAS(Wuhan) Co., Ltd.	2010.7.20	Wuhan	USD 3,200,000	Research, development, production and sales of software, hardware, electronic products, instruments, meters and automatic equipment for the automatic control industry; automation engineering and project reconstruction; related technical services and transfers.

(III) Shareholders Information of Those Presumed to Have a Controlling and Subordinate Relationship: None.

(IV) Industries Covered by the Overall Business Operations of Related Enterprises:

The main businesses of the Company are the R&D, design, production, manufacturing, and sales of industrial computer-related products. The main businesses are as follows:

1. Design, research and development, manufacturing, repair and trading of various computers, circuit boards, electrical appliances and their peripheral equipment.
2. Design, manufacturing, repair and trading of computer control machines, vacuum machinery equipment, and automatic measuring equipment (excluding licensed business).
3. Design, manufacturing, repair and trading of electronic instruments, photographic equipment, communication equipment systems, electromechanical control equipment systems, machinery equipment, and instrument equipment (excluding licensed business).
4. Agency, trading, and import-export business of the above-mentioned related materials, software and equipment.
5. Agency and bidding business for the above-mentioned related domestic and foreign manufacturers' products.

International trade, entrepot trade, bonded area trade between enterprises, and trade agency of industrial computer controllers and interface cards.

## (V) Information on Directors, Supervisors, and General Managers of Related Enterprises

Unit: Share: %

Enterprise Name	Title	Name or Representative	Shareholding	
			Number of Shares	Shareholding Ratio
ADVANCE AHEAD LTD.	Chairman	Yeh, Nai-Ti	1,000,000	100.00%
Shanghai Golden ICP DAS International Trade Co., Ltd.	Chairman	Yeh, Nai-Ti	1,000,000	100.00%
	President	Ku, Chia-Chun	-	-
	Supervisor	Huang, Kuo-Cheng	-	-
ICP DAS INVEST LTD.	Chairman	Yeh, Nai-Ti	3,200	100.00%
ICP DAS(Wuhan) Co., Ltd.	Chairman	Yeh, Nai-Ti	3,200	100.00%
	President	Chen, Yu-Lin	-	-
	Supervisor	Huang, Kuo-Cheng	-	-

## (VI) Operational Overview of Related Enterprises

Financial status and operating results of each related enterprise:

Unit: NT\$ Thousand

Enterprise Name	Capital	Total Assets	Total Liabilities	Net equity	Operating revenue	Operating profit	Net Income (Loss) for the Current Period	Earnings Per Share (NT\$)
ADVANCE AHEAD LTD.	33,161	78,676	17,804	60,872	124,144	(9,195)	(7,866)	0
Shanghai Golden ICP DAS International Trade Co., Ltd.	33,161	78,676	17,804	60,872	124,144	(9,195)	(7,866)	0
ICP DAS INVEST LTD.	100,682	68,737	3,727	65,009	23,709	(3,737)	(3,830)	0
ICP DAS(Wuhan) Co., Ltd.	100,682	68,737	3,727	65,009	23,709	(3,737)	(3,830)	0

Note: Related company numbers and relevant data have been converted into New Taiwan Dollars at the exchange rate on the reporting date if it is a foreign company.

(VII) Consolidated Financial Statements of Affiliated Enterprises Declaration Statement

ICP DAS CO., LTD. AND SUBSIDIARIES

**Consolidated Financial Statements of Affiliated Enterprises Declaration Statement**

The companies required to be included in the preparation of the consolidated financial statements of related enterprises and the companies required to be included in the preparation of the consolidated financial statements of the parent company and subsidiaries in accordance with the International Financial Reporting Standard No. 10 are the same for the year 2023 (from January 1, 2023 to December 31, 2023). The relevant information required to be disclosed in the consolidated financial statements of related enterprises has been disclosed in the aforementioned consolidated financial statements of the parent company and subsidiaries, so the consolidated financial statements of related enterprises will not be prepared separately.

Declaration

Company Name: ICP DAS Co., Ltd.

Person in Charge: Yeh, Nai-Ti

March 4, 2024

(VIII) Related Party Report: N/A.

(IX) Information on related enterprises' loans to others, endorsements/guarantees, and derivative transactions: Information on related enterprises' loans to others, endorsements/guarantees, and derivative transactions.

- II. The Circumstances of Private Placement of Securities for the Recent Fiscal Year and up to the Date of Printing of the Annual Report:** No such situation.
- III. The Shareholding Status of Subsidiaries and Disposal of the Company's Shares for the Recent Fiscal Year up to the Date of Printing of the Annual Report:** No such thing.
- IV. Other Required Supplementary Explanatory Matters:** None.
- V. The Annual Report for the Recent Fiscal Year and up to the Date of Printing of the Annual Report, If any Event Occurs as Stipulated in Article 36, Paragraph 3, Subparagraph 2 of This act That Has a Significant Impact on Shareholders' Equity or Securities Prices:** No such thing.

Industrial Computer Product Data Acquisition System



ICP DAS CO., LTD.

Chairman Yeh, Nai-Ti