

AXIOMTEK CO., LTD.

2023

Annual Report

Notice to readers

This English-version Annual Report is a translation of the Chinese version and is not an official document of the Shareholders' Meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Axiomtek's Annual Report is available at:

<https://www.axiomtek.com/Default.aspx?MenuId=AboutUs&ItemId=225&C=Shareholders+Meeting>

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Spokesman

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Acting Spokesman

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II. Headquarters and Factory

Headquarters

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Address: B1, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei City, Taiwan

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IV. Certified Public Accountants

Names of the CPAs: Lin, Po-Chuan and Wu, Han-Chi

Name of Accounting Firm: PricewaterhouseCoopers, Taiwan

Address: 27F, No.333, Section 1, Keelung Road, Xinyi District, Taipei City, Taiwan

Website: <https://www.pwc.tw>

Tel: +886-2-27296666

V. Name of Any Exchanges Where the Company's Securities Are Traded Offshore, and the Method by Which to Access Information on Said Offshore Securities: None.

VI. Company Website

<https://www.axiomtek.com/>

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I. Letter to Shareholders

Dear Shareholders,

First of all, I would like to thank you for your support over the past year. Axiomtek Co., Ltd. (hereinafter referred to as “the Company” or “Axiomtek”) and its subsidiaries (the Company and its subsidiaries are hereinafter referred to as “the Group”) have the consolidated operating revenue of NT\$6.7 billion in 2023, an increase of 1.23% from NT\$6.619 billion in 2022.

The overall global environment is still facing regional political and economic instability. Despite many challenges, the Group's consolidated revenue and profits have shown positive growth for three consecutive years and achieved great results. In the future, the market is expected to gradually explore more business opportunities with AI (artificial intelligence), edge computing, Internet of Things, industrial cybersecurity, and 5G innovative application technologies. The company will be based on the core technology of the Industrial Internet of Things, embedded technology, software and hardware integration, and ecosystem partners, making good use of existing hardware professional manufacturing and flexible design advantages to create valuable services and provide customers with domain-focused solutions. The company will continue to pursue sustainable operations as its goal, fulfill its corporate social responsibilities, attach importance to ESG, and to be recognized by our partners as a trusted partner with valuable services.

The Group’s operating results in 2023 and business plan for 2024 are illustrated as follows:

1. Operating Results in 2023:

(1) Outcome of business plan implementation:

The Group’s consolidated operating revenue reached NT\$6.7 billion, the consolidated net income was NT\$728 million, the total consolidated comprehensive income was NT\$732 million and the earnings per share was NT\$7.19 in 2023.

(2) Budget implementation:

The Group has not disclosed its financial forecast for 2023, so there is no budget achievement.

(3) Analysis of receipts, expenditures and profitability:

Item		2023	2022
Financial Structure (%)	Debt to Assets Ratio	38.71	40.88
	Long-term Capital to Property, Plant and Equipment Ratio	237.26	221.74
Solvency (%)	Current Ratio	282.82	182.47
	Quick Ratio	165.26	88.03
	Interest Earned Ratio (Times)	5,340.00	7,699.52
Profitability	Return on Assets (%)	11.54	10.77
	Return on Equity (%)	18.76	18.17
	Ratio of Pre-Tax Income to Paid-in Capital (%)	96.67	87.10
	Profit Ratio (%)	10.86	9.10
	Earnings Per Share (NT\$)	7.19	6.06

(4) Research and development status:

In response to sustainable management and market development trends, the following medium and long-term development directions are planned:

- A. Focus on the industrial application in vertical markets such as factory automation, rail transit, green energy, and smart grid; provide edge computing platforms, machine vision solutions, touch panel computer, and combine core technologies such as video, audio, and smart platforms to provide comprehensive AIoT solution.
- B. The edge computing system is developing toward intelligent, compact, and modular products. Strengthen the integrated application of the embedded operating system and provide a security upgrade solution for the Internet of Things.
- C. Develop specific domain-focused platforms for smart retail, medical, gaming, entertainment markets, and integrate software expertise to provide customers with a complete and reliable solution.
- D. Migrate the system level to an application market solution, combine DigiHub to provide software and hardware integration services; deepen the added value, and provide exclusive, customized, and flexible services for partners.

2. Business Plan for 2024:

(1) Business policy:

- A. Focus on the integration of artificial intelligence and the Internet of Things, smart manufacturing-related technologies and edge computing platforms, and continue to invest in domain industries such as factory automation, smart energy, transportation, medical, gaming, and smart retail.
- B. Provide a complete product line and professional customization services for targeted vertical markets.
- C. Collaborate with strategic partners to create alliances, integrate software and hardware to enhance value-added products, and pursue long-term development and sustainable operation of the enterprise.
- D. Global localization business policy, actively deploying overseas Design Engineering Service to provide localized professional services; adding overseas service bases, global marketing channels to deepen customer relationships, and establishing global distribution partners.
- E. Form follows function can organize corresponding development, pursue the vision of sustainable development of the enterprise and long-term talent cultivation.

(2) Production and sales policies:

- A. Implementing MES (Manufacturing Execution System) and PLM (Product Lifecycle Management): By transparently documenting product production history and lifecycle, we can construct a digital quality management model and tool management system. Gradually, this will lead to factory automation.
- B. Green Production Supply Chain and Supplier Management: Utilizing the GPMS (Green Product Management System), we ensure that products are non-toxic and safe. Regular audits of supplier quality are also part of this process.
- C. Implementing WMS (Warehouse Management System): By integrating WMS with intelligent material towers, racks, and preparation tablets on the production floor, we can create an efficient human-machine collaboration warehousing process.
- D. Leveraging ERP Supply Chain Data: The eSCM platform, centered around ERP supply chain data, connects product market demand planning with global material and finished goods inventory management. This drives digital transformation across the supply chain.

- E. Global Information Management and Communication: Through effective information management and communication mechanisms, we can monitor material, semi-finished, and finished goods inventory, as well as future market demand. This helps reduce inventory management costs and minimize losses due to obsolete inventory markdowns.

3. The Development Strategy:

(1) Sales strategy:

- A. Give full play to the key influence of digital transformation, accumulate innovative design service capabilities, software and hardware integration technology, deepen the added value of the industry, and provide customers with exclusive technology services.
- B. Focusing on research and development, design, professional manufacturing, and global sales, marketing worldwide with its own brand; actively deploying global localization strategies, establishing sales bases and technical bases, expanding marketing channels, and realizing localized services.
- C. Formulate strategies and tactics for the sales strategies of major global customers including key accounts, domain-focused system integrators, and channel partners, expand sales scale and assist customers to develop a new market.
- D. Strengthen the added value of software and hardware integration, duplicate success cases, shorten customer development time and development costs, and create a win-win model.
- E. Utilize the Salesforce cloud application and platform, use IT and BI (Business Intelligence) to effectively manage customer relationships and manage project progress, and integrate digital marketing models to improve customer experience.

(2) Product technology:

- A. Edge computing platform: towards miniature and modular design, adopts industrial aesthetic design, and emphasizes user experience. Designed for automation, smart energy, machine vision, AMR, artificial intelligence and IoT application markets. Obtain product specialty certifications for specific vertical applications.
- B. IT/OT cybersecurity platform: lock the industrial network security application market, develop edge computing computer platform, remote monitoring technology IPMI (Intelligent Platform Management Interface) and high-speed Ethernet module, and develop SDN (Software-Defined Networking) network security architecture.
- C. Digital signage players and self-service kiosks: provide affordable and high-performance models, integrating touch screens, barcode readers, payment devices, and other multifunctional all-in-one machines; through multiple screen output interfaces and customized software and firmware program to achieve multi-screen splicing and self-management of the system.
- D. Computers for medical equipment: by providing customized services, we aim to meet the needs of customers for efficient and small computer hosts, thereby accelerating the running speed and efficiency of testing instruments. Advanced systems can be equipped with AI chip cards to enhance the computing power of medical application software, accelerate and shorten the development process. Integrate with customer IT architecture to create a smart healthcare environment.
- E. Gaming industry-specific computer platform: develop Botton Deck platform, Video Mixer technology and game machine PTS (Player Tracking System) system platform, background management system, image processing, and Jackpot server, etc., and deepen its vertical industry expertise and integration capabilities.

4. The Effect of the External Competitive, the Legal Environment and the Overall Business Environment:

Edge computing with Artificial Intelligence of Things, AR/VR, 5G, and other technologies for domain vertical industries are made to support customers' success. The Group will continue to promote digital transformation and business growth, accumulate innovative design service capabilities, and formulate group organizational development, taking sustainable management as its mission. The company will attach importance to corporate social responsibility and create talents with an international business perspective. Long-term development strategies will be planned, and regionalized services and supply chains will be implemented to meet the local needs of customers.

Looking forward to the future, the Group will continue to cultivate its own industrial Internet of Things technology capabilities, focusing on the vertical application market. More software and hardware integration capabilities will be invested in, leading performance growth with innovative value-added technology services. Cooperation with key customers, system integrators, distributors, and other partners will be emphasized to create an alliance ecosystem. The Group attaches great importance to corporate governance and ESG responsibilities, formulating vision and goals to help strategic partners continue to grow and seize business opportunities.

Yang, Yu-Te

Chairman of Axiomtek Co., Ltd.

II. Company Profile

1. Date of Incorporation

Founded: May 11, 1990

2. Company History

<u>Month/Year</u>	<u>Milestones</u>
May 1990	Axiomtek Co., Ltd. was established at Minquan Road, Xindian District with a capital of NT\$5 million.
Apr 1992	Established U.S. subsidiary Axiom Technology, Inc., U.S.A.
Feb 1996	Obtained the ISO-9001 Quality Assurance System Certification of the British SGS certification company.
July 1997	Established Willy Technology Co., Ltd. In British Virgin Islands. (Later renamed to Axiom Technology (BVI) Co., Ltd.).
Jan 1999	Axiomtek's stock initial public offering.
Apr 1999	Established the German subsidiary Axiomtek Deutschland GmbH.
Dec 2002	The Company's English name was changed from Axiom Technology Co., Ltd. to Axiomtek Co., Ltd., and the Company's Logo was revised.
Sep 2004	Established Axiomtek (Shen Zhen) Co., Ltd., a subsidiary in Shenzhen China.
Dec 2004	Established Shanghai and Beijing offices by subsidiary China Axiomtek (Shen Zhen) Co., Ltd.
Feb 2005	Invested in EtherWAN Systems, Inc.
Apr 2005	The Company's common stock officially listed on Taipei Exchange under electronics category.
Oct 2005	Obtained the ISO-14000 Environmental Management System Certification of the British SGS certification company.
Jun 2007	Invested in Axiomtek Display Solutions Co., Ltd.
Oct 2008	Axiomtek Electronic (Dongguan) Co., Ltd. licensed to operate and became the operations center in China.
Feb 2010	Disposal of the entire equity of Axiomtek Japan, Inc., a Japanese subsidiary.
Jun 2010	The Company was fully converted into paperless stocks.
Oct 2010	Obtained the SGS ISO-9001:2008 Quality Management System Certification from the British SGS certification company.
Nov 2010	Obtained the TOSHMS Taiwan Occupational Safety and Health Management System Certification from the Labor Council
Nov 2010	Issued 2,000,000 shares of 2010 Employee Stock Options.
Mar 2011	Obtained the ISO-13485: 2003 "Healthcare Equipment Quality Control Management System Certification" from the British SGS certification company.
Mar 2011	Liquidation subsidiary of Axiom Technology Trading (BVI) Co., Ltd.
Aug 2011	Established Remuneration Committee and the first convener was Independent Director Liu Chun-Lian.
Jul 2012	The headquarter office was moved to Axiomtek to 8F., No. 4, Lane 235, Baoqiao Road, Xindian District, New Taipei City.

<u>Month/Year</u>	<u>Milestones</u>
Dec 2012	U.S. subsidiary Axiom Technology, Inc., U.S.A. acquired Suntron Corporation Embedded Computing Solutions (ECS) business unit for USD 3.6 million.
Jun 2015	Established Audit Committee to replace the role of Supervisors and the first convener was Independent Director Chou, Chih-Chen.
Aug 2015	Issued 1,500,000 shares of 2015 Employee Stock Options at lower than market price.
Feb 2016	Invested GBP180, 000 to establish a British subsidiary Axiomtek UK Limited.
Apr 2016	The two subsidiaries of Axiomtek (Shen Zhen) Co., Ltd. And Axiomtek Electronic (Dongguan) Co., Ltd., were merged.
Apr 2016	The 2 nd (2015) of Corporate Governance Evaluation results, Axiomtek ranked in the range of 6% ~ 20% of the TPEX listed companies.
Oct 2016	A short-form merge between Axiomtek Co., Ltd. and Axiomtek Display Solutions Co., Ltd. whereby the latter was dissolved.
Oct 2016	Liquidation of subsidiary Axiomtek Electronic (Dongguan) Co., Ltd.
Oct 2016	Established the Nomination Committee with members of Independent Directors Lin, Yih-Jong, Chou, Chih-Chen and Chairman Yang, Yu-Te; and the first convener was Independent Director Lin, Yih-Jong.
Dec 2016	Issue the first Domestic Unsecured Convertible Corporate Bonds totaling NT\$420 million.
Apr 2017	Axiomtek disposed all shareholding of 10,660,889 shares of EtherWAN Systems, Inc. to a German company Elektrophoneix GmbH (a subsidiary 100% owned by Phoenix Contact GmbH & Co. KG) at NT\$ 94.50 per share.
Apr 2017	The 3 rd (2016) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies.
Jul 2017	Invested JPY 30 million to establish a Japan subsidiary Axiomtek Japan Co., Ltd.
Nov 2017	Axiomtek headquarters moved to 8F., No.55, Nanxing Road, Xizhi District, New Taipei City, Taiwan.
Feb 2018	Axiomtek Taichung office moved to 18F.-6, No. 500, Shizheng Rd., Xitun Dist., Taichung City, Taiwan.
Apr 2018	Issued 1,600,000 shares of 2018 Employee Stock Options.
Apr 2018	The 4 th (2017) year of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies for two consecutive years.
Oct 2018	Axiomtek additional invested of USD1.1 million to subsidiary of Axiom Technology (BVI) Co., Ltd.
Oct 2018	Axiom Technology (BVI) Co., Ltd. additional invested of HK\$8.5 million to subsidiary of Axiomtek (Shen Zhen) Co., Ltd.
Nov 2018	Axiomtek invested NT\$29 million in Uni-innovate Technology with a shareholding ratio of 26.7%.
Jan 2019	Axiomtek invested Euro 1.586 million in Axiomtek Italia S.R.L. and obtains 100% equity.
Mar 2019	Axiomtek additional invested of USD2.194 million to subsidiary of Axiom Technology (BVI) Co., Ltd.
Mar 2019	Axiom Technology (BVI) Co., Ltd. additional invested of HK\$8.6 million to subsidiary of Axiomtek (Shen Zhen) Co., Ltd. Axiom Technology (BVI) Co., Ltd.
Apr 2019	The 5 th (2018) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies for three consecutive years.

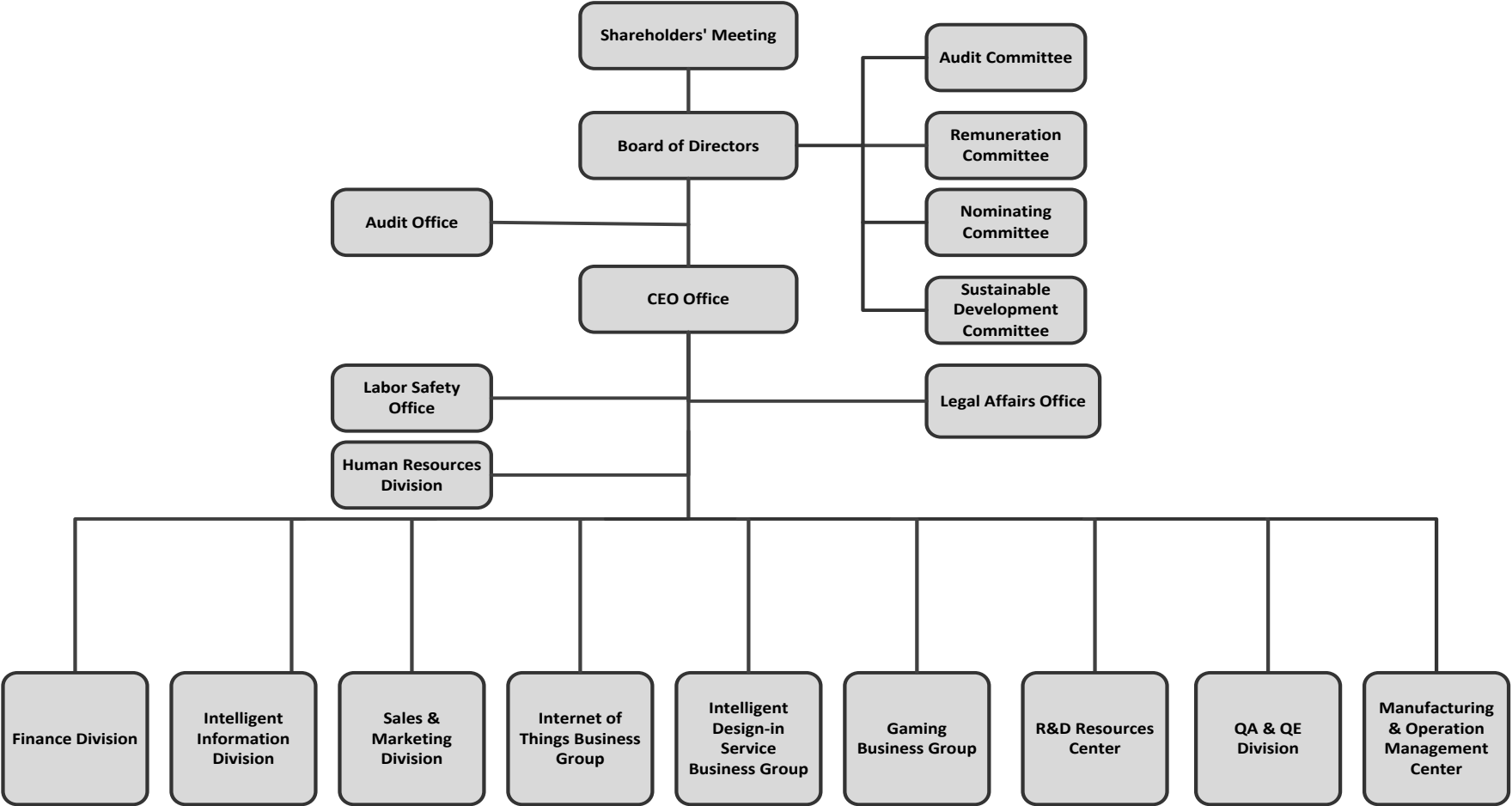
<u>Month/Year</u>	<u>Milestones</u>
Mar 2020	Director Huang, Jui-Nan concurrently serves as general manager of the Company.
Mar 2020	The German subsidiary Axiomtek Deutschland GmbH moved to Elisabeth-Selbert-Str. 21a, D-40764 Langenfeld, Germany.
Apr 2020	The 6 th (2019) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies for four consecutive years.
Oct 2020	Issued 4,300,000 shares of 2020 Employee Stock Options.
Mar 2021	The Japan subsidiary Axiomtek Japan Co., Ltd. moved to 3F, 1-7-11, Higashi Nihonbashi, Chuo-Ku, Tokyo 103-0004.
Apr 2021	The 7 th (2020) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies for five consecutive years.
Jun 2021	AXSZ moved to Unit GH, 6th floor, block B, building 7, Baoneng Technology Park, Qinghu Village, Qinghu Community, Longhua Street, Longhua District, Shenzhen, and the factory was relocated to 3 rd floor, building 15, Bauhinia intelligent manufacturing center, No. 105 Qingbin East Road, Qinghuang Village, Qingxi Town, Dongguan City, Guangdong Province.
Jul 2021	Axiomtek's 12 nd term of Directors was fully re-elected, and 7 Directors were elected. Lin, Yih-Jong, Chang, Jen-Chih and Yu, Chwo-Ming were elected as Independent Directors and served as members of the Audit Committee and Remuneration Committee. The Nomination Committee members were Yu, Chwo-Ming, Lin, Yih-Jong and Yang, Yu-Te.
Jul 2021	Independent Director Chang, Jen-Chih was elected as the convener and meeting chair by and from the entire membership of the Axiomtek's 3 rd Audit Committee meeting.
Jul 2021	Independent Director Lin, Yih-Jong was elected as the convener and meeting chair by and from the entire membership of the Axiomtek's 5 th Remuneration Committee.
Jul 2021	Independent Director Yu, Chwo-Ming was elected as the convener and meeting chair by and from the entire membership of the Axiomtek's 3 rd Nomination Committee.
Nov 2021	Purchased the Xizhi factory for NT\$550 million.
Mar 2022	In the 1 st quarter of 2022, Axiomtek increased its paid-in capital to NT\$902.02 million due to the execution of stock options by employees and the conversion of convertible corporate bonds by bondholders.
Apr 2022	The 8 th (2021) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies for six consecutive years.
Jun 2022	The 2022 Commonwealth Magazine's 2000 survey of major companies was released, and Axiomtek ranked 557 th , and dropped 5 places in the rankings.
Aug 2022	In the 2 nd quarter of 2022, Axiomtek increased its paid-in capital to NT\$904.01 million due to the execution of stock options by employees.
Oct 2022	New Taipei City Government Economic Development Department approved the factory registration of Xizhi Factory.
Nov 2022	In the 3 rd quarter of 2022, Axiomtek increased its paid-in capital to NT\$910.23 million due to the execution of stock options by employees.
Feb 2023	Obtained the 2021 greenhouse gas verification opinion statement.
Mar 2023	In the 1 st quarter of 2023, Axiomtek increased its paid-in capital to NT\$919.60 million due to the execution of stock options by employees.
Apr 2023	The 9 th (2022) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEX listed companies for seven consecutive years.
Jun 2023	Axiomtek was awarded the top 5% of listed companies and the top 5% of market

<u>Month/Year</u>	<u>Milestones</u>
	value of NT\$5-10 billion in the 9 th (2022) Corporate Governance Evaluation.
Aug 2023	The Company's Beitou factory had relocated to No. 100, Huanhe St., Xizhi Dist., New Taipei City, and the new Xizhi factory had officially opened.
Aug 2023	Axiomtek raised and issued the second domestic unsecured convertible corporate bond with a total face value of NT\$800 million, publicly underwritten through competitive auction, issued at 106% of the face value, with an actual total issuance amount of NT\$848 million.
Sep 2023	In the 2 nd quarter of 2023, Axiomtek increased its paid-in capital to NT\$1,014.23 million due to the execution of stock options by employees and the transfer of capital reserves.
Oct 2023	Upgraded the Sustainable Development Committee to a Functional Committee of the Board of Directors. The committee members were composed of President Huang, Jui-Nan, Independent Director Chang, Jen-Chih and Yu, Chwo-Ming, and President Huang, Jui-Nan served as the first convener.
Dec 2023	In the 3 rd quarter of 2023, Axiomtek increased its paid-in capital to NT\$1,015.37 million due to the execution of stock options by employees.
Dec 2023	The consolidated revenue reached NT \$6.7 billion in 2023, with an annual growth of 1.23%, showing positive growth for three consecutive years.
Feb 2024	The investment structure of Axiomtek's Shenzhen subsidiary had been adjusted to be a 100% owned subsidiary.
Apr 2024	In the 1 st quarter of 2024, Axiomtek increased its paid-in capital to NT\$1,020.20 million due to the execution of stock options by employees and the conversion of convertible corporate bonds by bondholders.
Apr 2024	Axiomtek invested 2,170,000 shares of Parktron Technology Co., Ltd. at a price of NT \$30 per share, with a total investment price of NT \$65.1 million, accounting for 59.95% of the Parktron's shareholding.
Apr 2024	The 10 th (2023) of Corporate Governance Evaluation results, Axiomtek ranked in the top 5% of the TPEx listed companies for eight consecutive years.

III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Major corporate Functions

Department	Functions
Audit Office	Responsible for reviewing whether the design of the internal control system is appropriate, operating effectively, and achieving the control effect of the internal control system design, implementing the annual internal audit plan approved by the Board of Directors, and providing evaluation and implementation results of internal control system, making suggestions and tracking improvements.
CEO Office	Responsible for the Company's vision development, business strategy, operation policy and strategic investment.
Labor Safety Office	Responsible for the planning, promotion and implementation of employee health & safety work environment.
Human Resources Division	Responsible for the planning & execution of activities like recruitment, training, reward & recognition, performance evaluation and employee relations.
Legal Affairs Office	Responsible for reviewing contracts, handling litigation disputes, managing intellectual property rights and patent operations.
Finance Division	Responsible for the summary, planning, implementation and management of accounting, finance, taxation, investment, annual budgeting, credit management and stocks affairs services.
Intelligent Information Division	Responsible for the planning and implementation of the IT systems & infrastructure.
Sales & Marketing Division	Responsible for the planning and implementation of global market development and marketing business.
Internet of Things Business Group	Responsible for product planning and market development of Intelligent Automation, Network Computing Platform, and Intelligent Transportation solution products.
Intelligent Design-in Service Business Group	Responsible for product planning and market development of Intelligent Retail, Intelligent Medical, and Embedded Design-in Services products.
Gaming Business Group	Responsible for product planning and market development of Gaming System, and Electronic Gaming Machines products.
R&D Resources Center	Responsible for Firmware, BIOS development and Wireless technology development & product management.
QA&QE Division	Responsible for maintaining the quality management system, executing product verification, handling customer issues and providing after-sales service, establish quality improvement mechanism and implement quality improvement activities.
Manufacturing & Operation Management Center	Responsible for the Company's procurement, manufacturing, testing and assembly and logistics, sourcing for strategic products, and executing EMS business and coordinating the Group's global supply chain management and operation.

2. Directors and Management Team

(1) Directors

March 26, 2024

Job Title	Nationality/ Place of Registration	Name	Gender & Age	Date of Election	Term of Office	Commencement Date of First Term	No. of Shares Held at Time of Election		No. of Shares Currently Held		Shares Currently Held by Spouse & Minor Children		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in any other Company	Other Officer(s) or, Director(s), with which the Person has a Relationship of Spouse or Relative Within the Second Degree			Remarks
							No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job Title	Name	Relationship	
Chairman of the Board	ROC	Yang, Yu-Te	Male 61-70 years old	July 5, 2021	3	Mar 05, 2002	1,578,512	1.87	1,977,156	1.94	64,067	0.06	0	0.00	Founder, President and Chief Strategy Officer of Axiomtek Co., Ltd. Manager of Advantech Co., Ltd. Automation System Unit Bachelor of Electrical Engineering, Fu Jen University	Note 1	None	None	None	None
Director	ROC	Advantech Co., Ltd.	Male 31-40 years old	July 5, 2021	3	Jun 30, 2003	22,495,984	26.65	28,080,142	27.52	0	0.00	0	0.00	Investment Representative of Advantech Co., Ltd. Master of Business Administration, National Taiwan University Bachelor of Electrical Engineering, University of Illinois	Note 2	None	None	None	None
		Representative Liu, Wei-Ting					0	0.00	0	0.00	0	0.00	0	0.00			None	None	None	None
Director	ROC	Tsai, Shih-Yang	Male 61-70 years old	July 5, 2021	3	Jun 03, 2015	408,000	0.48	1,547,855	1.52	131,919	0.13	0	0.00	Chairman, Smart Management Consulting Co., Ltd. Co-founder, Advantech Co., Ltd. Bachelor of Electronic Engineering, MingHsin University Bachelor of Applied Mathematics (Information Dept.), Chinese Culture University	Note 3	None	None	None	None

Job Title	Nationality/ Place of Registration	Name	Gender & Age	Date of Election	Term of Office	Commencement Date of First Term	No. of Shares Held at Time of Election		No. of Shares Currently Held		Shares Currently Held by Spouse & Minor Children		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in any other Company	Other Officer(s) or, Director(s), with which the Person has a Relationship of Spouse or Relative Within the Second Degree			Remarks
							No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job Title	Name	Relationship	
Director	ROC	Huang, Jui-Nan	Male 61-70 years old	July 5, 2021	3	May 29, 2018	0	0.00	319,865	0.31	0	0.00	0	0.00	President of Axiomtek Co., Ltd. VP, Advantech Industry Automation Group Chairman of Cermate Technologies Inc. Master of Management Sciences, Tamkang University Bachelor of Computer Science & Information Engineering, National Taiwan University	Note 4	None	None	None	None
Independent Director	ROC	Lin, Yih-Jong	Male 61-70 years old	July 5, 2021	3	Jun 03, 2015	0	0.00	0	0.00	0	0.00	0	0.00	Chairman, Vossic Technology Co., Ltd. President/COO, Advantech Automation Group VP, Computer Systems Organization, HP Taiwan Managing Director, Tektronix China Bachelor of Electrical Engineering, National Cheng Kung University	Note 5	None	None	None	None
Independent Director	ROC	Chang, Jen-Chih	Male 71-80 years old	July 5, 2021	3	May 29, 2018	0	0.00	0	0.00	0	0.00	0	0.00	Certified Public Accountant of Hot Tai Accounting Firm Department Head, Department of Accounting & Statistics, Chungyu College of Business Management Department Head, National Taipei College of Business Master of Accounting, National Chengchi University Bachelor of Accounting, National Chung Hsing University	Note 6	None	None	None	None

Job Title	Nationality/ Place of Registration	Name	Gender & Age	Date of Election	Term of Office	Commencement Date of First Term	No. of Shares Held at Time of Election		No. of Shares Currently Held		Shares Currently Held by Spouse & Minor Children		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in any other Company	Other Officer(s) or, Director(s), with which the Person has a Relationship of Spouse or Relative Within the Second Degree			Remarks
							No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			No. of Shares	Shareholding ratio	Job Title	
Independent Director	ROC	Yu, Chwo-Ming	Male 61-70 years old	July 5, 2021	3	July 5, 2021	16,915	0.02	18,595	0.02	0	0.00	0	0.00	Professor of Department of Industrial and Business Management, Chang Gung University. Professor of Department of Business Administration, National Chengchi University Independent Director of Yuanta Futures Co., Ltd. Independent Director of Advantech Co., Ltd. Independent Director of Yuanta Commercial Bank Co., Ltd. Ph.D. of Business Administration of University of Michigan	Note 7	None	None	None	None

Note 1: (1) Chief Strategy Officer of Axiomtek Co., Ltd.

(2) Chairman of the following companies: Axiomtek Deutschland GmbH, Axiom Technology (BVI) Co., Ltd., Axiomtek Japan Co., Ltd., Axiomtek UK Limited, Axiom Technology, Inc. U.S.A.

(3) Director of UNI-Innovate Technology Co., Ltd.

Note 2: (1) Investment Representative of Advantech Co., Ltd. Corporate Investment Division.

(2) Chairman of the following companies: ChuanTing Investment Co., Ltd., Tran-Fei Development Co., Ltd., Shiung-Yang Investment Corporation, IoT Vision Investment Corporation, Advantech Intelligent City Services Co., Ltd., Cermate Technologies Inc., Huan Yan Water Solution Co., Ltd.

(3) Director of the following companies: DeNeng Scientific Research Co., Ltd., K&M Investment Co., Ltd., CZ Investment Co., Ltd., Smasoft Technology Co., Ltd., ISAP Solution Corporation, Yan Xu Green Electricity Co., Ltd., Advantech Corporate Investment Co., Ltd., Advantech Co., Ltd.

(4) Supervisor of the following companies:-Advantech Intelligent Healthcare Co., Ltd., JiaTech International Investment CO., Ltd.

Note 3: (1) Chairman of the following companies: Smart Management Consulting Co., Ltd., Fudi Investment Co., Ltd., Junzhuang Comprehensive Development Co., Ltd.

(2) Director of the following companies: JAYA Networks Corp., Legendaire Technology Co., Ltd.

(3) Independent Director of Jeilin Technology Corporation Ltd.

(4) Non-profit organization chief Adviser, Global Talentrepreneur Innovation & Collaboration Association.

Note 4: President of Axiomtek Co., Ltd.

Note 5: Chairman of Vossic Technology Co., Ltd.

Note 6: (1) Hot Tai Public Accountant Firms Certified Public Accountant.

(2) Chairman of Renchuang Investment Co., Ltd.

(3) Director of Liang Guan Investment Co., Ltd.

Note 7: (1) Department of Industrial and Business Management, Chang Gung University.

(2) Independent Director of Integrated Service Technology Inc, WPG Holdings Limited.

A. Major shareholders of the Corporate shareholders

March 26, 2024

Name of Corporate Shareholders (Note 1)	Major Shareholders of the Corporate Shareholder (Note 2)
Advantech Co., Ltd.	ASUS Computer Technology Co Ltd. (13.19%) K&M Investment Co., Ltd. (11.68%) AIDC Investment Corp (11.54%) Liu, Ke-Chen (3.25%) Advantech Foundation (2.85%) Tran-Fei Development Co., Ltd (2.38%) Yong-Shun Zhuang (2.25%) First Sentier Investors ICVC - Stewart Investors Asia Pacific Leaders Sustainability Fund (2.02%) The Overlook Partners Fund L.P (1.92%) New Labor Pension Fund (1.09%)

Note 1: If a director is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

B. Major shareholders of the major institutional shareholders

March 26, 2024

Name of Corporate / Juristic Person (Note 1)	Major Shareholders of the Corporate/Juristic Person (Note 2)
ASUS Computer Technology Co., Ltd.	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (4.12%) Jonney Shih (4.05%) Cathay United Bank in Custody for Infinity No. 1 Company Investment Account (2.78%) ASUS's Certificate of Depository with CitiBank (Taiwan) (2.66%) Yuanta Taiwan High Dividend Fund Account (2.06%) New Labor Pension Fund (1.87%) Fubon Life Insurance Co., Ltd. (1.73%) Silchester International Investors International Value Equity Trust (1.45%) JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds (1.30%) Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds (1.27%)

Name of Corporate / Juristic Person (Note 1)	Major Shareholders of the Corporate/Juristic Person (Note 2)
K&M Investment Co., Ltd	Chang, Mei-Ling (32.92%), Liu, Ke-Chen (32.29%), Liu, Wei-Zhi (1.38%), Liu, Wei-Ting (1.35%)
AIDC Investment Corp	Liu, Ke-Chen (18.77%), Advantech Foundation (10.08%), Chang, Mei-Ling (5.08%), Liu, Wei-Zhi (1.00%)
Advantech Foundation	Advantech Co., Ltd. (100%)
Tran-Fei Development Co., Ltd	Liu, Wei-Ting (5.32%), Liu, Wei-Zhi (5.32%), Chang, Mei-Ling (0.62%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

C. Professional qualifications and independence analysis of Directors

Disclosure of information regarding the professional qualifications and experience of Directors and the independence of Independent Directors:

Name \ Qualification	Professional Qualifications and Experience (Note1)	Independence Analysis (Note2)	No. of Other Public Companies at Which the Person Concurrently Serves as an Independent Director
Director Yang, Yu-Te	Founder, President and Chief Strategy Officer of Axiomtek Co., Ltd. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Advantech Co., Ltd. Representative Liu, Wei-Ting	Investment Representative of Advantech Co., Ltd. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Not been a person of any conditions defined in Article 30 of the Company Act.	0
Director Tsai, Shih-Yang	Chairman of Smart Management Consulting Co., Ltd. and Co-founder of Advantech Co., Ltd. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Not been a person of any conditions defined in Article 30 of the Company Act.	1
Director Huang, Jui-Nan	Had once worked as VP of Advantech Industry Automation Group. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Not been a person of any conditions defined in Article 30 of the Company Act.	0

<div style="text-align: center;">Qualification</div> <div style="text-align: left;">Name</div>	Professional Qualifications and Experience (Note1)	Independence Analysis (Note2)	No. of Other Public Companies at Which the Person Concurrently Serves as an Independent Director
Independent Director Lin, Yih-Jong	Chairman of Vossic Technology Co., Ltd. and had once worked as President/COO of Advantech Automation Group. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Independent Directors continue to meet the qualification requirements stipulated in “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission during the two years prior to their election and during their term of office, including	0
Independent Director Chang, Jen-Chih	Master of Accounting, National Chengchi University. Passed the national examination and obtained the accountant certificate. Certified Public Accountant of Hot Tai Accounting Firm. Possesses the work experience required for business finance, accounting and corporate business and being good at leadership, accounting and financial analysis, crisis management and have industry knowledge and international market outlook.	but not limited to the following: 1. The self, spouse, or relatives within the second degree of kinship do not serve as Directors, Supervisors or employees of the Company or its affiliated companies. 2. Except for the Independent Director Yu, Chwo-Ming who holds 18,595 shares of the Company, with a shareholding ratio of 0.02%, other Independent Directors, their spouses, relatives within the second degree of kinship (or in the names of others) do not hold any shares in the Company.	0
Independent Director Yu, Chwo-Ming	Professor of Department of Industrial and Business Management, Chang Gung University and had once service as Independent Director of Advantech Co., Ltd. and Yuanta Financial Holdings and Professor of Department of Business Administration, National Chengchi University. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	3. The self, spouse, relatives within the second degree of kinship do not serve as serving as Director, supervisor or employee of any company which has specific relations with the Company. 4. In the past two years, there has been no compensation from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.	2

Note 1: Professional qualifications and experience: State the professional qualifications and experience of individual Directors and Supervisors. If they are members of the Audit Committee and have accounting or financial expertise, it should state their accounting or financial background and work experience and explain whether they have not the conditions that stated in the Article 30 of the Company Act.

Note 2: Please describe Independent Director's condition, including but not limited to himself or herself, spouse, relative within second degree of kinship, whether serving as the Company or its affiliate enterprise's Director, supervisor or employees; number of shares and ratio of himself or herself, spouse, relative within second degree of kinship (or in the names of others); whether serving as Director, supervisor or employee of any company which has specific relations with the Company (please refer to sub-item 5~8 of Item in Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); the amount of reward he or she gets in recent 2 years from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.

Note 3: Please refer to the best practical reference example in Taiwan Stock Exchange Corporate Governance Center website for the manner of disclosure.

D. Diversity and independence of Board of Directors:

(A) Diversity Policy of Board of Directors

The Company advocates and respects the diversity policy of Directors. To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, it is believed that the diversity policy will help improve the overall performance of the Company. The selection and appointment of Board members are based on the principle of talent-based selection, and they have diverse and complementary capabilities across industries, including basic conditions (like nationality, gender, age and years of service as Independent Directors, etc.), as well as professional knowledge and skills and other professional qualifications and experience required for business, legal, financial, accounting or corporate business. According to Article 20 of the Company's "Corporate Governance best practice principles", members of the Board of Directors should generally possess the knowledge, skills and qualities necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall have the following abilities:

- a. Operational judgment.
- b. Accounting and financial analysis ability.
- c. Operation and management ability.
- d. Crisis management ability.
- e. Industry expertise.
- f. International market outlook.
- g. Leadership.
- h. Decision-making ability

Diversity policy and implementation status of the Board of Directors are as follows:

Title	Core of Diversity Name	Basic Composition						Professional Knowledge and Skills										Professional Qualifications and Experience		
		Nationality	Gender	Employee of the Company	Age			Tenure and seniority of independent directors		Operational Judgment	Accounting and Financial Analysis Ability	Operation and Management Ability	Crisis Management Ability	Industry Expertise	International Market Outlook	Leadership	Decision-making Ability	College Professor of Business, Legal Affairs, Finance, Accounting	Financial Accounting Professional	Possesses the Work Experience Required for Business and Corporate Business
					31~40 Years	61~70 Years	71~80 Years	Less than 3 Years	4~8 Years											
Director	Yang, Yu-Te	ROC	Male	√	√				√	√	√	√	√	√	√	√			√	
Director	Advantech Co., Ltd. representative Liu, Wei-Ting	ROC	Male		√				√	√	√	√	√	√	√	√			√	
Director	Tsai, Shih-Yang	ROC	Male		√				√		√	√	√	√	√	√			√	
Director	Huang, Jui-Nan	ROC	Male	√	√				√	√	√	√	√	√	√	√			√	
Independent Director	Lin, Yih-Jong	ROC	Male		√				√		√	√	√	√	√	√			√	
Independent Director	Chang, Jen-Chih	ROC	Male			√				√		√	√			√	√		√	
Independent Director	Yu, Chwo-Ming	ROC	Male		√			√	√	√	√		√			√			√	

Assess the 7 Directors (including 3 Independent Directors) of the 12th Board of Directors of the Company, who have overall business judgment ability, accounting and financial analysis ability, management ability, crisis management ability, industry knowledge, international market outlook, leadership ability and decision-making ability, etc., as well as professional qualifications and experience required by the Company's business. The Company pays attention to the diversified professional knowledge and skills of the members of the Board of Directors. At least one Director is good at financial accounting professional knowledge and skills, and a college professor has professional knowledge of enterprise operation and management. Each Director has professional background and experience in different industries and positions.

The age of Directors of the Company is between 35 and 75 years old. The average tenure of Independent Directors is 6 years. The consecutive tenure of Independent Directors are not more than three consecutive terms. The nationalities of all Directors are R.O.C, and 2 of them are employees. In addition to the above, the current Board members are all male, and will continue to strive to increase the proportion of female Directors in the future.

The orientation, complementarity and implementation of Directors' diversity still meet the standards set out in Article 20 of the "Corporate Governance best practice principles". In the future, the diversification policy will be updated in a timely manner depending on the operation of the Board of Directors, the operation type and the development needs, including but not limited to basic conditions and values, professional knowledge and skills, etc., to ensure that members of the Board of Directors should generally have the knowledge, skills and qualities necessary to perform their duties.

(B) Independence of Board of Directors

There are 7 Directors on the Board of Directors of the Company, including 3 Independent Directors, accounting for 43% of the Board members. Independent Directors shall continue to meet the qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Securities and Futures Bureau of the Financial Supervisory Commission during the two years before their election and during their term of office. The relationship between Directors who do not have a spouse or relatives within the second degree of kinship complies with the provisions of Article 26-3, Items 3 and 4 of the Securities and Exchange Act. The self, spouse, or relatives within the second degree of kinship do not serve as Directors, supervisors or employees of the Company or its affiliated companies. Except for the Independent Director Yu, Chwo-Ming who holds 18,595 shares of the Company with a shareholding ratio of 0.02%, other Independent Directors, their spouses, relatives within the second degree of kinship (or in the names of others) do not hold shares of the Company, and they do not receive remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliates. The Board of Directors of the Company is independent.

(2) Management Team

March 26, 2024

Job Title (Note 1)	Nationality	Name	Gender	Date of Appointment to Position	Shares Held		Shares Held by Spouse & Minor Children		Share Held Through Nominees		Principal Work Experience and Academic Qualifications (Note 2)	Positions Concurrently Held in other Companies at Present	Other Managerial officer(s) with which the Person has a Relationship of Spouse or Relative within the Second Degree			Remarks
					No. of Shares	Shareh olding ratio	No. of Shares	Shareh olding ratio	No. of Shares	Shareh olding ratio			Job Title	Name	Relations hip	
President	ROC	Huang, Jui-Nan	Male	Mar 01, 2020	319,865	0.31	0	0.00	0	0.00	Director, Axiomtek Co., Ltd. VP, Advantech Industry Automation Group Chairman of Cermate Technologies Inc. Master of Management Sciences, Tamkang University Bachelor of Computer Science & Information Engineering, National Taiwan University	None	None	None	None	None
Chief Strategy Officer	ROC	Yang, Yu-Te	Male	Jun 01, 1990	1,977,156	1.94	64,067	0.06	0	0.00	Founder, President and Chief Strategy Officer of Axiomtek Co., Ltd. Manager of Automation System Unit, Advantech Co., Ltd. Bachelor of Electrical Engineering, Fu Jen University	Chairman of the following companies: Axiom Technology, Inc. U.S.A. Axiomtek Deutschland GmbH Axiom Technology (BVI) Co., Ltd. Axiomtek UK Limited Axiomtek Japan Co., Ltd. Director of Uni-innovate Technology Co., Ltd.	None	None	None	None
Vice President Head of Accounting/Finance Chief Corporate Governance	ROC	Jane Hsu	Female	May 03, 2010	344,408	0.34	0	0.00	0	0.00	Vice President, Leadtek Research Inc. Manager, Deloitte & Touche EMBA Master of National Taiwan University Master of Accounting, National Chengchi University	None	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date of Appointment to Position	Shares Held		Shares Held by Spouse & Minor Children		Share Held Through Nominees		Principal Work Experience and Academic Qualifications (Note 2)	Positions Concurrently Held in other Companies at Present	Other Managerial officer(s) with which the Person has a Relationship of Spouse or Relative within the Second Degree			Remarks
					No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job Title	Name	Relationship	
Vice President	ROC	Joanne Lin	Female	Nov 01, 2016	157,416	0.15	0	0.00	0	0.00	Director, Foxconn (Far East) Ltd. Sales Director, Dell Taiwan Director, HP Services, Asia Pacific Region, Hewlett-Packard Co. Bachelor of Science, Industrial and Operational Engineering, University of Michigan	None	None	None	None	None
Vice President	ROC	William Wu	Male	Jul 01, 2011	314,832	0.31	0	0.00	0	0.00	Deputy Director, R&D Division, Chaintech Technology Corporation Bachelor of Electronic and Computer Engineering, National Taiwan University of Science and Technology	None	None	None	None	None
Vice President	ROC	Henry Lin	Male	Jan 08, 2007	1,111,425	1.09	0	0.00	0	0.00	Vice President, Hi-Top internal Co., Ltd. EMBA Master of National Chengchi University Bachelor's in Electronic Engineering, National	None	None	None	None	None
Vice President	ROC	Gary Tsao	Male	Aug 19, 2016	11,986	0.01	0	0.00	0	0.00	Product Manager, Dynatrong Material Inc. Product Manager, Compal Electronics Inc. Project Manager, Simtec Holding Ltd. Master of China Studies, Tamkang University	None	None	None	None	None
Vice President	ROC	Chiven Fan	Male	Aug 19, 2016	105,270	0.10	0	0.00	0	0.00	Sales Manager, eBizrise Technology Ltd. Sales Manager, Asiatic Inc. Associate's degree in Electrical Engineering, Jinwen University of Science and Technology	None	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date of Appointment to Position	Shares Held		Shares Held by Spouse & Minor Children		Share Held Through Nominees		Principal Work Experience and Academic Qualifications (Note 2)	Positions Concurrently Held in other Companies at Present	Other Managerial officer(s) with which the Person has a Relationship of Spouse or Relative within the Second Degree			Remarks
					No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio	No. of Shares	Shareholding ratio			Job Title	Name	Relations hip	
Assistant Vice President	ROC	Joseph Chou (Note 3)	Male	Aug 19, 2016	(Note 3)	-	(Note 3)	-	(Note 3)	-	(Note 3)	(Note 3)	None	None	None	None
Assistant Vice President	ROC	Alex Pan	Male	Sep 01, 2014	67,156	0.07	0	0.00	0	0.00	Senior R&D Manager, EtherWAN Systems Inc. R&D Manager, Atop Technologies Inc. Master of Electrical Engineering, National Tsing Hua University	None	None	None	None	None
Assistant Vice President	ROC	Shang Hsieh	Male	Sep 01, 2017	77,978	0.08	0	0.00	0	0.00	Senior Quality Manager, Axiomtek Co., Ltd. R&D Manager, Axiomtek Co., Ltd. Associate's degree in Electrical Engineering, St. John's and St. Mary's Institute of Technology	None	None	None	None	None

Note 1: The information in this table should be disclosed for the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the company's divisions and branch units, including all persons in positions equivalent to general manager, assistant general manager, or deputy assistant general manager, regardless of job title.

Note 2: Specify experience and qualifications related to the current position. If during a period specified above, the person has served in a position at a CPA firm that serves as external auditor/attestor, specify the position held and the duties for which the person was responsible.

Note 3: Dismissed from insiders on Feb 28, 2023.

3. Remuneration Paid during the Most Recent Fiscal Year to Directors, President and Vice Presidents

(1) Remuneration to Directors and Independent Directors (Individual Disclosure of Names and Remuneration Items)

Unit: Thousand shares/NT\$ Thousand

Job Title	Name	Remuneration to Directors								Sum of A+B+C+D and Ratio to Net Income (%)		Remuneration Received by Directors for Concurrent Service as an Employee								Sum of A+B+C+D+E+F+G and Ratio to Net Income (%) (Note 10)		Remuneration Received from Investee Enterprises other than Subsidiaries or from the Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Retirement Pay and Pension (B)		Directors Profit-Sharing Compensation (C) (Note 3)		Expenses and Perquisites (D) (Note 4)				Salary, Rewards, and Special Disbursements (E) (Note 5)		Retirement Pay and Pension (F)		Employee Profit-Sharing Compensation (G) (Note 6)						
		The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company	All Consolidated Entities (Note 7)	The Company		All Consolidated Entities (Note 7)		The Company	All Consolidated Entities (Note 7)	
																Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
Chairman	Yang, Yu-Te	0	0	0	0	2,034	2,034	30	30	2,064 0.28%	2,064 0.28%	14,200	14,200	0	0	0	0	0	0	16,264 2.24%	16,264 2.24%	None
Director	Advantech Co., Ltd.	0	0	0	0	1,077	1,077	0	0	1,077 0.15%	1,077 0.15%	0	0	0	0	0	0	0	0	1,077 0.15%	1,077 0.15%	None
	Representative: Liu, Wei-Ting	0	0	0	0	0	0	30	30	30 0.00%	30 0.00%	0	0	0	0	0	0	0	0	30 0.00%	30 0.00%	None
Director	Tsai, Shih-Yang	0	0	0	0	1,077	1,077	30	30	1,107 0.15%	1,107 0.15%	0	0	0	0	0	0	0	0	1,107 0.15%	1,107 0.15%	None
Director	Huang, Jui-Nan	0	0	0	0	1,077	1,077	30	30	1,107 0.15%	1,107 0.15%	16,726	16,726	108	108	0	0	0	0	17,941 2.47%	17,941 2.47%	None
Independent Director	Lin, Yih-Jong	0	0	0	0	1,257	1,257	30	30	1,287 0.18%	1,287 0.18%	0	0	0	0	0	0	0	0	1,287 0.18%	1,287 0.18%	None
Independent Director	Chang, Jen-Chih	0	0	0	0	1,197	1,197	30	30	1,227 0.17%	1,227 0.17%	0	0	0	0	0	0	0	0	1,227 0.17%	1,227 0.17%	None
Independent Director	Yu, Chwo-Ming	0	0	0	0	1,567	1,567	30	30	1,597 0.22%	1,597 0.22%	0	0	0	0	0	0	0	0	1,597 0.22%	1,597 0.22%	None

1. The policies, systems, standards, and structure of Independent Directors' remuneration, and describe the correlation with the amount of remuneration according to the responsibilities, risks, and investment time:
The Company mainly distributes the remuneration of Directors in accordance with the "Operating Procedures for Performance Evaluation of Board of Directors" and "Directors' Remuneration Distribution Method". According to the Articles of Incorporation, if the Company is profitable in the current year (means the Pre-tax Income before deduction of the employees' and Directors' compensation) in the current year. Directors' payout should be no more than 2%. The remuneration of Directors in the preceding paragraphs only can receive the profit in the form of cash. The proportion and amount of Directors' remuneration allocation each year are proposed by the Remuneration Committee based on the Company's operating performance, business risks, development trends and reference to industry standards, and by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors. The distribution of remuneration for Directors and Independent Directors is first based on the Directors' attendance at the Shareholders' Meeting, the degree of participation in the Company's operations, and the evaluation of the value of their contribution. The distribution of reasonable remuneration is given priority, and the weighted calculation is based on the content of positions and functional committee members. In general, Directors' remuneration is evaluated according to the performance of the responsibilities, risks, and time invested, and the rationality of the remuneration has been evaluated by the Nomination Committee, reviewed by the Remuneration Committee, and passed by the Board of Directors. Relevant laws and regulations review the remuneration system in a timely manner to implement corporate governance, and expect to make the distribution of remuneration for Directors transparent, rational and institutionalized.
2. Except as disclosed in the above table, the remuneration received by the Directors of the Company for providing services to all the companies in the financial report in the most recent year (such as serving as a non-employee consultant for the parent company, all companies and investment enterprises in the consolidated financial statements): TWD\$0
3. Retirement pay and Pension is the contribution of labor pension funds paid on a monthly basis according to the law.

Note 1: The names of Directors shall be listed separately (the institutional shareholder and its representative should be illustrated separately), and Directors and Independent Directors shall be listed separately, and the various payment amounts shall be disclosed in a collective manner.

Note 2: Refers to remuneration in the past year for the Directors (including Director's salaries, additional fees, severance pay, various bonuses, incentive payouts, etc.)

Note 3: Director's remuneration for the past year, approved by the Board.

Note 4: Director's operating expenses in the past year (includes transportation, special fees, various allowances, lodging, allotted vehicles, other amenities, etc.) In the case of the provision of housing, cars and other means of transport or exclusive payments, the nature and cost of the assets provided, rental at actual or at a fair market price, fuel and other payments should be disclosed. Where a driver is assigned, including the payment made by the Company that is not already included in the remuneration.

Note 5: Remuneration for Directors who are also employees (includes Presidents, Vice Presidents, other managerial officers, and employees) including salaries, job add-on, severance pay, various bonuses, incentive payouts, transportation expenses, special skills fees, various allowances, lodging, allotted vehicles and other amenities. In the case of the provision of housing, cars and other means of transport or exclusive payments, the nature and cost of the assets provided, rental at actual or at a fair market price, fuel and other payments should be disclosed. Where a driver is assigned, including the payment made by the Company that is not already included in the remuneration. Per IFRS 2 the salary expenses recognized in the "Share-based payment", including the acquisition of employee stock option certificates, restricted shares, and participation in cash increase subscription shares, shall also be included in the remuneration.

Note 6: Past year's remuneration (including stock and cash) approved by the Board of Directors to Directors also serving as employees (includes the President, Vice Presidents, other managerial officers, and employees). If an estimate is not available, compute using the previous year's actual payouts and complete Table 1-3.

Note 7: All categories of remuneration paid to the Directors by the companies (including this Company) listed in the consolidated report, must be disclosed.

Note 8: Total remuneration paid to each Director must be disclosed in the appropriate range against the Name of Director.

Note 9: All categories of remuneration paid to the Directors by the companies (including this Company) listed in the consolidated report, must be disclosed in the appropriate range against the Name of Director.

Note 10: Net profit after tax refers to the past year's net profit after tax. Per international financial reporting standards, net profit after tax refers to the net profit after tax of the parent company or individual companies in the past year.

Note 11: a. State clearly the remuneration amount paid to the Director by reinvested businesses other than subsidiary or parent company (Fill in "None" if not in the case).

b. If the Director has received remuneration from reinvested businesses other than subsidiary or parent company, please specify the amount received in the relevant ranges tabled and denote these as "Parent company and all reinvested businesses".

c. Remuneration here refers to any fees, compensation (including the remuneration for employees, Directors, and supervisors) and reimbursement for expenses incurred while executing their duties in the appointments held by Directors, supervisors or Presidents in reinvested businesses other than subsidiary or parent company.

* The remuneration disclosed in the table differs from the concept of income defined according to Income Tax Law, therefore, the table is for the purpose of information disclosure instead of tax levy.

(2) Remuneration to President and Vice Presidents (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Unit: Thousand shares/NT\$ Thousand

Job Title	Name	Salary (A) (Note 2)		Retirement Pay and Pension (B)		Rewards and Special Disbursements (C) (Note 3)		Employee Profit-Sharing Compensation (D) (Note 4)				Sum of A+B+C+D and Ratio to Net Income (%)		Remuneration Received from Investee Enterprises other than Subsidiaries or from the Parent Company (Note 9)
		The Company	All Consolidated Entities (Note 5)	The Company	All Consolidated Entities (Note 5)	The Company	All Consolidated Entities (Note 5)	The Company		All Consolidated Entities (Note 5)		The Company	All Consolidated Entities (Note 5)	
								Amount in Cash	Amount in Stock	Amount in Cash	Amount in Stock			
President	Huang, Jui-Nan	27,234	27,234	912	912	43,228	43,228	0	0	0	0	71,374 9.81%	71,374 9.81%	0
Chief Strategy Officer	Yang, Yu-Te													
Vice President	Jane Hsu													
Vice President	Joanne Lin													
Vice President	William Wu													
Vice President	Henry Lin													
Vice President	Gary Tsao													
Vice President	Chiven Fan													

* Disclosures must be made for all persons in positions equivalent to general manager or assistant general manager, regardless of job title (e.g., president, chief executive officer, chief administrative officer...etc.)

* Retirement pay and pension is the contribute labor pension funds paid on a monthly basis according to the law.

Remuneration Range Table for President and Vice Presidents

Ranges of Remuneration Paid to Each of the Company's President and Vice Presidents	Names of President and Vice Presidents	
	The Company (Note 6)	All Consolidated Entities (Note 7)
Less than NT\$1,000,000	None	None
NT\$ 1,000,000 ~ NT\$ 2,000,000(excl.)	None	None
NT\$ 2,000,000 ~ NT\$ 3,500,000(excl.)	None	None
NT\$ 3,500,000 ~ NT\$ 5,000,000(excl.)	None	None
NT\$ 5,000,000 ~ NT\$ 10,000,000(excl.)	Joanne Lin, Jane Hsu, William Wu, Chiven Fan Gary Tsao, Henry Lin	Joanne Lin, Jane Hsu, William Wu, Chiven Fan Gary Tsao, Henry Lin
NT\$ 10,000,000 ~ NT\$ 15,000,000(excl.)	Huang, Jui-Nan, Yang, Yu-Te	Huang, Jui-Nan, Yang, Yu-Te
NT\$ 15,000,000 ~ NT\$ 30,000,000(excl.)	None	None
NT\$ 30,000,000 ~ NT\$ 50,000,000(excl.)	None	None
NT\$ 50,000,000 ~ NT\$ 100,000,000(excl.)	None	None
NT\$100,000,000 or more	None	None
Total	8	8

Note 1: The name of each general manager and assistant general manager shall be stated separately, based on the amount of the aggregated remuneration items paid to each. If a director concurrently serves as a general manager or an assistant general manager, please complete this table and Table (1-1), or Tables (1-2-1) and (1-2-2).

Note 2: This includes salary, duty allowances, and severance pay to the general manager(s) and assistant general manager(s) in the most recent fiscal year.

Note 3: This includes the amounts of all types of rewards, incentives, travel expenses, special disbursements, stipends of any kind, provision of facilities such as accommodations or vehicle, and other compensation to the general manager(s) and assistant general managers(s) in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2—including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering,—should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the general manager(s) and assistant general manager(s) as approved or expected to be approved by the board of directors for the most recent fiscal year (including concurrent service as general manager, assistant general manager, other managerial officer, or non-managerial employee). If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed

in the preceding fiscal year. Table 1-3 should also be completed.

- Note 5: Disclose the total amount of remuneration in each category paid to the general manager(s) and assistant general manager(s) by all companies in the consolidated financial report (including the Company).
- Note 6: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager by the Company.
- Note 7: Disclose the names of the general manager(s) and assistant general manager(s) in the respective ranges into which they fall based on the sum total of the remuneration in the indicated categories paid to each general manager and assistant general manager of the Company by all companies in the consolidated financial report (including the Company).
- Note 8: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.
- Note 9: a. In this column, specifically disclose the amount of remuneration received by the general manager(s) and assistant general manager(s) of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state “None”).
- b. If general manager(s) or assistant general manager(s) of the Company have received remuneration from investee enterprises other than subsidiaries or from the parent company, that remuneration shall be added into the amount in Column E of the Remuneration Range Table, and the name of that column shall be changed to “Parent company and all investee enterprises.”
- c. Remuneration means remuneration received by the general manager(s) and assistant general manager(s) of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* This table is for information disclosure purposes only and is not intended to be used for tax purposes, as the remuneration disclosed in this table differs from the concept of income under the Income Tax Act.

Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers:

Unit: NT\$ Thousand

	Job Title (Note 1)	Name (Note 1)	Amount in Stock	Amount in Cash	Total	As a % of Net Income
Managerial officers	Assistant Vice President	Alex Pan	0	654	654	0.09%
	Assistant Vice President	Shang Hsieh				
	Assistant Vice President	Joseph Chou (Note 5)				

- Note 1: Names and job titles should be disclosed individually, but profit distributions received may be disclosed in aggregate.
- Note 2: Fill in the amount of employee profit-sharing compensation (including stocks and cash) received by the managerial officers as approved or expected to be approved by the board of directors for the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. If the Company has already adopted the IFRS, net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.
- Note 3: The applicable scope of “managerial officers” is defined under the 4 October 2023 FSC Order No. 1120384295 as persons in the following positions:
- (1) General manager(s) and equivalent level positions
 - (2) Assistant general manager(s) and equivalent level positions
 - (3) Deputy assistant general manager(s) and equivalent level positions

- (4) Chief officer of the finance division
- (5) Chief officer of the accounting division
- (6) Other persons who have the power to manage affairs and sign for the Company

Note 4: If any director, general manager, or assistant general manager receives profit-sharing compensation (including stocks or cash), complete this table in addition to Table 1-2.

Note 5: Dismissed from insiders on Feb 28, 2023.

- (3) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, president and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

- A. Total remuneration paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, president and vice presidents of the Company, and the ratio of net income stated in the parent company only financial reports.

Unit: NT\$ Thousand

Year	Total Remuneration Paid to Directors, President and Vice Presidents of the Company		Ratio of Total Remuneration Paid to the Company's Directors, President and Vice Presidents to the Net Income of Parent Company Only Financial Reports (%)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities
2023	80,870	80,870	11.11%	11.11%
2022	69,991	69,991	11.63%	11.63%

The total remuneration paid by the Company and by each other company in the consolidated reports to the Directors, president and vice presidents of the Company in 2023 and 2022 accounted for 11.11% and 11.63% of the net income of parent company only financial report, respectively. The increase in the total remuneration paid in 2023 and the decrease in the proportion of net income in the parent company only financial reports is mainly due to the increase in net income in 2023.

- B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with operating performance and future risk exposure:

The Company's remuneration policy for Directors is mainly handled in accordance with the "Operating Procedures for Performance Evaluation of Board of Directors" and the "Measures for the Distribution of Directors' Remuneration". According to the Article 27 of the Company's Articles of Incorporation: This Company shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as Directors' remuneration if the Company has the profit (means the pre-tax income before deduction of the employees' and Directors' remuneration) in the current year. However, the Company's accumulated deficit shall have been covered, if any (including the adjustment of unappropriated retained earnings). The remuneration of Directors can only be paid in cash.

The ratio and amount of Directors' remuneration and employee's remuneration are proposed by the Remuneration Committee based on the Company's operating performance, business risks, development trends and reference to the industry standard, and it is implemented by a resolution of more than two-thirds of the Directors present at the Board of Directors and approved by more than half of the

Directors present. The distribution of Directors and Independent Directors' remuneration is first based on the Directors' attendance at the Shareholders' Meeting, the degree of participation in the Company's operations, and the evaluation of the value of their contribution. The distribution of reasonable remuneration is given priority, and the weighted calculation is secondly based on the positions held and the number of functional committee members. Additional travel expenses will be paid according to the attendance of Directors. All in all, Directors' remuneration is evaluated according to the performance of the responsibilities, risks, and time invested, and the rationality of the remuneration has been evaluated by the Nomination Committee, reviewed by the Remuneration Committee and approved by the Board of Directors, and to review the remuneration system at any time according to the actual operating conditions and relevant laws and regulations, in order to implement corporate governance, and hope to make the distribution of remuneration for Directors transparent, rational and institutionalized.

The remuneration of the president, vice presidents, and managerial officers are based on the Company's compensation and benefits management process and in consideration of the average salary of the same position in the industry, the scope of responsibilities of the role in the Company, and the achievement of the personal Objective and Key Results (OKR) set by the Company. Reasonable remuneration shall be distributed in consideration of not only the Company operating performance, potential risks and development trends, but also the personal goal achievements (ex. the achievement of the Company's revenue, operating income, income before tax, and OKR) and contribution to the Company's operating results. Evaluation of the performance and reasonableness of the remuneration shall be assessed by the Nomination Committee, reviewed by the Remuneration Committee, and resolved by the Board of Directors and may be adjusted in a timely manner according to the operations and the related laws and regulations, so as to achieve the Company's sustainable development and risk management.

4. Implementation of Corporate Governance

(1) Operations of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in 2023. The attendance by the Directors was as follows:

Title	Name	No. of Attendance in Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】	Remarks
Chairman	Yang, Yu-Te	6	0	100	None
Director	Advantech Co., Ltd. Representative: Liu, Wei-Ting	6	0	100	None
Director	Tsai, Shih-Yang	6	0	100	None
Director	Huang, Jui-Nan	6	0	100	None
Independent Director	Lin, Yih-Jong	6	0	100	None
Independent Director	Chang, Jen-Chih	6	0	100	None
Independent Director	Yu, Chwo-Ming	6	0	100	None

Other information required to be disclosed:

- I. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
- (I) Any matter under Article 14-3 of the Securities and Exchange Act:
The Company has established the Audit Committee. As such, the circumstances listed under Article 14-3 of Securities Exchange Act regulation do not apply.
 - (II) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution.: None.
- II. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:
- (I) Board of Directors on Feb 23, 2023:
 1. The Company's managerial officers received operating bonus in the second half of 2022.
Voting situation: Due to the self-interest of Chairman and Chief Strategy Officer Yang, Yu-Te, and Director and president Huang, Jui-Nan, the Chairman and the president recused the meeting before the case proceeded. The resolution was passed by the acting Chairman Lin, Yih-Jong, the independent director after consultation with all the Directors attending the meeting without objection.
- III. For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the Board of Directors' self-evaluations (or peer evaluations) and the evaluation method and content. Additionally, complete the table of Implementation of Evaluations of the Board of Directors.
- IV. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof:
- (I) In order to improve Corporate Governance and strengthen relevant functions of the Board of Directors, the Company has elected three Independent Directors in accordance with the Articles of Incorporation and Article 14-2 of the Securities and Exchange Act and established a Remuneration Committee since August 2011 to assist the Board of Directors in implementing relevant compensation management. Since its establishment on June 3, 2015, the Audit Committee has, in accordance with Article 14-5 of the Securities Exchange Act conducted audits of the relevant operations and the scope of responsibilities of the supervisor. Since October 26, 2016; the Company has established a Nominating Committee to improve the functionality of the Board of Directors and strengthen the management mechanism. In order to implement the sustainable development of the enterprise, the "Sustainable Development Committee" was restructured into a functional committee of the Board of Directors on October 26, 2023.
 - (II) Since the establishment of the Remuneration Committee in 2011, and the operation was running smoothly.
Since the establishment of Audit Committee in 2015 and according to Article 14-5 of the Securities and Exchange Act, the Audit Committee conducted audits of the relevant operations and the scope of responsibilities of the Supervisor, and the operation was running smoothly.
Since the establishment of the Nominating Committee in 2016, and the operation was running smoothly. The "Sustainable Development Committee" was restructured into a functional committee of the Board of Directors on October 26, 2023 and the first Sustainable Development Committee was convened on March 21, 2024, and the operation was running smoothly.

The Company adheres to the principle of information transparency and publishes important resolutions on the Market Observation Post System and the Company website after the meeting of the Board of Directors to protect the rights of shareholders.

- (III) The Company established the "Sustainable Development Committee" with the approval of the Board of Directors on February 25, 2021, and set up working groups such as environmental sustainability, corporate social responsibility (CSR), corporate governance, integrity management, and risk management to be responsible for promoting Continue to operate various businesses. The organization of the Sustainable Development Committee was adjusted to a functional committee of the Board of Directors on October 26, 2023. The Board of Directors appointed President Huang, Jui-Nan, Independent Director Chang, Jen-Chih and Yu, Chwo-Ming to form the first Sustainable Development Committee, and the President served as the convener and chairman of the meeting. The convener designated the Sustainable Development Office (Human Resources unit) to be responsible for managing the business of this committee, integrating the annual plans and implementation results of various work promotion groups, and submitting them to the Sustainable Development Committee. They also coordinated and tracked the implementation of the annual plans agreed upon by the Committee by each work promotion group.
- (IV) In order to improve the performance of the Board of Directors, an external professional independent organization or a team of external experts and scholars shall conduct an evaluation of the performance of the Board of Directors at least once every three years. The Company had appointed the Taiwan Corporate Governance Association to conduct an external performance appraisal of the Board of Directors. Association members and commissioners jointly conduct assessments through open questionnaires, written reviews and video conferences in eight aspects, including board composition, guidance, authorization, supervision, communication, internal control and risk management, board self-discipline, board meetings, and support systems. The association issued a performance evaluation report on June 15, 2021, and the Company disclose the implementation situation and evaluation results on the Company's website and annual report. It is expected that after the comprehensive re-election of directors at the 2024 Shareholders' meeting, external professional independent institutions will be entrusted to conduct external board performance evaluations which executed once every three years.

Note 1: For a director that is a juristic person (corporate entity), disclose the name of the corporate shareholder and the name of its representative.

- Note 2:
- a. If any director or supervisor left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of board meetings held and the number they attended in person during the period they were in office.
 - b. If any by-election for directors or supervisors was held before the end of the fiscal year, the names of the new and old directors and supervisors should be filled in the table, with a note stating whether the director or supervisor left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Note 3: Implementation of the Board of Directors Evaluation

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Evaluation Content
Performed Once a year	2023/01/01 ~ 2023/12/31	Performance evaluation of the Board of Directors	Evaluated by the convener of the Nomination Committee	1. Degree of participation in company operations 2. Improve the quality of Board decisions 3. Board composition and structure 4. Selection of Directors and continuing education 5. Internal control
Performed Once a year	2023/01/01 ~ 2023/12/31	Performance evaluation of the individual Directors	Self-evaluation by the Board of Directors members	1. Master the Company's goals and tasks 2. Director's responsibilities 3. Degree of participation in company operations 4. Internal relationship management and communication 5. Professional and continuous education of Directors 6. Internal control
Performed Once a year	2023/01/01 ~ 2023/12/31	Performance evaluation of functional committees	Evaluated by the convener of the Nomination Committee	1. Degree of participation in company operations 2. Functional committee responsibilities 3. Improve the quality of functional committee decision-making 4. Composition of functional committees and selection of members 5. Internal control

(2) Operation of the Audit Committee

Professional qualifications and experience of Audit Committee members

Title	Name	Professional Qualifications and Experience	Principal Work Experience and Academic Qualifications
Independent Director	Chang, Jen-Chih	Master of Accounting, National Chengchi University. Passed the national examination and obtained the accountant certificate. Certified Public Accountant of Hot Tai Accounting Firm. Possesses the work experience required for business finance, accounting and corporate business and being good at leadership, accounting and financial analysis, crisis management and have industry knowledge and international market outlook.	Certified Public Accountant of Hot Tai Accounting Firm Department Head, Department of Accounting & Statistics, Chungyu College of Business Management Department Head, National Taipei College of Business Master of Accounting, National Chengchi University Bachelor of Accounting, National Chung Hsing University
Independent Director	Lin, Yih-Jong	Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Chairman, Vossic Technology Co., Ltd. President/COO, Advantech Automation Group VP, Computer Systems Organization, HP Taiwan Managing Director, Tektronix China Bachelor of Electrical Engineering, National Cheng Kung University

Title	Name	Professional Qualifications and Experience	Principal Work Experience and Academic Qualifications
Independent Director	Yu, Chwo-Ming	Possesses the work experience required for business and corporate business, currently serving as Professor of Department of Industrial and Business Management, Chang Gung University, and previously serving as Professor of Department of Business Administration, National Chengchi University and Independent Director of the TWSE/TPEX listed companies. Being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook.	Professor of Department of Industrial and Business Management, Chang Gung University. Professor of Department of Business Administration, National Chengchi University Independent Director of Yuanta Futures Co., Ltd. Independent Director of Advantech Co., Ltd. Independent Director of Yuanta Commercial Bank Co., Ltd. Ph.D. of Business Administration of University of Michigan

A total of 5 (A) Audit Committee were held in 2023. The attendance of the Independent Directors was as follows:

Title	Name	No. of Attendance In Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	Chang, Jen-Chih	5	0	100	None
Independent Director	Lin, Yih-Jong	5	0	100	None
Independent Director	Yu, Chwo-Ming	5	0	100	None

Other information required to be disclosed:

I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the Audit Committee:

(I) Any matter under Article 14-5 of the Securities and Exchange Act.

Audit Committee	Subjects & Follow Up	Article 14-5 of the Securities and Exchange Act	Not Approved by the Audit Committee but was Approved by a two-thirds or Greater Majority Resolution of the Board of Directors
The 9 th time of the 3 rd term Feb 23, 2023	1. 2022 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company.	V	
	2. The Company's 2022 earnings distribution.	V	
	3. The Company's capital reserve conversion for capital increase and issuance of new shares.	V	
	4. Design and implementation effectiveness of 2022 internal control systems and statement of internal control system.	V	
	5. Revise Internal Control System and Internal Audit Implementation Rules of the Company.	V	

	6. The Company's 2023 annual operating plan.	V	
	7. Matters of CPA Change.	V	
	8. Release of the restrictions on the competition of the Company's directors and their representative.	V	
	Contents of Independent Directors' objections, reservations or major suggestions: All Independent Directors have no objection or reservation.		
	Audit Committee resolution result: Approved by the Chairman's consultation with all committee members present.		
	The Company's follow-up action of the Audit Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).		
The 10 th time of the 3 rd term Apr 27, 2023	1. The Company's consolidated financial statements for the first quarter of 2023.	V	
	2. The Company intends to renew the contract with Taishin Bank to apply for TWD loan and derivative financial product transaction quota.	V	
	3. The Company intends to renew the contract with Citibank (Taiwan) to apply for an unsecured comprehensive credit line of USD 14.8 million and an overseas remittance and derivative financial product trading line of USD 200,000.	V	
	4. The Company intends to raise and issue domestic second unsecured convertible corporate bonds.	V	
	Contents of Independent Directors' objections, reservations or major suggestions: All Independent Directors have no objection or reservation.		
Audit Committee resolution result: Approved by the Chairman's consultation with all committee members present.			
The Company's follow-up action of the Audit Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).			
The 11 th time of the 3 rd term Jul 27, 2023	1. The Company's consolidated financial statements for the second quarter of 2023.	V	
	2. Additional budget proposal for the decoration of our company's new factory.	V	
	3. Regarding PwC's review of the company's issuance of the second domestic unsecured convertible corporate bonds and the capitalization of capital reserves to issue new shares at public expense.	V	
	Contents of Independent Directors' objections, reservations or major suggestions: All Independent Directors have no objection or reservation.		
Audit Committee resolution result: Approved by the Chairman's consultation with all committee members present.			
The Company's follow-up action of the Audit Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).			
The 12 th time of the 3 rd term Oct 26, 2023	1. The Company's consolidated financial statements for the third quarter of 2023.	V	
	2. The Company's 2024 audit plan.	V	
	3. The Company intends to renew the contract with E.SUN Bank for an unsecured comprehensive and medium-term credit line of TWD250 million and a derivative financial product exposure limit of USD500,000.	V	
	4. The Company intends to renew the contract with Hua Nan Bank to apply for TWD 150 million and derivative financial product trading quota of USD	V	

	400,000.		
	5. The Company intends to renew the contract with HSBC Bank for an unsecured comprehensive and medium-term credit line of TWD300 million and a derivative financial product exposure limit of USD40,000.	V	
	6. Release of the Restrictions on the Competition of the Company's Directors.	V	
	Contents of Independent Directors' objections, reservations or major suggestions: All Independent Directors have no objection or reservation.		
	Audit Committee resolution result: Approved by the Chairman's consultation with all committee members present.		
	The Company's follow-up action of the Audit Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).		
The 13 th time of the 3 rd term Dec 14, 2023	1. The Company plans to invest in Parktron Technology Co., Ltd.	V	
	2. The Company intends to purchase real estate for office use.	V	
	3. Adjusting the investment structure to change the mainland subsidiary Axiomtek (Shenzhen) Co., Ltd. to direct investment.	V	
	Contents of Independent Directors' objections, reservations or major suggestions: All Independent Directors have no objection or reservation.		
	Audit Committee resolution result: Approved by the Chairman's consultation with all committee members present.		
	The Company's follow-up action of the Audit Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).		
<p>(II) In addition to the matters referred to above, any matter that was not approved by the Audit Committee but were approved by a two-thirds or greater majority resolution of the Board of Directors: None.</p> <p>II. Implementation of recusals of Independent Directors with respect to any motions with which they may have a conflict of interest: specify the Independent Director's name, the content of the motion, the cause for recusal, and whether and how the Independent Director voted: None. Each Audit Committee member has fully expressed their opinion at the meeting.</p> <p>III. Communication between the Independent Directors and the head of internal auditor and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the Company's finances and business and the method(s) and outcomes of the communication.):</p> <p>(I) The accountants explain to Independent Directors on the Audit Committee every six months about the result of review or audit the Company's financial report, adjusted or reclassified entries and IFRSs revision compliance, and the impact of recent changes in fiscal and taxation comprehensive strategies such as securities management laws, tax laws and labor laws on the Company. In case of major anomalies, a meeting may be called at any time. Accountants communicate with Independent Directors every year and reach consensus on important key audit matters of the Company.</p> <p>(II) The Company's head of internal auditor sent the confirmed audit report of the previous month to the Independent Directors' email address before the end of each month and obtain the Independent Directors' receipt letters. In addition to the audit report and tracking improvement report being delivered to Independent Directors for inspection before the end of the next month after the audit project is completed, the head of internal auditor attend the Audit Committee at least once a quarter to explain to the Independent Directors the findings and improvement of the previous quarter's auditing and report the results of the meeting to the Board of Directors. The head of internal auditor is subject to amendments to the "Internal Control System" and "Implementation Rules for Internal Audit", and the relevant content shall be submitted to the Audit Committee for discussion and approval before being submitted to the Board for approval.</p>			

- (III) Independent Directors communicate directly with head of internal auditor and CPAs with email, telephone or meeting as required, and the communication between the Independent Directors, the Company's head of internal auditor and CPAs have been functioning well.
- (IV) The communication between the Company's Independent Directors, head of internal auditor, and CPAs (methods, events, and results of communication on the Company's financial reports and financial business status) has been disclosed in the Corporate Governance/Audit Committee page of the Company's website.
- (V) Summary of communication between the Independent Directors, head of internal auditor and the CPAs.

Participant	Date	Attendees	Significant Matters of Communication	Outcome of the Communication
Head of Internal Auditor	Feb 23, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou CPA Feng, Ming-Chuan, CPA Lin, Po-Chuan, Manager Raby Cheng	1. 2022 Q4 audit report 2. The status of the execution of the internal control system and the results of the self-audits. Discuss the effectiveness of the 2022 internal control system and the internal control system statement. 3. Explanation and discussion on the revision of the "Internal Control System" and "Internal Audit Implementation Rules" of the company.	The defect part has been improved immediately. Report to the Board of Directors after resolution passed.
	Apr 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou	1. 2023 Q1 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed
	Jul 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: CPA Lin, Po-Chuan, Manager Raby Cheng	1. 2023 Q2 audit report	The defect part has been improved immediately. Report to the Board of Directors after resolution passed
Head of Internal Auditor	Oct 26, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: Manager Raby Cheng Manager May Yang	1. 2023 Q3 audit report 2024 annual audit plan	The defect part has been improved immediately. Report to the Board of Directors after resolution passed
	Jan 21, 2023 Feb 23, 2023 Mar 29, 2023 May 12, 2023 Jun 8, 2023 July 5, 2023 Aug 9, 2023 Sep 4, 2023 Oct 5, 2023 Oct 31, 2023 Dec 4, 2023 Jan 2, 2024 Internal audit	Send the confirmed internal audit report of the previous month to the mailbox of each Independent Director before the end of each month	Jan 2023 Monthly audit and tracking report. Feb 2023 Monthly audit and tracking report. Mar 2023 Monthly audit and tracking report. Apr 2023 Monthly audit and tracking report. May 2023 Monthly audit and tracking report. Jun 2023 Monthly audit and tracking report. Jul 2023 Monthly audit and	According to the 2023 annual audit plan passed on Oct 27, 2022, various circular audits will be carried out monthly, and the audit results and follow-up reports will be sent to each Independent Directors before the end of each month and obtained all Independent

	reports		tracking report. Aug 2023 Monthly audit and tracking report. Sep 2023 Monthly audit and tracking report. Oct 2023 Monthly audit and tracking report. Nov 2023 Monthly audit and tracking report. Dec 2023 Monthly audit and tracking report.	Director's Receipt letter.
Certified Public Accountant	Feb 23, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou CPA Feng, Ming-Chuan, CPA Lin, Po-Chuan, Manager Raby Cheng	1. Explain and communicate the results of the audit for 2022 parent company only and consolidated financial reports. 2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures. 3. Audit quality index (AQI) and pre-approval non-assurance service policy. 4. CPA explained to questions raised by the Audit Committee.	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed
	Jul 27, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: CPA Lin, Po-Chuan, Manager Raby Cheng	1. Explain and communicate the review results of 2023 Q2 consolidated financial statements and the review plan for 2023. 2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the Company and corresponding countermeasures. 3. CPA explained the questions raised by the Audit Committee.	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed
	Oct 26, 2023 Audit Committee	Independent Directors: Chang, Jen-Chih, Lin, Yih-Jong, Yu, Chwo-Ming Internal Auditor: Alex Mou PwC Taiwan: Manager Raby Cheng Manager May Yang	1. Explain and communicate the review results of 2023 Q3 consolidated financial statements with governance units. 2. The latest comprehensive financial and taxation strategy report: Explain the recent update of laws and regulations on accounting, auditing, securities, taxation, stock affairs and labor, and its impact assessment on the	The accountant explained the results of the financial report and discussed with three Independent Directors. Report to the Board of Directors after resolution passed

			Company and corresponding countermeasures. 3. CPA explained the questions raised by the Audit Committee.	
<p>IV. Major tasks and matters of authority of the Audit Committee for the year:</p> <ul style="list-style-type: none"> (I) Discuss the annual operation plan and internal audit plan. (II) Amendments to the internal control systems and assessment of the effectiveness of the internal control systems. (III) Amendments to the procedures for “Operating Procedures for Acquisition and Disposal of Assets” and “Operating Procedures for Loaning of Funds and Making of Endorsement/Guarantee “. (IV) Matters in which a director is an interested party. (V) Asset transactions or derivatives trading of a material nature. (VI) Loans of funds, endorsements, or provision of guarantees of a material nature. (VII) The offering, issuance, or private placement of equity-type securities. (VIII) The hiring or dismissal of a certified public accountant, or their compensation and evaluating of the independence of accountants. (IX) The appointment or discharge of the head of financial, accounting, or internal auditor. (X) Discuss the quarterly and annual financial reports which shall be signed or stamped with the seal of the Chairman, manager, and head of accounting officer. (XI) Discuss the business report and earnings distribution. (XII) Regularly communicate with the head of internal auditor on a quarterly basis and with CPA on a semi-annual basis individually on the audit situation of the previous quarter and the audit/review plan and execution results of the financial statement. (XIII) Other material matters as may be required by the Company or by the competent authority. <p>V. Review of financial reports The Board of Directors has created the Company’s 2023 annual business report, financial statements, and earnings distribution proposals. The financial statements have been audited by PwC CPAs Lin, Po-Chuan and Wu, Han-Chi and issued an unqualified audited report. The above-mentioned business report, financial statements and surplus distribution proposal have been discussed by the Audit Committee and it is considered that there is no disagreement.</p> <p>VI. Evaluate the effectiveness of the internal control systems. Based on the judgment of the effectiveness of the internal control systems as stipulated in the “Guidelines for the Establishment of Internal Control System by Public Issuance Companies”, the Company judges that the design and implementation of the internal control system is effective, and it can reasonably ensure the achievement of the objectives of the internal control systems. The Audit Committee believes that the Company's risk management and internal control systems are effective and that the Company has adopted the necessary controls to monitor and correct violations.</p> <p>VII. Appointment of CPAs According to the “ Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Article 29 of the “Corporate Governance Best Practice Principles” of the Company, the Company shall assess the independence and competence of the appointed accountant on a regular basis (once per year/first appointment). Internal self-evaluation of the independence and eligibility of the accredited accountants, Lin, Po-Chuan and Hsu Shien-Chong, and the independence statement of the accountant, did not find that the Company's accountants may affect the independence. The 12th time Audit Committee of the 3rd term on October 26, 2023, reviewed and approved the independence of Lin, Po-Chuan and Wu, Han-Chi, both of them meet the independent evaluation criteria, and are fully qualified as financial and tax visa accountants of the Company. On February 22, 2024, the appointed CPA firms of PricewaterCoopers, Taiwan submitted the 2022 audit quality indicators (AQIs) reports to the 14th time Audit Committee of the 3rd term. The five aspects of AQIs, including professionalism and quality Control, independence, supervision and innovation capabilities are all superior to the average level of the industry. The Audit Quality Indicators (AQIs) report provides a set of quantitative indicators to measure audit quality, which can assist the Company and the Audit Committee to evaluate the accounting firms and audit teams in improving audit quality capabilities and commitments, with a view to strengthening corporate governance and promoting sustainable business operations.</p>				

Note1: If any independent director left office before the end of the fiscal year, specify the date that they left office in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of audit committee meetings held and the number they attended in person during the period they were in office.

Note2: If any by-election for independent directors was held before the end of the fiscal year, the names of the new and old independent directors should be filled in the table, with a note stating whether the independent director left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

(3) Corporate Governance Implementation Status and Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons:

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the “Corporate Governance Best Practice Principles” and posted it on the Company’s website and the Market Observation Post System.	None
2. Shareholding Structure and Shareholders’ Rights (1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		We have established the “Rules of Procedure for informing of Illegal, Unethical or Unseemly Conduct”, and the spokesman is the corresponding window for handling shareholders’ suggestions, doubts, disputes, and litigation matters, and will be implemented in accordance with the procedures.	None
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		The Company’s stock affairs have been entrusted by a professional stock agency. Shareholders holding more than 10% of the shares and insiders report their shareholding changes to the Company on a monthly basis. A list of shareholders with a shareholding ratio of more than 5% will be obtained quarterly, and the latest list of major shareholders will be disclosed in the quarterly financial statements and the Company’s website.	

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		The financial operations of the Company and its related companies are independent of one another with clear lineation of management rights and responsibilities. The Company has established the “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties”, and corporate transactions are always executed in accordance with internal control, internal audit, and other relevant regulations, for effective risk management.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		<p>The Company has established the “Axiomtek Co., Ltd. Operating Procedures and Conduct Principles for Ethical Corporate Management”, clearly prohibiting insider trading; the “Operating Procedures for Handling Material Inside Information” and other internal control procedures like “CB-103 Preventing Insider Trading” etc. to protect the shareholders and the rights and interests of the Company.</p> <p>At least once a year, the Company conducts educational announcements on “Operating Procedures for Handling Material Inside Information” and related regulations for Directors, managerial officers, and employees.</p> <p>This year, the current Directors, managerial officers, and employees were educated on November 15 and November 24, 2023. The course content includes the confidential operation of major information, as well as the reasons for the formation of internal transactions, the identification process and transaction examples. The relevant information had been placed in the internal employee announcement system, which employees can refer to at any time.</p> <p>The Company’s “Corporate Governance best practice principles” stipulates that insiders should take stock trading control measures from the date when they know the Company’s financial report or related</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			performance content, including (but not limited to) Directors are not allowed 30 days before the announcement of the annual financial report, and every During the closed period of 15 days before the quarterly financial report announcement, its stocks were traded. For the above-mentioned work, since the revision of the measures in 2022, the company will conduct publicity to a total of 56 insiders every quarter.	
3. Composition and Responsibilities of the Board of Directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		The Board passed a resolution to establish the “Corporate Governance Best Practice Principles”. Chapter 3 “Enhancing the Function of Board of Directors” highlights a diversified approach. The nomination and re-election of the members of the Board is in accordance with the Company’s Articles of Incorporation, applying the method of nominating candidates. We adhere to the “Methods for Election of Directors” and the “Corporate Governance Best Practice Principles” to ensure the diversity and independence of the elected Directors. Please refer to “Diversification and independence of Board of Directors” (page 19~21) in the annual report.	None
(2) Has the Company voluntarily established other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		The Company has established the Remuneration Committee since August 29, 2011; the Audit Committee since June 3, 2015; the Nominating Committee since October 26, 2016. The Company established the Sustainable Development Committee in February 2021, and adjusted to a functional committee of the Board of Directors on October 26, 2023. It is responsible for promoting the sustainable operation of various businesses including environmental sustainability, corporate social responsibility, corporate governance, integrity management and risk management, popularizing the	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	V		<p>concept of sustainable operation, achieving full participation, and implementing the results.</p> <p>The Company has established the “Operating Procedures for Performance Evaluation of Board of Directors” which stipulates that the implementation of the performance evaluation of the Board of Directors should be conducted once every three years by an external professional independent organization or a team of external experts and scholars, and it is expected that the performance evaluation of directors will be entrusted to an external professional independent organization after the comprehensive election of directors at the 2024 Shareholders’ Meeting. The results of the internal performance evaluation of the Board of Directors shall be completed before the end of the first quarter of the next year. The executive unit collects relevant information on Board activities, distributes it to the Directors and the convener of the Nomination Committee, and scores the major evaluation items and the actual operation of the Board of Directors. After the deliberating unit collects the data in a unified manner, the consolidated Board performance evaluation results (Note 2) are sent to the Nomination Committee for review and submitted to the Board of Directors. The performance evaluation results of the Directors, Board of Directors, Audit Committee, Remuneration Committee and Nomination Committee of the Company in 2023 have been completed by the Directors and Independent Directors respectively and reviewed by the Nomination Committee. The results of performance evaluation will be used as the basis for the Remuneration Committee to review Directors’ remuneration and submitted a report to the Board of Directors on February 22, 2024.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
(4) Does the Company regularly evaluate its external auditors’ independence?	V		The Audit Committee of the Company regularly (at least once a year) refers to the latest audit quality indicators (AQIs) and evaluation notes issued by accounting firms to evaluate the independence and competence of the certified public accountant every year. The Company has obtained a declaration of independence issued by the CPA in year 2023. The CFO of the Company assessed the independence and competence of Lin, Po-Chuan and Wu, Han-Chi, CPA of PwC, both of which are in compliance with the assessment criteria (Note 3). No circumstance that may affect the independence of the Company’s CPA has been found. The Company has also submitted the results of the independence assessment to the Board of Directors on October 26, 2023 for review and approval. On February 22, 2024, the appointed CPA firms of PricewaterCoopers, Taiwan submitted the 2022 audit quality indicators (AQIs) reports to the 14 th time Audit Committee of the 3 rd term. The five aspects of AQIs, including professionalism and quality Control, independence, supervision and innovation capabilities are all superior to the average level of the industry. The Audit Quality Indicators (AQIs) report provides a set of quantitative indicators to measure audit quality, which can assist the Company and the Audit Committee to evaluate the accounting firms and audit teams in improving audit quality capabilities and commitments, with a view to strengthening corporate governance and promoting sustainable business operations.	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief	V		The Board of Directors has appointed the Chief Financial Officer Jane Hsu as the Chief Corporate Governance officer on April 26, 2018 to manage and supervise corporate governance related affairs, so as to protect the rights and interests of shareholders and	None

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			<p>strengthen the functions of the Board of Directors. Jane Hsu is a qualified accountant with more than 3 years’ experience in managing financial, stock affairs, or the corporate governance affairs for listed company. The main responsibility of the Chief Corporate Governance is to conduct the related matters of the Board of Directors and Shareholders’ Meetings, to prepare the Board and Shareholders’ Meetings minutes, to assist the Directors in taking office and continuing training, to provide the Directors with the necessary resources for the operation of the business, and other matters as prescribed by the Company’s Articles of Incorporation or agreement matter.</p> <p>Operation implementation conditions in 2023 are as below:</p> <ol style="list-style-type: none"> 1. Assist Independent Directors and general Directors to perform their duties, provide necessary information and arrange Directors’ continuing education: <ol style="list-style-type: none"> (1) The Board members are regularly notified of the revision of the Company’s business areas and the latest laws and regulations related to corporate governance. (2) Review the relevant information confidentiality level and provide company information required by the Directors, maintain smooth communication between the Directors and business executives. (3) In accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”, assist in arranging relevant meetings when Independent Directors need to communicate with the internal audit supervisor or certified accountant individually about the Company’s financial matters. (4) In consideration of industry-specific needs and the respective Director’s 	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>background and experience, assist the Independent Director or Director with annual refresher courses and schedule them accordingly.</p> <p>2. Assist the Board of Directors and shareholders’ meeting procedures and resolutions on compliance matters:</p> <p>(1) Report to the Board, Independent Directors, Audit Committee the state of corporate governance, confirming that the Board and Shareholders’ Meetings are conducted in accordance with related regulations and the Company’s corporate governance guidelines.</p> <p>(2) Assist and remind the Directors of the rules that should be followed in business operations the business or when making a formal resolution and offer suggestions when the Board is about to make a resolution that contravenes the law.</p> <p>(3) After the meetings, check the content of the critical resolutions planned for publication, to ensure accuracy and compliance with regulation, protecting the investors’ interests.</p> <p>3. Notify Directors seven days before the agenda of the Board of Directors, convene the meeting and provide meeting materials. If any Director has a conflict of interest need to be avoided on the motions, it will be reminded in advance. The minutes of the Board of Directors should be completed within 20 days after the meeting.</p> <p>4. In accordance with the law, register the meeting prior to the meeting date and, within the statutory time limit, create the necessary notifications, meeting handbook, minutes and register these during the amendment of the Charter or re-election of the Directors.</p> <p>The scope, system and other training matters</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
			of the Company’s Chief Corporate Governance Officer is handled in accordance with the provisions of the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”. 12 hours of training have been completed in 2023. For the training status, please refer to “Skills upgrade & training” about employee / employer relations in “V. Operation Highlights”.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders’ questions and concerns on important corporate social responsibility issues?	V		The Company has an employee hotline and a complaint mailbox internally, and a spokesman system externally. The Company’s Chinese and English website has established an investor relations area to provide contact information for interested parties (including but not limited to investors, external customers, and suppliers, etc.), and establish a complete communication channel. The Company reports to the Board of Directors about the identity of the identified stakeholders, issues of concern, communication channels, response methods, and communication status once a year. The Company has reported the status of communication with stakeholders (Note 4) to the Board of Directors on Oct 26, 2023.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company has appointed Taishin Securities Co., Limited Stock Transfer Agency Department to deal with the Shareholders’ Meeting affairs.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	V		The Company has set up Chinese and English websites to disclose financial business and corporate governance and other related information.	None

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		The Company has set up an English website and has a dedicated person responsible for the collection and disclosure of various company information. A spokesman has been set up and reported to the competent authority in accordance with regulations. The information for holding investor conferences has been placed on the Company's website.	
(3) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	V		The Company has uploaded 2023 and 2022 consolidated and parent company only financial reports on February 23, 2024 and February 24, 2023, respectively. In addition, the Company also announced and reported the first, second and third quarter financial reports and monthly consolidated revenue before the specified deadline.	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of	V		(I) Employees rights and care: The Company always treats employees with integrity and provides benefits superior to Labor Standards Act to protect the rights of employees. In addition to providing various insurance benefits and pension funds in accordance with the law, additional group insurance and safety insurance for business trips are provided. The Company implements health check subsidies and medical consultations every year, adopts a flexible commuting system, provides commuting vehicles and subsidized parking space rentals, sets up gyms, yoga classrooms, subsidizes employee club activities and irregularly handles various arts and	None

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the Reasons
	Yes	No		
customer relations policies, and purchasing liability insurance for directors and supervisors)?			<p>recreational activities. In addition, the Company hired nurses and special doctors to provide attend service, except for routine employee health care and guidance (new and current employees), maternal health protection (during pregnancy and within 1 year after delivery), and abnormal workloads, it also provides consultation services for colleagues on any physical and mental health or medical problems. In addition to protecting the rights of employees and fulfilling the responsibilities for employee care through a complete welfare system, performance evaluations are implemented twice a year as the basis for promotion, salary adjustment, training development, and various rewards. The Company has established a good relationship of mutual trust and mutual dependence with its employees to ensure the safety of colleagues at work and life, and jointly achieve the Company's overall operating goals.</p> <p>(II) Investor relations: Full disclosure of information through the Market Observation Post System. The Company's Chinese and English website has established an investor relations area to provide information on various financial services, Shareholders' Meetings, dividends, stock prices, stock operations and corporate governance, and communicate with investors through Shareholders' Meetings and spokesman.</p> <p>(III) Supplier Relations: The Company has formulated the "Ethical Corporate Management Best Practice Principles", which requires that the content of the contract signed with its agents, suppliers, customers, or other business partners should include</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>compliance with the integrity management policy, and when the counterparty of the transaction is involved in dishonest conduct, the terms of the contract may be terminated or rescinded at any time.</p> <p>The Company works closely with suppliers to work together to improve corporate social responsibility. The major suppliers that communicate with the Company are all required to sign the “Axiomtek Integrity Commitment” in order to establish a pure and honest long-term trading relationship, and jointly pursue the sustainable growth of the performance.</p> <p>(IV) Stakeholders’ Rights: The Company attaches importance to the balance of rights and obligations between stakeholders and has established the “Code of Conduct for Reporting Illegal and Unethical or Dishonest Behavior” to establish a reporting channel and corresponding window for shareholders and investors, external suppliers and customers, and internal colleagues. The Company’s Chinese and English website has established an investor relations section to provide stakeholders’ contact information. Stakeholders may communicate and consult with the Company to safeguard their legitimate rights.</p> <p>(V) Directors’ continuous education: The Directors’ continuing education of the Company complies with the minimum hours required by the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”, please refer to (Note 5).</p> <p>(VI) Implementation of risk management policies and risk</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>measurement standards: Various internal guidelines are formulated in accordance with the law to conduct risk management and evaluation. Please refer to VII.-6, the analysis and evaluation of risk matters.</p> <p>(VII) Implementation of customer policies: The Company’s Chinese and English website has established an investor relations section to provide stakeholders’ contact information. The Company maintains close contact with customers, communicates customer needs, and uses Salesforce cloud applications and platforms to effectively manage customer relationships and manage project progress, and organizes product launch conferences or solution seminars from time to time every year to increase the interaction between customers and the Company. In addition, the Company provides product introductions, solutions, technical support, and product services on the website platform to ensure product quality and customer needs and improve customer satisfaction.</p> <p>(VIII) The Company has purchased liability insurance for Directors.</p> <p>(IX) Relevant licenses of financial information personnel: Refer to (Note 6)</p> <p>(X) Succession planning and operation of Board members and important management: Succession planning and operation of Board members: The Board passed a resolution to establish the “Corporate Governance Best Practice Principles”. Chapter 3 “Enhancing the Function of Board of Directors” highlights a diversified approach. The nomination and re-election of the members of the Board</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>is in accordance with the Company’s Articles of Incorporation, applying the method of nominating candidates. We adhere to the “Methods for Election of Directors” and the “Corporate Governance Best Practice Principles” to ensure the diversity and independence of the elected Directors.</p> <p>Diversity must be considered in the composition of the Board, taking into account the Company’s operation and business model and development needs in addition to the basic values like gender, age, nationality and culture. The candidate’s professional knowledge and capabilities, including professional background (e.g., legal, accounting, industrial, finance, sales, or technology), professional capability and industrial experience. A diversified Board of Directors with various opinions and insights will improve the quality of decision-making and benefit the Company’s shareholders and other stakeholders.</p> <p>The Company pays attention to the diversified professional knowledge and skills of the Board of Directors. At least a Director has professional knowledge and skills in financial accounting, and a university professor has management knowledge. Each Director has professional background and experience in different industries and positions. The Company has established the Nominating Committee in October 2016, which is responsible for constructing and developing the organizational structure of the Board of Directors and committees, conducting performance evaluations of the Board of Directors, committees, Directors, and senior managerial officers, and evaluating the independence of</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
			<p>Independent Directors. Considering the professional knowledge required by the Directors and senior managerial officers of the Company, regularly reviewing the number and conditions that should be met, searching for, and reviewing suitable candidates, and recommending a reference list, which is submitted to the Board of Directors. The Nomination Committee regularly evaluates the performance of managerial officers and internal audit supervisors every half year. The convener of the Nomination Committee completes the performance evaluation of the Board of Directors and various functional committees by the end of January each year and recommends to the Board of Directors whether replacement is necessary to ensure that Board members have appropriate professional knowledge, experience, and gender diversity. It also implements the corporate governance policy of “strengthening the functions of the Board of Directors” by reviewing the Director’s education plan and formulating succession plans for Directors and senior managerial officers.</p> <p>In 2021, the Directors were fully re-elected, and Professor Yu, Chwo-Ming of National Chengchi University was newly elected as the Independent Director of the Company. The Company relies on the Director Yu’s business management expertise and industry experience as Independent Directors of various companies to improve the decision-making quality of the Board of Directors. A female candidate has been added to the list of candidates for the re-election of directors at the Company's 2024 annual shareholders' meeting to implement the</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>diversity of board members.</p> <p>Succession planning and operation of key management level: The Company plans for succession for important management, focusing on the personality traits of integrity, enthusiasm and innovation, and excellent work ability and recognition of company values are also necessary. The Company follows the example of well-known Japanese entrepreneurs to develop the Amoeba profit center organization and cultivates talents with the vision of managerial officers. After establishing the three major Business Groups (BG) in 2021 and promoting the AVP of these BGs, in 2023, we cultivated ten Product Business Units (BU) directors. Our goal is to ‘create new opportunities and inherit excellence’ and to implement the succession plan and experience inheritance, so that each of the BG head of the Company can manage the product or market with the attitude of an operator, plan and adjust the organization and operation direction according to the industrial change. The Company irregularly arranges for the business executives to report to the Directors on the results of operations and future strategic planning every year. Through the communication process with the Directors, in addition to providing insights and suggestions and familiarity with the members of the management team, the Directors can also evaluate the performance of the management executives and include them in future succession planning. The training content of the successors of senior management includes core, management, and professional capabilities. Each year, human resources</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>units plan and supplement with project programs for training and rewards to maintain the competitiveness of enterprises and develop successors. The Company holds mid-year workshop and year-end Kickoff meeting every year, and executive managerial officers need to report on the Company’s overall operating results and future development plans. Through the preparation of the activities, executive managerial officers can learn to plan the Company’s future strategies and improve strategic thinking, performance management, talent management, organizational change, and talent development. Inheritance and other abilities with leaders.</p> <p>The Nominating Committee and Remuneration Committee of the Company regularly reviews the performance evaluation and salary and remuneration of Directors, managerial officers and head of internal auditor to maintain the professionalism and experience of Board members and senior management. In addition, through the planning of rewards and financial tools, it can effectively implement the retention of talents in enterprises and retain excellent talents.</p> <p>The training courses for human resources planning include vertical and horizontal team management, emotional management and relief, and time and goal management. It actively cultivates the leadership and professional cultivation required by management successors.</p> <p>(XI) Intellectual property management plan linked to operational objectives.</p> <p>1. Management policy Axiomtek is a leading designer and manufacturer in the field of industrial</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>computers, based on cultivating its embedded computer technology capabilities and promoting brand core values. To strengthen its leading position in the industry and maintain its advanced technological achievements, the Company has formulated a smart property strategy that combines the company’s operational goals and research and development resources. Therefore, we will continue to move forward in accordance with the goals set by the smart property management policy to safeguard brand core values and goodwill, while protecting the company's rights from infringement. We hope to create more enterprise value and ensure the company's operational freedom. On the other hand, we can also strengthen our competitive advantage and help the company achieve profits.</p> <p>2. Goals and systems Smart property management is not just a matter of time, but also requires all colleagues to work together to fully implement it. Therefore, it is necessary to supplement it with periodic education and training to implement the legal compliance awareness of smart property regulations, so that smart property management is not only a slogan, but also a practical action.</p> <p>(1) Trademark A. Globalization of trademark layout to ensure brand value and defend company rights. B. Trademark inspection before naming the product name to avoid infringing on the intellectual property rights of others. C. In response to the global layout of trademark registration, regulatory monitoring should be carried out in countries. In case of disputes or</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>regulatory adjustments, relief channels should be sought immediately to protect the rights of the company, ensuring that its interests are not affected.</p> <p>(2) Patent</p> <p>A. To protect the company's research and development capabilities and technological leadership position through implementation measures such as rewards and advocacy.</p> <p>B. Deepen the collaboration mechanism between legal and intellectual property units and research and development units, and use specialized selection and incentive to promote the system of intellectual property.</p> <p>C. Promote electronic workflow operations to reduce unnecessary resource waste.</p> <p>(3) Copyright To avoid intellectual property infringement caused by improper use of computer software.</p> <p>(4) Business secrets According to the employee work rules, employment contracts, and resignation management procedures, in addition to the obligation to keep personal business and company related secrets confidential during employment, colleagues are also not allowed to disclose information after resignation. If there is a violation, the company not only has the right to dismiss, but also has the right to pursue legal action and compensate for the company's losses.</p> <p>3. Execution situation</p> <p>(1) The Company submits matters related to intellectual property to the board of directors at least once a year, with the latest submission date being December 14, 2023.</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No		
			<p>(2) The Company actively promotes the smart property management plan, and in recent years, the main implementation status is as follows:</p> <p>A. In response to the announcement by the Intellectual Property Office regarding the addition of designated product and service names for trademark application registration, a trademark application is submitted. Bill to expand protection - add product categories, postponed implementation after resolution.</p> <p>B. Develop intellectual property management policies, goals and systems related to operational goals.</p> <p>C. Revision of the operating procedures for patent management and proposal awards.</p> <p>(3) Obtain intellectual property list and achievements by the end of 2023</p> <p>A. Patent : A total of 19 patents have been approved, including 7 patents for inventions, 11 patents for new models, and 1 patent for designs; Two patents for inventions under review.</p> <p>B. Trademark : 53 certificates obtained.</p>	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement.</p>				
No.	Assessment Criterion	Note		
2.6	Does the Company's Board of Directors include at least one female director?	A new female candidate has been added to the candidate nomination list for the re-election of directors at the 2024 Annual General Meeting of Shareholders of the Company.		
4.5	Has the Sustainability Report prepared by the Company been verified by a third party?	The Company’s 2022 Sustainability Report has been written by the consultant of BSI (British Standards Institute Pacific Limited Taiwan Branch), and has entrusted a third-party organization of BSI to expect the 2023 Sustainability Report to be formally verified by a third party, so as to improve the		

Evaluation Item	Implementation Status (Note 1)			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the Reasons
	Yes	No	Summary Description	
				information reliability.
4.18			Does the Company disclose information related to governance, strategies, risk management, indicators, and objectives for climate related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework?	The Company has hired expert consultants to guide the planning of disclosures based on the proposed Climate-Related Financial Disclosures (TCFD) framework.

Note 1: Regardless of whether “Yes” or “No” is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

Note 2: 2023 Board of Directors Performance Evaluation Report:

The Company has formulated the “Operational Procedures for the Performance Evaluation of the Board of Directors”, which clearly stipulates that the implementation of the performance evaluation of the Board of Directors should be conducted by an external professional independent organization or a team of external experts and scholars at least once every three years. The internal and external performance evaluation results of the Board of Directors should be completed before the end of the first quarter of the next year. The evaluation operation procedure is to first determine the subject, period, scope and method to be evaluated. The designated unit should collect relevant activity information of the Board of Directors, distribute and ask to fill in the relevant self-evaluation questionnaires such as the “Questionnaire of Self-Evaluation of Performance of the Board”, “Questionnaire of Self-Evaluation of Performance of Board Members” and “Questionnaire of Self-Evaluation of Performance of the Functional Committee”. Finally, after the designed unit collects all the questionnaires, according to the scoring criteria of the evaluation indicators, the evaluation result report is recorded, and the report is sent to the Board of Directors for review and improvement.

Internal performance evaluation:

The internal performance evaluation of the Board of Directors, Audit Committee, Remuneration Committee and Nomination Committee of the Company in 2023 has been reviewed by the Nomination Committee on February 22, 2024, and the overall operation is excellent. The results of the internal performance evaluation were reported to the Board of Directors on February 22, 2024, and were summarized as follows:

Evaluation Scope	Evaluation Method	Evaluation Orientation	Evaluation Item	Average Score	Comprehensive Comment
Overall Board of Directors performance evaluation	Information about Board activities is collected by the deliberating units of Board of Directors and evaluated by the convener of the Nomination Committee	1. Degree of participation in company operations	12	4.92	The overall average score is 4.78, and the evaluation result is excellent. The evaluation results show that the overall operation of the Company's Board of Directors is sound and conforms to the spirit of corporate governance.
		2. Improve the quality of Board decisions	12	4.83	
		3. Board composition and structure	8	4.88	
		4. Director selection and continuing education	7	4.14	
		5. Internal control	7	5.00	
		Total	46	4.78	

Evaluation Scope	Evaluation Method	Evaluation Orientation	Evaluation Item	Average Score	Comprehensive Comment
Individual Director performance evaluation	Self-assessment by each Board member	1. Mastery of company goals and tasks	3	4.71	The average score of individual Directors is 4.70, and the evaluation results are excellent. The evaluation results show that the Directors of the Company actively participate in the Board of Directors, and the efficiency and effectiveness of the operation of various evaluation indicators are positively evaluated.
		2. Awareness of Directors' duties	3	4.81	
		3. Degree of participation in the Company operations	8	4.63	
		4. Internal relationship management and communication	3	4.62	
		5. Director profession and continuing education	3	4.76	
		6. Internal control	3	4.81	
		Total	23	4.70	
Audit Committee performance evaluation	Information about Audit Committee activities is collected by the deliberating units of Board of Directors and evaluated by the convener of the Nomination Committee	1. Degree of participation in the Company operations	4	5.00	The average score of Audit Committee is 4.95 points, and the evaluation result is excellent. The evaluation results show that each Functional Committee operates smoothly and effectively, which conforms with the spirit of corporate governance.
		2. Responsibility recognition of Audit Committee	5	5.00	
		3. Improve the quality of Audit Committee decisions	7	5.00	
		4. Audit Committee composition and member selection	3	4.67	
		5. Internal control	3	5.00	
		Total	22	4.95	
Remuneration Committee performance evaluation	Information about Remuneration Committee activities is collected by the deliberating units of Board of Directors and evaluated by the convener of the Nomination Committee	1. Degree of participation in the Company operations	4	5.00	The average score of Remuneration Committee is 4.95 points, and the evaluation result is excellent. The evaluation results show that each Functional Committee operates smoothly and effectively, which conforms with the spirit of corporate governance.
		2. Responsibility recognition of Remuneration Committee	5	5.00	
		3. Improve the quality of Remuneration Committee decisions	7	5.00	
		4. Remuneration Committee composition and member selection	3	4.67	
		Total	19	4.95	
Nomination Committee performance evaluation	Information about Nomination Committee activities is collected by the deliberating units of Board of Directors and evaluated by the convener of the Nomination Committee	1. Degree of participation in the Company operations	4	5.00	The average score of Nomination Committee is 4.84 points, and the evaluation result is excellent. The evaluation results show that each Functional Committee operates smoothly and effectively, which conforms with the spirit of corporate governance.
		2. Responsibility recognition of Nomination Committee	4	4.75	
		3. Improve the quality of Nomination Committee decisions	7	5.00	
		4. Nomination Committee composition and member selection	4	4.50	
		Total	19	4.84	

External Performance Evaluation:

The Company appointed the Taiwan Corporate Governance Association (hereinafter referred to as the "Association") to conduct an external performance appraisal of the Board of Directors. The Association has no business relationship with the Company and is independent. The evaluation period is from May 1, 2020 to April 30, 2021, Association members and commissioners jointly conduct assessments through open questionnaires, written reviews and video conferences in eight aspects, including board composition, guidance, authorization, supervision, communication, internal control and risk management, board self-discipline, board meetings, and support systems. The association issued a performance evaluation report on June 15, 2021

Evaluating the performance of the Board performance can clarify the roles and responsibilities between the Board as a whole, individual Directors and functional committees and also understand at every developing stage of the Company if the Board of Directors concerned with important issues and invested in sufficient resources to the Company and used appropriate methods to deal with the issues of company's growth and sustainable operation. We submitted the performance evaluation report and suggesting items made by the Association to the Board of Directors on June 16, 2021. The general comment of the evaluation analysis report and suggesting items, and our expected improvements are summarized as follows:

Performance Evaluation of the Board of Directors

A. The general comment of the evaluation analysis report

- (A) The Company proactively to entrust an external professional and independent organization to conduct the performance evaluation of the Board of Directors in order to get suggestions from external objective viewpoint. It shows the positive intention of the Company to continuously strive to improve the effectiveness of the Board of Directors.
- (B) According to the operating needs, the Company autonomous set up the Nomination Committee that is stricter than laws and regulations. More than half of the members in the Nomination Committee are Independent Directors and Independent Director serve as the convener to actively supervise the performance evaluation and succession of the Board of Directors and managerial officers. The Company strives to promote the intentions of corporate governance.
- (C) The Company holds two Workshops & Kick off meeting every year to review domestic and foreign operating conditions and market conditions, and analyze and review topics such as vertical markets, regional development, and customer focus, so as to adjust the direction of operation and truly grasp the Company's strategy and operation implementation., The interaction between the Directors and the management team is close. In addition to regular meetings, the Directors and the Company's management team usually communicate in real time by email, telephone, Line group, etc., to give full play to the function of the Board of Directors to guide and supervise.
- (D) The Company follows the business model of the Amoeba profit center and encourages the managerial officers of the product business group to manage the products (markets) with the mentality of operators, and also trains international experience and experience through overseas assignments, and conducts successor training in a planned way. At the end of each year, the executives are arranged to report the operating results and future strategic plans to the Directors. The Directors also participate in the communication process of providing guidance and suggestions. In addition to being familiar with the members of the management team, the Directors can also evaluate the performance of the executives for inclusion in future succession. The consideration of candidates shows that the Board of Directors attaches great importance to and cares about the succession planning of senior executives.

B. The suggesting items of the evaluation analysis report, and our expected improvements are summarized as follows.

Items	Suggesting Items	Expected Improvements
1	The Company attached great importance to the diversity of the Board. The Association suggested except for including the persons who meet the Company's operating development needs or have the industry market related experience, the conditions such as female 、 persons with different background or with international market experience should be taken into account in the composition of future Board Directors.	The Company will take into account the conditions such as female 、 persons with different background or with international market experience will be taken into account in the composition of future Board Directors.
2	The Company has set up reporting lines and mailboxes according to different types of stakeholders (such as shareholders and investors, suppliers and customers, and employees). However, the whistleblower mechanism firstly establishes a direct communication channel between whistleblowers and Independent Directors. It is recommended that the Company to set up a reporting mailbox that can be simultaneously received by Independent Directors (or the Audit Committee) to further strengthen the function of the whistleblower mechanism.	The Company has added Independent Directors as recipients to the external whistleblower mailbox, and simultaneously receives whistleblower letters to strengthen the function of the whistleblower mechanism.
3	The overseas revenue ratio of the Company accounts for nearly 90% of the total revenue, so overseas audits are particularly important. However, in recent years, the epidemic has raged around the world, making it impossible to conduct on-site inspections. It is recommended that the Company need to develop an alternative plan to strengthen the audit efficiency.	In addition to requiring subsidiaries to self-assess internal control, the Company intends to adopt a remote video audit method to enhance audit efficiency.

C. The Performance Evaluation Certificate of Board of Directors issued by Taiwan Corporate Governance Association

This is to certify

Axiomtek Co., Ltd.

Entrust the Association to implement the external board performance evaluation service project.

The Association appointed three evaluation experts to review the Company's relevant documents

from May 1, 2020 to April 30, 2021.

Video conferences with the Company management team and Board members on June 3, 2021.

The performance evaluation report of the Board of Directors has been issued on June 15, 2021,

which summarizes the general evaluation and suggesting of the Association to the Company's

Board of Directors.

Hereby certify

Chairman Chen Qing-Xiang
Taiwan Corporate Governance Association

June 15, 2021

Note 3: CPA's Independent status assessment:

Independent Evaluation Items	Evaluation Result	Meet the Criteria for Independence
Do the CPA and audit team members have no direct or significant indirect financial relationship with the Company or its Directors?	Yes	Yes
Do the CPA and audit team members have no close commercial relationship with the Company or its Directors?	Yes	Yes
Do the CPA and audit team members have no potential employment relationship with the Company?	Yes	Yes
Do the CPA and audit team members have no financing or guarantee activities with the Company or its Directors?	Yes	Yes
Do the joint CPA dismissed within one year have not held the position of Director or manager of the Company or has a significant impact on the audit work in the current or most recent two years?	Yes	Yes
Do the CPA does not provide the Company with non-audit services that may directly affect the audit work?	Yes	Yes
Do the CPA has not acted as the defender of the Company or coordinated the conflict with other third parties on behalf of the Company?	Yes	Yes
Do the CPA and audit team members do not have close personal relationship with the Company's Directors, managerial officers or employees who have significant influence on the audit?	Yes	Yes
Do the CPA and audit team members have not received gifts or gifts of great value from the Directors and managerial officers of the Company?	Yes	Yes
Does the CPA not hold the shares of the Company?	Yes	Yes
Does the Company have obtained the CPA's independence statement?	Yes	Yes
Does the Company refer to the Audit Quality Indicators (AQIs) to evaluate the independence and suitability of the appointed CPA?	Yes	Yes

Note 4: Stakeholder identity, issues of concern, communication channel and response method and communication situation:

Stakeholders Identity	Issues of Concern	Communication Channel & Response Method	Execution Result
Shareholder / Investor	Economic performance Sewage and waste Environmental regulatory compliance Supplier environmental assessment	Contact: Senior Special Assistant Spokesman Skin Huang Phone: +886-2-8646-2111 #8010 Annual Shareholders' Meeting Investor conferences twice a year Phone & Email Company website stakeholder's section	In 2023, the Company release of 22 major messages in both Chinese and English and 22 announcements and was invited to participate in 2 investors conferences. Information disclosure on the "About Us" page of the Company's official website in both Chinese and English.
Director	Economic performance Socio-economic regulations compliance	Contact person: Head of Finance & Corporate Governance Jane Hsu Phone: +886-2-8646-2111 #8600 At least 5 times Board of Directors every year Nominating Committee/ Remuneration Committee/Audit Committee/Sustainable Development Committee Phone/LINE/email Internal audit report CPA / Head of Audit and Corporate Governance Team Communication	In 2023, 6 Board Meetings, 5 Audit Committees, 4 Remuneration Committees, and 2 Nomination Committees were held. From time to time, it provides Directors' training information and corporate governance news clippings and publicity conference materials for reference and conducts management publicity on preventing insider trading every year.
Customer	Customer health and safety Marketing and labeling Customer privacy Socio-economic regulations compliance	Contact: Senior Sales Vice President Joanne Lin Phone: +886-2-8646-2111 #8888 Customer satisfaction survey Customer business review meeting Interactive forums / Domestic & international exhibitions Company website stakeholder's section	In 2023, 66 pieces of information related to products, exhibitions and forums were published on Facebook. The community has accumulatively liked more than 1,178 times, and the total number of followers was more than 1,221. Since joining Twitter in February 2009, he has accumulated more than 1,118 posts and has nearly 452 followers. A total of 136 videos have been listed on YouTube, with 540,302 views. LinkedIn is used by 235 employees and has been followed by more than 7,541 people. INSTAGRAM has accumulated 125 posts and has 342 followers.
Employee	Economic performance Labor relations Occupational health and safety	Contact: HR Director Sonny Hsu Phone: +886-2-8646-2111 #8110 Intranet site & email Employee welfare committee departmental meetings / Heads' meetings Employee feedback box / employee hotline Internal and external education and training	17 internal announcements in 2023. Regular monthly notification of education and training courses Axiomtek's e-newsletter is issued every month (contents include columns on finance and law, product innovation, Axiomtek Academy and Welfare Committee activities etc.) Regular labor-management

Stakeholders Identity	Issues of Concern	Communication Channel & Response Method	Execution Result
			meetings. Self-employed factory nurses and special factory doctors regularly provide services on site and provide stress relief courses and health seminars.
Supplier	Anti-corruption Occupational health and safety Forced and compulsory Labor Customer privacy	Contact: Purchasing Manager Eva Liu Phone: +886-2-8646-2111 #3110 Sharing of CSR with supplier & readiness evaluation Supplier survey On-site evaluation of supplier Company website stakeholder's section	Supplier evaluation is conducted once a quarter for quality, delivery and service, and the degree of follow-up contact with the supplier is determined according to the evaluation results. Regularly audit key parts suppliers.
Government	Environmental regulations compliance Health and safety of customer Socio-economic regulations compliance	Contact: HR Director Sonny Hsu Phone: +886-2-8646-2111 #8110 Corporate Governance Evaluation Participate in policy seminars and symposiums of the competent authority from time to time. Phone & Email Official correspondence Email Newcomer induction training	As a result of the 3 rd to 9 th (2016~2022) Corporate Governance Evaluations, Axiomtek has been listed in the top 5% of the TPEX listed companies for seven consecutive years.
Others (bank, neighborhood groups etc.)	Economic performance Anti-corruption Labor relations	Contact: HR Director Sonny Hsu Phone: +886-2-8646-2111 #8110 Actively participate in forums and seminars organized by various civil organizations and academic groups. Phone & Email Company website stakeholder's section Newcomer induction training	New recruits will clearly inform Axiomtek's six values during the newcomer guidance training on the first day of employment. One of them is "Integrity and Honesty", We abide by the business philosophy of honesty, pragmatism, and business ethics, and win the trust of customers. In the content of the guidance training, colleagues will also be informed that the Company's environmental, occupational safety, and health policy, stated that all operations of the Company must comply with laws and regulations.

In addition to the above contact methods, each stakeholder can contact us through the following spokesman's contact window:

Spokesman	
Contact person	Skin Huang
Title	Senior Special Assistant
Email	skin.huang@axiomtek.com.tw
Address	Address: 8F., No.55, Nanxing Road, Xizhi District, New Taipei City 221026, Taiwan
Phone	+886-2-86462111#8010
Fax	+886-2-86462555

Note 5: Director's Continuing education:

Title	Name	Training Date		Organizer	Name of Course	Hours
		From	To			
Chairman	Yang, Yu-Te	2023/04/25	2023/04/25	Taiwan Corporate Governance Association	Offensive and Defensive Strategies for Management Rights Disputes and Legal Liability Risks of Company Leaders (Independent Directors)	3
		2023/11/16	2023/11/16	Accounting Research and Development Foundation	Digital Technology and Sustainable Transformation	3
Director	Liu, Wei-Ting	2023/06/07	2023/06/07	Taiwan Institute of Directors	The future of enterprises under the war situation: strategic turn & strategic transformation	3
		2023/08/12	2023/08/12	Taiwan Institute of Directors	Inheritance strategy of a century-old enterprise	3
Director	Tsai, Shih-Yang	2023/08/29	2023/08/29	Taiwan Corporate Governance Association	How to expand influence, assist sustainable SDGs, and enhance enterprise value	3
		2023/09/25	2023/09/25	Securities and Futures Institute	Corporate Governance and Securities Regulations	3
Director	Huang, Jui-Nan	2023/02/07	2023/02/07	Taiwan Corporate Governance Association	Information Security Governance Practice Chapter: Analysis of Key Management Issues	3
		2023/12/22	2023/12/22	Taiwan Corporate Governance Association	Carbon connected, discussing carbon fees, carbon taxes, carbon rights and carbon trading	3
Independent Director	Lin, Yih-Jong	2023/06/02	2023/06/02	Taiwan Corporate Governance Association	Commercial litigation and dispute resolution practice discussion	3
		2023/11/14	2023/11/14	Taiwan Corporate Governance Association	Emerging money laundering models and regulatory trends	3
Independent Director	Chang, Jen-Chih	2023/03/06	2023/03/06	CPA Associations R.O.C.(Taiwan)	Key points of business tax declaration and analysis of doubts	7
Independent Director	Yu, Chow-Ming	2023/11/14	2023/11/14	Independent Director Association Taiwan	The group's M&A strategy and post-investment management	3
		2023/12/15	2023/12/15	Taiwan Corporate Governance Association	How enterprises can strengthen strategy execution	3

Note 6: Financial information related personnel license

Job Title	Name	License
Vice President, Finance Division Head of Accounting & Finance Chief Corporate Governance	Jane Hsu	Accountant Qualified Certificate Number (78) Zhuan Gao No. 303
Head of Internal Auditor	Alex Mou	Certificated Internal Auditor (Certificate) No. 9220100 of the Internal Audit Association of the Republic of China

(4) Composition, responsibilities, and operations of each functional committee

A. Composition, responsibilities and operations of the Remuneration Committee

(A) Information on Remuneration Committee Members

April 20, 2024

Qualifications Capacity (Note1) Name	Professional Qualifications and Experience (Note2)	Independence Analysis (Note3)	Number of Concurrently Serving as Members of the Remuneration Committee of Other Public Companies
Independent Director (Convener) Lin, Yih-Jong	Bachelor of Electrical Engineering, National Cheng Kung University. He used to be president/COO of Advantech Automation Group, VP of Computer Systems Organization, HP Taiwan and managing Director of Tektronix China. He is currently the chairman of Vossic Technology Co., Ltd. Possesses over 20 years of work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook. and have not been a person of any conditions defined in Article 30 of the Company Act. Please refer to the page 11 ~ 14 for the information of the Director's main experience (educational).	<ol style="list-style-type: none"> The self, spouse, or relatives within the second degree of kinship do not serve as Directors, Supervisors or employees of the Company or its affiliated companies. The self, spouse, or relatives within the second degree (or in the name of others) do not hold any shares in the Company. Not serving as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"). In the past two years, there has been no compensation from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places. 	0
Independent Director Chang, Jen-Chih	Master of Accounting, National Chengchi University. He used to be department head of department of accounting & statistics of Chungyu College of Business Management and National Taipei College of Business. He is	<ol style="list-style-type: none"> The self, spouse, or relatives within the second degree of kinship do not serve as Directors, Supervisors or employees of the Company or its affiliated companies. The self, spouse, or relatives within the second degree (or in the name of 	0

Qualifications Capacity (Note1) Name	Professional Qualifications and Experience (Note2)	Independence Analysis (Note3)	Number of Concurrently Serving as Members of the Remuneration Committee of Other Public Companies
	<p>currently the CPA of Hot Tai Accounting Firm.</p> <p>Passed the national examination and obtained the accountant certificate. Possesses over 20 years of work experience required for business finance, accounting and corporate business and being good at leadership, accounting and financial analysis, crisis management and have industry knowledge and international market outlook and have not been a person of any conditions defined in Article 30 of the Company Act.</p> <p>Please refer to the page 11 ~ 14 for the information of the Director's main experience (educational).</p>	<p>others) do not hold any shares in the Company.</p> <p>3. Not serving as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”).</p> <p>4. In the past two years, there has been no compensation from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.</p>	
Independent Director Yu, Chwo-Ming	<p>Ph.D. of Business Administration of University of Michigan. He used to be Independent Director of Yuanta Bank Co., Ltd., Advantech Co., Ltd., Yuanta Futures Co., Ltd., and professor of department of Business Administration of National Chengchi University. He is currently the professor of department of Industrial and Business Management, Chang Gung University, Independent Director of Integrated Service Technology Inc, and Independent Director of WPG Holdings Limited.</p> <p>Possesses over 20 years of work experience required for business and corporate business and being good at leadership, accounting and financial analysis, business judgment, business management and crisis management and have not been a person of any</p>	<p>1. The self, spouse, or relatives within the second degree of kinship do not serve as Directors, Supervisors or employees of the Company or its affiliated companies.</p> <p>2. The self, spouse, or relatives within the second degree (or in the name of others) do not hold more than 1% of the Company’s shares.</p> <p>3. Not serving as a Director, Supervisor or employee of a company that has a specific relationship with the Company (refer to the provisions of Article 3, Paragraph 1, Subparagraphs 5 to 8 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”).</p> <p>4. In the past two years, there has been no compensation from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.</p>	0

Qualifications Capacity (Note1) Name	Professional Qualifications and Experience (Note2)	Independence Analysis (Note3)	Number of Concurrently Serving as Members of the Remuneration Committee of Other Public Companies
	conditions defined in Article 30 of the Company Act. Please refer to the page 11 ~ 14 for the information of the Director's main experience (educational).		

Note 1: Please specifically fill in the number of years of relevant work experience, and the professional qualifications and experience, and the status of independence, of each remuneration committee member. If the member is an independent director, you may add a note directing readers to refer to the relevant information in Table 1 Information on Directors and Supervisors (1) on p. _____. For "Capacity," please specify whether the member is an independent director or other (if the member is the convenor, please note that fact).

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each member of the remuneration committee.

Note 3: Independence analysis: Describe the status of independence of each remuneration committee member, including but not limited to the following: whether the member or their spouse or relative within the second degree of kinship serves or has served as a director, supervisor, or employee of the Company or any of its affiliates; the number and ratio of shares of the Company held by the member, their spouse, and their relatives with the second degree (or through their nominees); whether the member has served as a director, supervisor or employee of a "specified company" (see Article 6, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); the amount(s) of any pay received by the remuneration committee member for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 4: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

(B) Responsibility of the Remuneration Committee members

The Company set up a Remuneration Committee on August 29, 2011. The Remuneration Committee is composed of three Independent Directors. The members of the committee should perform the following duties faithfully with the attention of kind managerial officers, and be responsible to the Board of Directors, and submit the recommendations to the Board for discussion:

- a. Schedule regular review sessions with the Directors, managerial officers and head of internal auditor to evaluate remuneration strategies, system, standards and structure.
- b. Regularly evaluate and confirm the remuneration for the Directors, managerial officers, and head of internal auditor.

(C) Operation of the Remuneration Committee:

- a. The Company's Remuneration Committee has a total of three members.
- b. The term of current members is from July 5, 2021 to July 4, 2024. The number of remuneration committee meetings held in the most recent fiscal year was: 4 (A). The attendance by the members was as follows:

Title	Name	No. of Attendance in Person (B)	No. of Attendance by Proxy	In-person Attendance Rate (%)【B/A】	Remarks
Convener	Lin, Yih-Jong	4	0	100	None
Member	Chang, Jen-Chih	4	0	100	None
Member	Yu, Chwo-Ming	4	0	100	None

Other information required to be disclosed:

- I. If the Board of Directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons) : None.
- II. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.

Note1: If any remuneration committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

Note2: If any by-election for remuneration committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

- c. Outcome of the discussion and decision of the Remuneration Committee and the Company's handling of the members' recommendation.

Remuneration Committee	Content of the Motion & Follow up
The 8 th time of the 5 th term Feb 23, 2023	1. 2022 remuneration to employees and remuneration to Directors and the related distribution policy.
	2. 2022 H2 incentive for managerial officers.
	3. 2022 H2 performance bonus for managerial officers and the head of internal auditor.
	4. The Company's managers Employee Stock Ownership Trust special Deposits (other bonus)
	5. The adjustments of manager salary in response to relocation support.
	Result of Remuneration Committee meeting: Approved by the Chairman's consultation with all committee members present.
	The Company's follow-up action of the Remuneration Committee's opinion: When discussing the operating bonus of Chairman and Chief Strategy Officer Yang, Yu-Te and Director and president Huang, Jui-Nan, Yang, Yu-Te and Huang, Jui-Nan had left the meeting to avoid his conflict in interest, and the Chairman had consulted all the attending Directors (including Independent Directors) without objection and passed the proposal.
The 9 th time of the 5 th term Mar 23, 2023	1. 2022 allocation of remuneration to managerial officers and the head of internal auditor.
	2. 2023 managerial officers annual reward plan.
	3. 2022 allocation of remuneration to Directors.
	Result of Remuneration Committee meeting: Approved by the Chairman's consultation with all committee members present.
	The Company's follow-up action of the Remuneration Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).
The 10 th time of the 5 th term July 27, 2023	1. 2023 H1 operating incentive for managerial officers.
	2. 2023 H1 performance bonus for managerial officers and the head of internal auditor.
	3. 2023 adjustment of remuneration for managerial officers and the head of internal auditor.
	4. The employee stock trust special deposit fund (other bonus) of manager.
	Result of Remuneration Committee meeting: Approved by the Chairman's consultation with all committee members present.
	The Company's follow-up action of the Remuneration Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).
The 11 th time of the 5 th term Oct 26, 2023	1. Propose the proportion of compensation for employee and Directors in 2023.
	Result of Remuneration Committee meeting: Approved by the Chairman's consultation with all committee members present.
	The Company's follow-up action of the Remuneration Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).

B. Information on The Composition, Responsibilities and Operation of Members of Nomination Committee

(A) Qualifications and Responsibilities of Nomination Committee Members

The Company set up a Nomination Committee on October 26, 2016. The Committee is composed of at least three Directors nominated by the Board of Directors, of which more than half of the Independent Directors shall participate. The term of Directors joining the committee, unless otherwise stipulated by laws or the Company's Articles of Incorporation, shall be from the day when the Director is elected by the Board of Directors until the expiry of the term of the Director, resignation of the committee or Director, or the Board of Directors elects to replace the original Director until the date of being a member of the committee.

(B) Responsibilities of Nomination Committee Members

The committee is authorized by the Board of Directors to perform the following functions and powers, and submit the recommendations to the Board of Directors for discussion:

- a. Develop a standard of diversified background and independence for the knowledge, skills, experience, and gender required by Board members and senior managerial officers, and seek, review and nominate candidates for Directors and senior managerial officers.
- b. Build and develop the organizational structure of the Board of Directors and committees, conduct performance evaluations of the Board of Directors, committees, Directors, and senior managerial officers, and assess the independence of Independent Directors.
- c. Establish and regularly review the Director's progress plan and the succession plan for Directors and senior managerial officers.
- d. Formulate the Company's corporate governance code of practice.

When performing the above functions, if anyone has a conflict of interest, the details must be discussed in the said committee meeting; and if deemed to be harmful to the Company, must be exempted from and not be present in further discussions or decision-making. This person cannot represent any other members in the decision-making. If the spouses, the second degree of kinship of committee members, or companies with control and affiliation with the committee members have an interest in the matters of the meeting, the committee members shall be deemed to have interests in the matters.

- (C) The professional qualifications and experience of the members and status of operations of the Nomination Committee
- a. The Company's Nomination Committee has a total of three members.
 - b. The term of the current members is from July 13, 2021 to July 4, 2024. The number of nomination committee meetings held in the most recent fiscal year was: 2 (A). The professional qualifications and experience and meeting attendance record of the members and matters discussed by the committee are as follows:

Title	Name	Professional Qualifications and Experience	No. of Attended in Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】 (Note)	Remarks
Convener (Independent Director)	Yu, Chwo-Ming	Ph.D. of Business Administration of University of Michigan. He used to be Independent Director of Yuanta Bank Co., Ltd., Advantech Co., Ltd., Yuanta Futures Co., Ltd., and professor of department of Business Administration of National Chengchi University. He is currently the professor of department of Industrial and Business Management, Chang Gung University, Independent Director of Integrated Service Technology Inc, and Independent Director of WPG Holdings Limited. Possesses over 20 years of work experience required for business and corporate business and being good at leadership, accounting and financial analysis, business judgment, business management and crisis management. Please refer to page 11 ~ 14 for the description of the Director's information for the main educational qualifications.	2	0	100	None
Member (Independent Director)	Lin, Yih-Jong	Bachelor of Electrical Engineering, National Cheng Kung University. He used to be president/COO of Advantech Automation Group, VP of Computer Systems Organization, HP Taiwan and managing Director of Tektronix China. He is currently the chairman of Vossic Technology Co., Ltd. Possesses over 20 years of work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook. Please refer to page 11 ~ 14 for the information on the professional qualifications of Directors.	2	0	100	None

Title	Name	Professional Qualifications and Experience	No. of Attended in Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】 (Note)	Remarks
Member (Director)	Yang, Yu-Te	Founder, President and Chief Strategy Officer of Axiomtek Co., Ltd. Possesses the work experience required for business and corporate business and being good at leadership, business judgment, business management, crisis management and have industry knowledge and international market outlook. Please refer to page 11 ~ 14 for the information on the professional qualifications of Directors.	2	0	100	None

Other information required to be disclosed:

For any major motion put before the nomination committee, specify the meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the nomination committee members, the outcome of the resolution of the nomination committee, and the measures taken by the Company with respect to the nomination committee members' opinions.

Nomination Committee	Content of the Motion & Follow up
The 4 th time of the 3 rd term February 23, 2023	1. 2022 performance evaluation results of Board of Directors, individual Directors, and functional committees.
	2. 2022 performance evaluation of managerial officers and the head of internal auditor.
	Result of Nomination Committee meeting: approved by the Chairman's consultation with all committee members present.
	The Company's follow-up action of the Nomination Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).
The 5 th time of the 3 rd term July 27, 2023	1. 2023 H1 performance evaluation of managerial officers and the head of internal auditor.
	Result of Nomination Committee meeting: Approved by the Chairman's consultation with all committee members present.
	The Company's follow-up action of the Nomination Committee's opinion: Approved by the Chairman's consultation with all the Directors present (including Independent Directors).

Note1: If any nomination committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of nomination committee meetings held and the number they attended in person during the period they were on the committee.

Note2: If any by-election for nomination committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of nomination committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

C. Information on members and operations of the Sustainable Development Committee

(A) Qualification criteria for members of the Sustainable Development Committee.

The company established the “Sustainable Development Committee” by the president and operating supervisor on February 25, 2020, and is supervised by the audit committee. Five working groups were established, focusing on Environmental Sustainability, Corporate Social Responsibility, Corporate Governance, Integrity in Business Operations, and Risk Management. To further implement sustainable corporate development, the organization of the “Sustainable Development Committee” was adjusted to be a functional committee of the Board of Directors on October 26, 2023. The number of members of the Committee shall not be less than three, and shall be appointed by resolution of the Board of Directors. The membership of the Committee shall have the professional knowledge and ability of enterprise sustainability, and at least one Director shall participate in the supervision. President Huang, Jui-Nan, Independent Director Chang, Jen-Chih and Yu, Chwo-Ming formed the first Sustainable Development Committee

The term of the members of the Committee shall be in accordance with the term of the Board of Directors, and they shall be eligible for re-election.

(B) The responsibilities of the Sustainable Development Committee

In accordance with the authorization of the Board of Directors, the Committee shall faithfully perform the following duties and powers with the care of a kind manager and report to the Board of Directors:

- a. Develop, promote, and strengthen the Company’s sustainable development policies, annual plans, and strategies.
- b. Review, track, and revise the implementation and effectiveness of sustainable development.
- c. Supervise the disclosure of sustainable information and review the sustainability report.
- d. Supervise the implementation of the Company’s sustainable development code of conduct or other sustainable development related work approved by the Board of Directors.

The dedicated (part-time) unit for sustainable development assists the Committee in promoting various plans such as corporate governance, sustainable environment, social welfare, and sustainable information disclosure, and reports on the implementation of sustainable development to the Committee.

(C) Professional qualifications, experience, and operational status of members of the Sustainable Development Committee

- a. The Sustainable Development Committee consists of three members.
- b. The term of office for the current committee: From October 26, 2023 to July 4, 2024. The Nomination Committee held 0 times in 2023(A), and the qualifications and attendance of committee members are as follows:

Title	Name	Professional Qualifications and Experience	No. of Attended in Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】 (Note)	Remarks
Convener (President)	Huang, Jui-Nan	Previously served as vice president of Advantech Industry Automation Group and possesses the work experience required for business and corporate operations, excelling in	0	0	-	The organization of the "Sustainable Development

Title	Name	Professional Qualifications and Experience	No. of Attended in Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】 (Note)	Remarks
		operational judgment, accounting and financial analysis, business management, crisis handling, industry knowledge, international market insights, leadership abilities, and decision-making skills. Please refer to page 11 ~ 14 for the information on the professional qualifications of Directors.				Committee" was reorganized into a functional committee of the Board of Directors on October 26, 2023, and the first Sustainable Development Committee was held on March 21, 2024.
Member (Independent Director)	Chang, Jen-Chih	Master of Accounting, National Chengchi University. He used to be department head of department of accounting & statistics of Chungyu College of Business Management and National Taipei College of Business. He is currently the CPA of Hot Tai Accounting Firm. Passed the national examination and obtained the accountant certificate. Possesses over 20 years of work experience required for business finance, accounting and corporate business and being good at leadership, accounting and financial analysis, crisis management and have industry knowledge and international market outlook and have not been a person of any conditions defined in Article 30 of the Company Act. Please refer to the page 11 ~ 14 for the information of the Director's main experience (educational).	0	0	-	
Member (Independent Director)	Yu, Chwo-Ming	Ph.D. of Business Administration of University of Michigan. He used to be Independent Director of Yuanta Bank Co., Ltd., Advantech Co., Ltd., Yuanta Futures Co., Ltd., and professor of department of Business Administration of National Chengchi University. He is currently the professor of department of Industrial and Business Management, Chang Gung University, Independent Director of Integrated Service Technology Inc, and Independent Director of WPG Holdings Limited. Possesses over 20 years of work	0	0	-	

Title	Name	Professional Qualifications and Experience	No. of Attended in Person (B)	No. of Attendance by Proxy	In-Person Attendance Rate (%) 【B/A】 (Note)	Remarks
		experience required for business and corporate business and being good at leadership, accounting and financial analysis, business judgment, business management and crisis management and have not been a person of any conditions defined in Article 30 of the Company Act. Please refer to the page 11 ~ 14 for the information of the Director's main experience (educational).				

Other information required to be disclosed: None.

For any major motion put before the Sustainable Development Committee, specify the meeting date, meeting session number, content of the motion, content of recommendations or dissenting opinions of the Sustainable Development Committee members, the outcome of the resolution of the Sustainable Development Committee, and the measures taken by the Company with respect to the Sustainable Development Committee's opinions.

The Company established the "Sustainable Development Committee" by president and operating supervisor on February 25, 2021. The organization of the "Sustainable Development Committee" was reorganized into a functional committee of the Board of Directors. Therefore, it has not held any meetings by the reorganized committee in 2023. The first Sustainable Development Committee was held on March 21, 2024.

Note1: If any nomination committee member left the committee before the end of the fiscal year, specify the date that they left the committee in the Remarks column. Their in-person attendance rate (%) should be calculated based on the number of nomination committee meetings held and the number they attended in person during the period they were on the committee.

Note2: If any by-election for nomination committee members was held before the end of the fiscal year, the names of the new and old committee members should be filled in the table, with a note stating whether the member left office, was newly serving, or was serving consecutive terms, and the date of the by-election. The in-person attendance rate (%) should be calculated based on the number of nomination committee meetings held and the number attended in person during the period of each such person's actual time on the committee.

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		<p>1. To assist the Board of Directors to continue to promote risk assessment and countermeasures in all aspects of corporate environmental, social and corporate governance, and to implement the purpose of sustainable management, the Company approved the establishment of “Sustainable Development Committee”(Note3) on February 25, 2021 by the Board of Directors, and set up environmental sustainability, corporate social responsibility (CSR), corporate governance, integrity management and risk management and other working teams, responsible for promoting sustainable business operations. To implement corporate sustainable development, the "Sustainable Development Committee" was reorganized into a functional committee of the Board of Directors on October 26, 2023. The Board of Directors appointed President Huang, Jui-Nan, Independent Director Chang, Jen-Chih and Yu, Chwo-Ming to form the first Sustainable Development Committee, and the President served as the convener and chairman of the meeting. The Sustainable Development Office (Human Resources unit) was established to oversee the committee's affairs, integrate the annual plans and execution results of each working group, report them to the Sustainable Development Committee, and coordinate and track the implementation of the committee's annual plans with each working group.</p> <p>2. The Sustainable Development Office of the “Sustainable Development Committee” regularly reports to the Board of Directors on its operational results (including the communication with stakeholders), as well as issues of concern to stakeholders, specific promotion plans and implementation status. In the next year, the Sustainability Report will be completed and placed on the Company’s website for stakeholders to view. On October 26, 2023, the relevant handling situation was reported to the Board of Directors, and the Board of Directors listened to the report of the management team (including the ESG report), they evaluate and supervise the management policy, strategy and target formulation and</p>	Comply with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation Status (Note 1)		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			review measures reported by the management, regularly review the progress of the strategy, and urge the management team to execute the planned schedule continuously.	
2. Does the Company conduct risk assessment of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		<p>1. The Company has established a risk management working team under the “Sustainable Development Committee” to formulate risk management policies, and plan and implement the Company’s risk management-related operations.</p> <p>2. The Company’s risk management process:</p> <p>3. Based on the principle of materiality, conduct risk assessment on environmental, social, or corporate governance issues related to company operations, and formulate relevant risk management policies or strategies (Note 4), and the promotion of sustainable development is supervised by the Board of Directors and disclosed on the Company’s website and annual report. The information disclosed in the 2022 Sustainability Report covers the period of disclosure from January 1, 2022 to December 31, 2022. The Company's practices and performance in corporate governance, corporate commitment, environmental protection, and social participation, and responded to the concerns of stakeholders. The boundaries of Axiomtek’s Sustainability Report only include Axiomtek’s important operating locations in Taiwan (Xizhi Headquarters, Beitou Plant), and additionally disclose some performance data of Taichung Office. The Sustainable Development Committee conducts analysis according to the materiality principle of the sustainable report, and each relevant unit formulates</p>	Comply with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Item	Implementation Status (Note 1)		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>management policies based on the analysis results of major themes, and handles various operations in combination with the organization's business strategy, and through Axiomtek's corporate social responsibility group meeting and discussion, the effectiveness of the management policy is reviewed and evaluated from time to time as the Company's sustainable policy. Actively encourage stakeholders to participate in identifying, understanding and responding to sustainability issues and each other's priorities, and reporting to stakeholders, explaining its decisions, actions and performance and enabling stakeholders to evaluate the organization's performance, thereby developing management policies and performance measurement systems.</p> <p>The Board of Directors of the Company has formulated the "Risk Management Policy and Procedure" and "Risk Management Best Practice Principles", and its operation has been disclosed on the Company's website and annual report. (Note 4)</p>	
<p>3. Environmental Issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p> <p>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</p> <p>(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?</p>	V		<p>The Company has obtained ISO-14001 (International Standard for Environmental Management) and ISO-45001 (Occupational Safety and Health Management System) certification (Note 5), and regularly audits and evaluates.</p> <p>The Company is committed to improving from the basics, upgrading the usefulness of each category of material to achieve the goals of reducing raw material usage and waste, thereby lowering the impact on the environment (Note 4&6).</p> <p>The Company's potential risks are mainly at the environmental level, such as resource shortages, increased raw material costs, etc. To mitigate climate change, the Company is committed to reducing energy consumption, and has established energy-saving measures such as water saving/saving/paper saving and computer recycling and re-use (Note 4&6). Please refer to the Company's "2022 Axiomtek Corporate Sustainability Report" (page 93, Part 6 environmental protection). https://www.axiomtek.com/company/investor/US/2022_CSR_report.pdf</p>	Comply with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"

Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Yes	No	Summary Description							
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		The Company counts the greenhouse gas emissions, water consumption and total weight of waste every year, and formulates policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management, and commits to reducing energy consumption and environmental protection (Note 4&6) and obtained the 2021 greenhouse gas verification opinion statement on February 23, 2023.							
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		<p>In order to fulfill its corporate social responsibility and protect the basic human rights of all colleagues, the Company agrees and voluntarily follows the “UN Universal Declaration of Human Rights”, “UN Global Compact”, “UN Guiding Principles on Business and Human Rights”, “UN International Labor Organization” and other internationally recognized human rights standards and puts an end to any violations and violations of human rights, treats all colleagues with dignity and respect. Related “Axiomtek Co. Ltd. Social Responsibility Policy Statement” (Note 7) have been disclosed on the Company’s website.</p> <p>Every two years, the Company regularly reviews its own operations, value chain, new business activities (such as mergers and acquisitions, joint ventures) and other related activities by paying attention to major social issues, data monitoring, questionnaire surveys, etc. to identify and assess the groups at risk and potential human rights risks, formulate a control plan for human rights issues based on potential risks, and continuously monitor and improve the implementation of the plan.</p> <p>The Company’s human rights management policies and specific plans are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Human Rights Management Policy</th> <th>Specific Plan</th> </tr> </thead> <tbody> <tr> <td>Provide a safe and healthy work environment.</td> <td>Please refer to “Working Environment and Employee Personal Safety Protection Measures” in Labor Relations on</td> </tr> <tr> <td>Help employees maintain physical and mental health</td> <td></td> </tr> </tbody> </table>	Human Rights Management Policy	Specific Plan	Provide a safe and healthy work environment.	Please refer to “Working Environment and Employee Personal Safety Protection Measures” in Labor Relations on	Help employees maintain physical and mental health		Comply with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”
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Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
			<p>and work-life balance.</p> <p>Announce Axiomtek's corporate social responsibility policy announcement and formulate and commit to labor and human rights policies.</p> <p>page.162-163</p> <p>In 2021, passed the complete CSR due diligence of the third-party certification agency entrusted by the international manufacturer Amazon to ensure that the Company's code of conduct is consistent with the "RBA Code of Conduct", and the new factory of the Company in Xizhi has been assessed again in 2023.</p> <p>Axiomtek's corporate social responsibility policy statement, please refer to Note 7.</p> <p>Continue to implement the principle of free employment of foreign migrant workers. All employment fees such as agency fees, domestic service fees, health examination fees, visa fees, etc. for foreign migrant workers are borne by the Company, and foreign migrant workers keep their passports, seals, passbooks, etc. for safekeeping to protect their rights and interests in fair employment and free choice of employment.</p>	
			<p>Prohibit forced labor and abide by local government labor laws.</p> <p>Implement the vacation system and encourage colleagues to focus on work-life balance.</p>	
			<p>Set out human rights clauses in supplier contracts and implement on-site audits.</p> <p>labor and human rights requirements have been officially added to the supplier evaluation form. It will</p>	

Item	Implementation Status (Note 1)		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?				
			Education and training on labor and human rights.	
	V		<p>The Company aims to become a happy enterprise, fulfill its corporate social responsibility, and take care of employees. The main employee benefits are as follows:</p> <p><u>Employee compensation and reward system linked to business performance</u></p> <ol style="list-style-type: none"> 1. Adopt a fixed year-end bonus system. 2. According to the overall performance of the unit and the Company, performance bonuses are issued on a quarterly or half-yearly basis. 3. Performance evaluation is conducted twice a year, and annual salary adjustments are made every year. 4. According to the Articles of Association, if the Company has a profit in the year (that is, the profit of income before tax deducting the employee's remuneration and Director's remuneration), 1% to 20% should be allocated as employee's remuneration, and it should be paid twice a year. 5. Issue employee stock option certificates from time to time. 6. Implement employee stock ownership trust, and the Company allocates 30% of the bonus according to the employee's self-raised fund. As of the end of March 2024, a total of 315 employees have joined the Axiomtek stock ownership trust as members. <p><u>Measures of employee benefits</u></p> <ol style="list-style-type: none"> 1. The Company has established an Employee Welfare Committee, which allocated 0.15% of the employee welfare fund based on the 	

Item	Implementation Status (Note 1)		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons															
	Yes	No																	
			<p>total revenue every year. In 2023, the Company provided employee welfare fund exceeding NT\$6.93 million to plan and implement various welfare systems for colleagues, including family day activities, travel subsidies, wedding and funeral subsidies, hospital condolences for injuries and illnesses, maternity subsidies, sports competitions, departmental snack funds, special store discounts, and multi-society activities that combine arts and humanities, sports and fitness, and educational fun.</p> <p>2. Xizhi Headquarters adopts a flexible commuting system. In response to the relocation to the new factory in Xizhi in August, 2023, besides providing additional transportation allowances to colleagues who assist with the relocation, the company also launched commuting vehicles for the Danshui Line, Beitou Line, Zhonghe and Xindian Line.</p> <p>3. The vacation system is based on a fixed two-day weekend. Colleagues can also apply for leave without pay in case of childcare, serious injury, major accident, etc. and need a longer period of time off, so as to take into account the needs of personal and family care.</p> <p>For the relevant content, please refer to the content of employee welfare measures in labor-management relations in the chapter “V. Operation Highlights” of the annual report.</p> <p><u>Workplace diversity and gender equality</u></p> <p>In terms of workplace diversity and gender equality, we achieve equal pay for equal work and equal promotion opportunities for men and women. In 2023, the proportion of female managerial officers was 23%, and the average proportion of female employees was 44%. The details of the implementation of the policy are as follows:</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td>Operator/assistant</td> <td>0.98</td> <td>1</td> </tr> <tr> <td>Professional and technical position</td> <td>1.21</td> <td>1</td> </tr> <tr> <td>Junior supervisor</td> <td>1.13</td> <td>1</td> </tr> <tr> <td>Senior supervisor</td> <td>0.97</td> <td>1</td> </tr> </tbody> </table>	Position	Male	Female	Operator/assistant	0.98	1	Professional and technical position	1.21	1	Junior supervisor	1.13	1	Senior supervisor	0.97	1	
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Item	Implementation Status (Note 1)		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons														
	Yes	No																
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>Note1: Annual salary includes annual basic salary and annual bonus. Note 2: Statistical scope excludes foreign migrant workers.</p> <p>The Company's main operating base is located in the headquarters in Taiwan, where the minimum monthly salary is 15% higher than the minimum wage, and the average monthly salary of the lowest grade male and female employees is even higher 25% of the statutory basic salary.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Taiwan Headquarter</th> </tr> </thead> <tbody> <tr> <td>Ratio of male minimum wage to statutory basic wage</td> <td>1.17</td> </tr> <tr> <td>Ratio of female minimum wage to statutory basic wage</td> <td>1.14</td> </tr> <tr> <td>Minimum wage ratio for female to male</td> <td>1.03</td> </tr> <tr> <td>Ratio of average wage to statutory minimum wage for male at the lowest level</td> <td>1.27</td> </tr> <tr> <td>Ratio of average salary to statutory minimum wage</td> <td>1.24</td> </tr> <tr> <td>Average salary ratio at the lowest level</td> <td>0.97</td> </tr> </tbody> </table> <p>Note 1: The minimum wage is defined as the full salary on the payroll. In 2023, the statutory basic wage in Taiwan is TWD 26,400 per month. Note 2: Statistical scope excludes foreign migrant workers.</p>	Item	Taiwan Headquarter	Ratio of male minimum wage to statutory basic wage	1.17	Ratio of female minimum wage to statutory basic wage	1.14	Minimum wage ratio for female to male	1.03	Ratio of average wage to statutory minimum wage for male at the lowest level	1.27	Ratio of average salary to statutory minimum wage	1.24	Average salary ratio at the lowest level	0.97	
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			<p>The Company's occupational safety policy: law-abiding teaching, communication and participation, risk management and performance improvement, to comply with relevant national safety and health laws and regulations and other requirements that must be complied with, to provide colleagues with safe and healthy working conditions, to eliminate hazards and reduce occupational safety and health. Risks, prevent work-related injuries, ill health, diseases and accidents, to protect the safety and health of all employees and suppliers, contractors and visitors entering the company, and continuously improve the safety and health management system and safety and health performance, for employees, Suppliers and contractors provide necessary education and training to ensure safety and health</p>															

Item	Implementation Status (Note 1)		Summary Description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>awareness and correct behaviors, encourage employees to participate in safety and health management and consultation, and establish and maintain a good communication channel between the Company's senior management and employees.</p> <p>There were 4 occupational injury cases in 2023. Among them, 1 case resulted in temporary total disability due to improper actions, with a loss of 3 days. The other 3 cases were categorized as commuting accidents, which are not considered occupational injuries under occupational safety and health laws for commuting accidents during commuting. Therefore, they do not need to be included in the calculation of the frequency and severity of disabilities due to injuries. The company periodically promotes defensive driving and other traffic safety concepts through electronic newsletters, reminding colleagues to not only abide by traffic rules but also be aware of their surroundings, develop a mindset to anticipate potential accidents, and take necessary defensive actions in advance to prevent accidents.</p> <p>The Company has obtained the TOSHMS Taiwan Occupational Safety and Health Management System Certification of the Labor Committee and regularly conducts employee health inspections and safety and hygiene lectures every year.</p> <p>The Company has a resident nurse service, and a physician to Xizhi plant for 3 hours each time, and even-months to Beitou plant for 2 hours each time. In addition to routine attendance to employee health and health guidance, maternal health protection and abnormal workload, any employee who has physical and mental health issues can make an appointment for consultation. In addition, to achieve the purpose of the occupational safety and health policy, "pay attention to employee safety and comply with occupational safety regulations", specific measures include:</p> <ol style="list-style-type: none"> 1. Implement occupational safety training for new recruits for 3 hours per person. 2. Improve occupational safety training for incumbents by 4 hours every 3 years. 3. Regular implementation of occupational 	

Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
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(4) Has the Company established effective career development training programs for employees?	V		<p>safety management system audit once a year.</p> <p>4. Implement and improve the occupational safety management system to audit each deficiency.</p> <p>For the relevant content, please refer to the content of labor-management relations, working environment and employee personal safety protection measures in the chapter “V. Operation Highlights” of the annual report.</p> <p>The Company provides relevant internal and external professional education and training to enrich employees’ career skills. The Company also encourages employees to assess their interests, skills, values, and goals and communicate their personal career intentions with managerial officers to plan future career plans. For the relevant content, please refer to the content of the training and training of labor-management relations in the chapter “V. Operation Highlights” of the annual report. During the annual regular performance interviews, the supervisors and employees discuss and set up their own annual ability development plans. Through regular review and feedback, they help employees to tailor the best development plan.</p>	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>The Company follows the relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and has good after-sales service procedures to protect consumers’ rights. Please refer to the Company’s “2022 Corporate Sustainability Report” (page 63).</p>	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		<p>The Company has established supplier management policy and developed supplier evaluation and management procedures. The company carefully define the criteria for selecting and evaluating suppliers, which include aspects such as organizational structure and systems, quality management, production management, inventory management, technical management, environmental management, and</p>	

Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons											
	Yes	No	Summary Description												
			CSR management. This ensures that our suppliers meet the requirements of our company's policies and that the purchased raw materials meet quality standards. In terms of environmental health and safety, suppliers engaging in transactions with us must also adhere to our company's established "Contractor Safety and Health Management Procedure" and "Procurement Operation Safety and Health Management Procedure" to jointly contribute to enhancing corporate social responsibility. Please refer to the Company's "2022 Corporate Sustainability Report" (page 14~17) for the description of the supplier audit and evaluation operation and implementation (Note 8).												
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		The Company has completed the preparation of the 2022 Corporate Sustainability report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) to disclose the Company's non-financial information in 2023. However, the report has not obtained the assurance or assurance opinion of the third-party verification unit.	Comply with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies"											
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has formulated the "Sustainable Development Best Practice Principles". The Sustainable Development Committee is composed of the president and two independent directors appointed by the Board of Directors, and the Sustainable Development Office (Human Resources unit) coordinates the planning and establishes various operation groups to actively participate in the implementation of sustainable development related activities. In 2023, the 2022 Corporate Sustainability Report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI), and all operations comply with the requirements of the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies".															
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: (1) In addition to pursuing the development of environmentally friendly products, the Company is committed to becoming a green enterprise that values and practices cherishes the environment and ecology. In view of global warming, global citizens have a responsibility to participate in activities, combine innovation with the Company's core values and corporate operations, promote corporate volunteers to serve a good culture, make corporate volunteers an important resource for building a good civic environment, and work together to care for society and change the world. The Company has invested in social welfare activities in the past two years as follows:															
<table border="1"> <thead> <tr> <th>Year</th> <th>Month</th> <th>Day</th> <th>Item</th> </tr> </thead> <tbody> <tr> <td rowspan="2">2023</td> <td>Dec</td> <td>21</td> <td>The Welfare Committee purchased handmade cookies from Bear House on Christmas and shared them with all colleagues, warming the hearts of Axiomtek colleagues and public welfare organizations in the cold winter.</td> </tr> <tr> <td>Sep</td> <td>22</td> <td>On the eve of Christmas, the "Axiomtek Blood Donation Day" event was held for the first time. Successful blood donors can also receive a charity cake, which not only injects blood and warms others, but also warms public welfare organizations. Love never stops.</td> </tr> </tbody> </table>					Year	Month	Day	Item	2023	Dec	21	The Welfare Committee purchased handmade cookies from Bear House on Christmas and shared them with all colleagues, warming the hearts of Axiomtek colleagues and public welfare organizations in the cold winter.	Sep	22	On the eve of Christmas, the "Axiomtek Blood Donation Day" event was held for the first time. Successful blood donors can also receive a charity cake, which not only injects blood and warms others, but also warms public welfare organizations. Love never stops.
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Item	Implementation Status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
2022	Sep	11	Mid-Autumn Festival shares the love of Axiomtek colleagues, and specially invites the Lovenature Workshop in New Taipei City to hold a charity sale of “Love in Mid-Autumn Festival, Full of Happiness”.	
	Jun	20	Participated in the sustainable deposit project of E.SUN Bank, jointly committed to sustainable development, taking specific actions to address the impacts of climate change and environmental protection, and practicing ESG together. This sustainable deposit fund is used for credit and investment projects that comply with green and ESG sustainability requirements. Please refer to Note 9.	
	Feb	03	The Welfare Committee organized the “Dragon Boat Festival Celebration” event, and in conjunction with the charity sale event of the Lan-chui Social Welfare Foundation, Axiomtek employees worked together to promote charity.	
	Dec	29	Donate all the funds raised to the “Lan-chui Social Welfare Foundation” and designate it as the purpose of building “Tianxin Homeland - Love of Bricks and Tile”, with a total of TWD 90,000 raised.	
	Dec	22	The “Zentangle Painting” exhibited in Axiomtek’s “Cultural Art Gallery” donated 12 paintings, provided to colleagues for charity sales and fundraising, and sold in full.	
	Dec	22	Purchased a charity gift box of “Smiling Angel” from the “Taichung City Welfare for The Disabled Association” and made a joint benevolence donation and fundraising. A total of 165 boxes were ordered.	
	Aug	18	Axiomtek participated in “E.SUN ESG Sustainability Initiative”.	
	Mar	19	Axiomtek’s beach cleaning activities for ecological protection, personally experienced the importance of protecting the ocean, and aroused the concept of protecting the marine ecology. A total of 15.3 kg of plastic waste and 15.8 kg of PET bottles were cleaned up, a total of 31.1 kg.	

(2) Number of participants in welfare activities and cash input in the past 2 years: Unit: NT\$

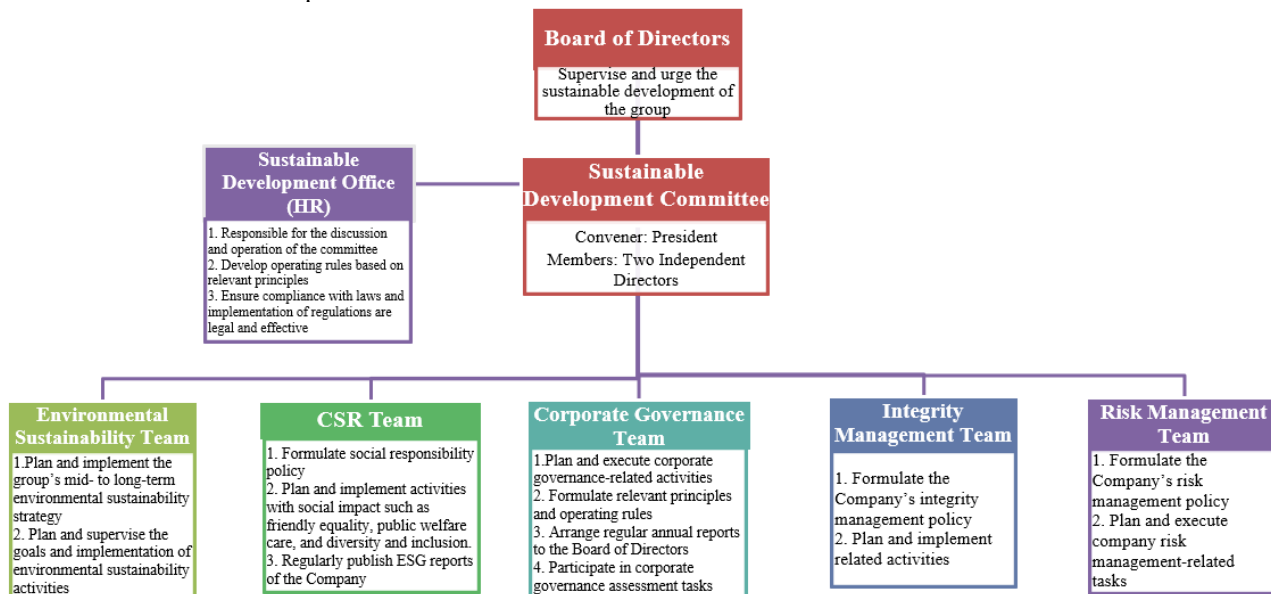
Participant	Participation Total Number of Person	2023	2022	
		Charity Sale and Activity	Charity Sale and Fundraising	Clean Up Waste
Lan-chui Social Welfare Foundation	165 employees		90,000	
Taichung City Welfare for The Disabled Association			82,500	
Clean beach	All employees			15.3 kg of plastic waste, 15.8 kg of plastic bottles, a total of 31.1 kg
Lan-chui Social Welfare Foundation	Free to participate by all employees	28,160		
Lovenature Workshop	Free to participate by all employees	30,020		
Bear House	All employees	240,840		
Taipei Blood Center	61 employees	84 bags of blood		

Item	Implementation Status (Note 1)		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
(3)			Support for Cultural Development Strategies Program To encourage employees to get in touch with cultural and artistic activities, performance venues, etc., and respond to the government's policy of cultivating arts and cultural consumption habits, the Company encourages employees to consume arts and cultural consumption. On May 27, 2023, the Welfare Committee invited colleagues to watch the Taiwanese Group Diabolo Theatre's performance "VALO Part 2 -The Island" at the National Theater for free. A total of 36 people participated in this activity and invested NT\$18,050.
(4)			To support local education and increase students' practical work experience, the company actively collaborates with major universities for industry-academia cooperation. From April 1, 2023, to August 31, 2023, the company will provide practical work training for two students each from the German Department and Electrical Engineering Department of Fu Jen Catholic University. In addition to this, to achieve "deep rootedness in the local community" and move towards sustainability, the company not only actively recruits talents from Keelung and Xizhi but also begins to collaborate with Family Support Centers. On the eve of this year's Mid-Autumn Festival, approximately 30 portions of cakes and pastries produced by the company will be donated to the Xizhi Family Support Center, allowing more disadvantaged families in need of assistance to enjoy warm-hearted food.
(5)			Purchase energy-saving equipment air compressors for approximately NT \$1.14 million, with an annual power consumption reduction of 95304 kWh and a carbon reduction of 56.23 (tons of CO ₂ e/year).
(6)			The Company has completed the 2022 Corporate Sustainability Report. The Company has signed a coaching contract with Kind Management Consulting Co. in November 2023 and plan to prepare the 2023 Corporate Sustainability Report which can be verified by the third-party verification.
(7)			Climate-Related Information: Note 10

Note 1: If "Yes" is ticked in the "Implementation status" column, please concretely describe the major policies, strategies, and measures adopted and the status of their implementation. If "No" is ticked in the "Implementation status" column, please explain the deviations and the reasons in the "Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons" column and explain the Company's plans for adoption of related policies, strategies, and measures in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

Note 3: Sustainable Development Committee



Member	Organizational Function	Stakeholders
Environmental Sustainability Team	<ol style="list-style-type: none"> 1. Environmental policy and management system, pollution prevention, energy efficiency, product environmental responsibility, environmental issue management, occupational safety and health policy management. 2. Customer service and satisfaction, reducing the impact of raw materials used on the environment, developing green products, product quality and reliability management, and customer relationship management. 	Employees, Customers, Society and Suppliers
CSR Team	Responsible for human resource development, human rights management, establishment of a healthy and friendly workplace environment, ecological protection, promotion of arts and cultural charity activities and care for disadvantaged groups.	Employees and Government
Corporate Governance Team	Corporate governance management, financial information disclosure, regulatory compliance.	Investors and Government
Integrity Management Team	<ol style="list-style-type: none"> 1. Assist in integrating integrity and moral values into the Company's business strategy, and coordinate with laws and regulations to formulate relevant fraud prevention measures to ensure integrity management. 2. Formulate plans for preventing dishonest behavior and formulate business-related standard operating procedures and behavior guidelines in each plan. 3. Plan the internal organization, establishment and responsibilities, and set up a mutual supervision and check and balance mechanism for business activities with high risk of dishonest behavior within the business scope. 4. Promotion and coordination of integrity policy advocacy training. 5. Plan the whistleblower system to ensure the effectiveness of the implementation. 6. Assist the Board of Directors and management to check and evaluate whether the preventive measures established by the implementation of integrity management are operating effectively, and regularly evaluate and follow the relevant business processes and make reports. 	Employees, Customers, Suppliers and Government
Risk Management Team	Responsible for the monitoring and tracking of the Company-wide risk events.	Employees, Customers, Suppliers and Government

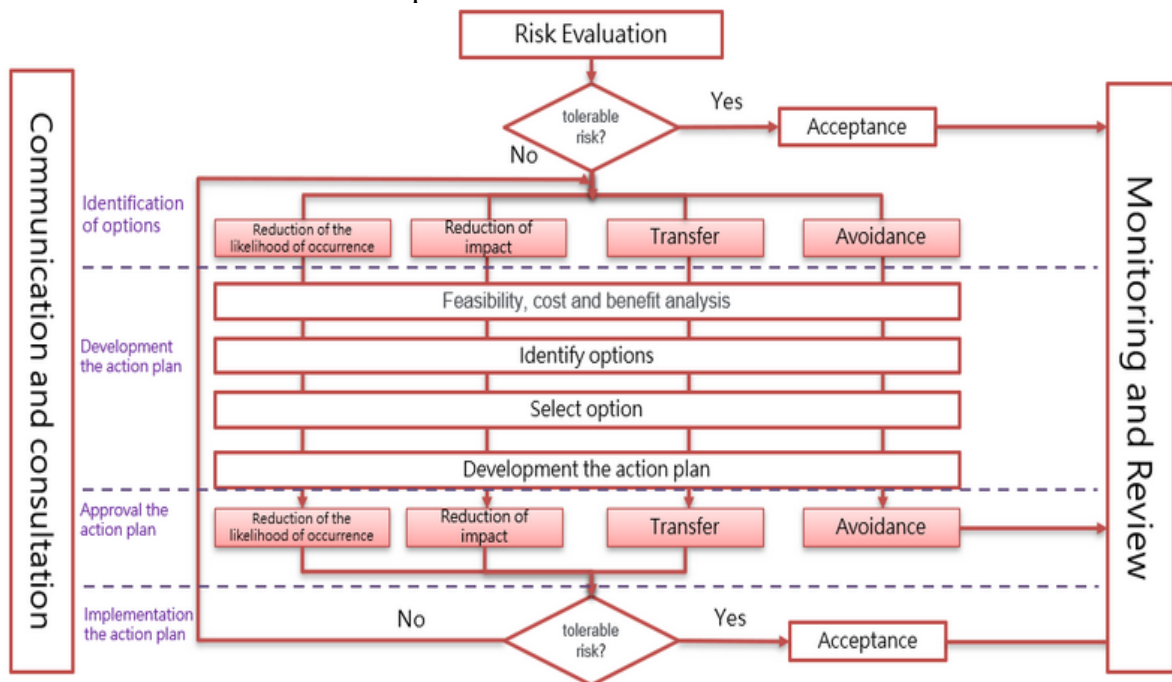
Note 4: Identifying the boundary of the consideration area

Based on the identification of each major concern, Axiomtek evaluates its impact and decides the impact on the internal and external aspects of the organization through conferences and discussions. It is divided into the internal boundary of the organization and the external boundary of the organization. The internal boundary of the organization includes Axiomtek and its subsidiaries, and the external boundary objects of the organization include customers and suppliers.

Issues of Concern	Boundary Consideration	Organizational Internal Boundaries		Organizational External Boundaries	
		Axiomtek	Subsidiary	Supplier	Customer
Economy	Economic performance	●	●		
	Anti-corruption	●	●	●	
Environment	Environmental compliance	●			
Society	Relations of labor and employer	●			
	Labor relations	●			
	Occupational health and safety	●		●	
	Training and education	●			
	Employee diversity and equal opportunity	●			
	Non-discrimination	●			
	Forced and compulsory labor	●		●	
	Customer health and safety	●			●
	Marketing and labeling	●			●
	Customer privacy	●			●
	Socio-economic compliance	●		●	●

● Significant

The risk Evaluation and treatment steps are as follows:



Based on the materiality, the Company conducts risk assessments on environmental, social and corporate governance issues related to company operations, and develops relevant risk management policies or strategies:

ESG	Risk Classification	Risk Evaluation	Risk Management Policy or Strategy
Environmental	Environmental protection and ecological conservation	Environmental pollution prevention and control	<ol style="list-style-type: none"> 1. Comply with the relevant regulations of the “Waste Disposal Act”, and regularly review the harm and impact of the industry on the environment. 2. The Company has got "ISO14001" since 2015, and on a regular basis of following year. 3. Strictly comply with legal requirements and provide adequate training for responsible personnel. 4. Set implementation plans every year, and regularly track and review the progress of each plan to ensure that the goal is achieved.
	Climate change	Disaster prevention and control Climate change Risk of non-compliance with environmental, climate and other international regulatory agreements	<ol style="list-style-type: none"> 1. The schedule and requirements of carbon neutrality have now become a topic of concern to domestic companies. Since the relevant domestic and foreign laws, schedules and requirements have not yet been fully finalized, the Company will continue to pay attention to it and complete the project under the premise of meeting the domestic and foreign requirement. 2. Regularly assess the adequacy of the relevant natural disaster insurance amount.
Social	Social responsibility	Occupational safety and health	<ol style="list-style-type: none"> 1. The Company got the OHSAS occupational safety and health management system certification in 2016 and subsequently got the certification regularly. 2. Held the fire drills regularly and industrial safety training every year to cultivate employees' emergency response and self-safety management capabilities. 3. All SOPs are required to be followed thoroughly.
		Product safety	<ol style="list-style-type: none"> 1. The Company's products comply with government regulations, comply with EU RoHS regulations, and do not contain any hazardous substances. Through a rigorous quality management system, we provide customers with stable product quality. In order to ensure customer service quality and improve customer satisfaction, our employees set up customer service phone number and websites and conduct regular customer satisfaction surveys every year to strengthen our relationship with customers. And the relationship has become the cornerstone of the sustainable development of the enterprise. 2. Strengthen the product design safety concept. 3. Confirmation of regulation compliance during manufacturing procedure. 4. Got product safety certification aggressively. 5. Apply product liability insurance for all of products.
Corporate Governance	Socioeconomic and compliance	Operational risk	<ol style="list-style-type: none"> 1. Review the compliance with regulations of operation and strengthen the Company's compliance training. 2. Implement the internal control system, conduct self-assessment of the internal control system on a regular basis every year, and issue an internal control statement. 3. Discussions the industry environment changes and adjustments of the strategy are made through regular business weekly, monthly and strategic meetings. 4. An “Annual Business Plan” meeting is held every year to discuss possible changes in technology, products and industries in the coming next three years, and develop strategies to respond to environmental changes.

ESG	Risk Classification	Risk Evaluation	Risk Management Policy or Strategy
			5. Hold Partners Connect Event with important customers from time to time to understand customer needs and market changes
		Financial risk	<ol style="list-style-type: none"> 1. Financial department monitor the changes in financial market, such as interest rates and exchange rates, and have relevant transactions or hedging operations. 2. Forecast cash flow weekly and provide countermeasures timely. 3. Maintain a good relationship with banks to ensure that the credit line is sufficient to meet the short- and medium-term capital demands and reduce the cost of capital. 4. Implement the management of customer's credit line and overdue accounts to avoid expected credit risk.
		Information security risk	<ol style="list-style-type: none"> 1. A firewall is build for the external network, anti-virus software is installed on the Company's computer, and the virus pattern is updated regularly, and virus scanning is carried out. 2. Filtering the website content to avoid connecting to problematic websites. 3. The Company implement Microsoft 365, email and important files are placed in the Microsoft cloud, and they are automatically backed up. Even if they are encrypted by hackers, the pre-encrypted files can be restored. 4. The emergency UPS in the server room can supply for about four hours power when the power is cut off. 5. The Company implement Microsoft 365, and emails and important files are placed in the Microsoft cloud. Even if the Company's internal equipment is damaged, employees can still send and receive emails and access cloud files. 6. All servers of the Company are backed up regularly, according to the backup principle 321. 7. Report the Company's information security governance to the board on a regular basis every year.
	Enhance the functions of Directors and fulfilling the responsibilities of Directors	Enhance the structure and operation of the Board of Directors	<ol style="list-style-type: none"> 1. Have a corporate governance supervisor to help Directors in understanding legal responsibilities and related regulations, plan the training of Directors, and invite CPA to introduce the latest fiscal, tax and legal issue every year. 2. Insuring Directors' liability insurance for Directors to ensure that Directors perform their duties and protect them from lawsuits or claims. 3. Arrange for Independent Directors to communicate with external auditors individually every year. 4. In addition to the regular annual performance evaluation of internal Directors, and external evaluations are carried out at least once every three years.
	Stakeholders' communication	Stakeholders' communication	<ol style="list-style-type: none"> 1. Value the communication with stakeholders and reports the situation of communication with stakeholders to the Directors on a regular basis every year. 2. Establish communication channels for stakeholders, actively communicate, and reduce confrontation and misunderstanding. 3. For effective communication with stakeholders, a stakeholder questionnaire is conducted every two years to understand the level of concern of stakeholders on corporate governance, environment, society and other related issues.

Note 5: Certification Data

Category	Environmental Management System	Job Health & safety Management System
Name of Certification	ISO14001 Environmental Management System	ISO45001 Job Health & Safety Management System
Certification Unit	SGS	BSI
Date of Certification	2004/10/14	2023/12/25
Effective Period	2022/10/14-2025/10/14	2023/12/25-2026/12/24
Certificate		

Note 6: Greenhouse gas inventory, corporate energy conservation and carbon reduction and greenhouse gas reduction strategies.

I. Environmental management policy

Axiomtek environmental policy is “Environmental Protection and Sustainable Resources”. The participation of all staff, continuous improvement, improvement of working methods and management skills, so that the Company’s products, service quality, environmental management can meet the needs of customers, the annual environmental policy, goals, measures to achieve are listed as follows:

Environmental Policy	
Policy Goal	Boundary less environmental protection; sustainable resources
Target	<ol style="list-style-type: none"> 1. Workplace environment measurement pass rate is 100% 2. The pass rate of drinking water quality testing is 100% 3. Energy consumption is reduced by 1.5% per year. 4. Greenhouse gas emission reduction of 1.5% per year 5. Conserving water, the average water consumption per person decreases by 1.0% per year 6. The proportion of non-recyclable business waste decreases by 1.0% from the previous year
Strategy to Meet Targets	Strictly abide by environmental laws and regulations, implement environmental education management, and reduce the impact of the global environment
Measures to Achieve Targets	<ol style="list-style-type: none"> 1. Workplace environment compliance every 6 months. 2. Test drinking water quality 4 times a year 3. Monitor and review monthly electricity/water usage 4. Monitor and review annual GHG/waste output

Axiomtek has been using the lead-free manufacturing process since 2006. In order to avoid cross-contamination of production equipment, lead-free Wave Flow is uniformly used. During the manufacturing process, ventilation facilities are installed in the reflow furnace, tin furnace, repair area to protect the employees from smoke and other harmful emissions. Waste generated from the manufacturing process is collected every 2 hours, per Axiomtek’s policy. The waste collected is consolidated and then removed by a company appointed waste management vendor.

II. Energy Consumption

(I) Energy consumption inventory

1. Electrical Power

Electrical power is the main source of energy in Axiomtek’s production and business operations. From the perspective of energy intensity, the per capita electricity consumption is calculated based on the electricity consumption and the number of electricity users. The per capita power consumption in 2023 has a slight decrease of 0.14% compared to the previous year.

Year	2023	2022
Electricity Consumption/ Million joules	10,272,654	9,374,159
Electricity Users	665	606
Electricity per Person / Year	15,448	15,469

2. Water Resource

Axiomtek’s manufacturing process does not require water or industrial wastewater, so water is consumed only in common daily use. Since the Company is located in a public park and is not a privately owned factory, it is difficult to recycle and reuse, and the emissions are fully managed by the park administration for centralized treatment and discharge.

Examining the trend of water consumption over the years, we can see that the per capita water consumption in 2023 has a slightly upward trend. The reason for the slight increase in water consumption is that the post-epidemic period continues to strengthen the promotion of the concept of frequent hand washing for epidemic prevention, as well as the Company headquarters and Xizhi Factory when handling group meals, colleagues wash and prepare their own tableware and clean the reusable container, resulting in a slight increase in per capita water use.

Year	2023	2022
Water Consumption	10,603	9,357
Number of People	665	606
Water per Person / Year	15.94	15.44

3. Greenhouse Gases

In addition to data on power and water usage, Axiomtek’s environmental team has since 2015 begun ISO14064 greenhouse emission inspections on direct emissions (scope 1), indirect emissions from energy sources (scope 2), indirect emissions from other sources (scope 3), the scope of which is as follows:

Scope	Category	Equipment (Emission Source)
Scope 1 Direct Greenhouse Gas Emissions	Fixed combustion source: Refers to combustion of fixed facilities e.g., emergency power generators.	No such facility.

Scope	Category	Equipment (Emission Source)
	Mobile combustion source: refers to combustion from transportation e.g., cars	Business vehicles - Petrol and diesel (CO ² , CH ⁴ , N ² O)
	Emission source: refers to intentional or unintentional emission e.g., methane from equipment connections, leakage from fissures or during wastewater management; carbon dioxide from firefighting equipment; HFCs released from air-conditioners, coolers, and household freezers.	CO ² fire extinguisher (CO ²) Drinking fountain, air-conditioner, refrigerator, AC units in business vehicles, dryer, Chamber (HFCS) Septic tank (CH ₄)
Scope 2 Energy Indirect Greenhouse Gas Emissions	Originate from externally sourced power, heat, steam, or other fossil fuel-derived energy sources.	Externally sourced power (CO ²)
Scope 3 Other Indirect Greenhouse Gas Emissions	Example: Employee business travel; transportation of damaged / unwanted material or packages by 3rd parties; foreign aid activities, outsourced manufacturer, and authorized distributors; when the greenhouse emissions originate outside the facility boundaries or from waste generated by the facility; employee commute to/from the workplace (includes emissions from non-energy raw materials).	Transportation of documents and parcels - gasoline, diesel (CO ² , CH ⁴ , N ² O), refrigerant (HFCs) Clearing and transportation of waste - gasoline, diesel (CO ² , CH ⁴ , N ² O), refrigerant (HFCs) Employee commute to/from workplace and business travel - gasoline, diesel (CO ² , CH ⁴ , N ² O), refrigerant (HFCs) Vending machines - refrigerant (HFCs)

The 2023 and 2022 greenhouse emission survey reports indicate that the greenhouse gas emissions generated by electricity provided outside the organization's boundaries account for 48.75% of the total emissions. In accordance with our love the earth concept, Axiomtek's greenhouse gas reduction strategy stipulates a reduction of 1.5% every year to achieve the goal of power conservation /reduction of greenhouse emissions.

Year	Scope 1				Scope 2	Scope 3	Total Emission Equivalent (Metric Tons CO ₂ e/Year)
	Fixed Emission	Process Emission	Move Emission	Escape Emission	Energy Indirect Emission	Other Indirect Emission	
2022	0.00	3.37	6.70	158.65	1,580.96	464.72	2,214.40
2023	0.00	4.16	5.33	1,962.72	1,875.83	(Note)	3,848.21

Note: The 2023 inspection and certification data are still being counted, and a complete inspection report is expected to be issued in the second half of 2024.

According to the monitoring results, the greenhouse gas emissions in 2023 and 2022 was 3,848.21 and 2,214.40 metric tons of CO₂e respectively, and the total emissions increase by 1,633.81 (metric tons of CO₂e/year) compared with the previous year, a significantly increase of 73.78%. The significant rise in emissions is mainly due to

Axiomtek’s relocation of the factory to Xizhi in the third quarter of 2023, the new factory area has purchased many categories of refrigerant equipment, such as air conditioning, refrigerators, and fire extinguishing equipment. Therefore, the inventory results in 2023 are much higher than the previous year.

(II) Changing of Climate and Energy Conserving

Axiomtek loves the earth and always concerns about the issue of climate change and are commits to reducing energy consumption. Since the adoption of the Paris Agreement in 2015, the global issue of climate change and energy management has officially entered a new stage. Not exceeding 2 degrees Celsius has become a global urgent management issue. As part of the manufacturing industry, energy conservation and environmental protection to reduce greenhouse gas emissions is also our important responsibility. In order to achieve the goal of reducing energy consumption, the Company has implemented measures for saving water/ energy/ paper and recycling of computers for re-use.

<p>Water and Electricity Saving Measures</p>	<ol style="list-style-type: none"> 1. Use energy-saving lamps. 2. Use sunshade to reduce sun exposure. 3. Install air circulating fan to AC air outlets, adjust indoor temperature (1st floor of Beitou Plant), reduce compressor starting frequency. 4. Spread the word about not using electrical power during lunch breaks and after hours. 5. Increase the ice water temperature of the air conditioner main unit, reduce the compressor starting frequency, and avoid waste of resources. 6. Set the SLEEP function for the water dispenser during non-working hours to reduce power consumption. 7. Implement air conditioning main unit ice water pipeline insulation measures. 8. Understand the actual power consumption and count the power statistics of each region as the basis for improvement. 9. Use water-saving taps in the bathrooms.
<p>Paper Saving and other Measures</p>	<ol style="list-style-type: none"> 1. Implement electronic sign-off system, digitize document signing, digitize technical documents, promote double-sided printing internally and make good use of second-hand paper to save paper. 2. Do not print the fax number on the business card. Replace faxes with electronic file transfer. 3. In addition to the employees using their own eco-cups, visiting customers to also use eco-cups to reduce the use of paper cups. 4. Promote waste sorting, increase the number of recyclable resources, and reduce the amount of general waste 5. Encourage employees to go to work by public transport or carpool. 6. Advocate employees to use environmentally friendly tableware to reduce waste generation and related resource consumption. 7. Donate used PCs or NBs to related agencies for use by vulnerable groups

(III) Waste treatment and resource recovery

Axiomtek Investigates the types of waste generated in the factory into three categories: general domestic waste, general business waste, and hazardous business waste. The three categories of waste have different management modes as shown in the table below:

Classification	Waste Content	Treatment	Final Treatment
General Domestic Waste	Wastepaper/glass bottle/plastic/iron aluminum can	Xizhi Factory- Management Committee Beitou Factory- Special person recycling	Reuse
	Lunch box/household waste/kitchen waste	Xizhi Factory- Management Committee Beitou Factory- Entrust a qualified removal company to handle	Sanitary landfill Incineration Fertilizer use
General Business Waste	Material tape/static tape/Styrofoam/hose/empty solder paste can/packaging tape/discarded parts/discarded motherboard/Wood pallet...	Entrust a qualified removal company to handle	Sanitary landfill Incineration
Hazardous Business Waste	PCB waste board edge	Entrust a qualified removal company to handle	Sanitary landfill Incineration

Axiomtek also pays attention to waste contractors every year. If the contractor breaches the contract or violates government regulations, it will take corresponding disposal or counseling or replacement. There is no major breach of contract or violation of laws by waste contractors in 2023.

1. General domestic waste

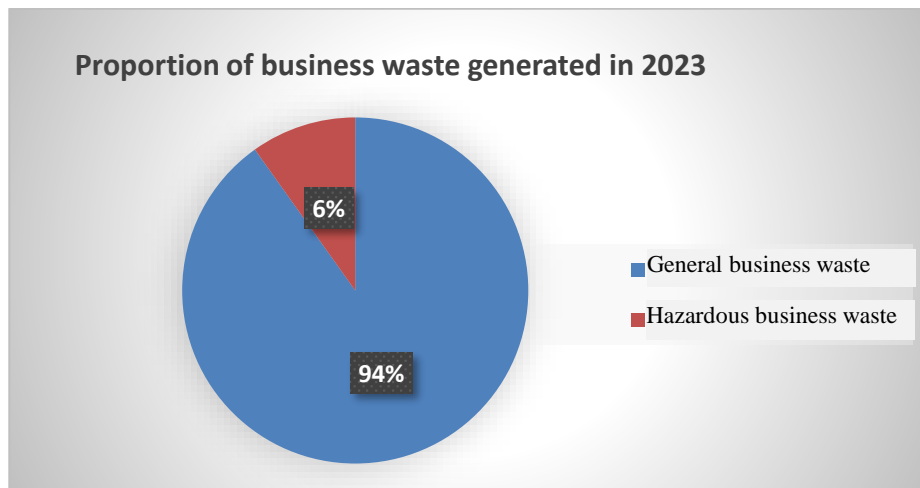
Axiomtek headquarters and factory have different disposal methods for the domestic waste generated. The Xizhi headquarters entrusts the building management committee to collect and dispose of them, and both the Beitou factory and the relocated Xizhi factory are independent building, so it is entrusted to be recycled by special personnel and entrusted to qualified cleaning and disposal operators. It also stipulates that general domestic waste is unified into general waste and resource waste (wastepaper, glass bottles, plastics, iron and aluminum cans). Except for wastes that can be recycled and reused, general wastes are disposed of by sanitary landfill or incineration. Review the annual removal contract weight of general household waste as follows:

Factory	Contract Weight/Month	Treatment
Xizhi Headquarters	2.0 metric tons	Management committee Entrust a qualified removal company to handle
Xizhi Factory	1.6 metric tons	Special person to recycle Entrust a qualified removal company to handle
Beitou Factory	2.2 metric tons	Special person to recycle Entrust a qualified removal company to handle

2. General business waste

Axiomtek not only entrusts legal manufacturers to remove and dispose of industrial waste, but also cares about the final disposal method of the manufacturer. Only after reviewing the final disposal process of the manufacturer’s waste can we safely approve the appointment.

Axiomtek’s waste output in 2023 is approximately 63.08 metric tons, as shown in the figure below. Since Axiomtek is mainly based on SMT/DIP assembly/testing process, the proportion of hazardous industrial waste is relatively low, and the output of hazardous industrial waste is about 3.90 tons, accounting for about 6% of the total waste. Moreover, the output of hazardous waste materials decreased by 2.89 metric tons compared to 2022, mainly due to the increase in outsourcing production proportion in response to the relocation operation in 2023. Therefore, the PBC waste produced in the factory showed a downward trend in the current year. The total output of general business waste is about 59.18 tons, accounting for about 94% of the total. Axiomtek produces most of the hazardous industrial waste in the production process is PCB waste. In the future, we will continue to improve the process yield, reduce the output of PCB waste, and achieve the effect of industrial waste reduction.



Axiomtek also listed “1.0% reduction in the proportion of non-recyclable business waste compared with the previous year” as its annual waste reduction target. Monitor the output of non-recyclable waste during the three years as follows. In 2023, there was a slightly increase of 1.9 metric tons compared with 2022. The reason for the continuous increase of the total output is that the production capacity and output quantity increased in 2023, and the waste recycling market was change which most manufacturers no longer recycle plastics.

Year	2021	2022	2023
Total Output (Metric Tons/Year)	38.55	57.28	59.18
Increase/Decrease (Metric Tons/Year)	Benchmark	+18.73	+1.90

III. Adherence to environmental protection regulations

Axiomtek has not been involved in any major violation of environmental laws and regulations since its establishment. Axiomtek's Xizhi headquarters and Beitou factory have introduced ISO 14001 environmental management system to ensure that environmental management is strictly required while pursuing operations. Compliance with local government environmental regulations is the most basic requirement for Axiomtek's environmental management standards. Therefore, we take zero environmental violations as the basic goal of sustainable development. The management strategy includes regular identification of environmental regulations, employee training, and regular monitoring of various environmental indicators to achieve sustainable development.

Management Strategy	Frequency (Years)	Sustainable Development goals	Goal (Annual)	Results (Annual)
Regular Identification of Regulations	≥ 2 times	Maintain zero environmental violations	Number of environmental violations in 2023: 0	Number of environmental violations in 2023: 0

Note 7: Statement of Axiomtek Co. Ltd. Social Responsibility Policy

Axiomtek Co., Ltd. is a professional manufacturer of industrial computer products. Since its establishment, it has deeply understood that employees and suppliers are the most important assets in the Company's sustainable development. Therefore, in the process of R&D, manufacturing, testing and sales of the Company's products, it should fulfill its corporate social responsibility and comply with relevant regulations, international standards and customer requirements.

We hereby commit to our overall social responsibility policy as follows:

- Comply with customer and legal requirements, and safeguard employee human rights.
- Adopt the highest standards of integrity and ethics as the code of conduct for business operations and employees.
- Ensure the working environment and work safety and aim for zero disasters.
- Implement green environmental protection policies to achieve sustainable operation.
- Design and implement a management system that complies with laws and customer requirements, reduce operational risks and continuously improve.

We hereby commit to our labor and human rights policy as follows:

- No child labor, forced, bonded or involuntary labor.
- Establish a formal and freely chosen employment relationship with workers.
- Working and rest periods comply with the Labor Standards Act.
- Salary and benefits paid to employees comply with all applicable laws.
- Treat each employee fairly and respectfully, and do not treat them in inhumane ways such as corporal punishment, threats, insults, or abuse.
- Provide equal employment opportunities without discrimination since race, color, age, gender, sexual orientation, disability, national origin, pregnancy, religion, political affiliation, membership in a society, marriage or other legal norms.
- Respect employees' freedom of speech and association, as well as the right to collective bargaining, establish a channel for grievances, and protect employees from retaliation and threats.
- Provide safe and hygienic working conditions and premises.
- Comply with relevant local labor laws, customer specifications, and international standards.

We hereby commit to our environmental policy as follows: (same as ISO14001)

- Environmental Protection Infinity
- Natural Resources Sustainable

We hereby commit to our occupational safety and health policy is: (same as ISO45001).

- “Teaching in accordance with the law, communicating and participating, managing risks, and improving continued effectiveness”

We hereby commit to our integrity management policy as follows:

Based on the business philosophy of integrity, transparency and responsibility, the Company should formulate policies based on integrity, and establish a sound corporate governance and risk control mechanism to create a sustainable business environment. The Company conducts publicity and promotes implementation in accordance with the “Rules of Procedure for Adoption of Codes of Ethical Conduct”, “Ethical Corporate Management Best Practice Principles”, “Operating Procedures and Conduct Principles for Ethical Corporate Management” and other policies approved by the Board of Directors.

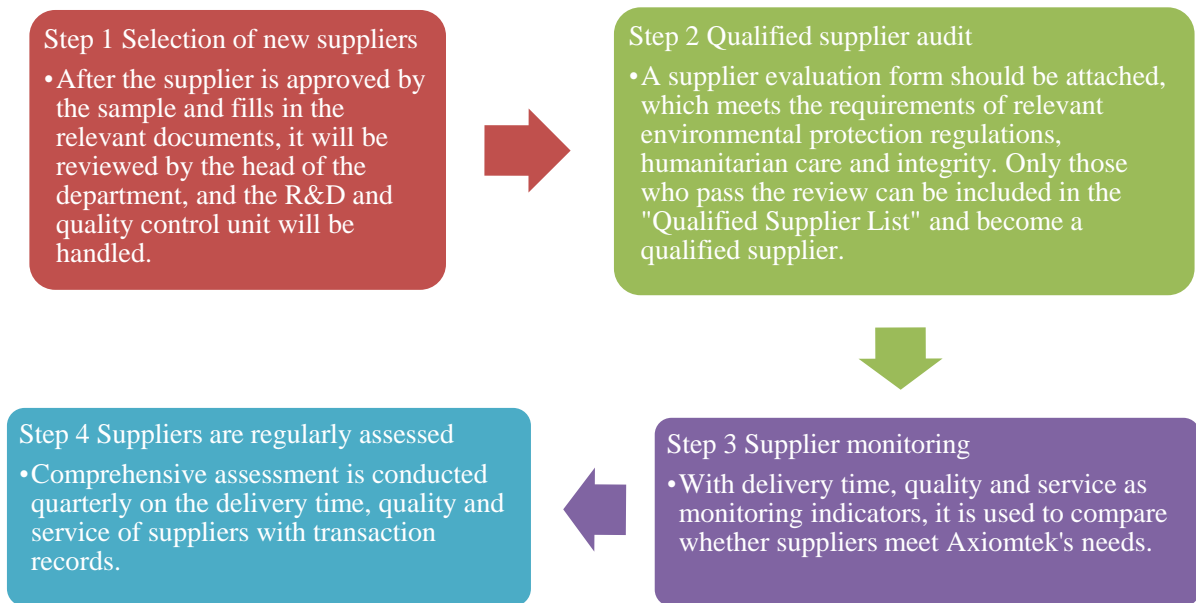
President: Huang, Jui-Nan

October 1, 2021

Note 8: Supplier audit and evaluation work

- Procurement management process

In order to enable raw material suppliers to establish a close working relationship and feedback system with Axiomtek, to improve product quality, and to supply materials required for production in a timely, appropriate and quality manner, to achieve stable quality and reduce costs, all cooperating suppliers must pass the evaluation standards set by Axiomtek's supplier management regulations to ensure that the raw materials can meet the regulatory requirements, and through the supplier's evaluation, regular evaluation mechanism, to manage the supplier's delivery status and quality.



- Supplier evaluation/audit

In order to evaluate the quality and added value of suppliers' products and services, Axiomtek conducts supplier evaluations on quality, delivery time and services once a quarter (executed in January, April, July and October), and according to the evaluation results, the level of follow-up contacts with suppliers will be determined. If the supplier's grade is below grade B (inclusive) and above grade C, the relevant unit will draw up an audit list based on the score at the quality meeting. The purchasing department confirms the audit schedule with the suppliers according to the list, and cooperates with QC, engineering, QA and other departments to conduct on-site audits and re-evaluate the suppliers.

- Judgment and handling of evaluation levels



永續存款專案通知書

親愛的顧客 您好：

貴公司與玉山商業銀行股份有限公司（下稱本行）共同致力於永續發展，因應氣候變遷、落實環境保護等影響採取具體行動，一同實踐 ESG。

下列定期存款為貴公司本次參與「永續存款」G2023-03專案

戶名	艾訊股份有限公司					
存款種類	交易日期	定存帳號	存單號碼	起訖日	幣別	存款金額
定期存款	2023.09.11	0314-446-027075	-	2023.09.11-2024.03.11	TWD	10,000,000

註1. 如對於通知書內容有任何錯誤或不相符，請洽詢本行營業單位主管人員。

註2. 本次專案期間為2023.09-2023.12，若在定期存款到期前辦理中途解約，即不符合永續存款之定義，該定存之金額將排除於專案額度中。

註3. 永續存款資金將運用於符合綠色、ESG永續等相關授信及投資項目。

此致

玉山商業銀行股份有限公司
E.SUN COMMERCIAL BANK, LTD.

Note 10: Climate-Related Information

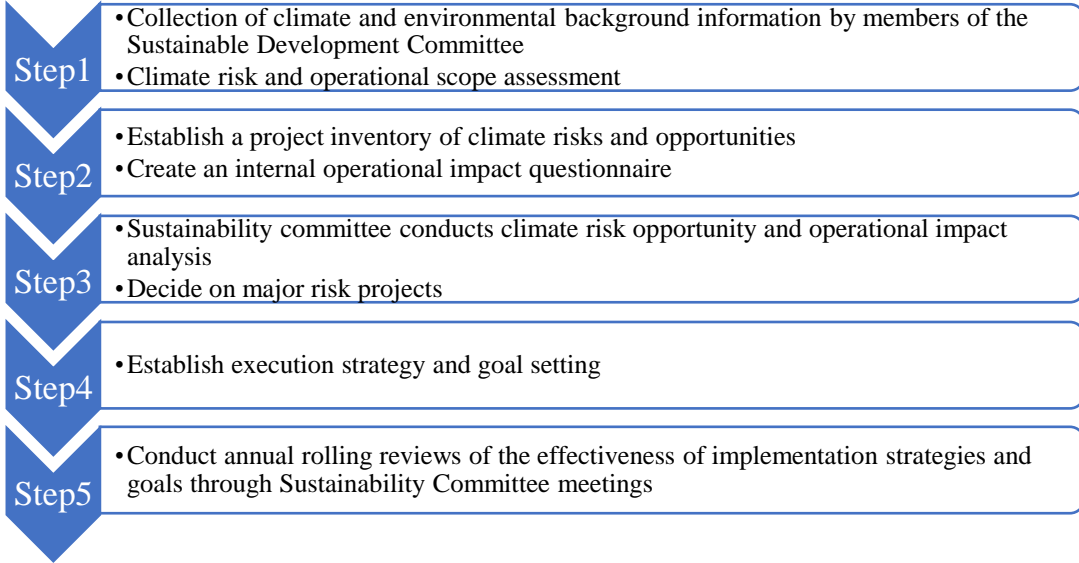
1. Climate-related information implementation status

Item	Execution Status							
(1) Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities.	The Company takes the Risk Management Policy adopted by the Board of Directors as the highest guiding principle of risk management, and the risk management team under the Sustainable Development Committee implements risk management in terms of environment (including climate change), society and corporate governance, and the resolution of risk projects is passed by the Board of Directors. The implementation of risk management in 2023 was reported to the Board of Directors on October 26, 2023.							
(2) Describe how the identified climate risks and opportunities affect a company's business, strategy, and finances (short-term, medium-term, long-term). (3) Describe the financial impact of extreme climate events and transformation actions.	NO.	Climate change risk issues	Risk level	Time category	NO.	Climate change risk issues	Risk level	Time category
	R1	Carbon fee for greenhouse gas emissions	High	Short, medium and long term	R5	Rising raw material costs	High	Short, medium and long term
	R2	Product carbon tariff collection (EUCBAM)	High	Medium and long term	R6	The severity of extreme weather events such as typhoons, floods, and droughts has increased	High	Medium and long term
	R3	Carbon emissions information disclosure	Medium	Short term	R7	Average temperature rise	High	Short, medium and long term
	R4	Customers demand low-carbon products	High	Medium and long term				
	NO.	Climate change risk issues	Opportunity level	Time category	NO.	Climate change risk issues	Opportunity level	Time category
	O1	Use more efficient production processes	High	Medium term	O2	Recycle	Medium	Short and medium term

Item	Execution Status	
	Risk	Financial impact
	<p>Transition risk Carbon fee for greenhouse gas emissions</p>	<p>According to the climate change response law, carbon fees will be levied in 2025 for products that directly or indirectly emit high emissions. The possible financial impact of this structural risk is an increase in operating costs. At this stage, the Company is not a high-carbon emission industry, so it has a moderate impact on the overall operation. At present, the Company continues to carry out comprehensive greenhouse gas inventory, and will also carry out assessment operations for the purchase of green electricity, biomass energy and other parts, and set carbon reduction targets, in the hope of achieving zero net emissions in 2050.</p> <p>It is estimated that Taiwan Province will levy a carbon fee: 1 ton of carbon fee will be collected in advance from NT \$500, and the annual emission in 2022 will be 1,600 metric tons, with an estimated increase of NT \$800,000 and a short-term increase of NT \$4 million, with low financial impact.</p>
	<p>Transition risk Carbon tariff on greenhouse gas emitting products (CBAM)</p>	<p>The EU's CBAM trial operation in October 2023 plans to impose carbon tariffs on products in 2026. Based on the current EU shipments accounting for about 20% of revenue, it is estimated that the cost of carbon taxes will increase by 5%, which will have an overall impact on revenue of about 1% and have a low financial impact.</p>
<p>Transition risk Carbon emissions information disclosure</p>	<p>In response to the requirements of the competent authority, all listed cabinets are required to complete greenhouse gas inventory and disclosure in a timely manner.</p> <p>Estimated financial impact: Starting from 2022, the Company will fully comply with the requirements of ISO 14064-1 greenhouse gas inventory system, with an investment cost of NT \$400,000. The short-term 5-year operational impact will increase by NT \$2 million, indicating a low financial impact. the Company's response strategy is that the parent company has investigated and disclosed on the annual report official website, and the</p>	

Item	Execution Status	
		subsidiary will complete it before the regulatory deadline.
	<p>Transition risk Customers demand low-carbon products</p>	<p>In response to the product's compliance with ISO 14067 and environmental standards, it is necessary to conduct a carbon footprint inventory and achieve low-carbon transformation. It is estimated that the supply chain, transportation, and low-carbon processes will fully comply, and a single product will require an additional cost of NT \$3 million, with low financial impact. the Company plans to complete product carbon footprint certification from 2024 to 2026.</p>
	<p>Transition risk Rising raw material costs</p>	<p>Due to carbon tariffs and the demand for low-carbon goods from customers, the cost of raw materials has increased, resulting in an estimated increase of about 15% to 20% in product costs, with a moderate financial impact. The Company's response plan is to continuously monitor carbon tariff requirements in various countries and develop new suppliers to mitigate the impact of rising raw material costs.</p>
	<p>Physical risk The severity and frequency of extreme weather events such as typhoons and floods will increase</p>	<p>It may cause natural disasters to the Company's operating base, increase maintenance costs for building equipment, and even cause operational interruptions or casualties. The Company's response measures are to develop suppliers from multiple sources, and establish emergency response mechanisms related to typhoon and rainstorm to reduce immediate risks. Based on the actual impact of typhoons on Taiwan's operating base in the past three years, which caused an operational interruption, the estimated loss for the repair of the operating base is NT \$1 million, and the financial impact is low.</p>
	<p>Physical risk Average temperature rise</p>	<p>In the middle and late 21st century, the annual average temperature may rise by more than 1.8°C and 3.4°C. The number of days with high temperature above 36°C has increased in various places, with the increase range of about 8.5 days and 48.1 days in the middle and late 21st century, especially in urban areas. Due to the transformation of power structure in Taiwan Province, it is</p>

Item	Execution Status	
		<p>estimated that the electricity price will gradually increase in the future, which will increase the Company's operating costs. On the premise of fixing the electricity price, if the electricity consumption increases by 5% for every 1 °C temperature increase, the annual electricity fee will increase by 7.5%, and the financial impact will be low. The subsequent response plan will consider the use of renewable energy and the purchase of green electricity certificates.</p>
	Opportunity	Financial impact
	Use more efficient production processes	<p>The use of high-efficiency equipment and tools can effectively improve production efficiency, bring opportunities to reduce electricity costs, and also reduce greenhouse gas emissions between categories, resulting in low financial impact.</p>
	Recycle	<p>The recycling strategy of waste in circular economy will become more and more important, reducing the cost of waste treatment, recycling plastic parts or the utilization rate of biomass energy will reach more than 90%, and the financial impact will be low because of the small amount of waste.</p>

Item	Execution Status
<p>(4) Describe how the identification, evaluation, and management processes of climate risks are integrated into the overall risk management system.</p>	<p>The Company has implemented climate risk governance in accordance with the TCFD Climate Change Financial Information Disclosure Guidelines and is effectively operating. The progress of the 2023 annual performance and sustainability report was reported to the board of directors on October 26, 2023.</p>  <ul style="list-style-type: none"> Step1 <ul style="list-style-type: none"> •Collection of climate and environmental background information by members of the Sustainable Development Committee •Climate risk and operational scope assessment Step2 <ul style="list-style-type: none"> •Establish a project inventory of climate risks and opportunities •Create an internal operational impact questionnaire Step3 <ul style="list-style-type: none"> •Sustainability committee conducts climate risk opportunity and operational impact analysis •Decide on major risk projects Step4 <ul style="list-style-type: none"> •Establish execution strategy and goal setting Step5 <ul style="list-style-type: none"> •Conduct annual rolling reviews of the effectiveness of implementation strategies and goals through Sustainability Committee meetings
<p>(5) If situational analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used should be explained.</p>	<p>A. Set the benchmark scenario and 2 C scenario to identify and analyze the short, medium and long-term climate risks and opportunities of the Company’s business scope and the whole life cycle of assets. In the transition risk, baseline scenario and 2 C scenario, RCP8.5 and RCP 2.6 climate scenarios of IPCC are cited respectively, and the immediate entity risk and long-term entity risk are assessed.</p> <p>B. The average temperature continues to rise, resulting in an increase in energy consumption and operating costs. In response to an increase in the average temperature of the whole station by 1 degree, resulting in an increase in electricity consumption by 5%, if the unit price of electricity price remains stable, it is estimated that the electricity consumption and derived electricity charges will increase by at least 22.5% in a short period of three years by raising the temperature by 1.5 degrees.</p>

Item	Execution Status
<p>(6) If there is a transformation plan for managing climate related risks, explain the content of the plan, as well as the indicators and goals used to identify and manage entity risks and transformation risks.</p>	<p>In response to rising temperatures:</p> <ul style="list-style-type: none"> A. The factory has completely replaced old lamps with cost-effective LED lamps. B. Set up induction devices in the factory to avoid unnecessary waste of electricity. C. Evaluate the construction of energy storage systems to reduce electricity costs. <p>Resource efficiency improvement and low-carbon products:</p> <ul style="list-style-type: none"> A. Continuously updating the old generation production equipment in the factory, the new equipment not only saves energy, but also reduces production costs and improves production performance by improving production efficiency. B. The R&D department's products include the use of PCR materials and the development of low-carbon raw materials, aiming to achieve high efficiency in product performance and circular economy. C. The factory is evaluating the comprehensive installation of solar power generation equipment in the factory area. <p>Related indicator goals:</p> <ul style="list-style-type: none"> A. Completed the group's ISO 14064 inventory inspection between 2024 and 2026, and passed third-party verification; Complete a product carbon footprint inventory and obtain environmental protection labels before 2026. B. The R&D department follows the ESG trend and develops efficient and energy-saving products. C. Continuously optimize the process and improve performance to reduce production energy consumption.
<p>(7) If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</p>	<p>There is no internal carbon pricing yet.</p>
<p>(8) If climate related goals are set, information should be provided on the activities covered, greenhouse gas emission categories, planning period, and annual progress achieved; If carbon credits or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of carbon reduction credits to be offset or the quantity of renewable energy certificates (RECs) should be explained.</p>	<p>Emissions reduction targets</p> <p>Compared with the base year of 2023 of the headquarters</p> <ul style="list-style-type: none"> 20% reduction in greenhouse gas emissions in Scope 1 + Scope 2 in 2030 30% reduction in greenhouse gas emissions in Scope 1 + Scope 2 in 2040 <p>The Company plans to purchase renewable energy certificates starting from 2030, and the purchase amount is the scope 2 purchased electricity usage.</p>

Item	Execution Status
(9) Greenhouse gas inventory and confirmation of the situation, reduction goals, strategies, and specific action plans (to be filled out separately in 1-1) and (1-2).	Refer to 1-1 and 1-2

1-1 Company greenhouse gas inventory and confirmation status in the last two years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million yuan) and data coverage of greenhouse gases in the past two years.				
Item Year	Scope 1 (tons of CO2e)	Scope 2 (tons of CO2e)	Total emissions Scope 1+2 (tons of CO2e)	Information covers: Taiwan parent company
2022	168.7226	1,580.9612	1,749.6837	
2023	1,972.3861	1,875.8267	3,848.2128	

Item Year	Company revenue (millions)	Total emissions (tons of CO2e)	Intensity (ton CO2e/million revenue)	Information covers: Taiwan parent company
2022	6,618.8	1,749.6837	0.2643	
2023	6,700.5	3,848.2128	0.5743	

1-1-2 Greenhouse gas confidence information (statement of the assurance situation in the past two years, including the extent of the assurance, assurance organization, assurance criteria and assurance opinions)

The parent company of the Company's greenhouse gas emissions inventory has appointed a third party, the British Standards Institution BSI, to conduct verification starting in 2021. The verification of the 2023 annual information is expected to be completed in the second quarter of 2024.

1-2 Greenhouse gas reduction goals, strategies and specific action plans

Emissions Reduction Targets	Strategic Action	Planning Schedule
<p>Compared with the base year of 2023 20% reduction in greenhouse gas emissions in Scope 1 + Scope 2 in 2030 30% reduction in greenhouse gas emissions in Scope 1 + Scope 2 in 2040</p>	<p>(1) Through green procurement, purchase environmentally friendly infrastructure equipment, and fully replace refrigeration and air conditioning systems with energy efficiency level 1. (2) Implement energy-saving projects for facilities and equipment (3) Renewable energy usage and purchase of green electricity certificates</p>	<p>(1) 2023~2030 (2) 2023~2030 (3) 2023~2040</p>

(6) Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p> <p>(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	V		<p>(1) In order to establish a corporate culture of integrity management and sound development, and to engage in business activities based on the principles of fairness, honesty, trustworthiness, and transparency, the Board of Directors has adopted the “Ethical Corporate Management Best Practice Principles” and “Operating Procedures and Conduct Principles for Ethical Corporate Management” to express the policies and practices of integrity management. Applicable objects include Directors, supervisors, managerial officers, employees, assignees, and persons with substantial control capabilities of the Company and Group organizations, and actively implement the commitment to the integrity management policy.</p> <p>(2) The Company has established the “Operating Procedures and Conduct Principles for Ethical Corporate Management” to clearly define dishonest behaviors and benefits and related preventive measures, and actively prevent untrustworthy behavior, and set up the “Rules of Procedure for informing of Illegal, Unethical or Unseemly Conduct” to launch the system for internal/external reporting of such behaviors and how they are managed. Every year when the internal control self-assessment is conducted, the validity of the design and implementation is re-examined to implement the “Rules of Procedure for Adoption of Codes of Ethical Conduct” and “Ethical Corporate Management Best Practice Principles” established by the Company.</p> <p>(3) The Company has formulated the “Operating Procedures and Conduct Principles for Ethical Corporate Management” to specify operating procedures, behavioral guidelines, punishment, and appeal systems for violations, etc., to implement the integrity management policy. The Company always pays attention to the development</p>	None

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			<p>of relevant standards for integrity management at home and abroad, and encourages Directors, managerial officers, and employees to make suggestions, regularly review and improve the Company's integrity management policies and measures to promote the effectiveness of the Company's integrity management.</p> <p>(4) The Company's Directors, managerial officers, servants, or persons with substantial control of the Company are strictly forbidden to directly, or indirectly, provide or accept any illegitimate interests or make other violations of integrity, or lawlessness or breach of fiduciary duty.</p> <p>(5) The employees of the Company are self-disciplined in the principle of honesty and integrity, honestly treating customers, investors, colleagues, suppliers, and adhering strictly to the rule of not accepting any improper gifts and hospitality.</p> <p>(6) The Company has established the "Axiomtek Co., Ltd. Rules of Procedure for Adoption of Codes of Ethical Conduct" to guide the Company's Directors, managerial officers, and all employees in complying with ethical standards.</p>	
<p>2. Ethical Management Practice</p> <p>(1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	V		<p>The Company has established an "Ethical Corporate Management Best Practice Principles" which requires a contract with its agents, suppliers, customers or other business transactions, and its content should include compliance with the integrity management policy and the transaction of the relatives, such as dishonest behavior. The terms of the contract may be terminated or terminated at any time. The Company requires major suppliers to sign the "Axiomtek Integrity Commitment Letter" to establish a pure and honest long-term trading relationship, and jointly pursue the sustainable growth of the performance of both parties.</p>	None
<p>(2) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent</p>	V		<p>The Company has established the "Ethical Corporate Management Best Practice Principles" for the management of integrity in business operations. The CEO Office as the dedicated unit to be responsible for the formulation of the integrity management policy and prevention plan, and report to the Board of Directors on a regular basis once a year.</p>	

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>unethical conduct and monitor their implementation?</p> <p>(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?</p> <p>(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?</p>	V		<p>The Company has established “Axiomtek Co., Ltd. Operating Procedures and Conduct Principles for Ethical Corporate Management” to provide guidance on the conduct of employees of the Company in the execution of their business in the event of a situation of conflict of interest.</p> <p>If the Directors or their legal representatives have a stake in the motions set forth by the Board of Directors, they shall disclose the nature of their interest and not be included in the related discussion or vote on the said motion or represent other Directors in exercising their voting rights.</p> <p>The Company has established an “Ethical Corporate Management Best Practice Principles” to establish an effective accounting system and internal control system and should review it at any time to ensure that the design and implementation of the system continues to be effective.</p> <p>The internal auditing unit of the Company regularly checks the compliance of the system of the preceding paragraph and submits an audit report to the Board of Directors.</p> <p>The Company has established an “Ethical Corporate Management Best Practice Principles”. The Chairman, general manager or senior management of the Company shall regularly communicate the importance of integrity to the Directors, servants and assignees. Integrity, enthusiasm and innovation are the core values of the Company.</p> <p>The Company regularly organizes education, training and promotion for Directors, managerial officers, servants, assignees, and substantive controllers to fully understand the Company’s determination, policies, preventive measures and violations of dishonest behavior. In 2023, internal and external education training (including compliance with integrity management, accounting system and internal control and other related courses) related to the integrity management issue was held for 674 people, totaling 674 hours.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description	
<p>3. Implementation of Complaint Procedures</p> <p>(1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?</p> <p>(2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the Company adopted proper measures to protect whistleblowers from retaliation for filing complaints?</p>	V		The Company has established the “Rules of Procedure for informing of Illegal, Unethical or Unseemly Conduct”. The feedback / reporting can be sent via the channel on the Company’s website. All interested parties can report by phone, email, or report. Information received is categorized accordingly and followed through by dedicated staff.	None
	V		The Company has established the “Rules of Procedure for informing of Illegal, Unethical or Unseemly Conduct”. It will provide confidentiality and protection for the whistleblower and the contents of the report. It will clearly communicate the investigation procedure and the investigation results.	
	V		The Company will provide confidentiality and protection for the whistleblower and the content of the report. The personnel involved in the investigation of the reported case shall not disclose it without authorization, so as to avoid unfair treatment, retaliation or threat.	
<p>4. Strengthening Information Disclosure</p> <p>(1) Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System(MOPS)?</p>	V		Post the “Ethical Corporate Management Best Practice Principles” and “Rules of Procedure for informing of Illegal, Unethical or Unseemly Conduct” on the Company website and Market Observation Post System.	None
<p>5. If the Company has adopted 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 deviations between the principles and their implementation:</p> <p>In order to establish a corporate culture of business integrity and sound development of business integrity, the Company has established an “Ethical Corporate Management Best Practice Principles” to be disclosed on the websites of the Company but with no regular advocacy. The Company has long upheld a business philosophy of integrity, fairness, transparency, and self-discipline, establishing good corporate governance and risk control mechanism to ensure sustainable development of the Company.</p>				

Evaluation Item	Implementation Status (Note 1)		Summary Description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
<p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):</p> <p>(1) In order to enable new employees to fully understand the Company's determination, policies, preventive measures and violations of dishonest behavior, the Company plans to strengthen the Company's new personnel education and training courses.</p> <p>(2) Manufacturers who have ongoing business transactions, in addition to engaging with the Company in various business activities, should also comply with the Company's "Axiomtek Co., Ltd. Operating Procedures and Conduct Principles for Ethical Corporate Management". They should also be informed that they can use the Company's reporting line to report on the Company's colleagues who violate the code of conduct or are unethical.</p> <p>(3) Responsibilities of the unit responsible for integrity management:</p> <p>a. Assist in integrating integrity and ethical values into the Company's business strategy and cooperate with laws and regulations to formulate relevant anti-fraud measures to ensure integrity in business.</p> <p>b. Regularly analyze and evaluate the risks of dishonest behavior in the business area and formulate plans to prevent dishonest behaviors based on this and formulate standard operating procedures and behavior guidelines related to work and business within each plan.</p> <p>c. Plan the internal organization, organization, and responsibility, and install a mutual supervision and check-and-balance mechanism for business activities with a higher risk of dishonesty within the business scope.</p> <p>d. Promotion and coordination of integrity policy advocacy training.</p> <p>e. Plan the reporting system to ensure the effectiveness of implementation.</p> <p>f. Assist the Board of Directors and management to check and evaluate whether the preventive measures established in the implementation of integrity management are operating effectively, and regularly evaluate and follow related business processes and prepare reports.</p> <p>(4) The implementation of the Company's implementation of the integrity management policy in 2023:</p> <p>a. Law Compliance: The legal affairs unit promotes the promotion and education of all colleagues. In the monthly financial law column of electronic newsletter, various laws, and regulations, matters those colleagues should pay attention to when performing business, honest business operations, prohibition of dishonest behavior and damage to the interests of interested parties, and confidentiality obligations for the Company's intellectual property rights, etc. are announced.</p> <p>b. Education Training: In 2023, internal and external education training (including compliance with integrity management, accounting system and internal control and other related courses) related to the integrity management issue was held for 674 people, totaling 674 hours.</p> <p>c. Whistleblower system and whistleblower protection: There are no reports of illegal, unethical, or dishonest behavior in 2023.</p> <p>d. The chief executive office of the unit responsible for integrity management has reported to the Board of Directors on the implementation of the 2023 Integrity management code and the expected work plan for 2024 on October 26 2023.</p>				

Note 1: Regardless of whether "Yes" or "No" is ticked regarding the implementation status, an explanation should still be provided in in the explanation column for each item.

- (7) Please disclose the method to access to the Company's Corporate Governance Best Practice Principles and related rules and regulations, if any:
The Company has formulated the "Ethical Corporate Management Best Practice Principles" and related regulations, posted on public information sites, and it can be inquired on the Market Observation Post System (URL: https://mops.twse.com.tw/mops/web/t100sb04_1) or the "Corporate Governance Zone" of the Company's website. (URL: [https://www.axiomtek.com/Default.aspx?MenuId=AboutUs&ItemId=841&C= Corporate + Governance](https://www.axiomtek.com/Default.aspx?MenuId=AboutUs&ItemId=841&C=Corporate+Governance))
- (8) Other information enabling better understanding of the Company's corporate governance:
Please refer to the Market Observation Post System:
<https://mops.twse.com.tw/mops/web/index>

(9) The Implementation of the Internal Control System

A. Statement of Internal Control System:

Axiomtek Co., Ltd.

Statement of Internal Control System

February 22, 2024

Based on the result of a self-assessment, Axiomtek Co., Ltd. (Axiomtek) States the following with regard to its internal control system during the year 2023:

- I. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it is established accordingly. The purpose of establishing the internal control system is to reasonably ensure the fulfillment of operation effect and efficiency (including profit, performance, and protection of assets safety), financial report reliability, and compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. The Company's internal control system is designed with a self-monitoring mechanism; therefore, corrective actions will be activated upon identifying any nonconformity.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The criteria defined in "the Regulations" include five elements depending on the management control process: (1) environment control, (2) risk assessment, (3) control process, (4) information and communication, and (5) supervision. Each of the five elements is then divided into a sub-category. Please refer to the "Operations Guide".
- IV. The Company has implemented the criteria of the internal control system referred to above to evaluate the effectiveness of internal control system design and implementation.
- V. The Company based on the assessment result referred to above have concluded that the internal control system (including the supervision and management over the subsidiaries) on December 31, 2023 is reasonably effective in achieving the objectives of operation effect and efficiency, financial report reliability, and compliance with related regulations.
- VI. This statement will be a key content in the Company's annual report and public documents. For public access. Any false and concealment of the published contents referred to above involves the liability illustrated in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
- VII. The Statement of Internal Control System was approved by the Board of Directors on February 22, 2024 with all the 7 attending Directors all affirming the contents of this statement.

Axiomtek Co., Ltd.

Chairman of the Board: Yang, Yu-Te

President: Huang, Jui-Nan

B. The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: None

(10) Punishment of the Company or its internal personnel in accordance with law, the Company's punishment of its internal personnel for violating internal control system regulations, main deficiencies, and improvements during the most recent year and up to the date of publication of this annual report: None.

(11) Major Resolutions of Shareholders' Meeting and Board Meetings in the most recent year and up to the date of printing of the Annual Report:

Major Resolutions of Shareholders' Meeting	Implementation Situation
<p>2023 Shareholders' Meeting held on May 30, 2023:</p> <p>(1) 2022 Business Report and Financial Statements</p> <p>(2) 2022 Profit Distribution</p>	<p>September 5, 2023 has been set as the ex-dividend base date and a cash dividends of NT\$2.48322465 per share was distributed on September 28, 2023.</p> <p>It has been operated according to the revised articles.</p> <p>It has been operated according to the revised procedures.</p> <p>It was approved by the Financial Supervisory Commission of the Executive Yuan, and September 5, 2023 was set as the ex-rights base date.</p> <p>The Directors concurrently assumes the positions in other companies according to the content of the release of the competition prohibition.</p>
(3) Revision of partial Articles in the "Articles of Incorporation"	
(4) Revision of partial Articles in the "Rules of Procedures for Shareholders meeting"	
(5) The Company's capital reserve conversion for capital increase and issuance of new shares.	
(6) Release of the Prohibition on Directors and their representatives from Participation in Competitive Business	

Major Resolutions of Board of Directors
<p>Board of Directors held on March 21, 2024</p> <p>(1) Revision of the "Directors' remuneration distribution method".</p> <p>(2) Approve the proposals provided by the Remuneration Committee.</p> <p>(3) Adjustment to the structure of the working group of the Sustainable Development Committee and revision of the "Sustainable Development Committee Charter".</p> <p>(4) Approve the proposals provided by the Sustainable Development Committee.</p>
<p>Board of Directors held on February 22, 2024</p> <p>(1) 2023 Remuneration Distribution to Employees and Directors.</p> <p>(2) 2023 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company.</p> <p>(3) 2023 Profit Distribution.</p> <p>(4) Effectiveness of 2023 internal control systems and statement of internal control system.</p> <p>(5) Set the capital increase base date for the exercise of employee stock options by employees and</p>

Major Resolutions of Board of Directors

- the application of bondholders to convert corporate bonds into new shares for issuance.
- (6) Revision of the “Internal Control System” and “Internal Audit Implementation Rules”
 - (7) 2023 business plan.
 - (8) Revision of partial Articles in the “Rules of Procedure for Board of Directors meeting”.
 - (9) Revision of partial Articles in the “Audit Committee charters”.
 - (10) Reassign CEO of U.S. subsidiary and appoint legal person director representative.
 - (11) Change of CPA matters
 - (12) Comprehensive re-election of Directors.
 - (13) Nomination of candidates for Directors (including independent directors).
 - (14) Release the prohibition on Directors and their representatives from participation in competitive business.
 - (15) Approve the proposals provided by the Nomination Committee.
 - (16) Approve the proposals provided by the Remuneration Committee.
 - (17) Approve the proposal for convening the 2024 Shareholders meeting.

Board of Directors held on December 14, 2023

- (1) Investment case of Parktron Technology Co., Ltd. (referred to as Parktron).
- (2) Acquisition of real estate for office use
- (3) In response to the implementation of the CFC (Controlled Foreign Company) system in 2023, the investment structure of the mainland subsidiary Axiomtek (Shenzhen) Co., Ltd. will be adjusted to be directly invested by the Company.

Board of Directors held on October 26, 2023

- (1) 2022Q3 Consolidated Financial Statements.
- (2) The Company regularly (at least once a year) evaluates the independence and competence of the certified public accountant every year.
- (3) Set a capital increase base date for employees to exercise employee stock options and issue new shares.
- (4) Adjust the organization of the Sustainable Development Committee to a functional committee of the Board of Directors and revise partial Articles in the “Sustainable Development Committee Charter”, “Risk Management Best Practice Principles” and “Risk Management Policy and Procedure”.
- (5) 2023 Internal Audit Plan
- (6) Recognize the Company and E.Sun Bank to renew the application for unsecured comprehensive credit line of TWD 250 million and a derivative financial product exposure limit of USD 500,000.
- (7) Recognize the Company and Hua Nan Bank to renew the application for unsecured comprehensive credit line of TWD 150 million and derivative financial product trading credit line of USD 400,000.
- (8) Recognize the Company and HSBC (Taiwan) Commercial Bank to renew the application for unsecured comprehensive credit line of TWD 300 million and a foreign exchange derivatives credit line of USD 40,000.
- (9) Revision of partial Articles in the “Operating Procedures for Handling Material Inside Information”.
- (10) Release the prohibition on Directors from participation in competitive business.
- (11) Approve the proposals provided by the Remuneration Committee.

Board of Directors held on July 27, 2023

- (1) 2023Q2 Consolidated Financial Statements.
- (2) Regarding PwC firm’ review fees for the second domestic unsecured conversion of corporate bonds and the issuance of new shares through capital reserve conversion.
- (3) Set a base date for the issuance of new shares through capital reserve conversion and

Major Resolutions of Board of Directors

distribution of cash dividends.

- (4) Set a capital increase base date for employees to exercise employee stock options and issue new shares.
- (5) Recognize the Company's contract renewal with the Yuanta Bank for NTD loan.
- (6) Recognize the Company's contract renewal with the Far Eastern Bank for NTD loan.
- (7) Recognize the Company to apply to Mega Bank for NTD loan.
- (8) Additional budget for renovation of Xizhi new factory.
- (9) Approve the proposals provided by the Nomination Committee.
- (10) Approve the proposals provided by the Remuneration Committee.

Board of Directors held on April 27, 2023

- (1) 2023Q1 Consolidated Financial Statements.
- (2) Proposed renewal of the contract with the Taishin Bank for the application of NTD loans and derivative financial commodity transactions.
- (3) Recognize the Company and Citibank (Taiwan) to renew the application for unsecured comprehensive credit line of USD 14.8 million and a foreign exchange derivatives credit line of USD 200,000.
- (4) Raise and issue domestic second unsecured convertible corporate bonds.

Board of Directors held on March 23, 2023

- (1) Approve the proposals provided by the Remuneration Committee.
- (2) Revision of partial Articles in the "Rules of Procedures for Shareholders meeting".

Board of Directors held on February 23, 2023

- (1) 2022 Remuneration Distribution to Employees and Directors.
- (2) 2022 Business Report and Financial Statements (including Parent Company Only and Consolidated Financial Statements) of the Company.
- (3) 2022 Profit Distribution.
- (4) Issuance of new shares by converting capital surplus into capital.
- (5) Effectiveness of 2022 internal control systems and statement of internal control system.
- (6) Set a capital increase base date for employees to exercise employee stock options and issue new shares.
- (7) Revision of the "Internal Control System" and "Internal Audit Implementation Rules"
- (8) 2023 business plan.
- (9) Revision of partial Articles in the "Corporate Governance Best Practice Principles".
- (10) Revision of partial Articles in the "Sustainable Development Best Practice Principles".
- (11) Revision of partial Articles in the "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" and renamed it as "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".
- (12) Revision of partial Articles in the "Articles of Incorporation".
- (13) Revision of partial Articles in the "Rules of Procedures for Shareholders meeting".
- (14) Change of CPA matters
- (15) General principles for formulating the Company's policy on pre-approved non assured services.
- (16) Approve the proposals provided by the Nomination Committee.
- (17) Approve the proposals provided by the Remuneration Committee.
- (18) Release the prohibition on Directors from participation in competitive business.
- (19) Approve the proposal for convening the 2023 Shareholders meeting.

- (12) Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent year and up to the printing date of the Annual Report: None.

(13) Resignation or Dismissal of the Company's Chairman, President, Head of Accounting, Finance Officer, Internal Auditor, Corporate Governance Officer, and R&D Officers in the Most Recent Year and up to the Date of Printing of the Annual Report: None.

5. Information on the professional fees of the attesting CPAs

(1) Information on the attesting CPAs

Name of Accounting Firm	Name of CPAs	Period Covered by the CPA Audit	Remarks
PricewaterhouseCoopers Taiwan	Lin, Po-Chuan, Wu, Han-Chi	2023/1/1~ 2023/12/31	

(2) Information on the professional fees of the attesting CPAs

Unit: NT\$ Thousand

Name of Accounting Firm	Name of CPAs	Period Covered by the CPA Audit	Audit Fees	Non-Audit Fees (Note)	Total	Remarks
PwC Taiwan	Lin, Po-Chuan,	2023/1/1~ 2023/12/31	2,260	420	2,680	
	Wu, Han-Chi					

Note: The service of non-audit fees is mainly the cost of tax audit.

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

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

6. Information on Replacement of CPAs:

Due to the internal organization adjustment of the accounting firm, the Company's attesting CPAs will be changed from CPA Lin, Po-Chuan and Wu, Han-Chi to CPA Lin, Po-Chuan and Wang, Song-Tse from the first quarter of 2024.

7. The Company's Chairman, President, or any Managerial Officer in Charge of Financial or Accounting Matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant: None.

8. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Managerial Officer or Shareholder with a Stake of More than 10% in the Most Recent Year and up to the Date of Printing of the Annual Report.

(1) Changes in Shareholding of Directors, Managerial officers, and Major Shareholders

Unit: Thousand shares

Job Title (Note 1)	Name	2023		As of March 31, 2024	
		Shareholding Increase (or Decrease)	Pledged shareholding Increase (or Decrease)	Shareholding Increase (or Decrease)	Pledged Shareholding Increase (or Decrease)
Chairman & Chief Strategy Officer	Yang, Yu-Te	179	0	0	0
Director (Major shareholder)	Advantech Co., Ltd.	2,537	0	0	0
Corporate Representative	Liu, Wei-Ting	0	0	0	0
Director	Tsai, Shih-Yang	140	0	0	0
Director & President	Huang, Jui-Nan	20	0	100	0
Independent Director	Lin, Yih-Jong	0	0	0	0
Independent Director	Chang, Jen-Chih	0	0	0	0
Independent Director	Yu, Chwo-Ming	2	0	0	0
Vice President Head of Accounting & Finance Chief Corporate Governance	Jane Hsu	103	0	15	0
Vice President	Joanne Lin	32	0	20	0
Vice President	William Wu	75	0	40	0
Vice President	Henry Lin	146	0	24	0
Vice President	Gary Tsao	(105)	0	0	0
Vice President	Chiven Fan	(20)	0	0	0
Assistant Vice President	Joseph Chou (Note 2)	NA	NA	NA	NA
Assistant Vice President	Alex Pan	(22)	0	(6)	0
Assistant Vice President	Shang Hsieh	37	0	0	0

Note 1: Any shareholder holding more than 10 percent of the Company's total share capital shall be noted as a major shareholder, and such shareholders shall be listed individually.

Note 2: Dismissed from insiders on Feb 28, 2023.

(2) Transfer of Shareholding with Related Parties: None.

(3) Pledge of Shareholding with Related Parties: None.

9. Relationship among the Top 10 Shareholders, with Which the Person is a Related Party or Has a Relationship of Spouse or Within the Second Degree.

Name (Note 1)	Shareholding		Shareholding Of Spouse and Minor Children		Total Shareholding by Nominee Arrangements		Specify the Name of the Entity or Person and Their Relationship to Any of the Other Top 10 Shareholders with Which the Person is a Related Party or Has a Relationship of Spouse or Relative Within the Second Degree (Note 3)		Remarks
	Shares	%	Shares	%	Shares	%	Name of Entity or Individual	Relationship	
Advantech Co., Ltd.	28,080,142	27.52	0	0.00	0	0.00	None	None	
Liu, Ke-Chen	0	0.00	0	0.00	0	0.00	None	None	
Wei-Te Investment Co., Ltd.	2,147,029	2.10	0	0.00	0	0.00	None	None	
Yan, Ya-Xian	64,067	0.06	1,977,156	1.94	0	0.00	Yang, Yu-Te	Spouse	
Yang, Yu-Te	1,977,156	1.94	64,067	0.06	0	0.00	Yan, Ya-Xian	Spouse	
Tsai, Shih-Yang	1,547,855	1.52	131,919	0.13	0	0.00	None	None	
Yushan Commercial Bank was entrusted with the trust property account of the employee stock ownership association of Axiomtek Co., Ltd.	1,507,804	1.48	0	0.00	0	0.00	None	None	
Henry Lin	1,111,425	1.09	0	0.00	0	0.00	None	None	
Deng, Meng-Hui	817,108	0.80	0	0.00	0	0.00	None	None	
HSBC Bank(Taiwan) in custody of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account	796,257	0.78	0	0.00	0	0.00	None	None	
SOUTH CHINA INSURANCE CO., LTD.	708,445	0.69	0	0.00	0	0.00	None	None	
TU, ZHI-JI	0	0.00	0	0.00	0	0.00	None	None	
UBS European SE investment account entrusted by Citigroup (Taiwan) Commercial Bank	682,685	0.67	0	0.00	0	0.00	None	None	

Note 1: All of the top 10 shareholders should be listed, and the names of corporate/juristic person shareholders and their representatives should be listed separately.

Note 2: The shareholding ratio (%) is calculated as the total numbers of shares respectively held by the shareholder, their spouse and minor children, or through nominees.

Note 3: Disclose the relationships among the above-listed shareholders, including corporate/juristic person shareholders and natural person shareholders, in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

10. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors, Managerial Officers, and any Companies Controlled either Directly or Indirectly by the Company.

Investee Enterprise (Note 1)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)
AXIOM TECHNOLOGY, INC. U.S.A.	23,418	100.00	0	0.00	23,418	100.00
AXIOMTEK DEUTSCHLAND GMBH	EUR 500,000 (Note 3)	100.00	0	0.00	EUR 500,000 (Note 3)	100.00
AXIOM TECHNOLOGY (BVI) CO., LTD.	5,000	100.00	0	0.00	5,000	100.00
AXIOMTEK (SHEN ZHEN) CO., LTD. (Note 2)	0	0.00	HKD 32,800,000 (Note 3)	100.00	HKD 32,800,000 (Note 3)	100.00
AXIOMTEK UK LIMITED	180,000	100.00	0	0.00	180,000	100.00
AXIOMTEK JAPAN CO., LTD.	600	100.00	0	0.00	600	100.00
AXIOMTEK ITALIA S. R. L.	EUR 78,000 (Note 3)	100.00	0	0.00	EUR 78,000 (Note 3)	100.00
UNI-INNOVATE TECHNOLOGY CO., LTD.	1,450,000	24.05	0	0.00	1,450,000	24.05

Note 1: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

Note 2: It is the grandson company of AXIOM TECHNOLOGY (BVI) CO., LTD., a subsidiary of the Company, which is 100% invested.

Note 3: Limited company, no shares issued.

IV. Capital Overview

1. Capital & Shares

(1) Source of Capital

April 20, 2024

Unit: Thousand shares / NT\$ Thousand

Year/ Month	Issued Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remarks			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital		Capital Paid in by Assets Other than Cash	Other
1990.05	10	500	5,000	500	5,000	Capitalization by cash	5,000	None	
1993.10	10	2,500	25,000	2,500	25,000	Capitalization by cash	20,000	None	1993.10.22 Built 3 No. 468933
1997.07	10	6,600	66,000	6,600	66,000	Capitalization by earnings	13,200	None	1997.07.01 Built-3A No. 191380
						Capitalization by employee bonus	1,800		
						Capitalization by cash	26,000		
1997.12	10	10,000	100,000	10,000	100,000	Capitalization by cash	34,000	None	1997.12.06 Jin (86) -Son-Tzi No.125056
1998.10	10	20,000	200,000	18,150	181,500	Capitalization by earnings	24,000	None	1998.10.23 Jin (87) -Son-Tzi No. 132915
						Capitalization by employee bonus	1,500		
						Capitalization by capital surplus	6,000		
						Capitalization by cash	50,000		
1999.07	10	48,000	480,000	27,111	271,115	Capitalization by earnings	28,133	None	1999.07.09 (88) Tai-Tsai-Cheng (1) No. 63808
						Capitalization by employee bonus	2,500		
						Capitalization by capital surplus	9,983		
						Capitalization by cash	49,000		
2000.09	10	48,000	480,000	31,773	317,735	Capitalization by earnings	35,245	None	1999.09.21 (89) Tai-Tsai-Cheng (1) No. 80073
						Capitalization by employee bonus	3,242		
						Capitalization by capital surplus	8,133		
2001.09	10	48,000	480,000	37,256	372,569	Capitalization by earnings	44,483	None	2001.09.24 (90) Tai-Tsai-Cheng (1) No. 159299
						Capitalization by employee bonus	3,954		
						Capitalization by capital surplus	6,397		
2002.09	10	48,000	480,000	37,850	378,506	Capitalization by employee bonus	5,937	None	2002.09.19 (91) Tai-Tsai-Cheng (1) No. 0910151937
2003.08	10	55,000	550,000	41,966	419,666	Capitalization by employee bonus	10,880	None	2003.08.19 (92) Tai-Tsai-Cheng (1) No. 0920137556
						Capitalization by earnings	30,280		
2004.08	10	73,000	730,000	49,800	498,000	Capitalization by employee bonus	19,580	None	2004.08.31 Jin-Kwong-Cheng (1) No. 0930138236
						Capitalization by earnings	58,753		
2005.03	10	73,000	730,000	50,695	506,950	Exercising of employee stock option	8,950	None	2005.03.07 Jin-So-Son-Tzi No.09401036770
2005.03	10	73,000	730,000	51,300	513,000	Exercising of employee stock option	6,050	None	March 25, 2005 Jin-So-Son-Tzi No.09401045930
2005.09	10	73,000	730,000	55,470	554,700	Issuance of new shares due to acquisition	41,700	None	2005.09.29 Jin-So-Son-Tzi No.09401191220
2005.12	10	110,000	1,100,000	59,844	598,440	Capitalization by employee bonus	16,000	None	2005.12.01 Jin-So-Son-Tzi No.09401240760
						Capitalization by earnings	27,735		

Year/ Month	Issued Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remarks			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital		Capital Paid in by Assets Other than Cash	Other
2006.01	10	110,000	1,100,000	60,075	600,750	Exercising of employee stock option	2,313	None	2006.01.26 Jin-So-Son-Tzi No.09501011230
2006.04	10	110,000	1,100,000	60,270	602,698	Exercising of employee stock option	1,950	None	2006.04.14 Jin-So-Son-Tzi No.09501066830
2006.05	10	110,000	1,100,000	61,295	612,948	Issuance of new shares due to acquisition	10,250	None	2006.05.25 Jin-So-Son-Tzi No.09501093740
2006.07	10	110,000	1,100,000	61,482	614,823	Exercising of employee stock option	1,875	None	2006.07.17 Jin-So-Son-Tzi No.09501146430
2006.09	10	110,000	1,100,000	65,073	650,728	Capitalization by employee bonus	17,000	None	2006.09.04 Jin-So-Son-Tzi No.09501191500
						Capitalization by earnings	18,906		
2006.10	10	110,000	1,100,000	66,348	663,478	Exercising of employee stock option	12,750	None	2006.10.18 Jin-So-Son-Tzi No.09501234950
2007.01	10	110,000	1,100,000	66,819	668,191	Exercising of employee stock option	4,713	None	2007.01.16 Jin-So-Son-Tzi No.09601007650
2007.04	10	110,000	1,100,000	66,879	668,791	Exercising of employee stock option	600	None	2007.04.26 Jin-So-Son-Tzi No.09601083520
2007.08	10	110,000	1,100,000	71,501	715,005	Capitalization by employee bonus	19,000	None	2007.08.29 Jin-So-Son-Tzi No.09601208700
						Capitalization by earnings	27,214		
2007.10	10	110,000	1,100,000	72,198	721,980	Exercising of employee stock option	6,975	None	2007.10.22 Jin-So-Son-Tzi No.09601259870
2008.04	10	110,000	1,100,000	72,792	727,925	Exercising of employee stock option	5,945	None	2008.04.22 Jin-So-Son-Tzi No. 09701093000
2008.07	10	110,000	1,100,000	72,830	728,300	Exercising of employee stock option	375	None	2008.07.17 Jin-So-Son-Tzi No. 09701177410
2008.09	10	160,000	1,600,000	75,886	758,858	Capitalization by earnings	30,559	None	2008.09.24 Jin-So-Son-Tzi No.09701246410
2008.10	10	160,000	1,600,000	76,361	763,608	Capitalization by earnings	4,750	None	2008.10.23 Jin-So-Son-Tzi No. 09701266930
2009.09	10	160,000	1,600,000	78,557	785,565	Capitalization by earnings	15,014	None	2009.09.02 Jin-So-Son-Tzi No. 09801199630
						Capitalization by employee bonus	6,943		
2009.09	10	160,000	1,600,000	78,832	788,320	Exercising of employee stock option	2,755	None	2009.09.17 Jin-So-Son-Tzi No.09801211840
2011.04	10	160,000	1,600,000	77,343	773,430	Cancellation of treasury stock	(14,890)	None	2011.04.06 Jin-So-Son-Tzi No. 10001066460
2013.10	10	160,000	1,600,000	77,431	774,310	Exercising of employee stock option	880	None	2013.10.31 Jin-So-Son-Tzi No. 10201218350
2014.01	10	160,000	1,600,000	77,654	776,540	Exercising of employee stock option	2,230	None	2014.01.23 Jin-So-Son-Tzi No. 10301009960
2014.04	10	160,000	1,600,000	78,074	780,740	Exercising of employee stock option	4,200	None	2014.04.18 Jin-So-Son-Tzi No. 10301068460
2014.07	10	160,000	1,600,000	78,093	780,930	Exercising of employee stock option	190	None	2014.07.30 Jin-So-Son-Tzi No. 10301145850
2015.01	10	160,000	1,600,000	78,345	783,450	Exercising of employee stock option	2,520	None	2015.01.23 Jin-So-Son-Tzi No. 10401009090
2015.04	10	160,000	1,600,000	78,807	788,070	Exercising of employee stock option	4,620	None	2015.04.29 Jin-So-Son-Tzi No. 10401077580

Year/ Month	Issued Price (NT\$)	Authorized Capital Stock		Paid-in Capital		Remarks			
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital		Capital Paid in by Assets Other than Cash	Other
2015.11	10	160,000	1,600,000	79,031	790,310	Exercising of employee stock option	2,240	None	2015.11.12 Jin-So-Son-Tzi No. 10401238090
2017.11	10	160,000	1,600,000	79,313	793,130	Exercising of employee stock option	2,820	None	2017.11.10 Jin-So-Son-Tzi No. 10601154790
2018.03	10	160,000	1,600,000	79,386	793,860	Exercising of employee stock option	730	None	2018.03.14 Jin-So-Son-Tzi No. 10701026710
2018.06	10	160,000	1,600,000	79,418	794,180	Exercising of employee stock option	320	None	2018.06.13 Jin-So-Son-Tzi No. 10701065620
2018.11	10	160,000	1,600,000	79,621	796,206	Exercising of employee stock option	1,680	None	2018.11.21 Jin-So-Son-Tzi No. 10701143180
						Conversion of convertible bond	346		
2019.03	10	160,000	1,600,000	79,684	796,836	Exercising of employee stock option	630	None	2019.03.19 Jin-So-Son-Tzi No. 10801028580
2019.11	10	160,000	1,600,000	80,395	803,954	Exercising of employee stock option	1,130	None	2019.11.28 Jin-So-Son-Tzi No. 10801165850
						Conversion of convertible bond	5,987		
2020.04	10	160,000	1,600,000	81,900	819,001	Exercising of employee stock option	500	None	2020.04.08 Jin-So-Son-Tzi No. 10901043830
						Conversion of convertible bond	14,547		
2020.08	10	160,000	1,600,000	82,403	824,033	Exercising of employee stock option	1,740	None	2020.08.27 Jin-So-Son-Tzi No. 10901155770
						Conversion of convertible bond	3,292		
2020.11	10	160,000	1,600,000	82,595	825,953	Exercising of employee stock option	1,610	None	2020.11.18 Jin-So-Son-Tzi No. 10901213720
						Conversion of convertible bond	310		
2021.03	10	160,000	1,600,000	83,450	834,499	Exercising of employee stock option	2,330	None	2021.03.16 Jin-So-Son-Tzi No. 11001043700
						Conversion of convertible bond	6,217		
2021.08	10	160,000	1,600,000	84,414	844,136	Exercising of employee stock option	3,110	None	2021.08.19 Jin-So-Son-Tzi No. 11001130530
						Conversion of convertible bond	6,526		
2021.11	10	160,000	1,600,000	88,483	884,829	Exercising of employee stock option	1,250	None	2021.11.17 Jin-So-Son-Tzi No. 11001207530
						Conversion of convertible bond	39,443		
2022.03	10	160,000	1,600,000	90,202	902,025	Exercising of employee stock option	700	None	2022.03.28 Jin-So-Son-Tzi No. 11101041660
						Conversion of convertible bond	16,496		
2022.08	10	160,000	1,600,000	90,401	904,015	Exercising of employee stock option	1,990	None	2022.08.24 Jin-So-Son-Tzi No. 11101154080
2022.11	10	160,000	1,600,000	91,023	910,235	Exercising of employee stock option	6,220	None	2022.11.22 Jin-So-Son-Tzi No. 11101225340
2023.03	10	160,000	1,600,000	91,960	919,605	Exercising of employee stock option	9,370	None	2023.03.22 Jin-So-Son-Tzi No. 11230048600
2023.09	10	160,000	1,600,000	101,423	1,014,234	Exercising of employee stock option	3,000	None	2023.09.28 Jin-So-Son-Tzi No. 11230186120
						Issuing new shares from capital surplus	91,629		
2023.12	10	160,000	1,600,000	101,537	1,015,374	Exercising of employee stock option	1,140	None	2023.12.207 Jin-So-Son-Tzi No. 11230224520
2024.04	10	160,000	1,600,000	102,020	1,020,205	Exercising of employee stock option	4,820	None	113.04.02 Jin-So-Son-Tzi No. 11330045750
						Conversion of convertible bond	10		

Unit: Share

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares (Note1)	Unissued Shares	Total	
Common Stock	102,020,460	57,979,540	160,000,000	Authorized capital stock, of which 10,000 thousand shares are reserved for exercising employee stock options.

Note1: The stock is stock of a TPEX listed company and the information is as at March 26, 2024.

Note2: Information relating to the shelf registration System: None.

(2) Shareholder Composition

March 26, 2024

Shareholder Composition	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
Quantity						
No. of Shareholders	1	13	74	13,833	89	14,010
No. of Shares held	4	3,069,189	32,014,303	59,544,494	7,392,470	102,020,460
Shareholding Ratio(%)	0.00	3.01	31.38	58.37	7.24	100.00

(3) Distribution of Shareholding

March 26, 2024

Range of No. of Shares Held	No. of Shareholders	Shareholding (Shares)	Shareholding Ratio (%)
1 - 999	3,402	564,189	0.55
1,000 - 5,000	8,567	15,881,546	15.57
5,001 - 10,000	1,057	7,670,942	7.52
10,001 - 15,000	346	4,194,314	4.11
15,001 - 20,000	161	2,904,687	2.85
20,001 - 30,000	165	4,074,616	3.99
30,001 - 40,000	83	2,879,646	2.82
40,001 - 50,000	56	2,554,319	2.50
50,001 - 100,000	90	6,281,245	6.16
100,001 - 200,000	43	5,804,389	5.69
200,001 - 400,000	24	6,810,837	6.68
400,001 - 600,000	4	1,758,218	1.72
600,001 - 800,000	5	3,452,993	3.39
800,001 - 1,000,000	1	817,108	0.80
Above 1,000,001	6	36,371,411	35.65
Total	14,010	102,020,460	100.00

Note: The Company does not issue preferred shares.

(4) List of Major Shareholders

List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.

March 26, 2024

Names of Major Shareholders	Shares	Shareholding (Shares)	Shareholding (%)
Advantech Co., Ltd.		28,080,142	27.52
Wei-Te Investment Co., Ltd.		2,147,029	2.10
Yang, Yu-Te		1,977,156	1.94
Tsai, Shih-Yang		1,547,855	1.52
Yushan Commercial Bank was entrusted with the trust property account of the employee stock ownership association of Axiomtek Co., Ltd.		1,507,804	1.48
Henry Lin		1,111,425	1.09
Deng, Meng-Hui		817,108	0.80
HSBC Bank(Taiwan) in custody of Arcadian Emerging Markets Equity Small Cap Fund Co., Ltd. Investment Account		796,257	0.78
SOUTH CHINA INSURANCE CO., LTD.		708,445	0.69
UBS European SE investment account entrusted by Citigroup (Taiwan) Commercial Bank		682,685	0.67

(5) Market prices for the past 2 fiscal years, together with the Company's net worth per share, earnings per share, dividends per share, and related information:

Unit: NT\$ / Thousand shares

Item		Fiscal year	2023	2022	Current year to April 20, 2024 (Note 8)
Market Price per Share (Note 1)	Highest		112.5	72	95.8
	Lowest		58.3	49.3	79.3
	Average		85.85	62.14	88.69
Net Worth per Share (Note 2)	Before Distribution		41.37	38.92	None
	After Distribution		37.05	36.41	None
Earnings per Share	Weighted Average Shares		101,174	90,442	None
	Earnings Per Share before Adjustment (Note 3)		7.19	6.66	None
	Earnings Per Share after Adjustment (Note 3)		7.19	6.06	None
Dividends per Share	Cash Dividends		4.3	2.5	None
	Stock Dividends	Dividends from Retained Earnings	0	0	None
		Dividends from Capital Reserve	0	0	None
	Accumulated Undistributed Dividends (Note 4)		0	0	None
Return on Investment Analysis	Price / Earnings Ratio (Note 5)		11.45	8.76	None
	Price / Dividend Ratio (Note 6)		19.15	23.34	None
	Cash Dividend Yield (Note 7)		5.22%	4.28%	None

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.

Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend. Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.

Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.

Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.

Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other P. 60 of 93 fields, calculations are based on the data for the current year as of the date of publication of the annual report.

Note 9: The resolution of the Board of Directors on February 23, 2023 and the Shareholders' Meeting on May 30, 2023 passed the allocation of capital surplus of NT\$ 91,629,480 to capital increase and issued 9,162,948 new shares with a par value of NT\$ 10 per share. According to the shareholding ratios listed in the shareholder list on the allotment base date, 99.328981 shares have been allotted free of charge for every thousand shares..

(6) Company's Dividend Policy and the Implementation thereof:

A. The dividend policy defined by the Articles of Incorporation

Article 27-1:

When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of Article 240 of the Company Act of the Republic of China with a resolution adopted at a meeting of shareholders.

The Dividend Policy of the Company is in concert with the development plan of current and future, the environment of investment, funds requirement, and the competition condition of domestic and foreign, also considers the shareholders' interest, as results, the Company shall set aside earnings available for distribution which is not less than 25% as shareholders' dividends and bonuses, the stock dividends of share allocations will not be higher than 80% of the total dividends and bonuses.

Article 27-2:

When the Company incurs no loss, it may authorize the legal reserve(only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed) and the capital reserve following the provisions of the Company Law of the Republic of China in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of Directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting.

B. Resolution for dividends distribution of the Board of Directors

February 22, 2024 the Board meeting resolved to distribute the 2023 earnings in dividends amounting to NT\$ 438,232,180, or NT\$ 4.3 per share. After more than two-thirds of the Directors of the Board of Directors are present, and more than half of the Directors present have passed the resolution, it should be report to the Shareholders meeting in accordance with the law and authorize the Chairman to set additional dividend base date and payment date and other related matters. If the surplus distribution before the dividend base date is due to a change in the Company's share capital, which affects the number of shares in circulation, resulting in a change in the shareholder's dividend rate, the Chairman of the Board of Directors is authorized to adjust the dividend distribution ratio based on the actual shares outstanding on the record date for distribution. Regarding the cash dividend distribution this time, the cash dividend is to be calculated to the integral number with all decimals truncated. And all the truncated decimals from all distorted figures are accumulated to a summation amount which will then be adjusted among shareholders - in the order of decimal of each cash dividend amount from big to small as well as in the order of account number from the top to the bottom - until the total amount of cash dividend actually paid out can match that in the book.

C. Any expected significant changes in dividend policy: None

- (7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent Shareholders' Meeting:

The distribution of stock dividend was not proposed in this Shareholders' Meeting and therefore does not apply.

- (8) Profit-Sharing Compensation of Employees and Directors

A. The percentages or ranges with respect to employee and director profit-sharing compensation, as set forth in the Company's Articles of Incorporation:

Article 27:

This Company shall set aside 1%-20% as employees' remuneration and the percentage lower than 2% as Directors' remuneration if the Company has profit (means the pre-tax income before deduction of the employees' and Directors' remuneration) in the current year. However, the Company's accumulated deficit shall have been covered, if any (including the adjustment of unappropriated retained earnings).

The Company may have the profit distributable as employees' remuneration in the preceding paragraphs distributed in the form of shares or in cash to the qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements, the requirement and manner of distribution are authorized to Board of Directors for resolution. The remuneration of Directors in the preceding paragraphs only can receive the profit in the form of cash.

B. The basis for estimating the amount of employee, director profit-sharing compensation, for calculating the number of shares to be distributed as employee profit-sharing compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (A) The current period was based on the pre-tax income before deduction of the employees' and Directors' remuneration with 6.10% and 0.94% as the employees' and Directors' remuneration ratio, respectively. In 2023, the estimated employee's remuneration was NT\$ 60,000,000 and the Directors' remuneration was NT\$ 9,286,000, all paid in cash.

In addition to the employee remuneration estimates set out in the above charter, the Company's remuneration policy stipulates the payment of three festival bonuses in addition to the year-end bonuses. And based on the goals achieved by

the Company or unit during the year, operating and performance incentive will be awarded by quarterly or semi-annually.

The Company's salary policy, performance evaluation twice a year, employee remuneration and promotion adjustment in July every year, the average salary adjustment range of employees in 2023 is as follows:

Category	Average Employee Salary Adjustment (% , recurring salary)	Remarks
Estimated salary adjustment (Note 1)	3%~4%	Reflecting the rising trend of prices and responding to the government's policy of encouraging companies to raise wages for their employees.
Actual salary adjustment (Note 2)	3%~4%	Average employee salary adjustment in 2023.
Salary adjustment of non-manager (Note 2 、 3)	3%~4%	Salary adjustment every year based on the duties, positions, special professional abilities, etc. of colleagues.
Salary adjustment of manager (Note 2 、 3)	0%~5%	According to the performance of the manager, different salary adjustments are given.

Note 1: The average employee salary adjustment is disclosed by the Company voluntarily. The information is the Company's estimated average salary adjustment in 2024.

Note 2: The average employee salary adjustment is disclosed by the Company voluntarily. The information is the Company's actual average salary adjustment in 2023.

Note 3: The applicable scope of “managerial officers” is defined under the 4 October 2023 FSC Order No. 1120384295 as persons in the following positions:

- (1) President and the equals
- (2) Vice President and the equals
- (3) Assistant Vice President and the equals
- (4) Finance Department Head
- (5) Chief Accounting Officer
- (6) Other authorized personnel for management and signature

The adjustment of the average salary (recurring salary) of non-manager employees refers to the general employees who are not in the former supervisor-level positions and do not serve as Directors.

(B) Basis for calculating the number of shares remunerated by the employees of the stock: None, the employee’s remuneration for the current period will be paid in cash.

(C) 2023 profit distribution of cash dividend was approved by the Board of Directors on February 22, 2024.

According to the 27-1 of the Article of Incorporation, the Company shall, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of Directors and such distribution shall be submitted to the Shareholders’ Meeting.

If the amount of the distribution of the resolution is different from the estimated number of shares, it shall be treated according to the changes in the accounting estimates and adjusted into the profit and loss of the current year in the resolution year of the Board of Directors.

C. Information on any approval by the Board of Directors of distribution of profit-sharing compensation:

(A) The amount of any employee profit-sharing compensation and director profit-sharing compensation distributed in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

On February 22, 2024 the Board approved the distribution of the 2023 employee remuneration and Directors' remuneration, and the difference with the annual estimated amount of the recognized expenses is as follows:

Unit: NT\$

Item	Remuneration to Employees	Remuneration to Directors	Deal with Discrepancy
Recognition of the annual estimated expenses (A)	60,000,000	9,286,000	None
Proposed distribution by the Board of Directors (B)	60,000,000	9,286,000	
Difference (B) - (A)	0	0	

(B) The amount of any employee profit-sharing compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee profit-sharing compensation: Not applicable, the employee profit-sharing compensation distributed for 2023 will be paid in cash.

- D. The actual distribution of employee and director profit-sharing compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee or director profit-sharing compensation, additionally the discrepancy, cause, and how it is treated:

On February 23, 2023 the Directors' resolution on the distribution of employee and director profit-sharing compensation for 2022, and the difference with the annual estimated amount of the recognized expenses is as follows:

Unit: NT\$

Item	Profit-Sharing Compensation to Employees	Profit-Sharing Compensation to Directors	Deal with Discrepancy
Recognition of the annual estimated expenses (A)	50,000,000	8,070,000	None
Proposed distribution by the Board of Directors (B)	50,000,000	8,070,000	
Difference (B) - (A)	0	0	

- (9) Status of the Company Repurchasing its Own Shares: None.

2. Corporate Bonds

(1) Issuance of Corporate Bonds

April 20, 2024

Type of Corporate Bond (Note 2)	2 nd Domestic Unsecured Convertible Bonds (Note 5)	
Issue (offering) date	August 28, 2023	
Denomination	NT\$100,000	
Issuing and transaction location (Note 3)	None	
Issue price	Each denomination is NT \$100,000, issued at 106% of the face value	
Total price	Total face amount issued: NT \$800,000,000 Total issuance amount: NT \$848,003,380	
Coupon rate	Coupon rate 0%	
Tenure	3 years, expiry date: August 28, 2026	
Guarantee agency	None	
Consignee	Trust Division of E.SUN Commercial Bank	
Underwriting institution	KGI Securities	
Certified lawyer	Handsome Attorney-at-Law, Lawyer Qiu, Ya-Wen	
CPA	PwC Firm Most recent year: CPA Feng, Ming-Chuan and Wu, Han-Chi Most recent period: CPA Lin, Po-Chuan and Wu, Han-Chi	
Repayment method	One-time payment of face value in cash upon expiration	
Outstanding principal	NT\$799,900,000	
Terms of redemption or advance repayment	Please refer to the Company's "Second domestic issuance of unsecured conversion of corporate bonds and conversion measures"	
Restrictive clause (Note 4)	None	
Name of credit rating agency, rating date, rating of corporate bonds	None	
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs, or other securities	Already converted to common stock totaling NT\$100,000
	Issuance and conversion (exchange or subscription) method	Please refer to the Company's "Second domestic issuance of unsecured conversion of corporate debt and conversion measures"
Issuance and conversion, exchange, or subscription method, issuing condition dilution, and impact on existing shareholders' equity	No significant impact	
Transfer agent	None	

Note 1: The corporate bonds include public offering corporate bonds and private placement corporate bonds.

The public offering corporate bonds mean those validated (approved) by the Commission. The private placement corporate bonds mean those resolved and approved by the Board of Directors.

Note 2: The number of fields depends on the actual number of adjustments.

Note 3: To be filled out by overseas corporate debtors.

Note 4: For example, limiting the distribution of cash dividends, foreign investment, or the requirement to maintain a certain proportion of assets.

Note 5: Any privately placed corporate bonds shall be prominently identified as such.

Note 6: In the case of convertible corporate bond, exchangeable corporate bonds, corporate bonds issued

under the categorical reporting method or corporate bonds with warrants, it is necessary to further disclose the information about convertible corporate bonds, exchangeable corporate bonds, corporate bonds issued under the categorical reporting method and corporate bonds with warrants by nature in a column format.

(2) Convertible Bonds

Type of Corporate Bond (Note 1)		1 st Domestic Unsecured Convertible Bonds	
Item	Year	2023	Current year to April 20, 2024 (Note 4)
	Market price of the convertible bond (Note 2)	Highest	121.85
Lowest		107.00	107.05
Average		112.72	112.32
Convertible Price		97.20	97.20
Issue date and conversion price at issuance		Issued Date: August 28, 2023 Conversion price at issuance: NT\$109.5/share	
Conversion methods (Note 3)		Issuing of new shares	

Note 1: The number of fields is adjusted according to the actual number of transactions.

Note 2: If overseas corporate bonds have multiple trading locations, please identify each of trading location.

Note 3: Deliver issued shares, or issue new shares.

Note 4: Specify the information available up to the date of printing of the annual report.

3. Preferred Stock
None

4. Global Depository Receipts
None

5. Employee Stock Options

- (1) The unexpired employee stock options warrants issued by the Company in existence as of the date of printing of the annual report, and shall explain the effect of such warrants upon shareholders' equity.

April 20, 2024

Type of Employee Stock Options (Note 2)	2020 Employee Stock Options
Effective registration date and total number of units	October 13, 2020/ 4300 units
Issue (handling) date (Note 4)	October 29, 2020
Number of units issued	4,300 units (1,000 shares each unit)
Number of units still available for issuance	0
Ratio of the number of issued subscribable shares to the total number of issued shares	5.22%
Duration	6 years
Exercise method (Note 3)	Issue new shares
Vesting period and percentages	Granted after 2 years 40% Granted after 3 years 60% Granted after 4 years 80% Granted after 5 years 100%
Number of shares subscribed through exercise of the warrants	1,814,000 shares
Amount of the shares subscribed through exercise of the warrants (NT\$)	NT\$ 80,403,000
Number of unexercised shares	2,486,000 shares
Subscription price per share of the unexercised shares	NT\$ 40.8
Ratio of the number of unexercised shares to the total number of issued shares (%)	2.44 %
The effect on shareholders' equity	The granted employee stock option after 2 years shall be exercised conditioned subscription period and ratio; also, the number of shares to be subscribed is 2.44% of the outstanding shares. There is no significant impact on shareholders' equity.

Note 1: Employee stock option warrants include publicly offered and privately placed employee share subscription warrants. Publicly offered employee share subscription warrants are those that have been effectively registered with the FSC; privately placed employee share subscription warrants are those that have been approved by a resolution of the shareholders meeting.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: Note whether the method is by delivery of issued shares or issuance of new shares.

Note 4: Fill in all the required information separately for warrants of different issue (handling) dates.

Note 5: If it is a private placement, the fact that it is a private placement should be prominently indicated.

(2) Names of managerial officers and the top ten employees who have obtained employee stock option certificates up to the date of printing of the annual report

2020 Employee Stock Option

April 20, 2024

	Job Title (Note 1)	Name	Number of Shares Subscribable from Exercise of Warrants Granted (1,000 Shares)	Ratio of the Number of Shares Subscribable from the Exercise of Warrants Granted to the Total Number of Issued Shares (Note 4)	Exercised				Unexercised			
					Number of Shares (1,000 Shares)	Exercise Price (NT\$) (Note 5)	Total Exercise Price (Thousand NT\$)	Ratio of the Number of Exercised Shares to the Total Number of Issued Shares (Note 4)	Number of Shares (1,000 Shares)	Exercise Price (NT\$) (Note 5)	Total Exercise Price (Thousand NT\$)	Ratio of the Number of Unexercised Shares to the Total Number of Issued Shares (Note 4)
Managerial Officers	President	Huang, Jui-Nan	1,670	1.64%	740	40.8~46.1	32,980	0.73%	930	40.8	37,944	0.91%
	Chief Strategy Officer	Yang, Yu-Te										
	Vice President	Jane Hsu										
	Vice President	Joanne Lin										
	Vice President	William Wu										
	Vice President	Henry Lin										
	Vice President	Gary Tsao										
	Vice President	Chiven Fan										
	Assistant Vice President	Alex Pan										
	Assistant Vice President	Joseph Chou (Note 7)										
	Assistant Vice President	Shang Hsieh										
Employee (Note 3)	Senior Special Assistant	Skin Huang	1,170	1.15%	507	40.8~46.1	22,360	0.50%	663	40.8	27,050	0.65%
	Director	Seamus Su										
	Director	Alan Hsu										
	Director	Sonny Hsu										
	Senior manager	Leo Liu										
	Subsidiary President	Bill Shen										
	Subsidiary President	Stanley Chang										
	Subsidiary Vice President	Eric Chiang										
	Subsidiary Vice President	Norm Chian										
	Subsidiary Manager	Ryan Chen										
	Subsidiary Vice President	STARRETTDAVID PETER										

Note 1: The names and job titles of the managerial officers and employees should be presented individually (and an annotation should be made in the event an officer or employee has departed the company or died), but the quantities acquired and subscribed may be presented in aggregate sums.

Note 2: Adjust the number of columns according to the actual number of issues.

Note 3: The top ten employees who have acquired share subscription warrants means employees other than managerial officers.

Note 4: The total number of issued shares means the number of shares in the amendment registration information on record with the Ministry of Economic Affairs.

Note 5: For exercised employee share subscription warrants, disclose the exercise price at the time of exercise.

Note 6: For unexercised employee share subscription warrants, disclose the adjusted exercise price as calculated based on the issuance rules.

Note 7: Dismissed from insiders on Feb 28, 2023.

6. Status of Restricted Employee Shares
None.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions
None.

8. Financing Plans and Implementation

(1) Finance Plan:

A. Approved date and document number of the competent authority:

On Apr 27, 2023, the Board meeting passed the resolution for the 2nd domestic issuance of unsecured convertible corporate bonds. As approved by the Financial Supervisory Commission (FSC) on June 14, 2023 per the letter of approval of No. 1120345218.

B. Total fund required by the Plan: NT\$848,003 thousand.

C. Source of fund:

Issue 8,000 2nd domestic unsecured convertible corporate bonds at par value of NT\$100,000; total issue amount: NT\$800 million; duration: 5 years; coupon rate is 0%. This public underwriting was conducted through a competitive auction, with an issuance amount of 106% of the face value. The actual total fundraising amount is NT\$848,003 thousand.

D. Issuance Plan & Estimated Benefit:

Unit: NT\$ Thousand

Project	Scheduled Completion Date	Total Fund Required	Projected Progress of the Fund Utilization	
			2023	
			Q3	
Repayment of Bank Loan	2023Q3	666,300	666,300	
Increase in Working Capital	2023Q3	181,703	181,703	
Total		848,003	848,003	
Projected Benefits Summary	<p>(1) Repayment of Bank Loan The funds raised in this plan of 666,300 thousand are intended to be used to repay bank loans. Based on the loan interest rate proposed by the Company, it is estimated that interest expenses can be reduced by approximately 3,708 thousand in 2023, and by approximately 11,125 thousand per year in the future.</p> <p>(2) Increase in Working Capital The funds raised in this plan, totaling 181,703 thousand are intended to be used to enrich working capital. Based on the current borrowing rate of approximately 1.75% from financial institutions, it is estimated that interest expenses can be reduced by approximately 1,060 thousand in 2023, and approximately 3,180 thousand per year in the future. This will moderately reduce the financial burden of the Company and improve its debt paying ability, and improve its financial structure, which will be beneficial to the overall operation and development of the Company.</p>			

(2) Implementation

Unit: NT\$ Thousand

Project	Operational Status			Status of Progress, Ahead or Behind, and the Cause and Corrective Action Plan
Repayment of Bank Loan	Expenditure	Scheduled	666,300	Fully completed in 2023 Q3.
		Actual	666,300	
	Progress (%)	Scheduled	100	
		Actual	100	
Increase in Working Capital	Expenditure	Scheduled	181,703	
		Actual	181,703	
	Progress (%)	Scheduled	100	
		Actual	100	

V. Operation Highlights

1. Business Activities

(1) Business Scope:

A. Main areas of business of operations of the Company:

- (A) Office machines manufacturing
- (B) Electronic parts and components manufacturing
- (C) Retail sale of electronic materials
- (D) Data processing services
- (E) Digital information supply services
- (F) Product designing
- (G) Computer equipment's installation construction
- (H) Wired communication equipment and apparatus manufacturing
- (I) Telecommunication equipment and apparatus manufacturing
- (J) Computers and computing peripheral equipment manufacturing
- (K) Precision instruments manufacturing
- (L) Apparatus installation construction
- (M) Software design services
- (N) Retail sale of computing and business management equipment
- (O) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

B. Revenue distribution

Unit: NT\$ Thousand; %

Main Products	2023	
	Amount	%
IOT Products	2,677,218	39.96
Intelligent Design-in Service Products	1,843,267	27.51
Gaming Products	1,023,143	15.27
Others	1,156,851	17.26
Total	6,700,479	100.00

C. Main products (services) of the Company

Key products planned by IOT Products, Intelligent Design-in Service Products (IDS), Gaming Products (GAM) and Others.

D. Development of new products (services)

- (A) Focus on industry applications such as factory automation safety monitoring, rail transit, smart cities, green energy industry, intelligence, and smart medical care, and other domain application markets.
- (B) Provide IoT security upgrade solutions and develop IT and OT integrated information security application platforms and industrial IoT gateways.
- (C) Specialize in developing AMR Builder Package for AGV/AMR application market, integrating software, peripheral, and hardware design services.
- (D) Launch cost-effective products and high-performance HPC products, and target smart manufacturing, machine vision, smart healthcare, and AI applications in response to the M-shaped industrial application of computers.
- (E) Compact-sized computer supports high computing power and multiple microprocessors and GPU cards for parallel computing and AI accelerator.
- (F) Through the MCU and the built-in firmware program, the system is given more

diversified extended functions.

- (G) Medical platforms and high-end server computers, through customized services, provide hospitals and equipment manufacturers with tailor-made computer hosts, which will be able to meet the computer computing platforms required by various equipment.
- (H) Develop smart retail self-service system and digital signage player system, and provide customized services.
- (I) Continuously develop AI image recognition application products for the gaming industry, and integrate software and hardware.

(2) Industry Overview

A. Industry overview and development

With the development of AI (artificial intelligence), AR/VR technology, 5G, and 6G, alongside the trends of big data and the Internet of Things, industries such as smart factories, smart transportation, mobile devices, high-performance computing, smart cities, and smart medical care are gradually starting to develop. Product categories are tending towards diversification, coupled with increasing demands for software and flexible integration services. Overall, the market size is expected to grow steadily. Industrial computer manufacturers possess a complete structure of upstream, midstream, and downstream operations, abundant technical talent, production bases at home and abroad, and long-term strategic partnerships with major international manufacturers, providing the country with advantages in developing the industrial computer industry.

B. Relationship between up-stream, mid-stream, and down-stream

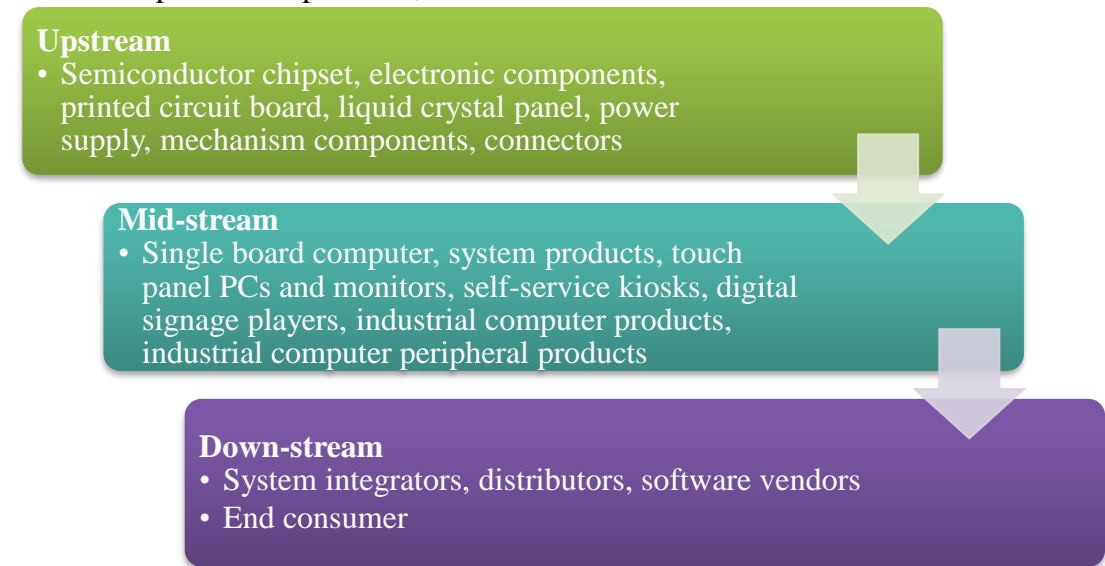
Industrial computer single-board products and system products have a very wide range of applications. The upstream includes suppliers of related components, materials, devices, etc., and outsourcing third parties. The midstream consists of products manufactured by the company. The downstream varies based on the product characteristics, each having its own sales model.

The upstream of industrial computers closely resembles that of general PCs. The main components include components, mechanisms, and storage devices for special applications, as well as chipsets, CPUs, PCBs, memories, logic ICs, passive components, and fiber optic modules required for general PC products, connectors, power supplies, LCD, and wireless communication modules, etc.

The midstream segment includes single-board computers, barebones products, industrial computer products, touch panel computers and monitors, self-service machines, digital signage players, peripheral products, etc. The main application fields are outdoor, semi-outdoor, and severe environments, emphasizing the advantages of stability, reliability, waterproofing, dustproofing, antifouling, earthquake resistance, anti-vibration, anti-static, power-saving, high and low-temperature resistance, and professional certification. Due to their wide range of industrial applications, industrial computers are often developed in a customized or project-based manner. Products are tailor-made according to customer needs. It is an industry with small quantities of diversified products, having its own excellence and high added value, and its price is relatively lower than that of commercial computers. With resistance to decline, gross profit is more likely to remain stable.

The customer base of industrial computers mostly goes through system integrators (SI, System Integrator), dealers, software suppliers, or value-added resellers with engineering backgrounds. After adding value, they are sold to the final application supply chain.

Relationship chart of up-stream, mid-stream and down-stream



C. Product development trend

- (A) Combining AI, IoT, 5G, and HPC application development technologies: The future concepts are gradually being led by artificial intelligence, the Internet of Things, high-performance computing, and the 5G era. With the expected development of smart cities, the application market is growing towards more intelligent and diversified industries. The computer industry still has considerable room for growth.
- (B) Customers value professional services and flexible customization capabilities: Due to the small number and diverse production characteristics, the industry entry threshold is high, and the high-function integration of products requires deep market cultivation, making them highly competitive.
- (C) The demand for industrial IoT security is heating up: Smart cities are driving transportation and smart energy applications, necessitating an information security application platform that integrates IT and OT in the IoT system architecture, as well as an industrial IoT gateway.
- (D) Platforms for smart retail and smart medical: The products have the advantages of professional design and modularization, along with investment in R&D resources and software integration. As the retail business develops towards intelligence, the retail industry is moving towards the introduction of immersive experience sales environment application markets. In the smart medical sector, the control host system of artificial intelligence detection instruments, AI data analysis and computing platforms, mobile medical carts, telemedicine, etc., are all the focus of future product development.

D. Industrial competition

At present, there are many industrial computer companies which have the own advantages of flexible production and specializing in niche markets. Industrial computers are customized with a small number of diverse industrial characteristics. Each manufacturer has developed unique core capabilities in the vertical application field. In terms of product strategy, the Company emphasizes the R&D design engineering capabilities and flexible customization service capabilities, adheres to the goal of pursuing professional product certification and high quality, with strict quality control and after-sales technical services; currently it has obtained many well-known manufacturers. The Company has become a formidable player in the industrial computer industry.

Domestic manufacturers with key products similar to ours are listed as follows:

Key Competitor	Major Business Scope
Advantech	Industry measurement and control products, industrial computer products, industrial workstations, embedded computer cards, ultra-thin LCD computers, Ethernet switches, industrial-grade wireless solutions, serial communication cards
IEI	Industrial control interface card, industrial control motherboard, industrial computer products, industrial computer peripheral products
Aaeon	Single board computer and peripheral equipment, computer PC/104 series products, industrial workstation series
Adlink	Measurement products, automation products, communication, and computer products
Lanner	Network communication products, industrial computers, computer switches, embedded computers
iBase	Single board computer motherboard, embedded computer motherboard and system

(3) Research and Development

A. Ratio of R&D expenses to Revenue

Unit: in NT\$ Thousand / %

Item	2023	As of March 31, 2024
R&D expenses	581,329	148,285
Operating revenue	6,700,479	1,409,106
Ratio of R&D expenses to Revenue (%)	8.68	10.52

B. Technology or product developed successfully

Product Type	Item
IOT Products	<ul style="list-style-type: none"> ● The edge computing system eBOX671B can withstand shock protection up to 3G, provides optimal data transmission through 2.5GbE LAN, a cellular 5G module, and a Wi-Fi 6 module. It is compatible with MXM 3.1 Type A GPU cards and can effectively accommodate up to 5 groups of display outputs. ● The DIN-rail rail-type network security gateway iNA200 has been officially certified by flexiWAN. It is suitable for use in OT (operational technology) environments, optimizing, protecting, and centrally managing WAN traffic. ● The Edge computing AI development kit AIE110-ONX is equipped with a powerful 6-core/8-core NVIDIA ARM® Cortex A78AE v8.2 (64-bit) processor and a 32 Tensor core NVIDIA Ampere graphics processor. ● The industrial-grade edge computing system IPC960A is equipped with the 13th/12th generation Intel® Core™ central processor, a built-in Intel® H610E/Q670E high-speed chipset, and supports Intel® matrix RAID technology. The platform is certified according to EN 61000-6-2 regulations and provides smart power management. ● The 15-inch industrial touch panel computer P115-ADL-TRA is equipped with the 12th generation Intel® Core™ i7/i5/i3 or CPU, and a built-in Intel® H610 chipset. It features a 300 lumen XGA TFT LCD screen display and touch panel, housed in an IP65 waterproof and dustproof strong aluminum alloy front panel.

Product Type	Item
	<ul style="list-style-type: none"> ● The smart vehicle-specific embedded platform tBOX110 has passed EN 45545-2 and EN 50155 international professional certifications and complies with the vehicle specification ISO-7637-2 design standards.
Intelligent Design-in Service Products	<ul style="list-style-type: none"> ● The medical-grade edge computing AI system mBOX600 complies with the medical equipment electrical safety standard IEC 60601-1. It supports 4K ultra-high image quality with an independent 3-display function and can be installed with a GPU card for higher performance. ● The DSP302, specially designed for digital electronic signage, supports three 4K displays, wireless networks, and multiple USB ports to meet future expansion connections. The user-centered design makes it easy to install in application areas such as physical stores, restaurants, and shopping malls. ● Modular tablet computers, including the 15.6-inch ITC151, 21.5-inch ITC211, and 23.8-inch ITC241, adopt pluggable Intel® SDM architecture. The switchable module design makes it easier to maintain, replace, and expand the on-site system, making it most suitable for use in hotels, restaurant self-service platforms, and other diverse fields. ● The industry's highest specification Intel® SDM-L smart display module SDM510L is equipped with the ultimate performance 12th generation Intel® Core™ CPU and supports Intel® OpenVINO™ and Intel® vPro™ technologies, greatly improving work efficiency.
Gaming Products	<ul style="list-style-type: none"> ● The RISC architecture embedded SMARC SoM module SCM186 helps users gain advantages in applications such as smart automation, transportation, autonomous mobile robots, surveillance systems, and portable computers that require rapid deployment, low power consumption, and regular upgrades.

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

The Company has a long-term layout of global sales channels, with subsidiaries in the United States, Europe, and Asia to serve key customers. More than 60 partners sell products and provide system integration services, offering a variety of industrial IoT edge computing computer systems, AI computing platforms, Internet of Things gateways, modular tablet computers, network security application platforms, self-service machines, digital electronic billboard players, and specialized medical equipment products. We will continue to promote digital transformation and global localization and cultivate T-shaped talents with an international outlook. Making good use of its own R&D design advantages and flexible manufacturing energy, the company will continue to deepen technology research and development and provide technology integration services to meet the needs of the domain application market.

A. Short-term business development plan

(A) Business marketing strategy

- a. With innovative design services and digital transformation at the core of our development, we market our own brands worldwide, focusing on product development, manufacturing, and sales. We accumulate software and hardware integration technology to provide customers with more information and diversified product applications.
- b. To understand vertical application fields through a global regional layout and enhance the R&D design team and high-end system assembly capabilities of subsidiaries. We directly serve the local market and deeply develop customized services in vertical application fields to meet customers' needs for domain technology demand and integrated services.

- c. To increase software and firmware value-added services, with design-in as the focus, accelerating the added value of software and hardware integration. We aim to improve service quality and customer satisfaction.
 - d. To utilize the Salesforce Service Cloud application and platform to optimally manage and utilize sales, marketing, customer service, and IT.
- (B) Product research and development
- a. Edge computing platform: towards compact, modular, and intelligent design, strengthen the integrated application of embedded operating systems, and develop reliable system products such as wide temperature, shock resistance, dustproof, waterproof, and fanless. Obtain professional certifications for specific vertical applications.
 - b. IT/OT security application platform: provide IoT security upgrade solutions, develop information security application platforms integrating IT and OT, and industrial IoT gateways.
 - c. Specialize in the AGV/AMR smart mobile application market and develop the AMR Builder Package solution to integrate software, peripheral, and hardware design services.
 - d. Digital signage players and self-service kiosks: integrate multifunction machines such as touch screens, barcode readers, and payment devices; achieve multi-screen splicing through multiple screen output interfaces and customized software and firmware programs. The system manages itself.
 - e. Systems for medical equipment: through design-in services, we can meet customers' needs for high-performance and compact computer hosts, thereby accelerating the operation speed and efficiency of testing instruments.
 - f. Gaming industry-specific computer platform: develop dedicated hardware and application platforms for the global gaming and entertainment market. The product applications currently developed include EGM, backend management system, image processing, and Jackpot server solutions.
- B. Long-term business development plan
- (A) Business marketing strategy
- a. To leverage the advantages of innovative R&D design, flexible customization, and rapid integration of services, we utilize our own brands to market globally. We expand marketing channels to achieve localized services and maintain long-term customer relationships and project management.
 - b. To formulate sales strategies and tactics for global key customers, vertical application system integrators, and distribution channels. Our aim is to expand sales scale and assist customers in exploring new markets.
 - c. To engage in long-term planning for global localization, focusing on proximity to the United States, Europe, Asia, and emerging markets. Deeply understand customer's needs in vertical application fields. To achieve localization, we enhance local design-in team and system assembly capabilities.
 - d. Through cloud service applications and platforms to effectively manage customer relationships and project progress with IT technology. Integrate digital marketing models to improve the customer experience.
- (B) Product research and development
- a. Edge Computing Platform: scan the pulse of the market and continue to develop towards the application market of automation, smart energy, machine vision, AGV/AMR, artificial intelligence and Internet of Things. Provide software and hardware integration services for specific vertical applications and obtain professional product certification.

- b. IT/OT cybersecurity platform: target the industrial network security market to develop network appliance and edge computer with remote monitoring technology IPMI (Intelligent Platform Management Interface), high-speed Ethernet modules, and SDN (Software-Defined Networking) network security architecture.
 - c. The smart retail industry will introduce an immersive sales environment. In the future, touch-sensitive computers with multiple Internet of Things technologies will be integrated, such as interactive self-service kiosk, digital signage, and smart POS have become the mainstream of the new wave of smart retail.
 - d. Systems for medical equipment: combine with customer IT architecture to create a smart medical environment. The control host system of large-scale testing instruments, mobile medical carts, bedside computers, and information computers are all the focus of future product development.
 - e. Gaming industry-specific computer platform: newly developed AI image recognition application products for the gaming industry and self-developed patented products, providing a full range of professional services, and assisting customers to import products in the fastest time.
- (C) Vertical Market Technology
- a. Smart Internet of Things
 - i. Intelligent applications: Industrial IoT gateways are used in the energy field. Integrate information security protection, support industry standard protocols, such as Modbus, MQTT and other device management software, and provide a complete IIoT Gateway solution. The intelligent transportation platform is applied to vehicles, rails, and autonomous mobile devices, meeting the needs of actual application fields. Edge AI artificial intelligence application field, providing software and hardware integrated development kits and creating value with ecosystem partners.
 - ii. Industrial application computers are used in low-end applications in response to the M-shaped industry: launch cost-effective products for automatic application in general factories.
 - iii. The embedded computer system with modular architecture emphasizes wide temperature range and flexible IO modular support capabilities. CPU controller and IO modules can be quickly and flexibly adjusted according to different market applications. Locked in the machine vision, AI, 5G, Industrial Cybersecurity, and AMR/AGV markets.
 - iv. The touch-sensitive industrial panel computer launched cost-effective products for general light industry applications, and launched application-oriented products for high-end applications in smart manufacturing, medical care, rail transit, food processing plants, and automotive applications.
 - b. Smart medical industry: all-round standard embedded system product line, with multi-function, high flexibility and expandability, through modular I/O and optional interface, tailor-made exclusive operation mode to satisfy customers project needs. Combining AI artificial intelligence with efficient and reliable computer hardware, deep learning technology makes medical technology more intelligent, improving medical care experience and treatment effectiveness.
 - c. Smart retail: provide a series of smart display modules, modular touch panel computers, digital signage players as well as retail application solutions such as antibacterial open touch displays. Develop one-stop shopping solutions such as self-service kiosks and smart ordering in fast food stores, and

- exclusive customized services to meet customers' diversified needs.
- d. Gaming industry-specific computer platform: develop dedicated hardware and application platforms for the global gaming and entertainment markets, and integrate hardware and software expertise, AI image recognition application products, and self-developed patented products to provide a full range of professional services and solutions.

2. Market and Sales Overview

(1) Market analysis

A. Sales districts for main products

Unit: in NT\$ Thousand / %

Sales Districts \ Year		2023		2022	
		Amount	%	Amount	%
Local		307,748	4.59	475,216	7.18
Export	America	2,941,657	43.91	2,902,492	43.86
	Europe	2,024,404	30.21	1,502,537	22.70
	Asia	1,383,099	20.64	1,655,536	25.01
	Others	43,571	0.65	83,046	1.25
Export Subtotal		6,392,731	95.41	6,143,611	92.82
Total		6,700,479	100.00	6,618,827	100.00

B. Market share

Industrial computers have a variety of industrial characteristics. The Company continues to introduce new products and open up new markets, continuously striving to become a world-class leader by applying innovative technology in the fields of smart transportation, smart energy, and factory automation. We foresee great potential for growth.

C. Future supply & demand and growth of market

The industrial computer industry has gradually transitioned into a new era of “Artificial Intelligence and Internet of Things applications”. With the market and application projects expanding, Taiwan has emerged as the world's largest computer producer. The global market demand continues to grow. It is expected that the industrial computer market will continue to expand and grow in the next ten years.

(A) Supply & Demand

a. Demand:

With the increasing expansion and demands of industrial IoT and Industry 4.0, we expect an inevitable trend in the development of 5G, AIoT, and edge computing, anticipating the rise of demand in smart factories, the robot industry, intelligent transportation, smart healthcare, renewable energy, smart retail, and smart city-related industries. In the continuous expansion of new applications, product categories are trending towards diversity and the pursuit of exclusive customization services. Overall, the market will continue to expand.

b. Supply:

Develop intelligent system products and align with strategic partners to fulfill the customers’ demands. The Company values service and product quality and has established a professional quality engineering and customer service team to enhance customer relations, building a good reputation and goodwill to achieve vertical integration of the product value chain.

(B) Future Market Growth:

The demand for industrial PCs and related products is growing steadily year on year. In the future, with the continuous development of artificial intelligence and the IoT, industrial computers will gradually penetrate into daily life (e.g., smart transportation, smart cities, smart factories, smart medical and retail, etc.). Hence, we expect the demand for industrial computers and the related products and services continue to heat up in the future.

- D. Competitive niche
- (A) Comprehensive Product Lines and close to Market Demand
In the industry, Axiomtek is one of the companies with a complete line of products and solutions. The Company's products include touch panel computers, machine vision systems, edge AI platforms, network appliances, digital signages, transportation application platforms, industrial Internet of things gateway, and embedded boards & modules.
 - (B) Leading R&D Technology and System Integration Service
Focus on domain-focused technology development and innovation capabilities. Continuously develop vertical application market-specific solutions and enhance added value and product quality in the vertical application market.
 - (C) Global Sales Network
Establish a complete global marketing channel network, deepen customer relationships in various regions, understand customer needs and provide comprehensive services. To-date, we have maintained long-term cooperation and good interaction with many well-known large manufacturers.
 - (D) Professional Services Team
Our talented and diverse R&D team is well-versed in product specifications and related vertical application needs, and actively assist in servicing the customers. The team can quickly understand customer needs, provide prototypes in time and drive production, deploying the relevant engineering and technical personnel to respond to customers' questions, striving to match customer's special working environment and meet their service needs.
- E. Positive and negative factors for future development, and response to such factors
- (A) Positive factors
 - a. Strong research, and development capabilities, smart modular products
The Company has excellent research and development capabilities and has been marketing internationally for over 30 years. Our team of highly competent hardware and software engineers continuously innovate and develop products that meet various industrial needs for different industries and different needs, including smart factories, rail transit, medical, smart retail, and gaming markets.
 - b. Vertical and horizontal industrial strategic alliance
Form alliances with strategic partners to create complete solutions and plan joint marketing activities to increase brand awareness. In-depth development of the vertical application market, currently selected factory automation, smart transportation, smart energy, medical, and smart retail to jointly create a complete solution.
 - c. Brand awareness and strong global sales network
We work with dozens of distributors and value-added partners in five continents (Europe, America, Asia, Australia, and Africa). Our subsidiaries in Europe, the United States, and the mainland promote our brand and sell our products in the local market, building excellent relationships with customers and providing on-time support. Our order sources are stable and continue to grow.
 - d. Excellence in business management
Effective product development and operational management in the industrial computer business require professional embedded technology and domain know-how, emphasis on integration and service experience, continuous learning, and skills upgrade, which is challenging to implement. Also, market development is a long-haul process. As such, the entrance threshold of this business is relatively high and competitive.

(B) Negative factors

- a. The development trend of the vertical application market is becoming more complex, with emphasis on system integration capabilities towards AI applications.

Response measures:

Bring together market demand and customer-centric and obtain future technical requirements and market strategies through customized projects, quickly respond to product design engineering and Domain Know-How, and develop intelligent system products.

- b. High export sales increasing exchange risks.

Response measures:

Presently, the Company's financial unit has appointed a person dedicated to collating exchange rate changes at any time, grasp the trend of exchange rate changes, and to provide timely information and advice on the most appropriate time to buy or sell foreign exchange, and the impact of exchange rate changes when quoting to customers, and to do well in supplier management. The above measures will ensure reasonable profits.

- c. Market information deficiency

Response measures:

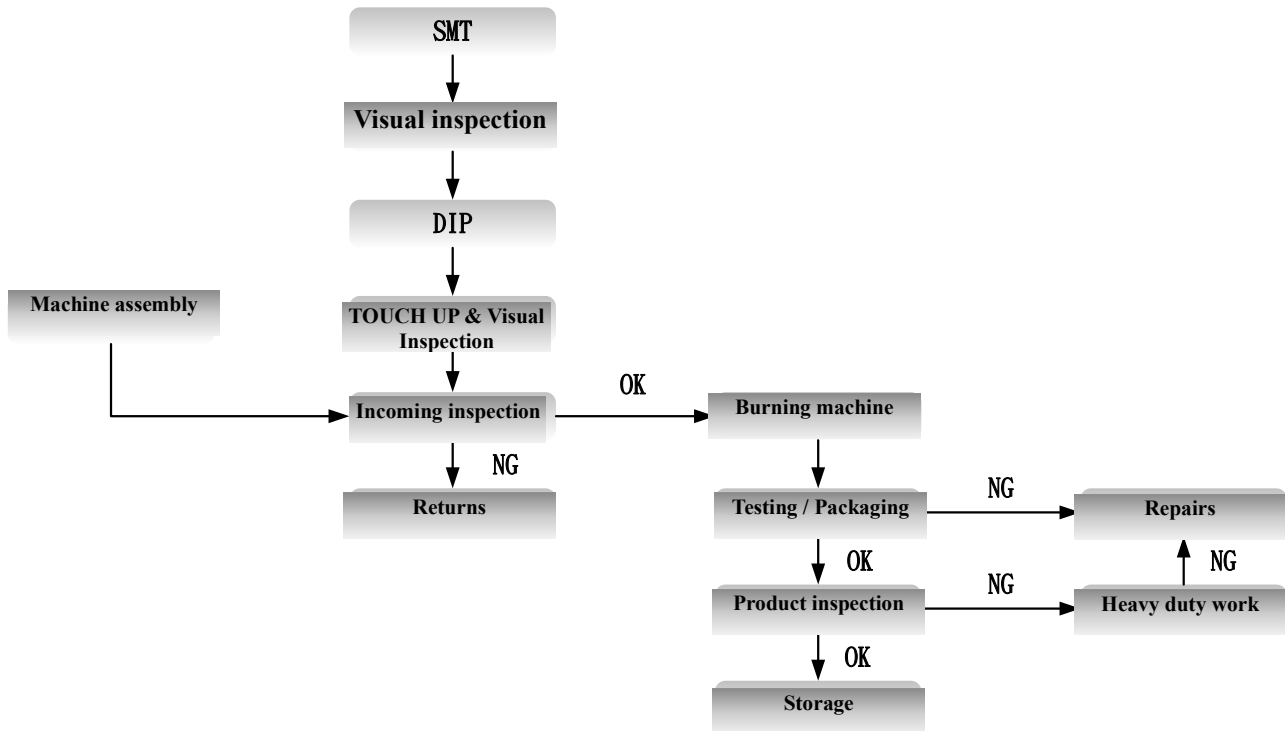
Customers are scattered in various industries, and most of them enter the market through distributors or subsidiaries to manage end customers. In the future, we will continue to establish more technical service bases, grasp technical issues or demand trends across fields and from multiple perspectives, and improve satisfaction and brand trust. Expand sales channels and realize local services, optimize customer management and project management, and make breakthroughs in innovative applications to accelerate industrial automation and digitalization.

(2) Production Procedures of Main Products

A. Key purpose of main products:

Main Products	Primary Use / Functionality
IOT Products	The Internet of Things and artificial intelligence are taking automation and smart manufacturing to a new level, allowing more devices to cooperate with each other, gain insight into each other, and achieve greater efficiency. The Company's industrial computers, AI edge computing systems, industrial touch panel computers, and IoT-related gateway & cybersecurity platforms are rich in functions to meet the challenging operational requirements in the automation industry, while providing flexible and customized services.
Intelligent Design-in Service Products	Smart display modules, modular computers, digital signage players, and self-service kiosks enable smart retail application solutions. AI (artificial intelligence) is not only widely used in daily life but also promotes the digital transformation of the medical industry. The company offers excellent integration of embedded computing technology and tailor-made medical platform solutions, making it the best choice for smart medical solutions.
Gaming Products	Develop dedicated platforms for the global gaming and entertainment market, integrate hardware and software expertise, AI image recognition application products, and self-developed patented products to provide a full range of professional services and solutions.

B. Manufacturing Process of Main products



(3) Supply status of main materials

Over the years, the suppliers of the main raw materials of the Company's products have come from large domestic and foreign manufacturers with good quality reputation and maintained long-term stable cooperation relationship, so that the Company is not lacking in the production of raw materials. List of main suppliers:

Name of Material	Domestic and Foreign Supplier
Chip sets, central processing units	Synnex, Arrow, Weikeng
IC	Arrow, Anewer, WT, Macnica Galaxy, Avnet
Memory & storage module	Innodisk, Transcend
PCB	Everlast Win, Circuitech
LCD panel	Kyocera, Promate, Innotron
Power supply	FSP Group (FSP)
Industrial computer casing	Tzang Yang, Guan-Chin, J. T. Industry
Connectors	Supercon, Helm
Capacitor	Nichidenbo, Hsin Bung

- (4) List of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

A. Information on Major Suppliers for the Most Recent 2 Years

Unit: NT\$ Thousand

Item	2023				2022				Up to the preceding quarter of the current fiscal year (Note 2)			
	Name	Amount	Percentage of Annual net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual net Purchases (%)	Relationship with the Issuer	Name	Amount	Percentage of Net Purchases up to the Preceding Quarter of the Current Fiscal Year (%)	Relationship with the Issuer
1	Supplier A	511,371	14.59	N/A	Supplier A	669,615	15.08	N/A	None			
	Others	2,994,684	85.41	N/A	Others	3,771,651	84.92	N/A				
	Net procurement	3,506,055	100		Net procurement	4,441,266	100.00					

Note 1: List all suppliers accounting for 10 percent or more of the Company's total procurement amount in the 2 most recent fiscal years and the amounts bought from each and the percentage of total procurement accounted for by each. If the company is prohibited by contract from revealing the name of a supplier, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: Up to the date of the printing the annual report, there was no financial information recently audited and attested or reviewed by the CPAs for the most recent period.

Explanation of the reason for increases or decreases: Mainly due to the Company's procurement strategy and consideration of changes in market prices, there has been an increase or decrease in procurement from its suppliers.

B. Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NT\$ Thousand

Item	2023 (Note 3)				2022 (Note 3)				Up to the preceding quarter of the current fiscal year (Note 2)			
	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Annual Net Sales (%)	Relationship with the Issuer	Name	Amount	Percentage of Net sales up to the Preceding Quarter of the Current Fiscal Year (%)	Relationship with the Issuer
1	Others	6,700,479	100.00	N/A	Others	6,618,827	100.00	N/A	None			
	Net sales	6,700,479	100.00		Net sales	6,618,827	100.00					

Note 1: List all customers accounting for 10 percent or more of the Company's total sales amount in the 2 most recent fiscal years and the amounts sold to each and the percentage of total sales accounted for by each. If the company is prohibited by contract from revealing the name of a customer, or a trading counterparty is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: Up to the date of the printing the annual report, there was no financial information recently audited and attested or reviewed by the CPAs for the most recent period

Note 3: There were no customers who reached more than 10% of the total sales in 2023 and 2022.

(5) Production Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS; NT\$ Thousand

Year	2023			2022		
Output	Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Main Products						
IOT Products	602,116	614,382	2,060,315	770,353	809,725	2,349,408
Intelligent Design-in Service Products	440,827	444,144	1,495,804	513,126	488,112	1,413,922
Gaming Products	210,773	212,359	704,082	367,771	349,843	989,905
Others	80,000	85,951	292,332	80,000	125,283	364,142
Total	1,333,716	1,356,836	4,552,533	1,731,250	1,772,963	5,117,377

Note: Production capacity refers to the quantity that the Company can produce using existing production facilities in normal operations, after consideration of factors such as necessary suspensions of operations and holidays.

(6) Sales Volume and Value in the Most Recent 2 Fiscal Years

Unit: PCS; NT\$ Thousand

Year	2023				2022			
Sales	Local		Export		Local		Export	
Main Products	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
IOT Products	11,124	156,276	129,280	2,520,942	23,835	241,350	165,859	2,548,214
Intelligent Design-in Service Products	2,531	31,077	114,803	1,812,190	19,672	115,733	82,190	1,669,152
Gaming Products	5,800	70,748	168,830	952,395	2,613	40,197	286,683	958,038
Others	407,386	45,235	341,902	1,111,616	546,292	77,936	447,153	968,207
Total	426,841	303,336	754,815	6,397,143	592,412	475,216	981,885	6,143,611

3. Employee Statistics

Item	Fiscal Year	2023	2022	As of March 31, 2024 of the Current Fiscal Year
Number of Employees	Sales	140	125	153
	G&A	122	131	123
	R&D	307	290	307
	Manufacturing	295	277	289
	Total	864	823	872
Average Age		40.38	40.47	40.51
Average Years of Service		7.36	7.26	7.48
Education Distribution Percentage (%)	Ph.D.	0.23	0.24	0.23
	Master's Degree	17.01	17.25	17.09
	College	62.04	61.36	61.58
	Senior High School	18.64	18.59	19.04
	Below Senior High School	2.08	2.56	2.06

4. Disbursements for Environmental Protection

Any losses suffered by the Company in the most recent fiscal year and up to the annual report printing date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the content of regulation violated and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

(1) Total of losses and disposition due to environmental pollution

In the most recent year and up to the annual report printing date, there was no loss or punishment due to environmental pollution.

(2) Future plans (including improvement measures) and potential expenses.

The nature of our Company's business does not give rise to environmental pollution incidents; as such, there is no need for specific preventative measures to be implemented. All waste generated from our business operation is handled by a qualified professional waste management vendor.

(3) Adherence to the EU Restriction on Hazardous Substances (RoHS) guide

The Company's response to RoHS can be categorized as follows:

A. Supply chain management:

To ensure that raw materials and component parts meet the standards for environmental protection, the environmental protection team has already disseminated the guidelines and provided relevant training and guidance to the suppliers. This green supply chain is regularly audited with measures in place to gradually phase out non-compliant suppliers, driving root cause management to minimize risks.

B. R&D management:

All component parts and raw materials used by the R&D Division must come with environmentally friendly certificates. If R&D needs to change materials or any component parts, the supplier must present the corresponding certification for these materials or parts, which will be assessed by the R&D engineers.

C. Product quality management

At the time of incoming inspection, all materials are subject to XRF testing to confirm that they do not contain restricted or banned substances. When the final product is made, a reverse test analysis must be performed to determine again compliance with EU RoHS regulations.

D. Manufacturing and production:

All production bases of the Company are equipped to produce environmentally friendly products, including the material management systems, process control and lead-free production equipment, and since 2006, have obtained certification of many world-class manufacturers. Since Q4 2005, production began for RoHS-compliant products. Currently, the products being developed by the Company have fully met the requirements of EU RoHS, and the related products are being sold in the market.

5. Labor Relations

(1) Employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

A. Employee benefits:

The Company aims to create a safe working environment, fulfill the corporate social

responsibility, and take care of employees. In addition to providing labor and health insurance, pensions, family care leave, medical leave, pre- and post-natal leave, paternity leave, and childcare leave, etc. in accordance with the law, other employee benefits are listed below:

- (A) For the Xizhi headquarters, implement flexi-time working hours and provide free commute to and from work (XinDian Line, ZhongHe Line). After the relocation of Beitou factory to Xizhi in Aug 2023, transportation vehicles for commuting on routes such as Danshui and Beitou also have been provided.
- (B) Employee welfare committee is set up to plan and implement a varied welfare system, including family day activities, tourism subsidies, wedding and funeral welfare subsidies, hospitalization condolences for injuries, maternity subsidies, sports competitions, departmental dim sum funds, special store discounts and both. Artistic humanities, sports and fitness, puzzle fun, parent-child interaction, and other multi-social activities.
- (C) In addition to labor and health insurance, the Company also provides group insurance for all employees, including accidents, cancer prevention and hospitalization. Employees can pay a token sum so that the Group insurance coverage can be extended from the employees to their family members.
- (D) Employee health checkups are carried out on a regular basis every year. In addition, professional vocational nurses and doctors are stationed in the factory regularly, and they will patrol the Xizhi headquarter and Xizhi Factory to help take care of the health of colleagues.
- (E) Travel insurance and medical insurance for overseas business travel. Compensatory leave will be given in case of national holidays during overseas business trips.
- (F) In addition to the salary fixed at the end of the year, there are three incentive bonus payments.
- (G) Employee incentive compensation is paid twice a year.
- (H) Performance bonuses are issued based on the achievement of operational goals.
- (I) Provide internal and external training courses with the goal of continuously nurturing talents.
- (J) At the Xizhi head office, there is a free gym, yoga classroom, library, staff saloon, breastfeeding room, health room, and a self-service shop and a beautiful working environment. Employee group meals are also handled in accordance with Xizhi Factory, improving employee satisfaction.
- (K) The employee restaurant of Xizhi Factory has a group meal, a library, and audio-visual singing equipment. The office also has a nursing room and a medical room, providing a friendly workplace and for colleagues to relax and take care of their health.
- (L) There is an art gallery each at the Xizhi headquarters and the Xizhi Factory which regularly display artists' works and organize arts-related lectures. In addition to art appreciation, it also relieves the body and mind of the employees.
- (M) In recent years, the Company has continued to participate in the Ministry of Labor's "work-life balance" award event, holding several health seminars, stress relief seminars and parent-child health activities every year to help colleagues achieve work-life balance.
- (N) Promote multiple sports activities within the Company, hold sports events every year, encourage sports club activities, promote sports culture, and promote the physical and mental health of employees. The Company has been awarded the Excellent Enterprise Award for "Hiring Sports Instructors" by the

Sports Department.

- (O) The Company has implemented the “Employee Stock Ownership Trust” since February 2022. Employees who have worked for one year can choose to allocate a certain amount from their salary to purchase company stocks every month, and the Company also allocates 30% of the amount as a bonus. With the spirit of long-term investment, the Company helps colleagues save the second retirement fund. By the end of March 2024, 315 employees had joined the Stock Ownership Trust, accounting for 46% of all employees, and the number of shares held by the shareholding trust had climbed to the fifth largest shareholder of the Company.

B. Skills upgrade & training

The Company has “education and training management procedures” to establish the Company’s education and training system and norms and assist all levels of personnel that are involved in all aspects of quality and environmental management activities to have access to appropriate and necessary education and training. This will enhance their knowledge, skills, and quality, and improve work efficiency, increasing the Company’s overall quality. Annual education and training programs are planned according to training needs, and the scope includes on the job training, programs targeted by corporate level, professional expertise, projects, and also self-teaching programs. Education and training programs are funded by the annual education and training budget. It also has established an online learning platform, mobile phones, tablets, PC & NB can be used online, the arrangement of online training courses can be learned at anytime, anywhere. The actual expenditure on staff education in the past year was NT \$1,056,898. Training methods include:

- (A) Internal training: The HR unit organizes or facilitates various internal training courses in accordance with the annual education and training plan.
- (B) External training: In order to strengthen the professional knowledge and improve management skills of the employees, the parties must submit an application for training and training according to the annual education training plan.

Item	Number of Classes	Total Number of Person	Total Hours	Total Expenses (NT\$)
1. Training for specific organizational levels	5	133	53	401,898
2. Training by profession	36	718	112	42,100
3. Training by project	33	228	242	567,900
4. Self-Learning	1	9	24	45,000
Total	75	1,088	431	1,056,898

Employees related to ensuring the transparency of the Company’s financial information have, in accordance with the relevant regulations, attended classes organized by external institutions. The resultant certificates are as follows:

Title	Name	Training Date		Organizer	Name of Course	Hours
		From	To			
Vice President Head of Accounting & Finance	Jane Hsu	2023/09/07	2023/09/08	Accounting Research and Development Foundation	Continuing education for Head of Accounting Officer	12
Chief Corporate Governance	Jane Hsu	2023/06/07	2023/06/07	Taipei Exchange	2023 Cabinet ESG Elite Exchange Seminar	3
		2023/11/01	2023/11/01	Taiwan Academy of Banking and Finance	Corporate Governance and Sustainable Business Workshop - Domestic and Foreign Tax Trends and Sustainable Business Operations	3
		2023/11/16	2023/11/16	Accounting Research and Development Foundation	【Technology Sustainability】 Digital Technology and Sustainable Transformation	3
		2023/11/29	2023/11/29	Taiwan Corporate Governance Association	ESG and Information Security Risk Management Seminar	3
Deputy of principal accounting officer & Report preparer	YM Huang	2023/11/23	2023/11/24	Accounting Research and Development Foundation	Continuing education for Head of Accounting Officer	12
Head of Internal Auditor	Alex Mou	2023/06/20	2023/06/20	The Institute of Internal Auditors- Chinese Taiwan	Enhance the sustainable value of enterprises and improve the risk management system	6
		2023/11/01	2023/11/01	Accounting Research and Development Foundation	Internal auditors’ auditing and control practices for “information security”	6
Deputy of head of Internal Auditor	Wen Lan	2023/06/20	2023/06/20	The Institute of Internal Auditors- Chinese Taiwan	Enhance the sustainable value of enterprises and improve the risk management system	6
		2023/11/01	2023/11/01	Accounting Research and Development Foundation	Internal auditors’ auditing and control practices for “information security”	6

C. Pension system implementation:

- (A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each

additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(B) On July 1, 2005, the Company established the pension mechanism for the distribution of pension funds in accordance with the "Labor Pension Act" which is applicable to employees of ROC nationality. For the employees electing to adopt the "Labor Pension Act" for retirement, the Company allocates 6% of the respective monthly salary to their individual personal pension account at Labor Insurance Bureau. Pension will be disbursed on the basis of the deposit in the personal pension account with the accumulated sum payable monthly or in lump sum.

D. The agreement between labor and management and the maintenance measures of various employee rights:

Since its inception, the Company has placed great importance on employee welfare and their mental and physical well-being. The personnel regulations formulated by the Company are in line with the "Labor Standards Law" and related labor regulations, and the human resources management and development are implemented with the business philosophy of "human management". The Company has established an internal network information platform (EIP), which includes the Company's vision and mission, group organization and contact information, department bulletin board, management system and form, learning development and employee's space and other related service platforms. The best medium for information communication.

In addition to the formal announcement method, a monthly e-newsletter is published to help colleagues understand the Company's activities, provide information on the Company's operations and product development, and establish a channel for employee interaction and sharing. With the limited interaction between staff and management, this provides a forum for employees to find a solution to their problems. The Company has not encountered any disputes with the employees in recent years.

(2) In the recent year and up to the date of printing of the annual report, losses due to labor disputes (including the violation of the Labor Standards Act by the labor inspection results, the date of the punishment, the name of the punishment, the violation of the regulations, the content of the violation, and the content of the punishment), and disclose the estimated amount and countermeasures that may occur at present and in the future:

A. The Company's labor-management relationship is harmonious, and the personnel-related management system is based on the Labor Standards Act.

B. The Taipei City Labor Bureau sent a notice letter on May 17, 2023, with the document number: Taipei City Labor No. 1126068799, and submit Taipei City Labor No. 11160089931 penalty letter.

a. For violation of the provisions of Article 32, Paragraph 2 of the Labor Standards Act (exceeding the statutory limit for extended working hours), a fine of NT \$300,000 has been imposed in accordance with Article 79, paragraph 1, subparagraph 1, and Article 80-1, paragraph 1 of the same law.

b. Due to the impact of factory relocation, it is necessary to prepare in advance the required shipment quantity for customers during the relocation period. Although special attention has been paid to the legal overtime limit, due to scheduling errors,

an additional rest day has been worked overtime. The overtime electronic application system has been adopted to strengthen control.

(3) Work environment and safety measures:

Since 2005, the Company has introduced the ISO14001 Environmental Management System. Its environmental policy is “Environmental Unlimited, Resource Sustainability”. With the policy and limited resources, the Company has continuously improved and improved its working methods and management skills through the participation of all employees. To enable the Company’s products, service quality, and environmental management to meet the needs of customers; in addition to comply with international environmental regulations and customer needs, when the materials and suppliers recognize and require manufacturers to provide inspection reports or compliance declarations for restricted hazardous substances. In the case of REACH/ROHS/non-conflict metal/package directives, manufacturers are required to provide corroboration to become qualified suppliers, and purchase X-Ray to test the materials to ensure compliance with regulatory requirements.

The Company has an employee health and safety management team and personnel. In addition to complying with safety and health regulations, the Company also cooperates with international and Taiwan safety and health management systems to implement hazard risk management in the process of research and development, manufacturing, testing and sales of the Company’s products. Conducting hazard assessment and continuous improvement of risk in the work area and work area and instilling correct occupational safety and health information of colleagues through pre-employment safety and health training, occupational safety and health training, safety promotion, fire drills and escape drills in order to reduce occupational safety and health accidents, and to protect employees’ responsibilities.

The Company attaches great importance to the safety of employees’ work. The Company’s safety and health matters are in compliance with government regulations. In order to continuously improve the working environment to prevent occupational injuries, the Company has obtained OHSAS18001/TOSHMS occupational safety and health management system certification in 2010. In 2019, it was transferred to ISO45001 / CNS45001 occupational safety and health management system and supports the safety of colleagues. The right to work in health, gradually standardize safety and health operations, specify various operating procedures and methods, implement equipment inspections, strengthen employee safety and health education and training, and prevent occupational disasters; in addition, in order to ensure that the operating environment continues to meet safety and health. Standards, the Company regularly monitors the drinking water quality, lighting, carbon dioxide concentration and chemical air concentration in the employee’s working environment to ensure the quality of the working environment and protect the health of employees to avoid occupational diseases.

The Company has a special first-level management unit for safety and health affairs according to the relevant laws and regulations of the occupational safety and establishes an occupational safety and health committee. The general manager serves as the Chairman, and comprehensively manages the safety and health of the Company and other employees. There are 15 members, of which 8 are representatives related to labor health and safety, labor-related labor representatives, which is more than 50% of the committee.

The Company regards employee health management as an important issue. Since its establishment in 1990, it has arranged health checkups for employees of all ages every year and has arranged inspection programs superior to the regulations every year to enable employees to develop early protection concepts. Since 2006, from the beginning of the year, we will organize sports conferences every year to plan group matches such as basketball, badminton, dodgeball, brigade relay, and fun competitions, encourage employees to exercise and promote teamwork. In 2019, we began to hire professional

nurses and special physicians to provide on-site services to assist employees in performing personal health management and care, and to continuously improve the processes and environment that may cause work hazards to achieve corporate social responsibility for caring for employees. However, due to the impact of the epidemic, activities such as employee health checks and sports games that are likely to cause employee gatherings been suspended in 2021. After the epidemic slowed down in early 2022, the Company immediately planned to conduct annual employee health checks, so that colleagues can feel the Company's concern for employee health care.

In 2021, the Company completed the SMETA external audit and verification for the first time. In addition to providing a safe and friendly workplace, the Company also attaches great importance to the rights of the Company's employees, respects the employment relationship of employees' free choice, respects the freedom of association and the right to collective bargaining, and adopts formal The employment relationship does not allow harsh and inhumane treatment of workers, no child labor is allowed in the Company, and discrimination is strictly prohibited to ensure compliance with local labor regulations.

In August 2023, due to factory planning, the Company relocated the entire area of the original Beitou factory to Xizhi Huanhe Street, and carried out relevant facility improvement measures in the new factory area to enhance the environmental safety of the employee workplace and provide a healthy workplace to ensure the quality of work. In December 2023, the Company passed the ISO45001 external audit verification and obtained the ISO 45001 Occupational Safety and Health Management System Certificate, which is valid from December 25, 2023 to December 24, 2026.

(4) Code of Conduct & Moral Behavior

To maintain the trust and harmony of the employee-management relationship, employees should fulfill the following obligations:

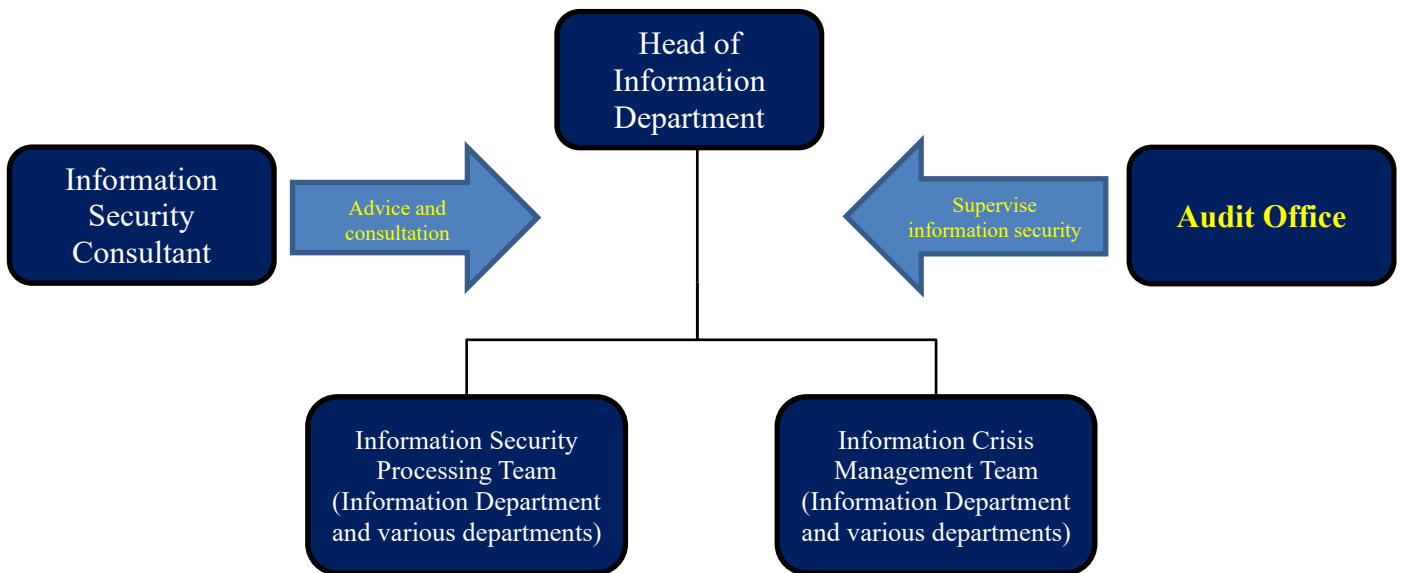
- A. The Company's business, customer situation and trade secrets should be kept highly confidential and must not be disclosed.
- B. Develop ethical integrity, pay attention to maintaining the Company's reputation, and not abuse the position by requiring customers or manufacturers to entertain, give gifts or accept commissions, gratuities, and other improper benefits.
- C. Do not use drugs, gamble, or engage in any activities that are illegal or could potentially affect the reputation of the Company.
- D. In accordance with the "Code of Conduct for Listed Companies", the "Axiomtek Code of Conduct & Ethical Behavior" will be established so that employees and stakeholders can better understand and comply with the Company's standards.
- E. In accordance with the "Code of Conduct for Listed Companies", the "Guideline for Integrity in Business Operations" and "Axiomtek Code of Conduct & Ethical Behavior" are established. Business activities are conducted on the basis of fairness, honesty, trustworthiness and transparency. Implement the integrity management policy and actively guard against dishonesty.
- F. In 2023, all employees have completed the 1-hour "Social Responsibility & Integrity Management" education and training course.

6. Cyber Security Management

- (1) The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.
 - A. The framework of cyber security risk management:
 - a. The Intelligent Information Division is the responsible unit for cyber security risk management and is equipped with one dedicated cyber security supervisor and one dedicated cyber security specialist to be responsible for formulating, planning

and implementing the cyber security risk management policies, and regularly report the Company's cyber security governance to the Board of Directors.

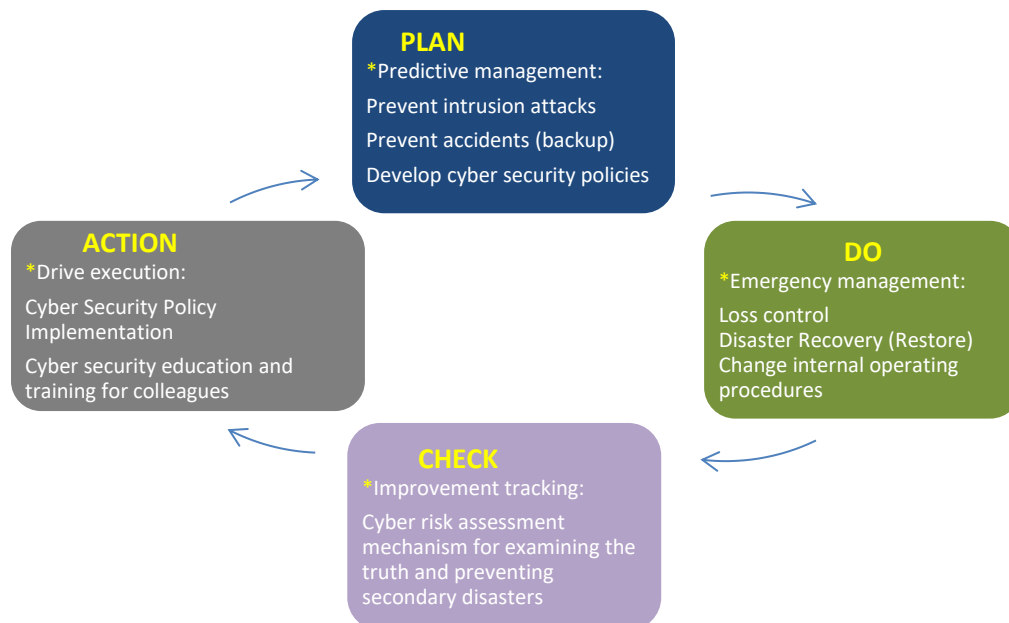
- b. The Company's audit office is the supervisory unit of cyber security risk management which is responsible for supervising the implementation of cyber security policy. If there is any defect found in the audit, it will require the inspected unit to propose relevant improvement plans and specific actions, and regularly track improvement results to reduce cyber security risks.
- c. Cyber security organizational structure:



B. Cyber security policies

Cyber security which refers to such effort to prevent information and communication system or information from being unauthorized access, use, control, disclosure, damage, alteration, destruction, or other infringement to assure the confidentiality, integrity and availability of information and system. The Company's cyber security policy is as follows:

Non interruption of information security protection, continuous risk control, and guarantee of enterprise operation: In order to strengthen information security management, enhance the rigor and security of information security management processes, the Company implements, effectively operates, supervises and manages in accordance with the requirements and spirit of ISO/IEC 27001:2022 Information Security Management Articles, and continuously improves the PDCA (Plan Do Check Act, PDCA) cycle process management to maintain the confidentiality, integrity, and availability of important core systems of the company. We aim to reduce the frequency of service interruptions caused by operational risks and computer viruses, enhance the awareness of information security among colleagues, reduce information security incidents, strengthen the organization's risk management both internally and externally, enhance customer satisfaction with the quality of the Company, and achieve the goal of continuous operation of the enterprise.



C. The concrete management programs

a. Cyber security incident which refers to an event where the state of the system, service or network, through identification, likely shows violation of the cyber security policy, or failure of the security protective measures, thus adversely affect performance of information and communication system function and constitute a threat against the cyber security policy.

Prevention cyber security incidents (beforehand)	Handling cyber security incidents (beforehand)	Investigate cyber security incidents (beforehand)
<ul style="list-style-type: none"> • prevent intrusion • Antivirus • Accident Prevention (Backup) • Anti-leakage 	<ul style="list-style-type: none"> • Prevent disasters from spreading • stop loss • Shortest time recovery (restore) 	<ul style="list-style-type: none"> • Survey • check • review • Continuous Improvement (P.D.C.A.) • Risk control to prevent recurrence

b. Cyber Security Management

Item	Description	Tolerance Risk	Countermeasures	Expected Outcomes	Tolerate Residual Risks
Risk of Cyber Security	1. Hacking 2. Data Breach 3. Computer poisoning	No	1.Firewall, anti-virus software, regularly update the virus pattern and scan the virus. 2.Regular Windows Updates. 3.The AD password is changed regularly. 4.M365 and SSL VPN use MFA mobile multi-factor authentication. 5.OpenDNS web filtering. 6.Using the M365 cloud service, even if it is encrypted by hackers, the files before encryption can be reversed.	Reduce the chance and impact	Yes
Risk of Information Service Interruption	The Company's mainframe, network or other information-related equipment cannot be used due to man-made or unexpected disasters	No	1.The emergency UPS in the computer room can supply power to the host for about 4 hours when the power is cut off. 2.Using M365 cloud service, even if the server equipment is damaged, employees can still send and receive emails and access cloud files normally. 3.The server performs backup according to the backup 321 principle. 4.Offsite backup. 5. Cloud backup.	Reduce the chance and impact	Yes

c. The challenges faced by Cyber security, such as ATP advanced continuous attacks, DDoS attacks, ransomware, social engineering attacks, information theft and other Cyber security issues, the following strategies have been adopted:

(a)Improve IT infrastructure

- i. The server host is replaced, the hardware is fully updated to Dell R740 server, and the operating system is fully upgraded to Windows Server.
- ii. Increase the external network bandwidth, update the high-speed bandwidth manager, and solve the situation of insufficient external bandwidth.
- iii. Upgrade the dedicated line to improve the quality of the Company's dedicated line.
- iv. Establish a remote backup line and mechanism: Back up the factory data to a third place and cloud.
- v. RD Lab test equipment environment is isolated.
- vi. Improve endpoint security, replace anti-virus software with more comprehensive protection, and provide integrated patches. Prioritize through vulnerability analysis and repair programs, and provide repairs, automatic detection of behavioral intrusion patterns, and antivirus software cloud protection to detect and automatically detect threats from multiple sources.

(b)Strengthen the backup mechanism

(c)Strengthen the Information Security Checking System (ISMS)

(d)Introduce ISO 27001 information security management system, upgrade IT infrastructure and various mechanisms, such as server upgrade, endpoint

protection, network external bandwidth, backup mechanism, etc., and continuously improve and enhance the cyber security. In 2023, ISO27001:2022 was introduced and obtained the certificate.(Note 1)

(e) Assess whether to purchase information security insurance.

d. Resources devoted to Cyber security management:

(a) Upgrade M365 cloud collaboration and import ATP advanced threat protection to improve enterprise infrastructure security.

(b) Import Microsoft Gold-level Cyber Security SI-Free System to continuously improve enterprise cyber security.

(c) Import Microsoft Defender for Identity and Microsoft Defender for Endpoint to comprehensively improve AD account management and user endpoint security.

(d) Import Azure cloud backup, back up important systems locally and then copy them to the cloud.

(e) Regular social engineering phishing email drills to enhance employees' information security awareness. Social engineering drill has been conducted in September 2023, and colleagues always ask the information unit if there is an abnormality in information security. It is obvious that employees' awareness of information security has increased year by year. In the future, a drill will be carried out regularly every year.

(f) Regular cyber security education and training to implement employee information security knowledge. The information security education training for social engineering drills is arranged every year. If the colleagues have a click on the link, they will request to attend the information security education training and test courses. The information security education training in 2023 has been completed in December, and is planned to be carried out regularly every year.

(g) Join the CERT Computer Emergency Response Team and the CSIRT Computer Information Security Incident Response Team organization.

(h) Report to the Board of Directors regularly on the implementation of cyber security

According to Article 9 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the relevant internal operation regulations of the computerized information system, with the IT Department as the responsible unit, is responsible for formulating cyber security policies, planning and implementation of cyber security policy promotion and implementation and regularly report to the Board of Directors on the Company's information security governance. The implementation of cyber security governance has been reported by the dedicated cyber security supervisor in Board of Directors on October 26, 2023.

Note1: ISO27001 Certificate

Category	Information Security Management System
Name of Certification	ISO27001 Information Security Management System
Certification Unit	SGS
Date of Certification	2024/03/25
Effective Period	2024/03/25-2027/03/25
Certificate	<p>Certificate TW24/00000267 The management system of Axiomtek Co., Ltd.</p> <p>8F., No. 55, Nanxing Rd., Xizhi Dist., New Taipei City 221026, Taiwan has been assessed and certified as meeting the requirements of ISO/IEC 27001:2022 For the following activities The Scope of Registration appears on page 2 of this certificate</p> <p>This certificate is valid from 25 March 2024 until 25 March 2027 and remains valid subject to satisfactory surveillance audits. Issue 1. Certified since 25 March 2024 Multiple certificates have been issued for this scope, the main certificate is numbered TW24/00000267 Certified activities performed by additional sites are listed on subsequent pages.</p> <p><i>Jonathan H. Hall</i> Authorised by Jonathan Hall Global Head - Certification Services</p> <p>SGS United Kingdom Ltd Rossmore Business Park, Ellesmere Port, Cheshire, CH85 3EN, UK t +44 (0)151 350-8686 - www.sgs.com</p> <p>ISO/IEC 27001 SGS UKAS MANAGEMENT SYSTEMS 0005 MEMBER OF MULTILATERAL RECOGNITION ARRANGEMENT IAF</p> <p><small>This document is an authentic electronic certificate for Client business purposes use only. Printed version of the electronic certificate are permitted and will be considered as a copy. This document is issued by the Company subject to SGS General Conditions of certification services available on Terms and Conditions SGS. Attention is drawn to the limitation of liability, indemnification and jurisdictional clauses contained therein. This document is copyright protected and any unauthorized alteration, forgery or fabrication of the content or appearance of this document is unlawful.</small></p>

- (2) Losses suffered by the Company in the most recent fiscal year and up to the annual report printing date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

7. Important Contracts

Review of the Group's supply contracts that are current or due to expire in the current, technical collaboration contracts, engineering contracts, long-term loan contracts and other factors that affect the interests of investors as follows:

Nature of Contract	Parties	Beginning and End Dates of Contract		Major Content	Restrictive Clauses
		From	To		
Trading	Phoenix contact Development and Manufacturing, INC.	2020/03/05	2025/03/04	Product procurement	None
Trading	Largan Precision Co., Ltd.	2021/07/06	2024/07/05	Product procurement	None
Cooperate	Industrial Technology Research Institute.	2022/07/01	2025/06/30	FPGA-Based Robotic Computing powered by Xilinx AI	None
Undertake	AI-WWID Corp.	2022/07/08	2023/07/31	Demolition and scaffolding	None
Undertake	AI-WWID Corp.	2022/10/28	2023/07/31	Civil engineering	None
Undertake	AI-WWID Corp.	2022/11/07	2023/07/31	Mechanical and electrical engineering	None
Trading	Show Chi Corp.	2022/08/22	2023/07/31	Elevator procurement	None
Trading	Ascentex Industry Corp.	2022/11/21	2023/07/31	Equipment procurement	None
License	American Megatrends International, LLC Taiwan Branch.	2023/06/19	2026/06/18	Software license	None

VI. Financial Information

1. Five Years Financial Summary

(1) Condensed Consolidated Balance Sheets and Consolidated Statement of Comprehensive Income Condensed Consolidated Balance Sheet

Unit: NT\$ Thousand

Item		Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial Information as of _____ (date) of the Current Fiscal Year (Note 2)
			2023	2022	2021	2020	2019	
Current Assets			4,093,723	3,784,834	3,275,093	2,501,447	2,551,918)
Property, Plant and Equipment			2,280,458	1,775,555	1,670,465	1,144,409	1,178,845	
Investment Property			37,488	37,983	38,479	85,193	86,241	
Intangible Assets			111,228	117,218	114,769	113,714	125,710	
Other Assets	Before Adjustment		335,093	295,781	236,885	198,754	174,338	
	After Adjustment (Note 4)		335,093	349,531	265,014	198,754	174,338	
Total Assets	Before Adjustment		6,857,990	6,011,371	5,335,691	4,043,517	4,117,052	
	After Adjustment (Note 4)		6,857,990	6,065,121	5,363,820	4,043,517	4,117,052	
Current Liabilities	Before Distribution		1,447,450	2,074,219	1,863,533	1,100,141	949,930	
	After Distribution		1,885,682	2,303,293	2,138,651	1,317,095	1,277,498	
Non-Current Liabilities	Before Adjustment		1,207,006	383,300	393,885	309,598	569,723	
	After Adjustment (Note 4)		1,207,006	437,050	422,014	309,598	569,723	
Total Liabilities	Before Distribution	Before Adjustment	2,654,456	2,457,519	2,257,418	1,409,739	1,519,653	
		After Adjustment (Note 4)	2,654,456	2,511,269	2,285,547	1,409,739	1,519,653	
	After Distribution	Before Adjustment	3,092,688	2,686,593	2,532,536	1,626,693	1,847,221	
		After Adjustment (Note 4)	3,092,688	2,740,343	2,560,665	1,626,693	1,847,221	
Equity Attributable to the Owner of the Parent Company			4,203,534	3,553,852	3,078,273	2,633,778	2,597,399	
Share Capital			1,018,744	923,314	959,923	849,850	864,911	
Capital Surplus			685,203	633,715	533,041	330,595	245,919	
Retained Earnings	Before Distribution		2,497,695	2,001,103	1,661,936	1,492,308	1,513,202	
	After Distribution		2,059,463	1,772,029	1,386,818	1,275,354	1,185,634	
Other Equity			1,892	(4,280)	(76,627)	(38,975)	(26,633)	
Non-Controlling Interests			-	-	-	-	-	
Total Equity	Before Distribution		4,203,534	3,553,852	3,078,273	2,633,778	2,597,399	
	After Distribution		3,765,302	3,324,778	2,803,155	2,416,824	2,269,831	

Note 1: The above financial information of each year has been audited and attested by the CPAs.

Note 2: Up to the date of the printing the annual report, there was no financial information recently audited and attested or reviewed by the CPAs for the most recent period.

Note 3: For the "after distribution" figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Note 4: Initial application of the amendments to the International Accounting Standards No. 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction" on January 1, 2023, the Group retroactively adjusted deferred tax assets (accounted for other assets) and deferred tax liabilities (accounted for non-current liabilities) on December 31, 2022 and 2021, respectively.

Condensed Consolidated Statement of Comprehensive Income

Unit: except for earnings per share NT\$; NT\$ Thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note 1)					Financial Information as of _____ (date) of the Current Fiscal Year (Note 2)
	2023	2022	2021	2020	2019	
Operating Revenue	6,700,479	6,618,827	5,069,606	4,602,779	4,738,911	
Gross Profit	2,402,897	2,230,812	1,700,995	1,550,755	1,693,484	
Operating Income	944,138	728,720	417,006	403,951	498,835	
Non-operating Income and Expenses	37,419	64,062	78,090	8,551	97,582	
Income Before Income Tax	981,557	792,782	495,096	412,502	596,417	
Net Income from Continuing Operations	727,624	602,637	390,915	306,598	460,455	
Net Income for the Period	727,624	602,637	390,915	306,598	460,455	
Other Comprehensive Income(Loss) for the Period	4,214	83,994	(41,985)	(12,266)	(25,886)	
Total Comprehensive Income for the Period	731,838	686,631	348,930	294,332	434,569	
Net Income Attributable to Owner of Parent	727,624	602,637	390,915	306,598	460,455	
Net Income Attributable to Non-Controlling Interests	-	-	-	-	-	
Comprehensive Income Attributable to Owner of Parent	731,838	686,631	348,930	294,332	434,569	
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-	
EPS (NT\$)	7.19	6.06	4.57	3.73	5.76	

Note 1: The above financial information of each year has been audited and attested by the CPAs.

Note 2: Up to the date of the printing the annual report, there was no financial information recently audited and attested or reviewed by the CPAs for the most recent period.

(2) Condensed Parent Company Only Balance Sheets and Statement of Comprehensive Income
Condensed Parent Company Only Balance Sheet

Unit: NT\$ Thousand

Fiscal year		Financial Information for Most Recent 5 Fiscal Years (Note 1)				
		2023	2022	2021	2020	2019
Current Assets		2,596,337	2,584,722	2,109,838	1,559,957	1,708,629
Property, Plant and Equipment		2,141,516	1,639,967	1,548,362	1,016,340	1,052,023
Investment Property		37,488	37,983	38,479	85,193	86,241
Intangible Assets		30,381	33,560	27,891	21,236	17,912
Other Assets		1,525,676	1,288,768	1,137,777	1,034,408	946,373
Total Assets		6,331,398	5,585,000	4,862,347	3,717,134	3,811,178
Current Liabilities	Before Distribution	1,097,157	1,808,394	1,543,316	879,028	715,526
	After Distribution	1,535,389	2,037,468	1,818,434	1,095,982	1,043,094
Non-Current Liabilities		1,030,707	222,754	240,758	204,328	498,253
Total Liabilities	Before Distribution	2,127,864	2,031,148	1,784,074	1,083,356	1,213,779
	After Distribution	2,566,096	2,260,222	2,059,192	1,300,310	1,541,347
Share Capital		1,018,744	923,314	959,923	849,850	864,911
Capital Surplus		685,203	633,715	533,041	330,595	245,919
Retained Earnings	Before Distribution	2,497,695	2,001,103	1,661,936	1,492,308	1,513,202
	After Distribution	2,059,463	1,772,029	1,386,818	1,275,354	1,185,634
Other Equity		1,892	(4,280)	(76,627)	(38,975)	(26,633)
Total Equity	Before Distribution	4,203,534	3,553,852	3,078,273	2,633,778	2,597,399
	After Distribution	3,765,302	3,324,778	2,803,155	2,416,824	2,269,831

Note 1: The above financial information of each year has been audited and attested by the CPAs.

Note 2: For the “after distribution” figures above, please fill in the amounts based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.

Condensed Parent Company Only Statement of Comprehensive Income

Unit: except for earnings per share NT\$; NT\$ Thousand

Item \ Fiscal year	Financial Information for Most Recent 5 Fiscal Years (Note)				
	2023	2022	2021	2020	2019
Operating Revenue	4,608,852	5,082,224	3,663,800	3,084,802	3,407,144
Gross Profit	1,546,405	1,495,611	977,335	926,007	1,076,915
Operating Income	615,089	571,747	248,857	286,118	388,118
Non-Operating Income and Expenses	300,013	177,168	222,619	97,957	173,994
Income before Income Tax	915,102	748,915	471,476	384,075	562,112
Net Income from Continuing Operations	727,624	602,637	390,915	306,598	460,455
Net Income for the Period	727,624	602,637	390,915	306,598	460,455
Other Comprehensive Income(Loss) for the Period	4,214	83,994	(41,985)	(12,266)	(25,886)
Total Comprehensive Income for the Period	731,838	686,631	348,930	294,332	434,569
EPS (NT\$)	7.19	6.06	4.57	3.73	5.76

Note: The above financial information of each year has been audited and attested by the CPAs.

- (3) The names of CPA conducting financial audits in the most recent five years and their audit opinions.

Year	Accounting Firm	CPA Name	Opinion
2023	PricewaterCoopers, Taiwan	Lin, Po-Chuan, Wu, Han-Chi	Unqualified opinions
2022	PricewaterCoopers, Taiwan	Feng, Ming-Chuan, Wu, Han-Chi	Unqualified opinions
2021	PricewaterCoopers, Taiwan	Feng, Ming-Chuan, Wu, Han-Chi	Unqualified opinions
2020	PricewaterCoopers, Taiwan	Feng, Ming-Chuan, Wu, Han-Chi	Unqualified opinions
2019	PricewaterCoopers, Taiwan	Feng, Ming-Chuan, Hsu, Shien-Chong	Unqualified opinions

2. Five Years Financial Analysis

(1) Consolidated financial analysis

Item (Note 3)		Financial Summary for the Most Recent 5 Years (Note 1)					As of _____ (date) of the Current Fiscal Year (Note 2)
		2023	2022	2021	2020	2019	
Financial Structure (%)	Debt to Assets Ratio	38.71	40.88	42.31	34.86	36.91	
	Ratio of Long-term Capital to Property, Plant and Equipment	237.26	221.74	207.86	257.2	268.66	
Solvency (%)	Current Ratio	282.82	182.47	175.75	227.38	268.64	
	Quick Ratio	165.26	88.03	93.39	149.5	166.37	
	Times Interest Earned	5,340.00	7,699.52	6,848.85	4,450.83	5,395.37	
Operating Performance	Accounts Receivables Turnover (Times)	8.41	8.66	6.82	6.57	7.23	
	Average Collection Days	43	42	54	56	50	
	Inventory Turnover (Times)	2.39	2.55	2.89	3.46	3.3	
	Accounts Payables Turnover (Times)	7.19	5.74	5.81	8.39	5.88	
	Average Days in Sales	152	143	126	105	110	
	Property, Plant and Equipment Turnover (Times)	3.3	3.84	3.6	3.96	3.98	
	Total Asset Turnover (Times)	1.04	1.17	1.08	1.13	1.15	
Profitability	Return on Total Assets (%)	11.49	10.77	8.46	7.7	11.37	
	Return on Equity (%)	18.76	18.17	13.69	11.72	18.57	
	Ratio of Income before Tax to Paid-in Capital (%) (Note 7)	96.67	87.1	51.58	48.54	68.96	
	Net Profit Margin (%)	10.86	9.1	7.71	6.66	9.72	
	Earnings Per Share (NT\$)	7.19	6.66	4.57	3.73	5.76	
Cash Flow	Cash Flow Ratio (%)	62.31	11.6	21.63	49.22	11.28	
	Cash Flow Adequacy Ratio (%)	59.39	51.86	45.3	62.31	59.52	
	Cash Reinvestment Ratio (%)	11.46	(0.78)	4.80	6.45	(5.48)	
Leverage	Operating Leverage	2.41	2.76	3.71	3.52	3	
	Financial Leverage	1.02	1.01	1.02	1.02	1.02	

Analysis the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. The increase in current ratio and quick ratio was due to the decrease in current liabilities caused by the repayment of short-term borrowings in the current period.
2. The decrease in times interest earned was due to the increase of interest expense in the current period.
3. The increase in accounts payables turnover (times) was due to the decrease in average accounts payable in the current period.
4. The increase in cash flow ratio (%) was due to the increase in net cash flow from operating activities and the decrease in current liabilities in the current period.
5. The increase in cash reinvestment ratio (%) was due to the increase in net cash flow from operating activities in the current period.

(2) Parent company only financial analysis

Item (Note 3) \ Fiscal Year		Financial Summary for the Last Five (5) Years (Note 1)				
		2023	2022	2021	2020	2019
Financial Structure (%)	Debt to Assets Ratio	33.61	36.37	36.69	29.14	31.85
	Ratio of Long-term Capital to Property, Plant and Equipment	244.42	230.29	214.36	279.25	294.26
Solvency (%)	Current Ratio	236.64	142.93	136.71	177.46	238.79
	Quick Ratio	135.60	79.87	74.75	127.07	175.42
	Times Interest Earned	7784.77	13385.70	11946.13	6210.01	7545.19
Operating Performance	Accounts Receivables Turnover (Times)	9.16	8.79	8.44	6.92	6.24
	Average Collection Days	39	41	43	52	58
	Inventory Turnover (Times)	2.76	3.47	3.91	4.93	4.88
	Accounts Payables Turnover (Times)	5.92	5.48	5.82	8.20	5.45
	Average Days in Sales	132	105	93	74	74
	Property, Plant and Equipment Turnover (Times)	2.44	3.19	2.86	2.98	3.21
	Total Asset Turnover (Times)	0.77	0.97	0.85	0.82	0.88
Profitability	Return on Total Assets (%)	12.37	11.62	9.19	8.28	12.08
	Return on Equity (%)	18.76	18.17	13.69	11.72	18.57
	Ratio of Income before Tax to Paid-in Capital (%) (Note 7)	90.12	82.28	49.12	45.19	64.99
	Net Profit Margin (%)	15.79	11.86	10.67	9.94	13.51
	Earnings Per Share (NT\$)	7.19	6.66	4.57	3.73	5.76
Cash Flow	Cash Flow Ratio (%)	63.01	16.64	10.69	58.57	21.90
	Cash Flow Adequacy Ratio (%)	55.67	51.41	42.08	57.61	55.96
	Cash Flow Reinvestment Ratio (%)	8.22	0.62	(1.42)	5.93	(4.21)
Leverage	Operating Leverage	2.39	2.50	3.85	3.24	2.67
	Financial Leverage	1.02	1.01	1.02	1.02	1.02

Analysis the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. The increase in current ratio and quick ratio was due to the decrease in current liabilities caused by the repayment of short-term borrowings in the current period.
2. The decrease in times interest earned was due to the increase of interest expense in the current period.
3. The decrease in inventory turnover (times) and the increase in average days in sales were due to the decrease of cost of goods sold in the current period.
4. The decrease in property, plant and equipment turnover (times) was due to the increase of the average net property, plant and equipment in the current period.
5. The decrease in total asset turnover (times) was due to the decrease in net sales and increase in average total assets in the current period.
6. The increase in net profit margin (%) was due to the decrease in net income in the current period.
7. The increase in cash flow ratio (%) was due to the increase in net cash flow from operating activities and the decrease in current liabilities in the current period.
8. The increase in cash reinvestment ratio (%) was due to the increase in net cash flow from operating activities in the current period.

Note 1: The above financial information of each year has been audited and attested by the CPAs.

Note 2: Up to the printing date of the annual report, there was no financial information recently audited and attested or reviewed by the CPAs.

Note 3: The formulas for the calculation of the financial ratios:

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

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

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

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

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

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

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

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

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash 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 operating revenue - variable operating costs and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.

2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.

3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

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

2. Capital expenditures refers to the annual cash outflow used in capital investment.

3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.

4. Cash dividends include the cash dividends of common stock and preferred stock.

5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT\$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

3. Audit Committee's Report for the Most Recent Year

Consent Report of Audit Committee

To 2024 Annual Meeting of Shareholders of
Axiomtek Co., Ltd.

Date: February 22nd, 2024

Consented by the Audit Committee, the 2023 Business Report, Financial Statements and profit distribution proposals have also been resolved by the Board of Directors of the Company where the financial statements have been completely audited and subsequently the Unqualified Opinion Independent Auditors' Report has been issued by the CPA Feng, Ming-Chuan and Wu, Han-Chi of PricewaterhouseCoopers Taiwan which has been entrusted by the Board of Directors.

In compliance with the provisions of relevant laws and regulations, the abovementioned 2023 Business Report, Financial Statements and profit distribution proposals are being reported and presented herewith for review in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely yours,

Chang, Jen-Chih
Convener of Audit Committee
Axiomtek Co., Ltd.

4. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report
Please refer to ATTACHMENT 1 for the Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report.

5. Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report
Please refer to ATTACHMENT 2 for the Parent Company Only Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report.

6. The Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Year or during the Current Fiscal Year and up to the Printing Date of the Annual Report and Specify Its Impact of the Company's Financial Situation:
None.

VII. Review of Financial Position, Financial Performance and Risk Management

1. Analysis of Financial Position

(1) Comparative analysis of the financial status in the past two (2) years

Unit: NT\$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	4,093,723	3,784,834	308,889	8.16
Investments Accounted for Under Equity Method	16,617	17,023	(406)	(2.39)
Property, Plant and Equipment	2,280,458	1,775,555	504,903	28.44
Investment Property	37,488	37,983	(495)	(1.30)
Intangible Assets	111,228	117,218	(5,990)	(5.11)
Other Assets	318,476	332,508	(14,032)	(4.22)
Total Assets	6,857,990	6,065,121	792,869	13.07
Current Liabilities	1,447,450	2,074,219	(626,769)	(30.22)
Non-Current Liabilities	1,207,006	437,050	769,956	176.17
Total Liabilities	2,654,456	2,511,269	143,187	5.70
Share Capital	1,018,744	923,314	95,430	10.34
Capital Surplus	685,203	633,715	51,488	8.12
Retained Earnings	2,497,695	2,001,103	496,592	24.82
Other Equities	1,892	(4,280)	6,172	(144.21)
Total Equity	4,203,534	3,553,852	649,682	18.28

Analysis of changes in financial ratios over 20%:

1. Property, plant and equipment: Mainly due to the addition of land, factories, and pending assets related to buildings in the current period.
2. Current liabilities: Mainly due to the repayment of short-term borrowings in the current period.
3. Non-current liabilities: Mainly due to the issuance of corporate bonds in the current period.
4. Retained earnings: Mainly due to the increase in net income in the current period.
5. Other equities: Mainly due to the exchange rate changes resulting in an increase in exchange loss for foreign company.

(2) Effect of changes on the Company's financial condition: The Company's financial condition has not changed significantly.

(3) Future response actions: None.

2. Analysis of Financial Performance

(1) Comparative analysis of the financial status in the past two (2) years

Unit: NT\$ Thousand

Item \ Year	2023	2022	Increase (Decrease)	Difference (%)
Operating Revenue	6,700,479	6,618,827	81,652	1.23
Operating Cost	4,297,582	4,388,015	(90,433)	(2.06)
Gross Profit	2,402,897	2,230,812	172,085	7.71
Operating Expenses	1,458,935	1,501,878	(42,943)	(2.86)
Operating Income	944,138	728,720	215,418	29.56
Non-Operating Income and Expenses	37,419	64,062	(26,643)	(41.59)
Income before Tax	981,557	792,782	188,775	23.81
Income Tax	253,933	190,145	63,788	33.55
Net Income	727,624	602,637	124,987	20.74
Analysis of changes in financial ratios over 20%:				
1. Operating income: Mainly due to the stabilization of the material supply market in the current year and the increase in gross profit margin due to project shipments.				
2. Non-operating income and expenses: Mainly due to the decrease of foreign exchange gains in the current period				
3. Income before tax, income tax and net income: Mainly due to the increase of operating Income in the current period				

(2) Effect of the Company's financial operations to be taken in response to the changes on sales volume forecast and its basis: The Company's business scope has not changed significantly. The Company will consider global economic development, industrial environment and product development trends, and act prudently based on past operating performance and financial condition.

(3) Future response actions: None.

3. Analysis of Cash Flow

(1) Analysis of changes in cash flows 2023:

Unit: NT\$ Thousand

Cash and Cash Equivalents at Beginning of Year ①	Net Cash Flows from Operating Activities ②	Cash Flows from Investing and Financing Activities ③	Effects Due to Changes in Exchange Rate ④	Cash and Cash Equivalents Surplus (Deficit) ① + ② + ③ + ④	Leverage of Cash Deficit	
					Investment Plans	Financing Plans
\$1,031,621	\$901,839	\$(440,612)	\$8,241	\$1,501,089	-	-

Analysis of change in cash flow:

- Cash inflow from operating activities of \$901,839,000: Mainly due to cash inflows from sales of goods and services.
- Cash outflow from investing activities of \$422,684,000: Mainly due to the cash outflow from the acquisition of property, plant, and equipment prices.
- Cash outflow from financing activities of \$17,928,000: Mainly due to cash outflow from short-term borrowings repaying.

(2) Improvement plan for insufficient liquidity: No cash shortage.

(3) Analysis of the liquidity for the future year: None.

4. Major Capital Expenditure Items: None

5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Axiomtek adopts investment of equity method with all focusing on long-term strategic purpose; in 2023, the profits of the Company investment of equity method reach NT\$ 254.27 million with an increase of NT\$ 135.15 million compared to the previous year, which major result from the substantial increase in investment income of subsidiary Axiom Technology, Inc. U.S.A. and Axiomtek Deutschland GmbH. In the future, the Company's reinvestment policy will remain unchanged, and it will still focus on business development and long-term strategic investments related to the industry, and will conduct prudent evaluations. On April 8, 2024, the Company purchased a total of 2,170,000 shares of Parktron Technology Co., Ltd. from the existing shareholders of Parktron Technology Co., Ltd. and participated in the cash capital increase at a price of NT \$30 per share. The total investment price was NT \$65.1 million. The Company held 59.95% stake in Parktron Technology Co., Ltd.

6. Analysis of Risks Management:

(1) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

The financial strength of the Group's companies is sound with sufficient funds and capital planning is based on the principles of conservative and stability. With the focus on safety and liquidity, the risk of increased capital costs is limited.

Unit: NT\$ Thousand

Item	2023		
	Interest Income	Interest Expenses	Net Exchange Gains (Losses)
Interest Income / (Interest Expenses) / Net Exchange Gains (Losses)	29,298	(18,732)	1,607
Ratio of Operating Revenue (%)	0.44%	(0.28%)	0.02%

Since the ratios are not high, the interest rate, exchange rate and inflation have little impact on the Group's revenue and profit. The funds required for the Group's operations are mainly self-owned funds, supplemented by borrowings. There are no bank borrowings at the end of 2023, and the loan amount is mainly used to supplement working capital. Therefore, the impact of changes in interest rates on the Group's profitability is limited. However, the Group is still implementing the following preemptive measures:

- A. Collect information on interest rate changes on a daily basis to take appropriate action in a timely manner.
- B. If the interest rate drops, get a loan with a lower interest rate will be adjusted in to repay the loan with higher interest rate. If the interest rate rises, which may erode the overall profit of the Group, evaluate the method of cash increase or issuing convertible corporate bonds; thus, reducing the dependency on bank borrowings and to spread the risk of changes in interest rate.

The market for the Group's products is mainly overseas markets, such as Europe, America, and Asia while most of the major components of the products are purchased from Taiwanese manufacturers. Only some raw materials such as ICs, power supplies and panels for special purposes are sourced from overseas. The ratio of overseas purchases is not high. Export transactions are mainly denominated in US dollars and Euros. After deducting the small amounts required for materials purchase, the net foreign currency position of the US dollar or the euro indicates a certain degree of impact on the Group's profit when the exchange rates fluctuate. The Group has taken the following measures to manage the exchange risk that may arise from holding foreign currency positions:

- A. The finance team monitors the development of the international political and economic situations and maintain a good relationship with the financial institutions to obtain collect real-time exchange rate information and be fully informed of the trend of exchange rate fluctuations.
- B. Adopt the natural hedging method by offsetting foreign currency items due to receivables and payables, estimating the future trend of the exchange rate to maintain appropriate foreign exchange positions in order to meet the demand for future foreign currency payments, and closing the net foreign currency position on a timely basis to reduce the impact of exchange rate changes on the Company.
- C. Based on the principle of hedging rather than investment trading, sign forward exchange contracts with financial institutions to avoid exchange rate fluctuation risks.

As the global economic growth in recent years is still in a sluggish phase, inflation will not significantly impact the Group.

- (2) Policy on high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives, major causes for profits or losses and future countermeasures:

The Company has never engaged in the high-risk, high-leverage investments, loaning of funds, endorsements and guarantees as well as transactions of financial derivatives. Going forward, if trading in derivative commodities is based on the principle of hedging rather than investment trading, the risk of exchange rate fluctuations should be avoided in accordance with the rules.

- (3) Future R&D plans and expected R&D expenditure:

- A. In response to future product development needs, the Group's 2024 R&D plan is as follows:

- (A) IOT Business Group (IOT product line):

- a. Focus on vertical application markets such as factory automation safety monitoring, rail transit, green energy industry and smart grid.

- b. Embedded systems are developing toward intelligent, miniaturized, and modularized application products. Strengthen the integrated application of embedded operating systems, and develop high-standard system products such as wide temperature range, shock resistance, dustproof, waterproof, and fanless.
 - c. Provide IoT security upgrade solutions, develop IT and OT integrated information security application platforms and industrial IoT gateways.
 - d. Specialize in the AGV/AMR application market, and develop AMR Builder Package to integrate software, peripheral and hardware design services.
 - e. Promote the system to the application market solution, combine DigiHub to provide software and hardware integration services, and focus on application markets such as smart transportation, smart manufacturing, green energy and autonomous mobility.
 - f. In response to the needs of various specific fields, a number of special safety certifications have been obtained, so that the application of products in special fields can obtain greater assurance and trust from customers.
- (B) Intelligent Design-in Service Business Group (IDS product line):
Intelligent Design-in Service provides customer-specific services, focusing on two applications of intelligent retail and intelligent medical market.
The progress of the retail business in smart technology has created a sales environment where immersive experiences are introduced. Therefore, touch-based computers that integrate multiple IoT technologies, such as interactive self-service machines and digital signage, large-scale self-ordering kiosk and Mobile POS will be the key drivers of a new wave of smart retail.
In response to the above-mentioned vertical industry application requirements, customers can freely purchase from standard products. The Intelligent Retail Solution Division will provide a series of digital signage player and SDM (Smart Display Module) to meet multimedia digital signage and interactive self-service kiosk requirement. Retail Solution Division will provide a series of digital screens and SDM (Smart Display Module) to meet multimedia digital signage and interactive self-service machines.
In addition, in the intelligent medical part, the control host system of large-scale testing instruments, mobile medical carts, bedside computer information computers are the focus of future product development. Providing customized system for hospitals and equipment manufacturers through customized services will meet the computer computing platforms required by various equipment.
Finally, to meet customers' needs for customization, in addition to developing a full range of standard motherboards of different sizes based on Intel and AMD platforms, we also provide customized modifications and value-up services based on related products. This allows customers to meet the needs of end customers through small modifications in a short period of time, achieving the goals of rapid prototyping and rapid launch.
- (C) Gaming Business Group (GAM product line):
In developing the hardware and application platforms for the global gaming and entertainment market, the current product development includes EGM, back-end management system, image processing and Jackpot server, and integrates hardware and software technical expertise to provide customers with complete and reliable solutions. At the same time, according to customer needs, develop a variety of customized products for gaming applications.
In addition to AMD, Intelx86 platform for product development, the Company also developed ARM Based platform products with breakthrough results.

B. Progress in R&D:

The R&D team is fully responsible for the technology research and product design for all product development projects and works according to a development schedule. The development status of each product is managed by the Group's PMC management platform.

C. Estimated investment in research and development costs:

The Group's estimated research and development expense for 2024 is approximately NT\$691 million. The expenditure plan is as follows:

Unit: NT\$ Thousand

Item	Project Content & Plan	Success Factors	R&D Expenses for 2024
IOT Products	<p>Smart application computers</p> <p>Industrial Internet of Things Gateway: It is applied to the energy field, integrates information security protection, supports industrial standard protocols, such as Modbus, MQTT and other device management software, and provides a complete solution of IIoT Gateway.</p> <p>Intelligent transportation platform: It is applied to vehicles, rails and autonomous mobile devices, meeting the requirements of the actual application field.</p> <p>Edge AI : Artificial intelligence application field, providing software and hardware integrated development kits and creating value with ecosystem partners.</p>	<p>Smart application computers</p> <ol style="list-style-type: none"> 1. The industry information and technical requirements required by IIoT to strengthen the technology and market interaction with the application customers. 2. Development resource for software required by DigiHub. 	328,370
	<p>Industrial application computers</p> <p>M-type industrial model for low end use: launch cost-effective products for general purpose.</p> <p>For high-end applications: launch high-performance HPC products and integrate products from ecosystem partners, focusing on smart manufacturing, machine vision and AI applications.</p>	<p>Industrial application computers</p> <ol style="list-style-type: none"> 1. In response to the trends of Industry 4.0 and AIOT, products must be able to provide complete solutions for the terminal application required for smart manufacturing. 2. Provide AI high computing performance platform. 	
	<p>Embedded industrial computer</p> <p>The embedded computer system with modular architecture emphasizes the wide temperature and flexible IO modular support capability. The CPU controller and IO module can be adjusted quickly and flexibly according to different market applications.</p> <p>Focus on machine vision, AI, 5G, Industrial Cybersecurity, and AMR/AGV.</p>	<p>Embedded industrial computer</p> <ol style="list-style-type: none"> 1. Miniaturization and modularization. 2. Relevant technologies and market applications in the application field. 	
	<p>Touch-screen industrial tablet</p> <p>Used at the low end: Launch cost-effective products for general light industry and consumer electronics applications.</p> <p>For high-end applications: launch application products for smart manufacturing, medical, transportation,</p>	<p>Touch-screen industrial tablet</p> <ol style="list-style-type: none"> 1. Application-related technologies and market applications. 2. Modular design. 3. Cost advantage. 	

Item	Project Content & Plan	Success Factors	R&D Expenses for 2024
	food & beverage factory, and vehicle applications.		
Intelligent Design-in Service Products	<p>Digital Signage Player: Provide entry-level models and high-performance models, by using different number of screen output interfaces and customized software & firmware programs to enable multi-screen splicing and self-management.</p> <p>Self-service kiosks: Develop unmanned store and to integrate multifunctional products such as touch screens, barcode reader and payment devices to improve the self-service Kiosk and increase market share.</p> <p>Computer for medical equipment: Through customized services to meet customers' needs for high-performance and small-sized computer, thereby accelerating the speed and efficiency of testing instruments. In addition, all high-level systems can be equipped with an AI chip card to increase the computing power of medical application software and speed up and shorten the development time.</p>	<ol style="list-style-type: none"> 1. Fanless system design can increase system stability and reliability. 2. The MCU and the built-in firmware program can give the system more diverse extension functions. 3. Empower small computers with powerful computing performance, and support to loading multiple microprocessors and additional graphics cards for parallel computing and speed up software programs. 	226,188
Gaming Products	<ol style="list-style-type: none"> 1. Continuous development gaming specific self-developed transparent button product, which has been obtained patent. 2. EGM and GMS products will continue to develop next-generation products. 3. Continuously developing AI image recognition application products for the gaming industry, providing a complete software and hardware integration solution. 	<ol style="list-style-type: none"> 1. Leading technology and the know-how of the game market. 2. A full range of services to help customers launch products in the fastest time schedule 	136,929

D. Future factors to R&D success

It is extremely important to actively understand market demand and key technologies for project success. The Company continues to carry out software and hardware research and design, combining technology, aesthetics and user experience to optimize products and integration services. Steadily increase the ratio of software R&D manpower every year, and actively cooperate with industry ecosystem alliances to develop key technologies for data analysis to facilitate product value-added and differentiation, and further develop specific vertical industries to enhance competitiveness. Institutionalize the professional development training plan for R&D personnel to improve personnel design capabilities. Betting on the product development collaborative operation management system, using PLM and PMC management platforms to record, control, and share resources to improve the quality and efficiency of research and development. Technological innovation is a necessary factor to increase product competitiveness and successfully achieve sales goals. Through the annual business plan, the Company formulates new technology development plans, aligns the market domain and customer expectations, and

achieves the goal of increasing product highlights.

- (4) Changes in important policies and legal environment at home and abroad, and the effect on the financial status and operation of the Company, and Countermeasures:
Upon evaluation, the recent changes in important policies and regulations internally or externally have no material impact on the Group's financial operation. Going forward, we will monitor related information continuously, evaluate the impact of any changes in policies and regulations on the Group and implement the appropriate response measures.
- (5) The effect of technological and industrial changes (including cyber security risks) on financial status and operation of the Company, and countermeasures:
The new wave of industrial growth momentum is in related applications such as artificial intelligence, Internet of Things, 5G/6G, AR/VR, and high-computing platforms, mastering key technology niches, application market niches, and business strategy niches for vertical application industries. The Group will use the global distribution network and in-depth projects to gather customer demand and market trend information to quickly provide products that meet customer specifications. In terms of financial operations, we will strengthen cash flow management, production and sales management, and inventory management based on the characteristics of the industry, and create a win-win situation with suppliers and partners in a sustainable business model.
- (6) Impact of corporate image change on corporate crisis management and response measures
Since its inception, the Group has actively enhanced the internal management of the Group and continuously improved the capability in product quality management. In order to improve corporate governance and strengthen the relevant functions of the Board of Directors, the Company has appointed three Independent Directors in accordance with Article 14-2 of the Securities Exchange Act. In August 2011, the Board of Directors set up the Remuneration Committee to assist the Board of Directors in implementing the remuneration management function. The Audit Committee was established in June 2015, the Nomination Committee was established in October 2016, and the Sustainable Development Committee was established in February 2021, and on October 26, 2023, the organization of the "Sustainable Development Committee" was adjusted to a functional committee of the Board of Directors. The Company participated in the "Corporate Social Welfare and Corporate Volunteer Promotion Assistance Program" which help companies develop their corporate social responsibilities, integrate public welfare actions with the core values of enterprises and business operations, and promote the good culture of corporate volunteer service. Through corporate volunteerism, create a good citizen environment and work together to contribute towards a caring society and changing the world. In the most recent year and as of the date of publication of the annual report, there has been no significant change in the corporate image of the Company, and there has been no potentially damaging report in the market on our corporate image.
- (7) Expected benefits and possible risks of merger and acquisition, and countermeasures:
In the most recent year and as of the publication date of the annual report, the Group has no plans for mergers and acquisitions.
- (8) Expected benefits and possible risks of facilities expansion, and countermeasures: None.
- (9) Risk from centralized purchasing or selling, and countermeasures:

A. Risk from centralized purchasing and countermeasures:

The main raw materials for the Group's products can be divided into semiconductor ICs, printed circuit boards, LCD panels, power supplies and IPC products (including single-board computers and industrial computer chassis). There is a large variety of raw materials, the main one being the electronic components and parts, which are supplied by many domestic vendors. The materials can be easily substituted and there has never been an out-of-stock situation. Hence, there is no risk in this area.

B. Risk from centralized selling, and countermeasures:

The Group does not have a customer with whom sales of more than 15% of total sales has been transacted. Therefore, there is no risk arising from the concentration of sales.

(10) Impact and risk associated with large share transfers or changes in shareholdings of Directors or shareholders who hold more than 10% of the Company's shares, and countermeasures: None.

(11) Impact and risk associated with changes in management rights, and countermeasures: None.

(12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that involve the Company and/or any Director, the general manager, any person with actual responsibility for the firm and any major shareholder holding a stake of greater than 10 percent of the Company, and/or any company or companies controlled by the Company, and that have been concluded by means of a final and non-appealable judgment or are still under litigation. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report:

As of the date of publication of the annual report, the Group has no other major litigation, non-litigation or administrative disputes that have been determined or are still in the system, and the results of which may have a significant impact on shareholders' equity or securities prices.

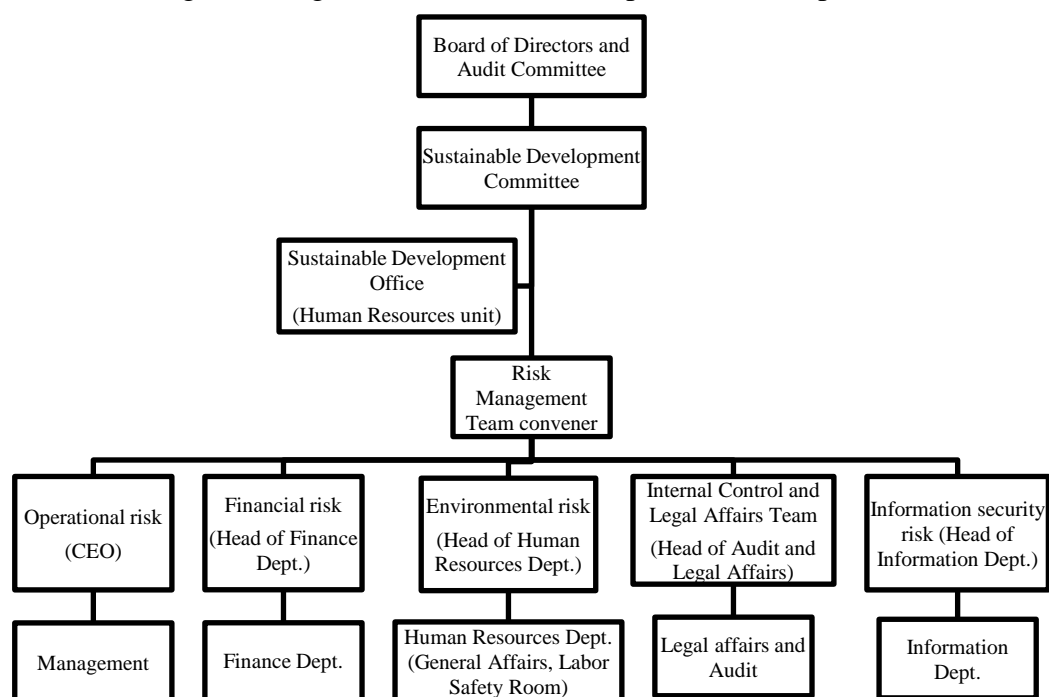
(13) Other important risks, and countermeasures being or to be taken:

The Board of Directors passed the "Risk Management Policy" on October 29, 2020, as the highest guiding principle of the Company's risk management. Establish a sound risk management system on October 27, 2022, formulate the Company's "Risk Management Best Practice Principles" and amend partial articles of "Risk Management Policy" and change its name to "Risk Management Policy and Procedures". The risk management team regularly conducts the identification of risk factors every year to identify relevant risks that may affect the sustainable development of the Company and formulate risk management policies for each risk. It also covers management objectives, organizational structure, ownership of rights and responsibilities, and risk management procedures and other mechanisms and implements them to effectively identify, measure, and control various risks of the Company, and control major risks within an acceptable range.

The Company has established a risk management organization. The overall risk management policy is mainly to establish early warning networks by risk category and reporting systems. Adopt a structured approach in risk management and monitoring to be able to respond accordingly and effectively when the need arises. This will minimize

risks.

A. Risk management organization structure and powers and responsibilities



Name	Responsibility
Board of Directors	Company risk management & policy making. Supervise major risk response directions and ensure the risk management mechanism is followed.
Sustainable Development Committee	Assist the Board of Directors to perform their risk management responsibilities, mainly responsible for reviewing risk management reports, integrating, and coordinating common risk management issues among subsidiaries, and advising and communicating important risk management issues.
Risk Management Team	Responsible for the monitoring and tracking of risks.
Management Team (Including Subsidiaries)	Review the risks involved in the Company's various operating activities to ensure that the Company's risk management system can control related risks in a complete and effective manner.
Legal office	Implement legal risk control and assist in evaluating the legal risks that may be involved in various businesses, legal documents, and contracts.
Each Operating Units (Including Subsidiaries)	Before implementing each business, thoroughly review various risk management regulations to ensure that business execution and compliance with laws and regulations can comply with relevant regulations.

B. Important risk projects & management structure

Major issues	Risk Classification	Risk Assessment Item	Risk Management Responsible Unit	Decision & Monitoring
Environment	Climate change	Carbon emission. Product carbon footprint. Environmental impact and management.	Labor security office Human resources unit	Audit Office Risk Management Team Sustainable Development Committee Board of Directors
	Natural resources	Raw material purchase.	Labor security office Purchasing unit	
	Pollution and waste	Toxic releases and waste.	Labor security office Product unit	
Society	Human capital	Human capital development. Occupational safety and health.	Labor security office Human resources unit	
	Product liability	Product safety and quality.	Product unit OC unit Supply Chain & Operations Management Unit	
Governance	Corporate behavior	Operational risk.	Legal Affairs Office Each operating unit Supply Chain & Operations Management Unit CEO office	
		Environmental risk.	Each operating unit	
		Financial risk.	Financial unit	
		Information security risk.	IT unit	
	Corporate governance	Strengthening the functions and fulfilling the responsibilities of Directors.	Head of Corporate Governance Board of Directors	
		Legal Compliance.	Each operating unit	
		Stakeholder communication.	Each operating unit	

C. Operating situation:

The operation of the 2023 risk management policy had been reported to the Company's Board of Directors on October 26, 2023, including the Company's lawful formulation of various internal regulations, conducting various risk management and assessments, and regularly reviewing whether the system can achieve operational goals to ensure the integrity, effectiveness, and rationality of risk management. Establish an effective risk management mechanism, evaluate, and supervise its risk-bearing capacity, the status of risks it has already taken, determine risk response strategies and risk management procedures compliance. The Company also formally established the "Corporate Sustainability Development Committee" on February 25, 2021 by a resolution of the Board of Directors. The organization of the Sustainable Development Committee was adjusted to a functional committee of the Board of Directors on October 26, 2023. The Board of Directors appointed President Huang, Jui-Nan, Independent Director Chang, Jen-Chih and Yu, Chwo-Ming to form the first Sustainable Development Committee, and the President served as the convener and chairman of the meeting. It is hoped that through the operation of the "Sustainability Development Committee", the concept of sustainable management will be popularized in a top-down manner, so that all employees can participate and implement the results of implementation.

7. Other Important Matters:

None.

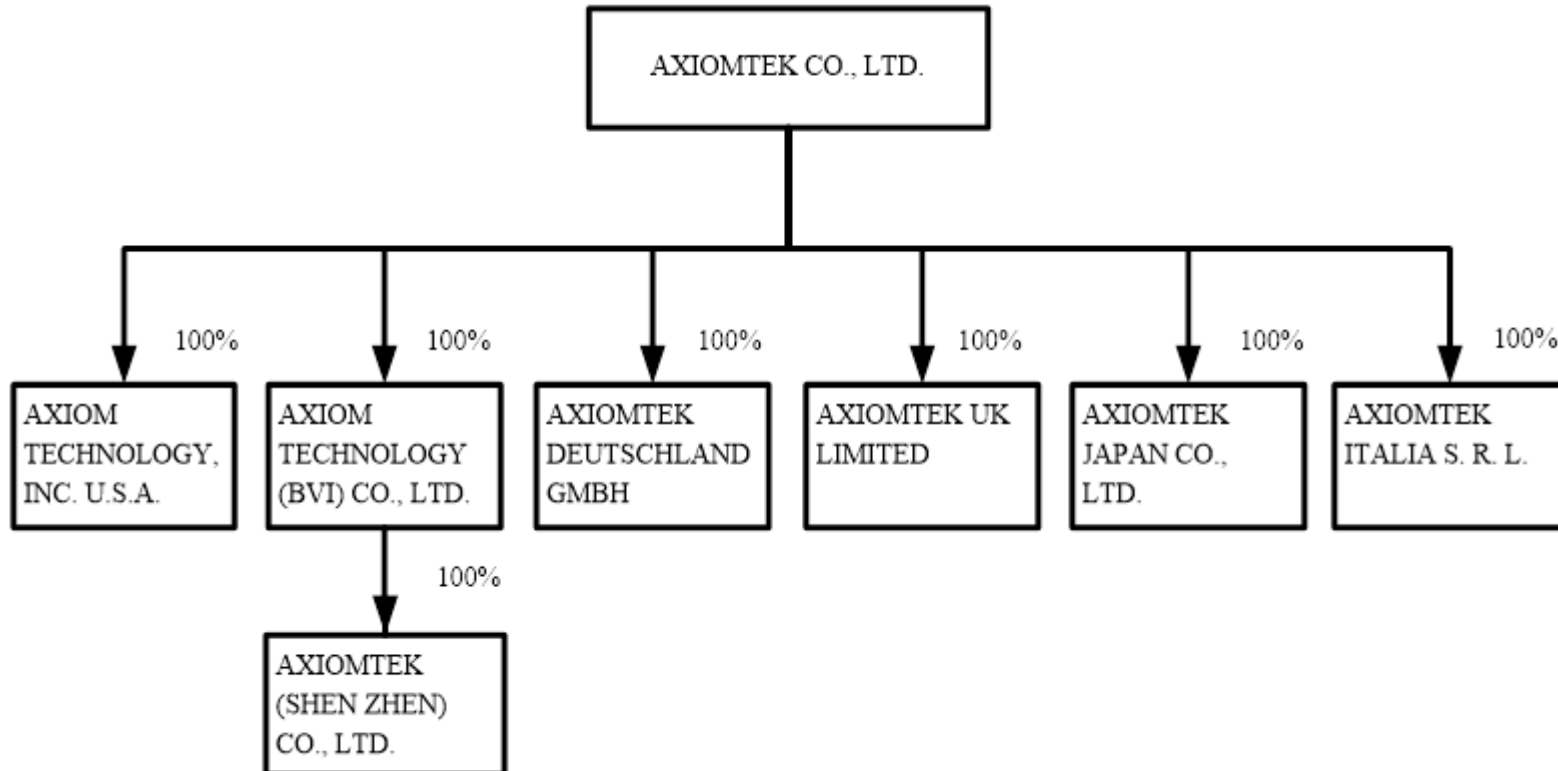
VIII. Special Disclosures

1. Affiliates Enterprises

(1) Comprehensive business report of affiliates

A. Overview of affiliates

(A) Affiliates' organizational chart



(B) Basic information of affiliates

Unit: NT\$ Thousand

Name of Enterprise	Date of Incorporation	Address	Paid-in Capital	Principal Business or Products
AXIOM TECHNOLOGY, INC., U.S.A. (AXUS)	1992.04	U.S.A.	10,856	Industrial computer and Embedded Board trading and post-sales service
AXIOMTEK DEUTSCHLAND GMBH (AXGM)	1999.04	Germany	19,941	Industrial computer and Embedded Board trading and post-sales service
AXIOM TECHNOLOGY (BVI) CO., LTD. (AXBVI)	1997.07	British Virgin Islands	156,650	Holding company
AXIOMTEK (SHEN ZHEN) CO., LTD. (AXSZ)	2004.09	China, Shen-Zhen	130,487	Industrial computer and Embedded Board manufacturing, trading, and post-sales service
AXIOMTEK UK LIMITED (AXUK)	2016.02	United Kingdom	8,615	Industrial computer and Embedded Board post-sales service
AXIOMTEK JAPAN CO., LTD. (AXJP)	2017.07	Japan	8,235	Industrial computer and Embedded Board post-sales service
AXIOMTEK ITALIA S. R. L. (AXIT)	1995.11	Italy	2,760	Industrial computer and Embedded Board trading and post-sales service

Note 1: All of the affiliates should be disclosed, regardless of scale and size.

Note 2: where each affiliate has a factory with sales proceeds exceeding 10% of the operating income of the parent company, please provide the name of the factory, the date of establishment, the address, and the main production products.

Note 3: If the related company is a foreign company, the name and address of the Company must be expressed in English. The date of establishment must also be expressed in the western format. The amount of paid-in capital must be expressed in foreign currency (but the exchange rate on the statement date should be added).

(C) Presumed to be controlled and dependent in accordance with Article 369-3 of the Company Act: None.

(D) Business lines included in the overall relationship

- a. Design, manufacture and sale of industrial computers and peripheral products, embedded single board motherboards.
- b. Design, manufacture and sale of industrial tablet and display, automated measurement, and control interface cards.
- c. The affiliates' trading and import/export operations for industrial computers and electronic parts and components.
- d. Holding company
- e. Affiliates with inter-related business operations:

The products developed and manufactured by the Company are sold in the international market or after-sales service provided through subsidiaries such as AXUS, AXGM, AXUK, AXJP, AXIT and AXSZ.

(E) Profiles of Directors, Supervisors and Presidents of Affiliates

Unit: foreign currency; share, %

Name of Enterprise	Title (Note 1)	Name or Representative	Shareholdings	
			Shares	Ratio of Shareholding (%)
AXIOM TECHNOLOGY, INC., U.S.A.	Chairman of the Board	Axiomtek Co., Ltd. Representative: Yang, Yu-Te	23,418	100.00
AXIOMTEK DEUTSCHLAND GMBH	Chairman of the Board	Axiomtek Co., Ltd. Representative: Yang, Yu-Te	EUR500,000 (Note 2)	100.00
AXIOM TECHNOLOGY(BVI)CO., LTD.	Chairman of the Board	Axiomtek Co., Ltd. Representative: Yang, Yu-Te	5,000	100.00
AXIOMTEK (SHEN ZHEN) CO., LTD.	Director	Axiomtek Co., Ltd. Representative: Jack Liu	HKD32,800,000 (Note 2)	100.00
AXIOMTEK UK LIMITED	Director	Axiomtek Co., Ltd. Representative: Yang, Yu-Te	180,000	100.00
AXIOMTEK JAPAN CO., LTD.	Director	Axiomtek Co., Ltd. Representative: Yang, Yu-Te	600	100.00
AXIOMTEK ITALIA S. R. L.	Director	Axiomtek Co., Ltd. Representative: Wen Wang	EUR78,000 (Note 2)	100.00

Note 1: If the affiliated company is a foreign company, list the one of equivalent position.

Note 2: Limited company, no shares issued.

B. Overview of operation of affiliates

Unit: NT\$ Thousand (unless otherwise indicated)

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income (loss)	Net Income (Loss)	Earnings (Loss) Per Share NT\$
AXIOM TECHNOLOGY, INC. U.S.A.	10,856	1,532,687	538,539	994,148	3,260,638	155,415	132,453	5,656.05
AXIOMTEKDEUTSCHL AND GMBH	19,941	552,607	163,200	389,407	1,039,111	172,719	126,506	(Note)
AXIOM TECHNOLOGY (BVI) CO., LTD.	156,650	91,120	-	91,120	-	(56)	(8,547)	(1,709.41)
AXIOMTEK (SHEN ZHEN) CO., LTD.	130,487	138,370	47,614	90,756	175,973	(9,758)	(8,498)	(Note)
AXIOMTEK UK LIMITED	8,615	13,739	1,914	11,825	11,540	3,638	2,856	15.87
AXIOMTEK JAPAN CO., LTD.	8,235	7,370	-	7,370	420	(2)	(41)	(69.19)
AXIOMTEK ITALIA S. R. L.	2,760	60,476	28,655	31,821	109,834	8,953	6,104	(Note)

Note: Limited company, no shares issued.

(2) Comprehensive financial statements of affiliates

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2023 (Jan.01~Dec.31) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statement of the parent company and subsidiaries pursuant to the IAS No. 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statement of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

(3) Affiliation report: None.

2. Private Placement Securities in the Most Recent Year and up to the Date of Printing of the Annual Report.
None.
3. The Shares of the Company Held or Disposed of by Subsidiaries in the Most Recent Year and up to the Printing Date of the Annual Report.
None.
4. Other Supplementary Information.
None.
5. Significant Issues affecting Shareholders’ Equity or the Price of Shares Pursuant to Item 2, Paragraph 3 of Article 36 of the Securities and Exchange Act in the Most Recent Year and up to the Printing Date of the Annual Report.
None.

2023 Independent Auditors' Report

(Consolidated Financial Statements)

To the Board of Directors and Shareholders of AXIOMTEK CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of AXIOMTEK CO., LTD. and its subsidiaries (hereinafter referred to as “the Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (“ROC GAAS”). Our responsibilities under those standards are further described in the Independent Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China (hereinafter referred to as the “Code”), and we have fulfilled our other ethical responsibilities in order to comply with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters on the Consolidated Financial Statements for the year ended December 31, 2023 are stated as follows:

Existence and Occurrence of Operating Revenue

Description

Please refer to Note 4(32) for accounting policy on revenue recognition and Note 6(22) for details of operating revenue.

The Group's primarily engaged in the manufacturing, sales and post-sales service of industrial computer and embedded board products. Apart from long-term partner companies, due to global technological changes, industrial computer orders are susceptible to project cycles. Additionally, the Group's committed to developing new markets and undertaking new projects, resulting in some customers entering the top ten sales targets list, significantly impacting revenue. We believed that the list of the top ten new sales clients with a greater increase in the proportion to the Group's revenue had a material impact on the financial statements. We considered the existence and occurrence of sales of goods from these clients as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Evaluated the Group's internal control procedures for recognition of sales of goods and tested the effectiveness of internal control related to sales of goods.
2. Inspected relevant background information on the top ten sales clients.
3. Obtained and randomly checked relevant receipts or invoices of the top ten new sales clients and the top ten sales clients with a greater increase in the proportion to the Group's revenue this year and confirmed the appropriateness of revenue recognition.

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2023, the Group's inventories and allowance for inventory valuation losses amounted to NT\$1,760,388 thousand and NT\$87,262 thousand, respectively.

The Group is primarily engaged in the research and development, manufacturing and sales of industrial computers products. Due to rapid technological innovation and fluctuations in market prices, the Group recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we consider allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Ensured consistent application of Group's accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, validated the appropriateness of system logic of inventory aging report utilized by management to ensure proper classification of inventories aged over a certain period of time and reperformed the calculation.
3. Discussed with management the net realizable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents, and agreed to information obtained from physical inventory.

Other Matter – Audits of Other Independent Accountants

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$321,826 thousand constituting 5.31% of consolidated total assets as of December 31, 2022, respectively, and operating revenue of NT\$563,959 constituting 8.52% of consolidated total operating revenue for the years ended December 31, 2022, respectively. Those financial statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the accounts included in the financial statements relative to these subsidiaries, is based solely on the audit reports of the other independent accountants.

Other Matter – Parent Company Only Financial Reports

We have audited and expressed an unqualified opinion on the Parent Company Only Financial Statements of AXIOMTEK CO., LTD. as of and for the years ended December 31, 2023 and 2022.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in order to comply with the “Regulations Governing the Preparations of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe 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.

Lin, Po-Chuan

Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan February 22, 2024

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		(After Adjustment) December 31, 2022		(After Adjustment) January 1, 2022		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,501,089	22	\$ 1,031,621	17	\$ 943,871	18
1110	Financial assets at fair value through profit or loss - current	6(2)	720	-	-	-	-	-
1136	Financial assets at amortized cost - current	6(1) and 8	10,000	-	3,000	-	-	-
1150	Notes receivable	6(3)	20,924	-	17,620	-	19,898	-
1170	Accounts receivable	6(3)	809,758	12	745,252	12	745,599	14
1200	Other receivables		26,112	-	25,554	-	29,785	1
1220	Current income tax assets		22,715	-	1,922	-	401	-
130X	Inventories	6(4)	1,673,126	25	1,927,008	32	1,511,484	28
1410	Prepayments		28,578	1	31,815	1	23,221	-
1470	Other current assets		701	-	1,042	-	834	-
11XX	Total current assets		<u>4,093,723</u>	<u>60</u>	<u>3,784,834</u>	<u>62</u>	<u>3,275,093</u>	<u>61</u>
Non-current assets								
1550	Investments accounted for under equity method	6(5)	16,617	-	17,023	1	20,982	1
1600	Property, plant and equipment	6(6)	2,280,458	33	1,775,555	29	1,670,465	31
1755	Right-of-use assets	6(7)	159,612	2	190,296	3	127,737	2
1760	Investment property	6(9)	37,488	1	37,983	1	38,479	1
1780	Intangible assets	6(10)(11)	111,228	2	117,218	2	114,769	2
1840	Deferred income tax assets	6(29)	149,952	2	126,654	2	107,067	2
1990	Other non-current assets		8,912	-	15,558	-	9,228	-
15XX	Total non-current assets		<u>2,764,267</u>	<u>40</u>	<u>2,280,287</u>	<u>38</u>	<u>2,088,727</u>	<u>39</u>
1XXX	Total Assets		<u>\$ 6,857,990</u>	<u>100</u>	<u>\$ 6,065,121</u>	<u>100</u>	<u>\$ 5,363,820</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	December 31, 2023		(After Adjustment) December 31, 2022		(After Adjustment) January 1, 2022		
		Amount	%	Amount	%	Amount	%	
Liabilities and Equity								
Current liabilities								
2100	Short-term borrowings	6(12)	\$ -	-	\$ 635,300	11	\$ 374,000	7
2130	Contract liabilities - current	6(22)	93,610	1	76,941	1	92,336	2
2150	Notes payables		-	-	1,350	-	675	-
2170	Accounts payable	6(13)	497,063	7	685,682	11	828,310	15
2180	Accounts payable – related parties	7	4,757	-	7,384	-	6,813	-
2200	Other payables	6(14)	578,811	9	429,955	7	419,448	8
2230	Current income tax liabilities		216,732	3	171,000	3	94,855	2
2250	Provisions for liabilities - current		1,361	-	1,539	-	1,152	-
2280	Current lease liabilities		48,573	1	47,916	1	37,570	1
2320	Current portion of long-term borrowings		-	-	-	-	1,411	-
2399	Other current liabilities		6,543	-	17,152	-	6,963	-
21XX	Total current liabilities		<u>1,447,450</u>	<u>21</u>	<u>2,074,219</u>	<u>34</u>	<u>1,863,533</u>	<u>35</u>
Non-current liabilities								
2530	Corporate bonds payable	6(15)	760,924	11	-	-	-	-
2540	Long-term borrowings		-	-	-	-	53,606	1
2560	Non-current income tax liabilities		-	-	8,913	-	30,677	1
2570	Deferred income tax liabilities	6(29)	280,783	4	238,278	4	188,539	3
2580	Non-current lease liabilities		120,711	2	147,583	2	92,880	2
2640	Accrued pension liabilities	6(16)	43,985	1	41,513	1	55,549	1
2645	Guarantee deposit received		603	-	763	-	763	-
25XX	Total non-current liabilities		<u>1,207,006</u>	<u>18</u>	<u>437,050</u>	<u>7</u>	<u>422,014</u>	<u>8</u>
2XXX	Total liabilities		<u>2,654,456</u>	<u>39</u>	<u>2,511,269</u>	<u>41</u>	<u>2,285,547</u>	<u>43</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Ordinary shares	6(18)	1,015,374	15	910,235	15	884,829	16
3140	Advance receipts for share capital		3,370	-	13,079	-	75,094	1
Capital surplus								
3200	Capital surplus	6(19)	685,203	10	633,715	11	533,041	10
Retained earnings								
3310	Legal reserve	6(20)	676,932	10	615,504	10	576,846	11
3320	Special reserve		4,280	-	76,627	1	38,974	1
3350	Unappropriated retained earnings		1,816,483	26	1,308,972	22	1,046,116	19
Other equity								
3400	Other equity	6(21)	(1,892)	-	(4,280)	-	(76,627)	(1)
31XX	Total equity attributable to shareholders of the parent		<u>4,203,534</u>	<u>61</u>	<u>3,553,852</u>	<u>59</u>	<u>3,078,273</u>	<u>57</u>
3XXX	Total equity		<u>4,203,534</u>	<u>61</u>	<u>3,553,852</u>	<u>59</u>	<u>3,078,273</u>	<u>57</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant after the balance sheet date								
3X2X	Total Liabilities and Equity		<u>\$ 6,857,990</u>	<u>100</u>	<u>\$ 6,065,121</u>	<u>100</u>	<u>\$ 5,363,820</u>	<u>100</u>

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(22)	\$ 6,700,479	100	\$ 6,618,827	100
	6(4)(27)				
5000 Operating costs	(28) and 7	(4,297,582)	(64)	(4,388,015)	(66)
5900 Gross profit		2,402,897	36	2,230,812	34
5910 Unrealized gain from sale	6(5)	(58)	-	(234)	-
5920 Realized gain from sale		234	-	20	-
5950 Net operating margin		2,403,073	36	2,230,598	34
Operating expenses	6(27)(28)				
6100 Selling expenses		(520,598)	(8)	(568,942)	(9)
6200 General and administrative expenses		(355,656)	(5)	(363,357)	(5)
6300 Research and development expenses		(581,329)	(9)	(570,785)	(9)
6450 Impairment loss (impairment gain and reversal of impairment loss)	12(2)	(1,352)	-	1,206	-
6000 Total operating expenses		(1,458,935)	(22)	(1,501,878)	(23)
6900 Operating profit		944,138	14	728,720	11
Non-operating income and expenses					
7100 Interest income	6(23)	29,298	1	5,952	-
7010 Other income	6(24)	28,384	-	41,740	1
7020 Other gains and losses	6(25)	2,057	-	30,547	-
7050 Finance costs	6(26)	(18,732)	-	(10,432)	-
7060 Share of profit of associates and joint ventures accounted for under equity method	6(5)	(3,588)	-	(3,745)	-
7000 Total non-operating income and expenses		37,419	1	64,062	1
7900 Profit before income tax		981,557	15	792,782	12
7950 Income tax expenses	6(29)	(253,933)	(4)	(190,145)	(3)
8200 Net Income		\$ 727,624	11	\$ 602,637	9
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6(16)	(\$ 2,428)	-	\$ 14,203	-
8349 Income tax relating to components of other comprehensive income	6(29)	470	-	(2,556)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		7,715	-	90,434	1
8399 Income tax relating to the components of other comprehensive income	6(29)	(1,543)	-	(18,087)	-
8300 Other comprehensive income (loss) for the year		\$ 4,214	-	\$ 83,994	1
8500 Total Comprehensive Income		\$ 731,838	11	\$ 686,631	10
Profit attributable to:					
8610 Shareholders of the parent		\$ 727,624	11	\$ 602,637	9
Total comprehensive income (loss) attributable to:					
8710 Shareholders of the parent		\$ 731,838	11	\$ 686,631	10
9750 Basic earnings per share	6(30)	\$ 7.19		\$ 6.06	
9850 Diluted earnings per share	6(30)	\$ 6.86		\$ 5.93	

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent							
		Share capital			Retained Earnings			Financial statements translation differences of foreign operations	Total
	Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
Year 2022									
Balance at January 1, 2022		\$ 884,829	\$ 75,094	\$ 533,041	\$ 576,846	\$ 38,974	\$ 1,046,116	(\$ 76,627)	\$ 3,078,273
Profit for the year		-	-	-	-	-	602,637	-	602,637
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	11,647	72,347	83,994
Total comprehensive income		-	-	-	-	-	614,284	72,347	686,631
Appropriations of 2021 earnings									
Legal reserve	6(20)	-	-	-	38,658	-	(38,658)	-	-
Special reserve	6(20)	-	-	-	-	37,653	(37,653)	-	-
Cash dividends	6(20)	-	-	-	-	-	(275,117)	-	(275,117)
Share-based payments		8,910	13,079	30,191	-	-	-	-	52,180
Compensation cost of share-based payments		-	-	11,829	-	-	-	-	11,829
Conversion of convertible bonds		16,496	(75,094)	58,598	-	-	-	-	-
Change in Capital Surplus-others		-	-	56	-	-	-	-	56
Balance at December 31, 2022		\$ 910,235	\$ 13,079	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ 3,553,852
Year 2023									
Balance at January 1, 2023		\$ 910,235	\$ 13,079	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ 3,553,852
Profit for the year		-	-	-	-	-	727,624	-	727,624
Other comprehensive income (loss) for the year	6(21)	-	-	-	-	-	(1,958)	6,172	4,214
Total comprehensive income		-	-	-	-	-	725,666	6,172	731,838
Appropriations of 2022 earnings									
Legal reserve	6(20)	-	-	-	61,428	-	(61,428)	-	-
Special reserve	6(20)	-	-	-	-	(72,347)	72,347	-	-
Cash dividends	6(20)	-	-	-	-	-	(229,074)	-	(229,074)
Stock dividends from capital surplus	6(20)	91,629	-	(91,629)	-	-	-	-	-
Share-based payments		13,510	(9,815)	46,638	-	-	-	-	50,333
Compensation cost of share-based payments		-	-	5,338	-	-	-	-	5,338
Issue of convertible bonds	6(15)	-	-	87,971	-	-	-	-	87,971
Conversion of convertible bonds		-	106	(11)	-	-	-	-	95
Capital surplus, changes in equity of investment accounted for using equity method		-	-	3,006	-	-	-	-	3,006
Change in Capital Surplus-others		-	-	175	-	-	-	-	175
Balance at December 31, 2023		\$ 1,015,374	\$ 3,370	\$ 685,203	\$ 676,932	\$ 4,280	\$ 1,816,483	\$ 1,892	\$ 4,203,534

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 981,557	\$ 792,782
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(27)	110,356	98,567
Depreciation from investment Property	6(9)(25)	495	496
Amortization	6(10)(27)	23,331	20,799
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	1,352	(1,206)
Gain on financial assets at fair value through profit or loss	6(2)(25)	(320)	-
Interest expense	6(26)	18,732	10,432
Interest income	6(23)	(29,298)	(5,952)
Compensation cost of share-based payments	6(17)(28)	5,338	11,829
Share of profit of associates and joint ventures accounted for under equity method	6(5)	3,588	3,745
(Gain) loss on disposal of property, plant and equipment	6(25)	(273)	25
Gain on disposal of investments	6(25)	(493)	(11)
Gain on lease modification	6(25)	(36)	-
Impairment loss on other assets	6(25)	-	2,000
Unrealized profit from sales		(176)	214
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		493	11
Notes receivable		(3,304)	2,278
Accounts receivable (including related parties)		(65,824)	1,332
Other receivables		3,469	6,012
Inventories		253,980	(416,358)
Prepayments		3,237	(8,594)
Other current assets		341	(208)
Changes in liabilities relating to operating activities			
Contract liabilities		16,669	(15,395)
Notes payables		(1,350)	675
Accounts payable (including related parties)		(191,246)	(142,057)
Other payables		(9,607)	1,149
Other current liabilities		(10,609)	10,189
Other non-current assets		44	167
Cash inflow generated from operations		1,110,446	372,921
Receipt of interest		25,270	4,170
Payment of interest		(14,240)	(10,262)
Payment of income tax		(219,637)	(126,150)
Net cash flows from operating activities		<u>901,839</u>	<u>240,679</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in Financial assets at amortized cost		(\$ 7,000)	(\$ 3,000)
Acquisition of property, plant and equipment	6(31)	(403,790)	(141,556)
Proceeds from disposal of property, plant and equipment		409	55
Acquisition of intangible assets	6(10)	(15,921)	(21,406)
Decrease (Increase) in other non-current assets		3,618	(3,872)
Net cash flows used in investing activities		(422,684)	(169,779)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		3,383,200	4,505,600
Redemption of short -term borrowings		(4,018,500)	(4,244,300)
Issue of convertible bonds	6(15) (32)	848,003	-
Redemption of long-term borrowings		-	(59,408)
Payment of cash dividends	6(20)	(229,074)	(275,117)
Proceeds from exercise of employee stock options		50,333	52,180
Payment of lease liabilities	6(32)	(51,905)	(42,377)
Decrease in refundable deposits		(160)	-
Proceeds from disposal of employee stock ownership trust		175	56
Net cash flows-used in financing activities		(17,928)	(63,366)
Effects due to changes in exchange rate		8,241	80,216
Increase in cash and cash equivalents		469,468	87,750
Cash and cash equivalents at beginning of year		1,031,621	943,871
Cash and cash equivalents at end of year		\$ 1,501,089	\$ 1,031,621

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

1. ORGANIZATION AND OPERATIONS

Axiomtek Co., Ltd. (hereinafter referred to as "the Company" or "Axiomtek") was incorporated in the Republic of China (R.O.C) in May 1990 and the Company's common shares were officially listed on the Taipei Exchange on April 28, 2005. The Company and its subsidiaries (collectively referred herein as "the Group") are mainly engaged in designing, manufacturing and sales of PC-based industrial computer products and peripherals. The Group provides product lines of Industrial PCs (IPCs), Single Board Computers (SBCs), System on Modules (SoMs), Fanless and Rugged Embedded Systems (eBOX and rBOX), Intelligent Transportation Systems (tBOX and UST), Industrial IoT Gateway, Industrial EtherCAT Master solution, Touch Panel Computers (TPCs), Medical Panel Computers (MPCs), Digital Signage Solutions (DSSs), and Network Appliances (NAs) products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC").

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact on the Group's financial condition and financial performance based on the Group's assessment.

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'

The amendments require an entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group recognized deferred income tax assets and liabilities for all deductible and taxable temporary differences related to the right-of-use assets and lease liabilities, along with their corresponding recognition, as of January 1, 2022. As of December 31 of the 2023 and 2022,

the Group increased deferred income tax assets by \$46,295, \$28,129 and \$53,750, respectively, and deferred income tax liabilities by \$43,534, \$28,129 and \$53,750.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from are 2024 as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS7 and IFRS7, "Supplier finance arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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 above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.
 - (D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e., transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - (E) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss

on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of Subsidiary	Nature of business	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
The Company	AXIOM TECHNOLOGY, INC. U.S.A.(AXUS)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
"	AXIOMTEK TEKDEUTSCHLAND GMBH(AXGM)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
"	AXIOMTEK ITALIA S.R.L.(AXIT)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
"	AXIOM TECHNOLOGY(BVI) CO., LTD. (AXBVI)	Holding company	100%	100%
"	AXIOMTEK UK LIMITED(AXUK)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
"	AXIOMTEK JAPANCO., LTD.(AXJP)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%
AXBVI	Axiomtek (Shenzhen) Co. Ltd. (AXSZ)	Industrial computer and Embedded Board assemble, trading, post-sales service	100%	100%

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using

the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional and the Group’s presentation currency.

- A. Foreign currency transactions and balances
 - (A) 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 are recognized in profit or loss in the period in which they arise.
 - (B) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
 - (D) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.
- B. Translation of foreign operations
 - (A) The operating results and financial position of all the Group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in Exchange differences on translation of foreign operations.
 - (B) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. In addition, if the Group still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
 - (C) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:
 - (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (B) Assets held mainly for trading purposes;

- (C) Assets that are expected to be realized within twelve months from the balance sheet date;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

All assets that do not meet the above criteria are classified as non-current assets.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:
 - (A) Liabilities that are expected to be paid off within the normal operating cycle;
 - (B) Liabilities arising mainly from trading activities;
 - (C) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (D) Liabilities for which the repayment date cannot be extended unconditionally to more than 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.

All liabilities that do not meet the above criteria are classified as non-current liabilities.

(6) Cash equivalent

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) Financial assets measured at amortized costs

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each end of the financial reporting period, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable

and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined 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). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, 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 replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings	10 - 50 years
Machinery	2 - 21 years
Testing equipment	2 - 11 years
Other equipment	2 - 15 years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (A) Fixed payments, less any lease incentives receivable; and
 - (B) Variable lease payments that depend on an index or a rate.The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (A) The amount of the initial measurement of lease liability;
 - (B) Any lease payments made at or before the commencement date; and
 - (C) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end

of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 2 to 16 years.

(18) Intangible assets

A. Trademark

Trademark is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

D. Others

Other intangible assets, mainly customer list, are amortized on a straight-line basis over their estimated useful lives of 3~15 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes payable and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset or an equity instrument ('capital surplus - stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. Call provision embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/preference share liabilities and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in 'capital surplus – stock options' at the residual amount of total issue price less amounts of 'financial assets or financial assets at fair value through profit or loss' and 'bonds payable - net' as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(24) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets 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.

(25) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or losses. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- B. A mixed contract of financial assets embedded in derivatives, at the time of the original recognition, determines that the overall hybrid tool is classified as financial assets measured at fair value through gains and losses, financial assets measured at fair value through other consolidated gains and losses, and financial assets measured at amortized cost.
- C. The non-financial asset hybrid contract embedded in the derivative instrument determines whether the embedded derivative is closely related to the economic characteristics and risk of the main contract in the original recognition according to the terms of the contract to determine whether to separate or not. When it is closely related, the overall blending tool is treated according to its nature according to appropriate criteria. When it is not closely related, the derivative is separated from the principal contract and is treated as a derivative. The principal contract is treated according to its nature on the basis of appropriate criteria; or the overall recognition at the original recognition is a financial liability measured at fair value through profit or losses.

(26) Provisions for liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the financial reporting period, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(27) Employee benefits

- A. Short-term employee benefits
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.
- B. Pensions
 - (A) Defined contribution plans
For defined contribution plans, the Group has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- i. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, length of service and salary amount. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(C) Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained

earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred 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 in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. 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 on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(30) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction from the proceeds.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Board of Directors. Cash dividends are recorded as Other payables; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(32) Revenue recognition

A. Sales of goods

- (A) The Group manufactures and sells industrial computer-related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all

criteria for acceptance have been satisfied.

- (B) The sales revenue of industrial computer-related products is recognized according to the quantity of goods purchased by the customer and the price agreed upon after the quotation of the product item. The terms of collection for sales transactions are agreed upon in accordance with the generally accepted commercial transaction terms.
 - (C) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.
 - (D) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- B. Revenue from Labor Services
Revenue from labor services comes from product development and provision of extended warranty and maintenance services. When the transaction results of labor services can be reliably estimated, revenues are recognized based on the level of labor provided.
- C. Incremental costs of obtaining a contract
Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below.

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$1,673,126.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 642	\$ 799
Checking accounts and demand deposits	738,740	542,185
Time deposits	761,707	488,637
	<u>\$ 1,501,089</u>	<u>\$ 1,031,621</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'financial assets at amortized cost', the Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets at fair value through profit or loss		
Derivatives (Convertible bond – call provision)	\$ 400	\$ -
Evaluation adjustment	320	-
	<u>\$ 720</u>	<u>\$ -</u>

- A. For the years ended December 31, 2023 and 2022, the Group's net gain were \$320 and \$0, respectively.
- B. The Group has no Financial assets at fair value through profit or loss - current pledged to others.

(3) Notes and accounts receivable (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 20,924	\$ 17,620
Less: Loss allowance	-	-
	<u>\$ 20,924</u>	<u>\$ 17,620</u>
Accounts receivable (including related parties)	\$ 813,965	\$ 748,140
Less: Loss allowance	(4,207)	(2,888)
	<u>\$ 809,758</u>	<u>\$ 745,252</u>

- A. Information relating to the ageing analysis of accounts receivable that were past due is provided in Note 12(2).
- B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$770,337.
- C. The Group does not hold financial assets as security for accounts receivable.
- D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	\$ 573,754	(\$ 63,724)	\$ 510,030
Work in progress	177,001	-	177,001
Semi-finished goods	32,753	(3,622)	29,131
Finished goods	442,763	(9,978)	432,785
Merchandise inventory	529,282	(9,938)	519,344
Inventories in transit	4,835	-	4,835
Total	<u>\$ 1,760,388</u>	<u>(\$ 87,262)</u>	<u>\$ 1,673,126</u>

	December 31, 2022		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Raw materials	\$ 672,892	(\$ 57,237)	\$ 615,655
Work in progress	284,657	-	284,657
Semi-finished goods	39,091	(6,096)	32,995
Finished goods	206,949	(5,091)	201,858
Merchandise inventory	763,013	(12,394)	750,619
Inventories in transit	41,224	-	41,224
Total	<u>\$ 2,007,826</u>	<u>(\$ 80,818)</u>	<u>\$ 1,927,008</u>

The cost recognized as expenses for the period:

	Years ended December 31,	
	2023	2022
Cost of revenue	\$ 4,260,141	\$ 4,351,972
Loss on market value decline and obsolete and slow-moving inventories	37,441	36,043
Total	<u>\$ 4,297,582</u>	<u>\$ 4,388,015</u>

The Group has no inventories pledged to others.

(5) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Uni-Innovate Technology Co., Ltd. (UNI)	\$ 16,617	\$ 17,023
A. Share of loss of associates accounted for using the equity method is as follows:		
	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
UNI	(\$ 3,588)	(\$ 3,745)
B. For the years ended December 31, 2023 and 2022, the Group had unrealized profit from sales from downstream transactions with affiliates at \$58 and \$234, respectively.		

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Testing equipment</u>	<u>Others</u>	<u>Total</u>
At January 1, 2023						
Cost	\$1,106,491	\$504,845	\$147,518	\$ 58,120	\$417,391	\$2,234,365
Accumulated depreciation	-	(60,921)	(139,311)	(47,826)	(210,752)	(458,810)
	<u>\$1,106,491</u>	<u>\$443,924</u>	<u>\$ 8,207</u>	<u>\$ 10,294</u>	<u>\$206,639</u>	<u>\$1,775,555</u>
2023						
Opening net book amount	\$1,106,491	\$443,924	\$ 8,207	\$ 10,294	\$206,639	\$1,775,555
Additions	159,321	125,370	28,660	8,943	237,866	560,160
Disposals (Cost)	-	-	(8,180)	(123)	(44,082)	(52,385)
Disposals (Accumulated depreciation)	-	-	8,180	123	43,946	52,249
Reclassifications (Cost)	-	-	36,992	1,568	(39,982)	(1,422)
Depreciation	-	(14,690)	(5,491)	(4,649)	(29,141)	(53,971)
Net exchange differences	(34)	-	4	(2)	304	272
Closing net book amount	<u>\$1,265,778</u>	<u>\$554,604</u>	<u>\$ 68,372</u>	<u>\$ 16,154</u>	<u>\$375,550</u>	<u>\$2,280,458</u>
At December 31, 2023						
Cost	\$1,265,778	\$630,200	\$204,959	\$ 68,503	\$571,632	\$2,741,072
Accumulated depreciation	-	(75,596)	(136,587)	(52,349)	(196,082)	(460,614)
	<u>\$1,265,778</u>	<u>\$554,604</u>	<u>\$ 68,372</u>	<u>\$ 16,154</u>	<u>\$375,550</u>	<u>\$2,280,458</u>

	Land	Buildings	Machinery	Testing equipment	Others	Total
At January 1, 2022						
Cost	\$1,099,055	\$501,676	\$147,924	\$ 57,356	\$273,495	\$2,079,506
Accumulated depreciation	-	(45,430)	(131,287)	(42,795)	(189,529)	(409,041)
	<u>\$1,099,055</u>	<u>\$456,246</u>	<u>\$ 16,637</u>	<u>\$ 14,561</u>	<u>\$ 83,966</u>	<u>\$1,670,465</u>
2022						
Opening net book amount	\$1,099,055	\$456,246	\$ 16,637	\$ 14,561	\$ 83,966	\$1,670,465
Additions	-	-	1,511	1,407	145,756	148,674
Disposals (Cost)	-	-	(2,845)	(646)	(5,911)	(9,402)
Disposals (Accumulated depreciation)	-	-	2,814	646	5,862	9,322
Reclassifications (Cost)	-	-	-	-	(2,000)	(2,000)
Depreciation	-	(14,658)	(9,989)	(5,675)	(23,618)	(53,940)
Net exchange differences	7,436	2,336	79	1	2,584	12,436
Closing net book amount	<u>\$1,106,491</u>	<u>\$443,924</u>	<u>\$ 8,207</u>	<u>\$ 10,294</u>	<u>\$206,639</u>	<u>\$1,775,555</u>
At December 31, 2022						
Cost	\$1,106,491	\$504,845	\$147,518	\$ 58,120	\$417,391	\$2,234,365
Accumulated depreciation	-	(60,921)	(139,311)	(47,826)	(210,752)	(458,810)
	<u>\$1,106,491</u>	<u>\$443,924</u>	<u>\$ 8,207</u>	<u>\$ 10,294</u>	<u>\$206,639</u>	<u>\$1,775,555</u>

- A. The Group has no interest capitalised to property, plant and equipment.
B. Property, plant and equipment not a significant component.
C. The Group has no property, plant and equipment pledged to others.

(7) Leasing arrangements – lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	\$ 154,706	\$ 188,011
Vehicles	4,906	2,285
	<u>\$ 159,612</u>	<u>\$ 190,296</u>
	Years ended	Years ended
	December 31, 2023	December 31, 2022
	Depreciation charge	Depreciation charge
Buildings	\$ 54,667	\$ 43,478
Vehicles	1,718	1,149
	<u>\$ 56,385</u>	<u>\$ 44,627</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$23,092 and \$98,073.

D. The information on profit and loss accounts relating to lease contracts is as follows:

Items affecting profit or loss	Years ended December 31, 2023	Years ended December 31, 2022
Interest expense on lease liabilities	(\$ 6,895)	(\$ 3,078)
Expense on short-term lease contracts	(10,806)	(3,750)
Gains on lease modification	36	-

E. For the 2023 and 2022, the Group's total cash outflow for leases was \$69,606 and \$49,205.

(8) Leasing arrangements-lessor

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2023 and 2022, the Group recognized rent income in the amounts of \$3,452 and \$3,448, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023	December 31, 2022
2023	\$ -	\$ 1,764
2024	3,444	1,764
	\$ 3,444	\$ 3,528

(9) Investment property

	Land	Buildings	Total
At January 1, 2023			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	(11,140)	(11,140)
	\$ 33,273	\$ 4,710	\$ 37,983
2023			
Opening net book amount	\$ 33,273	\$ 4,710	\$ 37,983
Depreciation	-	(495)	(495)
Closing net book amount	\$ 33,273	\$ 4,215	\$ 37,488
At December 31, 2023			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	(11,635)	(11,635)
	\$ 33,273	\$ 4,215	\$ 37,488

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	<u>-</u>	<u>(10,644)</u>	<u>(10,644)</u>
	<u>\$ 33,273</u>	<u>\$ 5,206</u>	<u>\$ 38,479</u>
2022			
Opening net book amount	\$ 33,273	\$ 5,206	\$ 38,479
Depreciation	<u>-</u>	<u>(496)</u>	<u>(496)</u>
Closing net book amount	<u>\$ 33,273</u>	<u>\$ 4,710</u>	<u>\$ 37,983</u>
At December 31, 2022			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	<u>-</u>	<u>(11,140)</u>	<u>(11,140)</u>
	<u>\$ 33,273</u>	<u>\$ 4,710</u>	<u>\$ 37,983</u>

A. Rental income and direct operating expenses of investment property:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 3,452</u>	<u>\$ 3,488</u>
Direct operating expenses arising from investment property that generated rental income	<u>\$ 620</u>	<u>\$ 626</u>
Direct operating expenses arising from investment property that did not generate rental income	<u>\$ 4</u>	<u>\$ 29</u>

- B. The fair value of the investment property held by the Group was \$110,322 and \$119,352 as of December 31, 2023 and 2022, respectively, which was based on the transaction prices of similar properties in the same area.
- C. No investment property was pledged to others.

(10) Intangible assets

	<u>Trademark</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
At January 1, 2023					
Cost	\$ 1,051	\$ 118,808	\$ 77,920	\$ 60,166	\$ 257,945
Accumulated Amortization	(381)	(90,688)	(9,596)	(40,062)	(140,727)
	<u>\$ 670</u>	<u>\$ 28,120</u>	<u>\$ 68,324</u>	<u>\$ 20,104</u>	<u>\$ 117,218</u>
2023					
Opening net book amount	\$ 670	\$ 28,120	\$ 68,324	\$ 20,104	\$ 117,218
Additions	1,934	10,873	-	3,114	15,921
Disposals (Cost)	-	(23,731)	-	-	(23,731)
Disposals (Accumulated depreciation)	-	23,731	-	-	23,731
Reclassifications (Cost)	-	1,422	-	-	1,422
Amortization	(172)	(17,241)	-	(5,918)	(23,331)
Net exchange differences	-	-	-	(2)	(2)
Closing net book amount	<u>\$ 2,432</u>	<u>\$ 23,174</u>	<u>\$ 68,324</u>	<u>\$ 17,298</u>	<u>\$ 111,228</u>
At December 31, 2023					
Cost	\$ 2,985	\$ 107,354	\$ 77,920	\$ 63,213	\$ 251,472
Accumulated Amortization and impairment	(553)	(84,180)	(9,596)	(45,915)	(140,244)
	<u>\$ 2,432</u>	<u>\$ 23,174</u>	<u>\$ 68,324</u>	<u>\$ 17,298</u>	<u>\$ 111,228</u>

	Trademark	Computer software	Goodwill	Others	Total
At January 1, 2022					
Cost	\$ 771	\$ 96,973	\$ 77,920	\$ 55,463	\$ 231,127
Accumulated Amortization	(326)	(74,549)	(9,596)	(31,887)	(116,358)
	<u>\$ 445</u>	<u>\$ 22,424</u>	<u>\$ 68,324</u>	<u>\$ 23,576</u>	<u>\$ 114,769</u>
2022					
Opening net book amount	\$ 445	\$ 22,424	\$ 68,324	\$ 23,576	\$ 114,769
Additions	280	20,989	-	137	21,406
Amortization	(55)	(15,392)	-	(5,352)	(20,799)
Net exchange differences	-	99	-	1,743	1,842
Closing net book amount	<u>\$ 670</u>	<u>\$ 28,120</u>	<u>\$ 68,324</u>	<u>\$ 20,104</u>	<u>\$ 117,218</u>
At December 31, 2022					
Cost	\$ 1,051	\$ 118,808	\$ 77,920	\$ 60,166	\$ 257,945
Accumulated Amortization	(381)	(90,688)	(9,596)	(40,062)	(140,727)
	<u>\$ 670</u>	<u>\$ 28,120</u>	<u>\$ 68,324</u>	<u>\$ 20,104</u>	<u>\$ 117,218</u>

- A. For the 2023 and 2022, the Group has no interest capitalised to intangible assets.
- B. Goodwill is allocated to the Group's cash-generating units identified by the operations department:

	December 31, 2023	December 31, 2022
America	\$ 52,425	\$ 52,425
Europe	10,000	10,000
Taiwan	5,899	5,899
	<u>\$ 68,324</u>	<u>\$ 68,324</u>

- C. The details of the amortization charges of intangible assets are as follows:

	Years ended December 31,	
	2023	2022
Operating costs	\$ 303	\$ 372
Selling expenses	1,729	1,469
General and administrative expenses	10,396	14,143
Research and development expenses	10,903	4,815
	<u>\$ 23,331</u>	<u>\$ 20,799</u>

- D. Information about the impairment of intangible assets is provided in Note 6(11).

(11) Impairment on non-financial assets

The recoverable amount is assessed on the basis of the use value, and the use value is calculated on the basis of the pre-tax cash flow forecast of the Group's five-year financial budget. The main assumptions used to calculate the use value are as follows:

	America	
	December 31, 2023	December 31, 2022
Gross margin	16.71%	17.91%
Growth rate	10.00%	10.00%
Discount rate	3.95%	4.00%

	Europe	
	December 31, 2023	December 31, 2022
Gross margin	27.37%	27.93%
Growth rate	20.20%	17.12%
Discount rate	3.95%	4.00%

The Group determines the budgetary gross margin based on previous year's performance and expectations for market development. The weighted average growth rate used is consistent with the industry forecast. The discount rate used is the pre-tax ratio and reflects the specific risks of the relevant operating departments.

(12) Short-term borrowings (December 31, 2023: None.)

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	<u>\$ 635,300</u>	1.17%~1.725%	None

Interest expense recognized in profit or loss amounted to \$7,089 and \$5,489 for the years ended December 31, 2023 and 2022, respectively.

(13) Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable	\$ 496,794	\$ 685,080
Estimated accounts payable	269	602
	<u>\$ 497,063</u>	<u>\$ 685,682</u>

(14) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonus payable	\$ 217,245	\$ 251,374
Payable to land and building	144,750	-
Accrued employees' compensation and directors' remuneration	70,332	59,089
Payable to equipment suppliers	27,130	18,538
Others	119,354	100,954
	<u>\$ 578,811</u>	<u>\$ 429,955</u>

(15) Corporate bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Corporate bonds payable	\$ 799,900	\$ -
Less: Discount on bonds payable	(38,976)	-
	<u>\$ 760,924</u>	<u>\$ -</u>

- A. Domestic unsecured conversion of corporate bonds issued by the Company
- (A) Issuance conditions for the Second Domestic Unsecured Convertible Corporate Bonds Conversion in the Company are as follows:
- i. The Company is approved by the relevant authorities to raise and issue the Second Domestic Unsecured Convertible Corporate Bonds Conversion (referred to as "Convertible Corporate Bonds"), the total face value of the issuance is \$800,000, and the actual total issuance is \$848,003, at the coupon rate of 0%, for an issuance period of 3 years, circulation period from August 28, 2023 to August 28, 2026. When this conversion company debt expires, it will be repaid in cash in the denomination of the bond. Convertible Corporate Bonds has been listed for trading at the Securities Counter Trading Center as of August 28, 2023.
 - ii. Unless (1) the period for suspension of transfer registration of common stock required by laws, (2) 15 business days prior to the date for suspension of transfer registration of allocated dividends requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, and (3) from the date of capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may apply to the Taiwan Depository & Clearing Corporation (TDCC) (hereinafter referred to as the "Depository Corporation") who would then notify the Company's stock agent to convert the Bond into the Company's common shares pursuant to the Regulations at any time one month after the issuance (November 29 2023) and throughout the duration (until August 28, 2026) of the bond.
 - iii. The conversion price of this conversion company debt shall be determined according to the pricing model stipulated in the conversion method, and the conversion price shall be adjusted in the event of the anti-dilution clause of the company in accordance with the pricing model stipulated in the conversion method.

- iv. From the day following the 3rd month of issuance (November 29 2023) of the bonds until 40 days(July 20, 2026) prior to expiration of the duration, if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send the “Notice of Call” to be matured in 30 days (the time limit shall commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period for the corporate bonds should not fall in the time limit) to the bond holders (those referred to the roster of creditors within five business days prior to the service date of the Notice of Call, while the investors who acquire the bonds through exchange or due to other causes subsequently, if any, shall be notified by public notice) via registered mail within 30 business days. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call the corporate bonds held by the bond holders at the face value in cash within five (5) business days upon the record date.
 - v. In accordance with the conversion scheme, all debts of the Company recovered (including by the Securities Counter Trading Centre), repaid or converted will be cancelled, and all rights and obligations that are still attached to this conversion company's debt will also be eliminated and no longer issued.
- (B) As of December 31, 2023, the face value of this convertible corporate bond of \$100 has been converted to 1,000 shares of common stock, completed on December 25, 2023.
 - (C) As of December 31, 2023, the Company has not bought back the bonds from the securities counter trading center.
 - (D) Since September 5, 2023, the Company's ex-rights and dividend, the conversion price has been recalculated according to the provisions of this bond issuance and conversion, from \$109.5 to \$97.2.
- B. When issuing convertible corporate bonds, the equity conversion options amounting to \$87,971 were separated from the liability component and were recognized in ‘capital surplus-stock warrants’ in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in ‘financial assets at fair value through profit or loss’ in net amount \$400 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 0.156%.

(16) Pensions

- A. (A)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in

the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(B) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 89,598)	(\$ 93,732)
Fair value of plan assets	45,613	52,219
Net defined benefit liability	(\$ 43,985)	(\$ 41,513)

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	(\$ 93,732)	\$ 52,219	(\$ 41,513)
Current service cost	(416)	-	(416)
Interest (expense) income	(1,630)	840	(790)
	(95,778)	53,059	(42,719)
Remeasurements:			
Change in demographic assumptions	561	-	561
Change in financial assumptions	(2,855)	-	(2,855)
Experience adjustments	(271)	137	(134)
	(2,565)	137	(2,428)
Pension fund contribution	-	1,519	1,519
Paid pension	9,102	(9,102)	-
Net exchange differences	(357)	-	(357)
Balance at December 31	(\$ 89,598)	\$ 45,613	(\$ 43,985)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 111,132)	\$ 55,583	(\$ 55,549)
Current service cost	(998)	-	(998)
Interest (expense) income	(652)	317	(335)
	(112,782)	55,900	(56,882)
Remeasurements:			
Change in financial assumptions	13,306	-	13,306
Experience adjustments	(3,440)	4,337	897
	9,866	4,337	14,203
Pension fund contribution	-	1,560	1,560
Paid pension	9,578	(9,578)	-
Net exchange differences	(394)	-	(394)
Balance at December 31	(\$ 93,732)	\$ 52,219	(\$ 41,513)

- (D) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

- (E) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.30%	1.61%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 4,511)</u>	<u>\$ 4,848</u>	<u>\$ 4,741</u>	<u>(\$ 4,460)</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 4,874)</u>	<u>\$ 5,252</u>	<u>\$ 5,153</u>	<u>(\$ 4,833)</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2023 and 2022 are the same.

- (F) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amounts to \$1,519.
- (G) As of December 31, 2023, the weighted average duration of the defined benefit retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	56,759
1 - 2 Years		3,920
3 - 4 Years		7,025
More than 5 years		1,879
	<u>\$</u>	<u>69,583</u>

- B. (A) Effective July 1, 2005, the Company have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (B) AXIT has chosen to adopt a defined benefit plan in accordance with local legal regulations and has provisioned relevant retirement benefit expenses based on the expected unit payment law.
- (C) The Company’s subsidiaries in Mainland China have a defined contribution plan in accordance with the pension regulations in the People’s Republic of China (PRC). The appropriation rate was 14% for the years ended December 31,, 2023 and 2022. Except for the monthly contribution, these companies have no other obligation.
- (D) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$35,401 and \$33,413, respectively.

(17) Share-based payment

- A. For the years ended December 31, 2023 and 2022, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	April 12, 2018	1,600	5 Years	2 to 4 years of service
Employee stock options	October 29, 2020	4,300	6 Years	2 to 5 years' service

The share-based payment arrangements above are all settled by equity.

- B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2023		2022	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2018 Issuing)	355	\$ 41.70	977	\$ 43.80
Stock options waived in the current period	(67)	-	-	-
Options exercised	(288)	41.70	(622)	42.61
Options outstanding at end of the year	-	-	355	41.70
Options exercisable at end of the year	-	-	355	41.70

	Years ended December 31,			
	2023		2022	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2020 Issuing)	3,563	\$ 46.10	4,300	\$ 48.40
Stock options waived in the current period	(72)	-	(180)	-
Options exercised	(855)	44.82	(557)	46.10
Options outstanding at end of the year	2,636	40.80	3,563	46.10
Options exercisable at end of the year	1,036	40.80	1,091	46.10

- C. Average price of Stock options exercised in 2023 and 2022 were \$77.98 and \$56.89 respectively.

- D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date approved	Expiry date	December 31, 2023		December 31, 2022	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
April 12, 2018	April 11, 2023	-	\$ -	355	41.70
October 29, 2020	October 28, 2026	2,636	40.80	3,563	46.10

- E. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	April 12, 2018	57.70	57.70	28.13%~30.83%	4 Years	0%	0.63%~0.69%	12.49~15.46
Employee stock options	October 29, 2020	50.80	50.80	20.19%~23.7%	5 Years	0%	0.22%~0.24%	8.32~11.39

- F. Expenses incurred on share-based payment transactions Relevant information is as follows:

	Years ended December 31,	
	2023	2022
Equity Settled	\$ 5,338	\$ 11,829

- G. As of ex-dividend date August 20, 2022 the Company re-computed the strike prices for employee stock warrants issued in 2018 and 2020 accordingly using the regulated method and adjusted the strike prices respectively, from \$43.8 and \$48.4 to \$41.7 and \$46.1. The employee stock warrants issued in 2018 have expired on April 11, 2023.

- H. As of ex-rights and dividend date August 9, 2023 the Company re-computed the strike prices for employee stock warrants issued in 2020 accordingly using the regulated method and adjusted the strike prices respectively, from \$46.1 to \$40.8.

(18) Share capital

- A. As of December 31, 2023, the Company's authorized capital was \$1,600,000, consisting of 160,000 thousand ordinary shares, and the paid-in capital was \$1,015,374. with a par value of \$10 (in dollars) per share, consisting of 101,618 thousand ordinary shares. All proceeds from shares issued have been collected.

- B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	Years ended December 31,	
	2023 (in thousands)	2022 (in thousands)
At January 1	91,311	90,132
Exercise of employee stock options	1,143	1,179
Conversion of convertible bonds	1	-
Stock dividends from capital surplus	9,163	-
At December 31	101,618	91,311

	December 31, 2023		December 31, 2022	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Exercise of employee stock options (Advance receipts for share capital)	80	\$3,264	288	\$ 13,079
Conversion of convertible bonds (Advance receipts for share capital)	1	106	-	-

Information about the Conversion of convertible bonds and Exercise of employee stock options is provided in Note 6(17) and 6(15).

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	Year ended December 31, 2023									
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Stock options	Other	Total
At January 1	\$181,643	\$342,834	\$1,026	\$ 176	\$ 2	\$ -	\$107,900	\$ -	\$ 134	\$633,715
Stock dividends from capital surplus	-	(91,629)	-	-	-	-	-	-	-	(91,629)
Exercise of employee stock options	46,638	-	-	-	-	-	-	-	-	46,638
Compensation cost of employee stock options	-	-	-	-	-	-	5,338	-	-	5,338
Issue of convertible bonds	-	-	-	-	-	-	-	87,971	-	87,971
Conversion of convertible bonds	-	-	-	-	-	-	-	(1)	(1)	(1)
Change in Capital Surplus-others	-	-	-	-	-	3,006	-	-	-	3,006
Changes in equity of associates and joint ventures accounted for using equity method	175	-	-	-	-	-	-	-	-	175
At December 31	\$228,456	\$251,205	\$1,026	\$ 176	\$ 2	\$ 3,006	\$113,238	\$87,960	\$ 134	\$685,203

	Year ended December 31, 2022							
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Employee stock options	Other	Total
At January 1	\$151,396	\$ 284,236	\$1,026	\$ 176	\$ 2	\$ 96,071	\$ 134	\$533,041
Exercise of employee stock options	30,191	-	-	-	-	-	-	30,191
Compensation cost of employee stock options	-	-	-	-	-	11,829	-	11,829
Conversion of convertible bonds	-	58,598	-	-	-	-	-	58,598
Change in Capital Surplus-others	56	-	-	-	-	-	-	56
At December 31	\$181,643	\$ 342,834	\$1,026	\$ 176	\$ 2	\$107,900	\$ 134	\$633,715

(20) Retained earnings

- A. When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of Article 240 of the Company Law of the Republic of China with a resolution adopted at a meeting of shareholders.
- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of 2022 earnings appropriation resolved by the Board of Directors on February 23, 2023 and by the shareholders on May 30, 2023. 2021 earnings appropriation resolved by the Board of Directors on February 25, 2022 and by the shareholders on May 24, 2022, respectively are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 61,428		\$ 38,658	
Special reserve	(72,347)		37,653	
Cash dividends	<u>229,074</u>	\$ 2.50	<u>275,117</u>	\$ 3.05
Total	<u>\$ 218,155</u>		<u>\$351,428</u>	

Details of 2023 earnings appropriation resolved by the Board of Directors on February 22, 2024 are as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 72,567	
Reversal of Special reserve	(4,280)	
Cash dividends	<u>438,232</u>	\$ 4.30
Total	<u>\$ 506,519</u>	

- E. The company, on May 30, 2023, passed a resolution during the shareholder's meeting to increase capital by issuing 9,163 thousand new shares from the capital surplus, with a par value of \$10 per share. This increase in capital was duly reported and approved by the regulatory authorities on July 18, 2023, and the Board of Directors further decided that September 5, 2023 will be the record date for the capital increase.

(21) Other equity interest

	Year ended December 31,	
	2023	2022
Financial statements translation differences of foreign operations		
At January 1	(\$ 4,280)	(\$ 76,627)
Increase (decrease) in current period	<u>6,172</u>	<u>72,347</u>
At December 31	<u>\$ 1,892</u>	<u>(\$ 4,280)</u>

(22) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Years ended December 31, 2023					Total
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	
Originating from transfer at a point in time:						
IOT Products	\$2,078,965	\$ 979,799	\$158,570	\$ 86,943	(\$ 627,059)	\$2,677,218
Intelligent Design-in Service Products	1,515,765	813,180	616,950	52,971	(1,155,599)	1,843,267
Gaming Products	743,281	757,035	124,273	51	(601,497)	1,023,143
Others	232,630	704,127	248,204	35,958	(89,099)	1,131,820
Net sales revenue Originating from the transfer of labor services over time:	4,570,641	3,254,141	1,147,997	175,923	(2,473,254)	6,675,448
Other Operating revenue	38,211	6,497	12,476	469	(32,622)	25,031
Total	<u>\$4,608,852</u>	<u>\$3,260,638</u>	<u>\$1,160,473</u>	<u>\$176,392</u>	<u>(\$2,505,876)</u>	<u>\$6,700,479</u>

	Years ended December 31, 2022					Total
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	
Originating from transfer at a point in time:						
IOT Products	\$ 2,305,326	\$ 974,557	\$ 139,742	\$ 113,470	(\$ 743,531)	\$ 2,789,564
Intelligent Design-in Service Products	1,403,503	1,099,363	311,495	55,681	(1,085,157)	1,784,885
Gaming Products	1,022,826	808,024	66,181	2	(898,798)	998,235
Others	300,343	647,106	131,333	25,701	(85,313)	1,019,170
Net sales revenue Originating from the transfer of labor services over time:	5,031,998	3,529,050	648,751	194,854	(2,812,799)	6,591,854
Other Operating revenue	50,227	10,973	10,087	286	(44,600)	26,973
Total	<u>\$ 5,082,225</u>	<u>\$ 3,540,023</u>	<u>\$ 658,838</u>	<u>\$ 195,140</u>	<u>(\$ 2,857,399)</u>	<u>\$ 6,618,827</u>

B. Contract liabilities

The Group has recognized the following contract assets and liabilities in relation to revenue from contracts with customers:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Contract liabilities- Advance payments	<u>\$ 93,610</u>	<u>\$ 76,941</u>	<u>\$ 92,336</u>

The revenue recognized from the beginning balance of contract liability:

	Year ended December 31,	
	2023	2022
The revenue recognized from the beginning balance of contract liability.	<u>\$ 71,202</u>	<u>\$ 90,459</u>

(23) Interest income

	Year ended December 31,	
	2023	2022
Interest on Bank deposit:	\$ 27,664	\$ 5,500
Other interest income	1,634	452
Total	<u>\$ 29,298</u>	<u>\$ 5,952</u>

(24) Other income

	Year ended December 31,	
	2023	2022
Government grants revenue	\$ 3,452	\$ 3,448
Rental revenue	-	2,858
Other income	24,932	35,434
Total	<u>\$ 28,384</u>	<u>\$ 41,740</u>

The subsidiary AXGM in Germany was applicable to get financial support under the SMEs assistance project of Corona-Überbrückungshilfe für kleine und mittelständische Unternehmen (Überbrückungshilfe III). The subsidiary AXGM recognized the subsidy \$ 2,858 as other income in 2022.

(25) Other gains and losses

	Year ended December 31,	
	2023	2022
Foreign exchange gains	\$ 1,607	\$ 33,261
Gains on disposal of investments	493	11
Gain on financial assets at fair value through profit or loss	320	-
Gains on disposal of equipment	273	(25)
Gain on lease modification	36	-
Impairment loss	-	(2,000)
Depreciation expense from investment property	(495)	(496)
Other gains and losses	(177)	(204)
Total	<u>\$ 2,057</u>	<u>\$ 30,547</u>

(26) Finance costs

	Year ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 7,089	\$ 7,349
Lease liabilities	6,895	3,078
Convertible bonds payable	4,737	-
Other	11	5
Total	<u>\$ 18,732</u>	<u>\$ 10,432</u>

(27) Expenses by nature

	Years ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 298,946	\$ 1,033,863	\$ 1,332,809
Depreciation- property, plant and equipment	14,769	39,202	53,971
Depreciation-right of use assets	15,828	40,557	56,385
Amortization	303	23,028	23,331
Total	\$ 329,846	\$ 1,136,650	\$ 1,466,496

	Years ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 165,645	\$ 1,129,296	\$ 1,294,941
Depreciation- property, plant and equipment	17,142	36,798	53,940
Depreciation-right of use assets	10,088	34,539	44,627
Amortization	373	20,426	20,799
Total	\$ 193,248	\$ 1,221,059	\$ 1,414,307

(28) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 1,152,939	\$ 1,127,076
Labor and health insurance fees	104,060	92,338
Pension costs	36,607	34,746
Compensation cost of employee stock options	5,338	11,829
Other employee benefit expense	33,865	28,952
Total	\$ 1,332,809	\$ 1,294,941

A. According to the Company's articles of association, if the Company is profitable in the year (ie after deducting the employee's remuneration and the director's remuneration from the net profit before tax), employee payout should be between 1% and 20% while directors' payout should be no more than 2%. However, if the Company has accumulated losses (including adjustments to unallocated surplus) these losses should first be offset.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$60,000 and \$50,000, respectively; while directors' remuneration was accrued at \$9,286 and \$8,070, respectively. The aforementioned amounts were recognized in salary expenses.

In 2023, the pre-tax net profit for the year was deducted from the employee's compensation and the benefits before the director's remuneration were estimated at 6.1% and 0.94% respectively.

Employees' compensation and directors' remuneration for 2023 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 financial statements, and the employees' compensation will be distributed in the form of cash.

C. Information about employees' compensation and directors' remuneration of the

Company as resolved at the meeting of Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(A) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax		
Current tax on profits for the year	\$ 233,847	\$ 186,322
Tax on undistributed earnings	3,898	1,758
Adjustments in respect of prior years	(1,946)	(7,444)
Total current tax	<u>\$ 235,799</u>	<u>\$ 180,636</u>
Deferred tax		
Origination and reversal of temporary differences	18,134	9,509
Total deferred tax	<u>18,134</u>	<u>9,509</u>
Income tax expense	<u>\$ 253,933</u>	<u>\$ 190,145</u>

(B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2023	2022
Remeasurements of defined benefit obligations	\$ 470	(\$ 2,556)
Currency translation differences of foreign operations	(1,543)	(18,087)
Total	<u>(\$ 1,073)</u>	<u>(\$ 20,643)</u>

(C) Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Effect of items disallowed by tax regulation	\$ 249,475	\$ 193,650
Effect from changes in tax regulation	2,506	2,181
Adjustments in respect of prior years	(1,946)	(7,444)
Tax on undistributed earnings	3,898	1,758
Income tax expense	<u>\$ 253,933</u>	<u>\$ 190,145</u>

B. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2023			December 31
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	
Temporary differences				
Deferred tax assets:				
Retrospective adjustment - lease liabilities	\$ 53,750	(\$ 7,455)	\$ -	\$ 46,295
Loss allowance	460	(5)	-	455
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	16,375	(53)	-	16,322
Loss allowance on Other receivables	400	-	-	400
Unrealized gross margin	24,244	6,734	-	30,978
Unrealized exchange loss	126	8,039	-	8,165
Unrealized warranty cost	306	(36)	-	270
Unrealized impairment loss	1,919	-	-	1,919
State tax, paid annual leave etc.	16,792	1,302	-	18,094
Defined benefit obligation	6,477	(200)	470	6,747
Unused compensated absences payable	4,196	300	-	4,496
Exchange differences on translation	1,069	-	(1,069)	-
Amortization of convertible bond issuance costs	-	923	-	923
capitalizing development expenditures	-	14,888	-	14,888
Unrealized Depreciation and interest expense	540	(540)	-	-
Subtotal	\$126,654	\$ 23,897	(\$ 599)	\$149,952
Deferred tax liabilities				
Retrospective adjustment - right-of-use assets	(\$ 53,750)	\$ 10,216	\$ -	(\$ 43,534)
Net gain on investments accounted for using equity	(180,713)	(50,856)	-	(231,569)
Convertible debt loss evaluation	-	(63)	-	(63)
Depreciation	(2,635)	(1,318)	-	(3,953)
Exchange differences on translation	-	-	(474)	(474)
Unrealized exchange Gain	-	(10)	-	(10)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	(\$238,278)	(\$ 42,031)	(\$ 474)	(\$280,783)
Total	(\$111,624)	(\$ 18,134)	(\$ 1,073)	(\$130,831)

Year ended December 31, 2022

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Retrospective adjustment - lease liabilities	\$ 28,129	\$ 25,621	\$ -	\$ 53,750
Loss allowance	414	46	-	460
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	11,940	4,435	-	16,375
Loss allowance on Other receivables	-	400	-	400
Unrealized gross margin	16,320	7,924	-	24,244
Unrealized exchange loss	160	(34)	-	126
Unrealized warranty cost	230	76	-	306
Unrealized impairment loss	1,919	-	-	1,919
State tax, paid annual leave etc.	15,130	1,662	-	16,792
Defined benefit obligation	9,292	(259)	(2,556)	6,477
Unused compensated absences payable	3,955	241	-	4,196
Exchange differences on translation	19,156	-	(18,087)	1,069
Unrealized Depreciation and interest expense	422	118	-	540
Subtotal	<u>\$ 78,938</u>	<u>\$ 40,230</u>	<u>(\$ 20,643)</u>	<u>\$ 126,654</u>
Deferred tax liabilities				
Retrospective adjustment - right-of-use assets	(\$ 28,129)	(\$ 25,621)	\$ -	(\$ 53,750)
Net gain on investments accounted for using equity	(156,856)	(23,857)	-	(180,713)
Depreciation	(2,374)	(261)	-	(2,635)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	<u>(\$ 188,539)</u>	<u>(\$ 49,739)</u>	<u>\$ -</u>	<u>(\$ 238,278)</u>
Total	<u><u>(\$ 109,601)</u></u>	<u><u>(\$ 9,509)</u></u>	<u><u>(\$ 20,643)</u></u>	<u><u>(\$ 111,624)</u></u>

C. The Company's income tax return through 2020 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 727,624	101,174	\$ 7.19
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	864	
Employee stock option	-	1,680	
Convertible bonds payable	3,790	2,841	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 731,414	106,559	\$ 6.86
	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 602,637	99,427	\$ 6.06
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,049	
Employee stock option	-	1,162	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 602,637	101,638	\$ 5.93

(31) Supplemental cash flow information

A. Partial cash paid for investing activities

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 560,160	\$ 148,674
Add: Beginning balance of payable on equipment	18,538	8,962
Add: Ending balance of Prepayments for business facilities	652	3,680
Less: Ending balance of payable on land and buildings	(144,750)	-
Less: Ending balance of payable on equipment	(27,130)	(18,538)
Less: Beginning balance of Prepayments for business facilities	(3,680)	(1,222)
Cash paid during the year	<u>\$ 403,790</u>	<u>\$ 141,556</u>

B. Financing activities not affecting cash flow:

	Years ended December 31,	
	2023	2022
Conversion of corporate bond conversion into capital stock	<u>\$ 95</u>	<u>\$ -</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Convertible bonds payable	Liabilities from financing activities-gross
At January 1, 2023	\$ 635,300	\$ 195,499	\$ -	\$ 830,799
Changes in cash flow from financing activities	(635,300)	(51,905)	848,003	160,798
Payment of interest (Note)	-	(6,895)	-	(6,895)
Impact of changes in foreign exchange rate	-	1,950	-	1,950
Other changes in non-cash items	-	30,635	(87,079)	(56,444)
At December 31, 2023	<u>\$ -</u>	<u>\$ 169,284</u>	<u>\$ 760,924</u>	<u>\$ 930,208</u>

	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	\$ 374,000	\$ 55,017	\$ 130,450	\$ 559,467
Changes in cash flow from financing activities	261,300	(59,408)	(42,377)	159,515
Payment of interest (Note)	-	-	(3,078)	(3,078)
Impact of changes in foreign exchange rate	-	4,391	9,908	14,299
Other changes in non-cash items	-	-	100,596	100,596
At December 31, 2022	<u>\$ 635,300</u>	<u>\$ -</u>	<u>\$ 195,499</u>	<u>\$ 830,799</u>

Note: Operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Advantech Co., Ltd.	Entity with Significant Influence on the Group
Advanixs Corporation.	"
UNI	Associate

(2) Significant related party transactions and balances

A. Sale

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods		
Associate	\$ -	\$ 752

The sales prices and the trading terms to related parties above were not significantly different from those of sales to third parties.

B. Purchase

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Purchase of goods		
Entity with Significant Influence on the Group	\$ 34,436	\$ 40,329

For purchase transactions, no material difference in the transaction price and payment terms with non-related parties

C. Account payables-related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables to related parties		
Advantech Co., Ltd.	\$ 4,018	\$ 4,450
Advanixs Corporation.	739	2,934
Total	<u>\$ 4,757</u>	<u>\$ 7,384</u>

The payables are mainly from incoming transactions, with no significant difference between the transaction price and the terms of payment and the non-affiliates, and are non-interest bearing.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 132,579	\$ 114,416
Post-employment compensation	2,664	5,994
Share-based payment	1,159	1,413
Total	<u>\$ 136,402</u>	<u>\$ 121,823</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Asset type</u>	<u>Book value</u>		<u>Use of pledge</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Time deposits (recorded as 'financial assets at amortized cost – current')	\$ -	\$ 3,000	Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingency

None.

(2) Commitments:

A. Capital expenditures contracted but not yet incurred:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 14,538	\$ 121,224
Intangible assets	2,025	1,036
Total	<u>\$ 16,563</u>	<u>\$ 122,260</u>

B. The board of directors of our company resolved on December 14, 2023 to approve the proposed purchase of 2,170 thousand shares of Parktron Technology Co., Ltd. (Parktron Technology) from its existing shareholders and participants in the cash capital increase, at a price of NT\$30 per share. The total investment amount is expected to be NT\$65,100, and upon completion of this investment, our company will hold a 59.94% stake in Parktron Technology. The investment agreement is currently being drafted, and we anticipate finalizing the contract by the end of February.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of 2023 earnings appropriation proposed, refer to Note 6(20).

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. 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.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets		
Financial assets at fair value through profit or loss	\$ 720	\$ -
Financial assets at amortized cost	2,376,143	1,834,925
	<u>\$ 2,376,863</u>	<u>\$ 1,834,925</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities		
Financial Liabilities at amortized cost	\$ 1,842,158	\$ 1,760,434
Lease liabilities	169,284	195,499
	<u>\$ 2,011,442</u>	<u>\$ 1,955,933</u>

Note: Financial assets at amortized cost includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, guarantee deposits paid and financial assets at amortized cost; financial liabilities at amortized cost includes short-term borrowings, notes and accounts payable (including related parties), other payables (including related parties), corporate bonds payable, long-term borrowings (including current portion) and guarantee deposits received.

B. Risk management policy

(A) The Group's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The financial risk management policies of the Group focus on unpredictable factors in financial market, and aim to reduce unfavorable impact on financial position and financial performance.

(B) Risk management is carried out by a finance department under policies approved by the Board of Directors. Group finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, EUR, GBP, JPY and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RUR, GBP, JPY and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023					
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 34,813	30.71	\$1,069,107	1%	\$ 8,553
USD : EUR	7,483	0.90	228,912	1%	1,831
RMB : NTD	3,716	4.32	16,053	1%	128
EUR : NTD	506	33.99	17,199	1%	138
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 6,932	30.71	\$212,882	1%	\$ 1,703
December 31, 2022					
(Foreign Currency: Functional currency)	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 28,670	30.73	\$ 881,029	1%	\$ 7,048
RMB : NTD	4,775	4.41	21,058	1%	169
USD : EUR	1,621	0.94	49,872	1%	399
EUR : NTD	115	32.73	3,764	1%	30
JPY:NTD	46,165	0.23	10,618	1%	85
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 11,823	30.73	\$ 363,321	1%	\$ 2,906

- iv. The total exchange gain or loss, including realized and unrealized gains or losses arising from significant foreign exchange variations on monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to gains of \$,1607 and loss of \$33,261, respectively.

Price risk

- i. The Group's equity instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity instruments, the Group diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies.

(B) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, debt instruments classified as at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments are past due over 90 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
 - (ii) A bond investment traded at the counter buying center, which has any external rating agency rated as the investment grade on the balance sheet date, and the financial asset is considered to have a low credit risk.
- iv. The Group adopts the following assumptions under IFRS 9: If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 270 days.
- v. The Group classifies customer's notes and accounts receivable in accordance with product types and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group has written-off financial assets amounted to \$0 and \$0 that are still under recourse procedures.
- viii. The Group uses the forecast ability of National Development Council Business Cycle Indicator and Conference Board LEADING ECONOMIC INDEX to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023		Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0%-0.40%	0.05%-1.17%	0.05%-52.01%	0.05%-100%
Total book value	\$ 649,071	\$ 182,405	\$ 1,243	\$ 778
Loss allowance	\$ 790	\$ 1,108	\$ 313	\$ 634

December 31, 2023	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	0.05%-100%	100%	
Total book value	\$ 518	\$ 874	\$ 834,889
Loss allowance	\$ 488	\$ 874	\$ 4,207

December 31, 2022		Overdue 1 ~ 90 days	Overdue 91 ~ 180 days	Overdue 181 ~ 270 days
Expected loss rate	0%-0.33%	0.06%-0.91%	10.80%-24.71%	49.41%-87.49%
Total book value	\$ 674,934	\$ 87,081	\$ 2,463	\$ 446
Loss allowance	\$ 661	\$ 634	\$ 535	\$ 222

December 31, 2022	Overdue 271 ~ 360 days	Overdue More than 360 days	Total
Expected loss rate	100%	100%	
Total book value	\$ 122	\$ 714	\$ 765,760
Loss allowance	\$ 122	\$ 714	\$ 2,888

ix. Ageing analysis of notes and accounts receivable as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not overdue	\$ 628,147	\$ 20,924	\$ 657,314	\$ 17,620
within 90 days	182,405	-	87,081	-
91 ~ 180 days	1,243	-	2,463	-
More than 181 days	2,170	-	1,282	-
	<u>\$ 813,965</u>	<u>\$ 20,924</u>	<u>\$ 748,140</u>	<u>\$ 17,620</u>

The above is an age analysis based on the number of overdue days.

x. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Years ended December 31,	
	2023	2022
	Accounts receivable	Accounts receivable
At January 1	\$ 2,888	\$ 4,840
Reversal of impairment loss	1,352	(1,206)
Write-offs	-	(966)
Impact of foreign exchange rate	(33)	220
At December 31	<u>\$ 4,207</u>	<u>\$ 2,888</u>

(C) Liquidity risk

The table below analyses 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 for non-derivative financial liabilities. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

December 31, 2023					
Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 54,116	\$50,302	\$70,503	\$ 6,848	\$181,769
Corporate bonds payable	\$ -	\$ -	799,900	\$ -	\$799,900
December 31, 2022					
Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 52,123	\$ 43,840	\$ 99,629	\$ 11,470	\$ 207,062

In addition to the above, the Group's non-derivative financial liabilities are due within the next year. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: The input value for this level is the open quote (unadjusted) of the same asset or liability in the active market. An active market is a market that meets all of the following conditions: the goods traded in the market are homogeneous; the buyers and sellers with the willingness can be found in the market at any time and the price information can be obtained by the public. The fair value of the beneficiary certificate the Group's investment belongs to.

Level 2: The input value of this level, except for the observable price included in the first level public offer, including the observable input value obtained from the active market either directly (such as price) or indirectly (such as derived from price).

Level 3: Inputs for the asset or liability that are not based on observable market data.

B. Information about the fair value of investment property is provided in Note 6(9).

C. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables(including related parties) and guarantee deposits received are approximate to their fair values.

	December 31, 2023		
	Book value	Fair value	
	Level 1	Level 2	Level 3
Financial liabilities:			
Corporate bonds payable	\$ 760,924	\$ -	\$ 762,962
			\$ -

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(A) The related information about the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bond				
– call provision	\$ -	\$ -	\$ 720	\$ 720

- (B) The evaluation of derivative financial instruments is based on the option pricing model accepted by market users.
- E. In 2023 and 2022, there was no evaluation of the transfer between levels.
- F. The following chart is the movement of Level 3 for the Years ended December 31, 2023

	2023
	Convertible bond – call provision
At January 1	\$ -
Recognition in profit (loss)	
Other gains and losses	320
Issued in this issue	400
At December 31	<u>\$ 720</u>

- G. Outside appraiser is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	\$ 720	Binomial tree pricing model	Volatility	39.68%	The higher the stock price volatility, the higher the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: Please refer to table 1.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates, and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 2.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.

- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: For the major transactions between the Company and the Mainland China invested companies in 2023, please refer to table 6.

(4) Information on investees

Basic information: Please refer to table 9.

14. OPERATIONS SEGMENT INFORMATION

(1) General information

The Group's management has identified the reporting Department based on the reporting information needs of the Board of Directors and the main operating decision makers for decision making.

The Group's main operating decision makers operate their business from a regional perspective; in the region, the Group currently focuses on production and sales in Taiwan, the Americas and Europe.

The operations departments disclosed by the Group are considered the main source of revenue for the Group - manufacture and sale of product applications such as industrial computers and Ethernet networks.

(2) Segment information

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

Segment profit and loss, assets and liabilities information

	Years ended December 31, 2023					Total
	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	
Income from external customers	\$ 2,123,837	\$ 3,260,601	\$ 1,148,933	\$ 167,108	\$ -	\$ 6,700,479
Interest income	29,131	-	-	167	-	29,298
Other income	24,373	134	2,526	1,444	(93)	28,384
Inter-departmental income	2,485,015	37	11,553	9,284	(2,505,889)	-
Total income	<u>\$ 4,662,356</u>	<u>\$ 3,260,772</u>	<u>\$ 1,163,012</u>	<u>\$ 178,003</u>	<u>(\$ 2,505,982)</u>	<u>\$ 6,758,161</u>
Interest expense	11,908	4,571	1,915	338	-	18,732
Depreciation & Amortization	70,832	40,623	13,673	6,749	2,305	134,182
Income tax expenses	187,478	18,524	48,594	52	(715)	253,933
Department Income	727,624	132,453	135,466	(8,588)	(259,331)	727,624
Assets						
Non-current assets capital expenditure	403,609	13,632	2,200	270	-	419,711
Department's Assets	6,331,398	1,532,687	626,823	146,103	(1,779,021)	6,857,990
Department's Liabilities	2,127,864	538,539	193,770	47,613	(253,330)	2,654,456

Adjustments & Sales balance

- (1) Total sales from the departments should be net of inter-departmental revenue was \$2,505,889 and Other income \$93.
- (2) Amortization \$2,305 and Income tax expenses \$715 arising from intangible assets transactions should be reported and adjustment in the preparation of the consolidated financial statements.
- (3) Inter-departmental income should be net of inter-departmental transactions \$259,331
- (4) Department assets of \$1,779,021 and liabilities of \$253,330 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

Years ended December 31, 2022

	Taiwan	USA	Europe	Others Department	Adjustment & Sales balance	Total
Income from external customers	\$ 2,255,191	\$ 3,537,154	\$ 649,178	\$ 177,304	\$ -	\$ 6,618,827
Interest income	5,442	-	333	177	-	5,952
Other income	33,569	2,098	4,734	1,339	-	41,740
Inter-departmental income	2,827,033	2,870	9,733	17,836	(2,857,472)	-
Total income	<u>\$ 5,121,235</u>	<u>\$ 3,542,122</u>	<u>\$ 663,978</u>	<u>\$ 196,656</u>	<u>(\$ 2,857,472)</u>	<u>\$ 6,666,519</u>
Interest expense	5,637	3,465	913	417	-	10,432
Depreciation & Amortization	77,229	23,273	10,160	6,895	2,305	119,862
Income tax expenses	146,278	39,435	4,951	196	(715)	190,145
Department Income	602,637	112,271	18,056	(5,932)	(124,395)	602,637
Assets						
Non-current assets capital expenditure	153,386	8,498	617	461	-	162,962
Department's Assets	5,585,000	1,628,216	400,975	167,497	(1,716,567)	6,065,121
Department's Liabilities	2,031,148	764,293	115,662	58,012	(457,846)	2,511,269

Adjustments & Sales balance

- (1) Total sales from the departments should be net of inter-departmental revenue was \$2,857,472.
- (2) Amortization \$2,305 and Income tax expenses \$715 arising from intangible assets transactions should be reported and adjustment in the preparation of the consolidated financial statements.
- (3) Inter-departmental income should be net of inter-departmental transactions \$124,395
- (4) Department assets of \$1,716,567 and liabilities of \$457,846 arising from inter-departmental transactions should be reported and eliminated in the preparation of the consolidated financial statements.

(3) Reconciliation for segment income (loss)

The external income reported by the Group to the chief operating decision maker is consistent with the income from the comprehensive income statement. The difference between the (departmental revenue and corporate income) and the (inter-departmental profit and loss and the pre-tax profit and loss of the continuing business sector) is small. Hence, there is no need for adjustment.

(4) Information on products and services

Please refer Note 6 (23)

The Group's external customer operating income mainly comes from Internet of Things Products and Intelligent Design-in Service Products and Gaming Products.

The breakdown of the income balance is as follows:

	Years ended December 31,	
	2023	2022
Revenue from Sale of products:	\$ 6,675,448	\$ 6,591,854
Revenue from Labor Services	25,031	26,973
Total	<u>\$ 6,700,479</u>	<u>\$ 6,618,827</u>

(5) Geographical information

Sales information by geographical area for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
U.S.A.	\$ 2,694,328	\$ 244,958	\$ 2,766,149	\$ 274,276
other parts of America	247,329	-	136,343	-
Sub-total America	<u>2,941,657</u>	<u>244,958</u>	<u>2,902,492</u>	<u>274,276</u>
Taiwan	307,748	2,216,240	475,216	1,727,518
China	323,262	11,483	296,644	12,922
other parts of Asia	1,059,837	-	1,358,892	-
Sub-total Asia	<u>1,690,847</u>	<u>2,227,723</u>	<u>2,130,752</u>	<u>1,740,440</u>
Germany	854,638	55,541	375,936	49,067
United Kingdom	272,447	212	197,629	43
Italy	77,587	69,264	77,462	72,784
other parts of Europe	819,732	-	851,510	-
Sub-total Europe	<u>2,024,404</u>	<u>125,017</u>	<u>1,502,537</u>	<u>121,894</u>
Pacific region	42,412	-	82,924	-
Others	1,159	-	122	-
Total	<u>\$ 6,700,479</u>	<u>\$ 2,597,698</u>	<u>\$ 6,618,827</u>	<u>\$ 2,136,610</u>

(6) Information about major customers

Information about major customers for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Department	Revenue	Department
A	\$ 270,423	USA	-	\$ 285,189 USA
B	480,722	USA	-	696,322 USA
C	453,037	Europe		26,007 Europe

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company Name	Relationship (Note 2)											
0	AXIOMTEK CO., LTD.	AXUS	2	\$ 420,353	USD 2,000	-	-	-	-	\$ 2,101,767	Y	-	-	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) the subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contracts as required under the Consumer Protection Act.

Note 3: According to the Company's fund loan and endorsement guarantee procedures, the Company's endorsement guarantee for a single enterprise is limited to 10% of the equity of the Company's owners in the most recent consolidated financial statements.

Note 4: According to the Company's fund loan and endorsement guarantee procedures, the total amount of endorsement guarantees of the Company and its subsidiaries as a whole is not more than 50% of the equity of the owners of the parent company in the most recent consolidated financial statements.

And the amount of the endorsement of the single company by the Company and its subsidiaries is limited to 10% of the equity of the owner of the parent company in the most recent consolidated financial statements.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual number of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Unit	Amount	Unit	Amount	Unit	Selling price	Book value	Gain on disposal	Unit	Amount
AXIOMTEK CO., LTD.	Taishin DaZhong Investment Trust	Financial assets mandatorily measured at fair value through profit or loss-current	-	-	-	-	25,503,528	371,000	25,503,528	371,306	371,000	306	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach \$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than \$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The amount of the change table does not include the evaluation profit and loss.

AXIOMTEK CO., LTD. & SUBSIDIARIES
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser	Name of the underlying asset	Date of the occurrence of the event	Transaction amount	Payment amount	Trading counterparty	Relationship to the Company	Where the trading counterparty is a related party				The manner of deciding on this transaction	Concrete purpose or use of the acquisition	Other terms and conditions
							The identity of the previous owner	Its relationship with the Company	The previous date	Monetary value of transfer			
AXIOMTEK CO., LTD.	Land and buildings in Haotian Section, Xizhi District, New Taipei City	2023/12/14	\$ 289,500	\$144,750	Fu Cheng Investment Corporation.	None	NA	NA	NA	NA	The manner of deciding on this transaction: Price negotiation and the Board resolution. The reference basis for the decision on price: Refer to the professional appraisal reports and nearby market conditions.	Operational use	-

Note 1: If the acquired assets should be appraised according to regulations, the appraisal result shall be indicated in the column "Reference Basis for Price Determination".

Note 2: For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Note 3: Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchase (sale)	Amount	Percentage of total purchase (sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
AXIOMTEK CO., LTD.	AXUS	The Company's subsidiaries are stated as follows:	Sale	\$ 1,435,194	21.42%	Monthly 45 ~ 90 days	-	-	\$ 203,463	24.49%	
AXIOMTEK CO., LTD.	AXGM	The Company's subsidiaries are stated as follows:	Sale	\$ 738,757	11.03%	Monthly 45 days	-	-	\$ 14,491	1.74%	

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Balance as at December 31, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
AXIOMTEK CO., LTD.	AXUS	The Company's grandson	\$ 203,463	4.69	-	-	\$ 131,370	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AXIOMTEK CO., LTD.	AXGM	1	Sales revenue	\$ 1,435,194	same as that applicable to the general customer receivables collection as per for the average customer, 45 - 90 days	21.42%
0	AXIOMTEK CO., LTD.	AXUS	1	Sales revenue	738,757	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	11.03%
0	AXIOMTEK CO., LTD.	AXSZ	1	Sales revenue	71,102	same as that applicable to the general customer receivables collection for the general customer 75 days; 45 - 75 days with slight delay	1.06%
0	AXIOMTEK CO., LTD.	AXIT	1	Sales revenue	62,717	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	0.94%
0	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	203,463		2.97%
0	AXIOMTEK CO., LTD.	AXUS	1	Accounts receivable	14,491		0.21%
0	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	25,516		0.37%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: No other transactions of the same type are available for comparison, and the terms of the transaction are handled in accordance with the terms of the agreement between the parties.

Note 5: The disclosure standard is those with a transaction amount of \$10 million or more.

AXIOMTEK CO., LTD. AND SUBSIDIARIES

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2(3))	Remark
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Book value			
AXIOMTEK CO., LTD.	AXUS	U.S.A.	Industrial computer and Embedded Board manufacturing, trading, post-sales service	\$208,240	\$208,240	23,418	100.00	\$953,678	\$ 132,454	\$ 132,454	
"	AXGM	Germany	Industrial computer and Embedded Board manufacturing, trading, post-sales service	19,941	19,941	(註 3)	100.00	337,800	126,506	126,506	
"	AXBVI	British Virgin Islands	Holding company	156,650	156,650	5,000	100.00	84,163	(8,547)	(8,435)	
"	AXUK	United Kingdom	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,615	8,615	180,000	100.00	11,825	2,856	2,856	
"	AXJP	Japan	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,235	8,235	600	100.00	7,370	(41)	(41)	
"	AXIT	Italy	Industrial computer and Embedded Board manufacturing, trading, post-sales service	56,068	56,068	(註 3)	100.00	39,873	6,104	4,513	
"	UNI	Taiwan	Automation equipment system set-up and development	29,000	29,000	1,450,000	24.05	16,617	(7,055)	(3,588)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognized by regulations.

Note 3: Department Ltd.

AXIOMTEK CO., LTD. & SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD and foreign currencies

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AXSZ	Industrial computer and Embedded Board manufacturing, trading, post-sales service	NT\$ 129,214 (USD 4,207)	註 1(2)	NT\$ 129,214 (USD 4,207)	\$ -	\$ -	NT\$ 129,214 (USD 4,207)	(\$ 8,498)	100.00	(\$ 8,498)	\$ 90,756	\$ -	

Note 1: Investment methods are classified into the following three categories:

- (1) Investment in Mainland China companies by remittance through a third region.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Investment in Mainland China companies through an existing company established in a third region.

Note 2: The investment income is calculated based on the financial statements of the Company that have not been audited by the accountant during the same period.

Note 3: In pursuance of Shen-Zi Letter No.09704604680 from the Ministry of Economic Affairs dated August 29, 2008. The amended "Regulations for examination of investments and technical cooperation in Mainland Area" sets the limitation for investments in Mainland China to be higher of net book value or 60% of consolidated net book value.

Note 4: The amount listed in this table is converted into NTD according to the exchange rate of US\$1=30.714 on December 31, 2023.

Note 5: In the preparation of the consolidated financial report, the relevant transactions have been fully written off.

Expressed in thousands of NTD and foreign currencies

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Axiomtek Shenzhen	\$ 129,273	USD 4,223	\$ 2,522,120
	USD 4,207		

Table 9

AXIOMTEK CO., LTD.
Major shareholders information
For the year ended December 31, 2023

Shares	Name of shares held	Ownership (%)
Name of major shareholders		
Advantech	28,080,142	27.63%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

(ATTACHMENT 2)

2023 Independent Auditors' Report

(Parent Company Only Financial Statements)

To the Board of Directors and Shareholders of AXIOMTEK CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of AXIOMTEK CO., LTD. (hereinafter referred to as "Axiomtek" or "the Company") as at December 31, 2023 and 2022, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Individual Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in order to comply with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Existence and Occurrence of Sales of Goods

Description

Please refer to Note 4(31) for accounting policy on revenue recognition and Note 6(20) for details of operating revenue.

The Company is primarily engaged in the manufacturing, sales and post-sales service of industrial computer and embedded board products. Apart from long-term partner companies, due to global technological changes, industrial computer orders are susceptible to project cycles. Additionally, The Company is committed to developing new markets and undertaking new projects, resulting in some customers entering the top ten sales targets list, significantly impacting revenue. We believed that the list of the top ten new sales clients with a greater increase in the proportion to the Company's revenue had a material impact on the financial statements. We considered the existence and occurrence of sales of goods from these clients as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

4. Evaluated the Company's internal control procedures for recognition of sales of goods and tested the effectiveness of internal control related to sales of goods.
5. Inspected relevant background information on the top ten sales clients.
6. Obtained and randomly checked relevant receipts or invoices of the top ten new sales clients and the top ten sales clients with a greater increase in the proportion to the Company's revenue this year and confirmed the appropriateness of revenue recognition.

Allowance for Inventory Valuation Losses

Description

Please refer to Note 4(12) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation losses and Note 6(4) for details of inventories. As at December 31, 2023, the Company's inventories and allowance for inventory valuation losses amounted to NT\$1,169,566 thousand and NT\$75,000 thousand, respectively.

The Company is primarily engaged in the research and development, manufacturing and sales of industrial computer products. Due to rapid technological innovation and fluctuations in market prices, the Company recognizes inventories at the lower of cost and net realizable value, and the net realizable value is estimated based on historical experience. An allowance for inventory valuation losses is provided for those inventories aged over a certain period of time and individually identified as obsolete or damaged.

As the amounts of inventories are material, the types of inventories vary, and the estimation of net realizable value for individually obsolete or damaged inventories is subject to management's judgment, we considered the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

1. Ensured consistent application of Company's accounting policies in relation to allowance for inventory valuation losses and assessed the reasonableness of these policies.
2. Evaluated the reasonableness of inventories individually identified as obsolete or damaged with supporting documents, validated the appropriateness of system logic of inventory aging report utilized by management to ensure proper classification of inventories aged over a certain period of time and reperformed the calculation.
3. Discussed with management the net realizable value of inventories aged over a certain period of time and individually identified as obsolete or damaged, validated respective supporting documents, and agreed to information obtained from physical inventory.

Other Matter- Audit by the Other Independent Accountants

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to NT \$231,507 thousand constituting 4.15% of total assets as of December 31, 2022, respectively, and other comprehensive income (loss) of subsidiaries, associates, and joint ventures accounted for under equity method amounted to NT\$22,384 thousand constituting 3.26% of total comprehensive income for the years ended December 31, 2022, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the Parent Company Only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe 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.

Lin, Po-Chuan

Wu, Han-Chi

for and on behalf of PricewaterhouseCoopers, Taiwan February 22, 2024

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents	\$ 1,084,067	17	\$ 774,147	14
1110	Financial assets at fair value through profit or loss - current	720	-	-	-
1136	Financial assets at amortized cost – current	10,000	-	3,000	-
1150	Notes receivable	2,961	-	5,583	-
1170	Accounts receivable	114,084	2	185,940	3
1180	Accounts receivable – related parties	249,168	4	449,061	8
1200	Other receivables	25,985	1	25,551	1
1210	Other receivables – related parties	-	-	104	-
1220	Current income tax assets	541	-	541	-
130X	Inventories	1,094,566	17	1,123,561	20
1410	Prepayments	14,001	-	16,800	-
1470	Other current assets	244	-	434	-
11XX	Total current assets	<u>2,596,337</u>	<u>41</u>	<u>2,584,722</u>	<u>46</u>
Non-current assets					
1550	Investments accounted for under equity method	1,451,326	23	1,220,085	22
1600	Property, plant and equipment	2,141,516	34	1,639,967	29
1755	Use rights assets	4,882	-	7,936	-
1760	Investment property	37,488	1	37,983	1
1780	Intangible assets	30,381	-	33,560	1
1840	Deferred income tax assets	67,495	1	52,675	1
1920	Refundable deposits	1,973	-	8,072	-
15XX	Total non-current assets	<u>3,735,061</u>	<u>59</u>	<u>3,000,278</u>	<u>54</u>
1XXX	Total Assets	<u>\$ 6,331,398</u>	<u>100</u>	<u>\$ 5,585,000</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ -	-	\$ 635,300	11
2130	Contract liabilities - current	6(20)	58,460	1	66,657	1
2150	Notes payables		-	-	1,350	-
2170	Accounts payable		410,116	7	596,615	11
2180	Accounts payable – related parties	7	9,634	-	17,495	-
2200	Other payables	6(12)	439,967	7	308,537	6
2230	Current income tax liabilities		172,590	3	170,401	3
2250	Provisions for liabilities - current		1,361	-	1,539	-
2280	Lease liabilities-current portion		2,178	-	7,302	-
2399	Other current liabilities		2,851	-	3,198	-
21XX	Total current liabilities		<u>1,097,157</u>	<u>18</u>	<u>1,808,394</u>	<u>32</u>
Non-current liability						
2530	Corporate bonds payable	6(13)	760,924	12	-	-
2560	Income tax liabilities- non current		-	-	8,913	-
2570	Deferred income tax liabilities	6(27)	232,571	4	180,464	3
2580	Lease liabilities-non current		2,869	-	229	-
2640	Accrued pension liabilities	6(14)	33,740	-	32,385	1
2645	Guarantee deposit received		603	-	763	-
25XX	Total non-current liabilities		<u>1,030,707</u>	<u>16</u>	<u>222,754</u>	<u>4</u>
2XXX	Total liabilities		<u>2,127,864</u>	<u>34</u>	<u>2,031,148</u>	<u>36</u>
Equity attributable to shareholders of the parent						
Share capital						
3110	Ordinary shares	6(16)	1,015,374	16	910,235	16
3140	Advance receipts for share capital		3,370	-	13,079	-
Capital surplus						
3200	Capital surplus	6(17)	685,203	10	633,715	12
Retained earnings						
3310	Legal reserve	6(18)	676,932	11	615,504	11
3320	Special reserve		4,280	-	76,627	1
3350	Unappropriated retained earnings		1,816,483	29	1,308,972	24
Other equity						
3400	Other equity	6(19)	(1,892)	-	(4,280)	-
3XXX	Total equity		<u>4,203,534</u>	<u>66</u>	<u>3,553,852</u>	<u>64</u>
Significant commitment and contingent item						
		9				
Significant events after the balance sheet date						
		11				
3X2X	Total Liabilities and Equity		<u>\$ 6,331,398</u>	<u>100</u>	<u>\$ 5,585,000</u>	<u>100</u>

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Items	Notes	Year ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6(20) and 7	\$ 4,608,852	100	\$ 5,082,224	100
5000 Operating costs	6(4), (25), (26) and 7	(3,062,447)	(67)	(3,586,613)	(71)
5900 Gross profit		1,546,405	33	1,495,611	29
5910 Unrealized gain from sale	6(5)	(154,885)	(3)	(121,217)	(2)
5920 Realized gain from sale		121,217	3	81,600	2
5950 Net gross profit		1,512,737	33	1,455,994	29
Operating expenses	6(25) and (26)				
6100 Selling expenses		(130,478)	(3)	(123,108)	(3)
6200 General and administrative expenses		(189,365)	(4)	(193,426)	(4)
6300 Research and development expenses		(577,856)	(13)	(567,638)	(11)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	51	-	(75)	-
6000 Total operating expenses		(897,648)	(20)	(884,247)	(18)
6900 Operating profit		615,089	13	571,747	11
Non-operating income and expenses					
7100 Interest income	6(21)	29,131	1	5,442	-
7010 Other income	6(22)	24,441	1	33,571	1
7020 Other gains and losses	6(23)	4,084	-	24,680	1
7050 Finance costs	6(24)	(11,908)	-	(5,637)	-
7070 Share of profit of associates and joint ventures accounted for under equity method	6(5)	254,265	5	119,112	2
7000 Total non-operating income and expenses		300,013	7	177,168	4
7900 Profit before income tax		915,102	20	748,915	15
7950 Income tax expenses	6(27)	(187,478)	(4)	(146,278)	(3)
8200 Net Income		\$ 727,624	16	\$ 602,637	12
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311 Remeasurements of defined benefit plan	6(14)	(\$ 2,352)	-	\$ 12,778	-
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(5)	(76)	-	1,425	-
8349 Income tax relating to components of other comprehensive income	6(27)	470	-	(2,556)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		7,715	-	90,434	2
8399 Income tax relating to the components of other comprehensive income	6(27)	(1,543)	-	(18,087)	-
8300 Other comprehensive income (loss) for the year		\$ 4,214	-	\$ 83,994	2
8500 Total Comprehensive Income		\$ 731,838	16	\$ 686,631	14
9750 Basic earnings per share	6(28)	\$ 7.19		\$ 6.06	
9850 Diluted earnings per share	6(28)	\$ 6.86		\$ 5.93	

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Share capital			Retained earnings			Other equity	Total equity
		Ordinary share	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
<u>Year 2022</u>									
Balance at January 1, 2022		\$ 884,829	\$ 75,094	\$ 533,041	\$ 576,846	\$ 38,974	\$ 1,046,116	(\$ 76,627)	\$ 3,078,273
Profit for the year		-	-	-	-	-	602,637	-	602,637
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	11,647	72,347	83,994
Total comprehensive income		-	-	-	-	-	614,284	72,347	686,631
Appropriations of 2021 earnings									
Legal reserve	6(18)	-	-	-	38,658	-	(38,658)	-	-
Reversal of special reserve	6(18)	-	-	-	-	37,653	(37,653)	-	-
Cash dividends	6(18)	-	-	-	-	-	(275,117)	-	(275,117)
Share-based payments		8,910	13,079	30,191	-	-	-	-	52,180
Compensation cost of share-based payments		-	-	11,829	-	-	-	-	11,829
Conversion of convertible bonds		16,496	(75,094)	58,598	-	-	-	-	-
Change in Capital Surplus-others		-	-	56	-	-	-	-	56
Balance at December 31, 2022		\$ 910,235	\$ 13,079	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ 3,553,852
<u>Year 2023</u>									
Balance at January 1, 2023		\$ 910,235	\$ 13,079	\$ 633,715	\$ 615,504	\$ 76,627	\$ 1,308,972	(\$ 4,280)	\$ 3,553,852
Profit for the year		-	-	-	-	-	727,624	-	727,624
Other comprehensive income (loss) for the year	6(19)	-	-	-	-	-	(1,958)	6,172	4,214
Total comprehensive income		-	-	-	-	-	725,666	6,172	731,838
Appropriations of 2022 earnings									
Legal reserve	6(18)	-	-	-	61,428	-	(61,428)	-	-
Special reserve	6(18)	-	-	-	-	(72,347)	72,347	-	-
Cash dividends	6(18)	-	-	-	-	-	(229,074)	-	(229,074)
Stock dividends from capital surplus	6(18)	91,629	-	(91,629)	-	-	-	-	-
Share-based payments		13,510	(9,815)	46,638	-	-	-	-	50,333
Compensation cost of share-based payments		-	-	5,338	-	-	-	-	5,338
Issue of convertible bonds	6(13)	-	-	87,971	-	-	-	-	87,971
Conversion of convertible bonds		-	106	(11)	-	-	-	-	95
Capital surplus, changes in equity of investment accounted for using equity method		-	-	3,006	-	-	-	-	3,006
Change in Capital Surplus-others		-	-	175	-	-	-	-	175
Balance at December 31, 2023		\$1,015,374	\$ 3,370	\$ 685,203	\$ 676,932	\$ 4,280	\$ 1,816,483	\$ 1,892	\$ 4,203,534

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

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 915,102	\$ 748,915
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6), (7) and (25)	53,442	61,666
Depreciation from investment Property	6(9) and (23)	495	496
Amortization	6(10) and (25)	16,894	15,067
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	(51)	75
Gain on financial assets at fair value through profit or loss	6(23)	(320)	-
Interest expense	6(24)	11,908	5,637
Interest income	6(21)	(29,131)	(5,442)
Compensation cost of share-based payments	6(15) and (26)	4,215	9,380
Share of profit of associates and joint ventures accounted for under equity method	6(5)	(254,265)	(119,112)
Gain on disposal of property, plant and equipment	6(23)	(273)	-
Gain on disposal of investments	6(23)	(493)	(11)
Gain on lease modification	6(23)	(2)	-
Impairment loss on other assets	6(23)	-	2,000
Unrealized profit from sales		33,668	39,617
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		493	11
Notes receivable		2,622	(17)
Accounts receivable (including related parties)		271,800	(124,730)
Other receivables (including related parties)		4,821	8,351
Inventories		28,995	(181,178)
Prepayments		2,799	(2,905)
Other current assets		190	162
Changes in liabilities relating to operating activities			
Contract liabilities		(8,197)	(9,505)
Notes payables		(1,350)	675
Accounts payable (including related parties)		(194,360)	(78,718)
Other payables		(27,032)	12,124
Other current assets		(347)	906
Accrued pension liabilities		(997)	(1,295)
Cash inflow (outflow) generated from operations		830,626	382,169
Receipt of interest		25,103	3,660
Payment of interest		(7,416)	(5,468)
Payment of income tax		(156,950)	(79,444)
Net cash flows from operating activities		<u>691,363</u>	<u>300,917</u>

(Continued)

AXIOMTEK CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in Thousands of New Taiwan Dollars)

	Notes	Years ended December 31	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in Financial assets at amortized cost		(\$ 7,000)	(\$ 3,000)
Acquisition of property, plant and equipment	6(29)	(391,316)	(132,650)
Proceeds from disposal of equipment		401	34
Acquisition of intangible assets	6(10)	(12,293)	(20,736)
Increase in refundable deposits		3,071	(40)
Net cash flows used in investing activities		(407,137)	(156,392)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from short -term borrowings		3,383,200	4,505,600
Redemption of short -term borrowings		(4,018,500)	(4,244,300)
Issue of convertible bonds		848,003	-
Payment of cash dividends	6(13) (30)	(229,074)	(275,117)
Proceeds from exercise of employee stock options	6(18)	50,333	52,180
Decrease in refundable deposits		(160)	-
Payment of lease liabilities	6 (30)	(8,283)	(16,029)
Proceeds from disposal of employee stock ownership trust		175	56
Net cash flows provided by financing activities		25,694	22,390
Increase in cash and cash equivalents		309,920	166,915
Cash and cash equivalents at beginning of year		774,147	607,232
Cash and cash equivalents at end of year		\$ 1,084,067	\$ 774,147

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

AXIOMTEK CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

1. ORGANIZATION AND OPERATIONS

Axiomtek Co., Ltd. (hereinafter referred to as "the Company" or "Axiomtek") was incorporated in the Republic of China (R.O.C) in May 1990 and the Company's common shares were officially listed on the Taipei Exchange on April 28, 2005. The Company is mainly engaged in designing, manufacturing and sales of PC-based industrial computer products and peripherals. The Company provides product lines of Industrial PCs (IPCs), Single Board Computers (SBCs), System on Modules (SoMs), Fanless and Rugged Embedded Systems (eBOX and rBOX), Intelligent Transportation Systems (tBOX and UST), Industrial IoT Gateway, Industrial EtherCAT Master solution, Touch Panel Computers (TPCs), Medical Panel Computers (MPCs), Digital Signage Solutions (DSSs), and Network Appliances (NAs) products.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The parent company only financial statements were authorized for issuance by the Board of Directors on February 22, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC").

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

The above standards and interpretations have no significant impact on the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company.

New standards, interpretations and amendments endorsed by the FSC effective from are 2024 as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2024
Amendments to IAS 1, "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS7 and IFRS7, "Supplier finance arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment 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 above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only 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 separate financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas

involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

- (A) 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 are recognized in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

- (A) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - iv. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - v. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - vi. All resulting exchange differences are recognized in Exchange differences on translation of foreign operations.
- (B) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interests in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (C) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise, they are classified as non-current assets:
- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (B) Assets held mainly for trading purposes;
 - (C) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

All assets that do not meet the above criteria are classified as non-current assets.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise, they are classified as non-current liabilities:
- (A) Liabilities that are expected to be paid off within the normal operating cycle;
 - (B) Liabilities arising mainly from trading activities;
 - (C) Liabilities that are to be paid off within twelve months from the balance sheet date;
 - (D) Liabilities for which the repayment date cannot be extended unconditionally to more than 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.

All liabilities that do not meet the above criteria are classified as non-current liabilities.

(5) Cash equivalent

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(7) Financial assets measured at amortized costs

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and accounts receivable that have a significant financing component, at each end of the financial reporting period, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

(11) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined 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). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under equity method

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
- D. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified

to profit or loss.

- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
- H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- J. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the parent company only financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the parent company only financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.
- The estimated useful lives of property, plant and equipment are as follows:

Buildings	10 - 50 years
Machinery	2 - 21 years
Tools	2 - 6 years
Testing equipment	2 - 11 years
Office Equipment	3 - 15 Years
Leasehold improvements	2 - 10 Years
Other equipment	2 - 10 Years

(15) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (C) Fixed payments, less any lease incentives receivable; and
(D) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (D) The amount of the initial measurement of lease liability;
(E) Any lease payments made at or before the commencement date; and
(F) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 2 to 16 years.

(17) Intangible assets

- A. Trademark

Trademark is stated at cost and amortized on a straight-line basis over its estimated useful life of 10 years.

- B. Computer software
Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 5 years.
- C. Goodwill
Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or group of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes payable and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset or an equity instrument ('capital surplus - stock options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset and an equity instrument. Convertible corporate bonds are accounted for as follows:

- A. Call provision embedded in convertible corporate bonds are recognized initially at net fair value as ‘financial assets at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as ‘gain or loss on valuation of financial assets at fair value through profit or loss’.
- B. Bonds payable of convertible corporate bonds is initially recognized at fair value and subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable/preference share liabilities and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the ‘finance costs’ over the period of bond circulation using the effective interest method.
- C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognized in ‘capital surplus – stock options’ at the residual amount of total issue price less amounts of ‘financial assets or financial assets at fair value through profit or loss’ and ‘bonds payable - net’ as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.
- E. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable’ and ‘financial assets at fair value through profit or loss’) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - stock options.

(22) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets 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.

(24) Non-hedging and embedded derivatives

- A. Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or losses. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.
- B. A mixed contract of financial assets embedded in derivatives, at the time of the original recognition, determines that the overall hybrid tool is classified as financial assets measured at fair value through gains and losses, financial assets measured at fair value through other consolidated gains and losses, and financial assets measured at amortized cost.
- C. The non-financial asset hybrid contract embedded in the derivative instrument determines whether the embedded derivative is closely related to the economic characteristics and risk of the main contract in the original recognition according to the terms of the contract to determine whether to separate or not. When it is closely related, the overall blending tool is treated according to its nature according to appropriate criteria. When it is not closely related, the derivative is separated from the principal

contract and is treated as a derivative. The principal contract is treated according to its nature on the basis of appropriate criteria; or the overall recognition at the original recognition is a financial liability measured at fair value through profit or losses.

(25) Provisions for liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the financial reporting period, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the Company has no legal or constructive obligation to make additional contributions after a fixed amount is contributed to a public or privately managed and independent pension fund. The contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

- i. Defined benefit plans are different from defined contribution plans. The amount of pension benefits for employees at retirement is often dependent upon one or more factors, such as age, length of service and salary amount. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employee will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

(C) Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and nonmarket vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(28) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred 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 in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. 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 on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(29) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction from the proceeds.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Board of Directors. Cash dividends are recorded as Other payables; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(31) Revenue recognition

A. Sales of goods

(A) The Company manufactures and sells industrial computer-related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(B) The sales revenue of industrial computer-related products is recognized according to the quantity of goods purchased by the customer and the price agreed upon after the quotation of the product item. The terms of collection for sales transactions are agreed upon in accordance with the generally accepted commercial transaction terms.

(C) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.

(D) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Revenue from Labor Services

Revenue from labor services comes from product development and provision of extended warranty and maintenance services. When the transaction results of labor services can be reliably estimated, revenues are recognized based on the level of labor provided.

C. Acquisition of customer contract costs

Although the incremental costs incurred by the Company to obtain a customer contract

are expected to be recoverable, the relevant contract period is less than leap year, so these costs are recognized as expenses when incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below.

(1) Critical judgements in applying the Company’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2023, the carrying amount of inventories was \$1,094,566.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 511	\$ 539
Checking accounts and demand deposits	321,849	284,971
Time deposits	761,707	488,637
	<u>\$ 1,084,067</u>	<u>\$ 774,147</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to ‘financial assets at amortized cost’, the Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets at fair value through profit or loss		
Derivatives (Convertible bond – call provision)	\$ 400	\$ -
Evaluation adjustment	320	-
	<u>\$ 720</u>	<u>\$ -</u>

C. For the years ended December 31, 2023 and 2022,, the Company net gain were \$320 and \$0, respectively.

D. The Company has no Financial assets at fair value through profit or loss - current pledged to others.

(3) Notes and accounts receivable (including related parties)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 2,961	\$ 5,583
Less: Loss allowance	-	-
	<u>\$ 2,961</u>	<u>\$ 5,583</u>
Accounts receivable	\$ 114,146	\$ 186,053
Accounts receivable - related parties	249,168	449,061
Less: Loss allowance	(62)	(113)
	<u>\$ 363,252</u>	<u>\$ 635,001</u>

A. Information relating to the ageing analysis of accounts receivable that were past due is provided in Note 12(2).

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to \$515,950.

C. The Company does not hold financial assets as security for accounts receivable.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u>	<u>Book value</u>
Raw materials	\$ 561,945	(\$ 61,320)	\$ 500,625
Work in progress	116,513	-	116,513
Semi-finished goods	32,654	(3,606)	29,048
Finished goods	458,454	(10,074)	448,380
Total	<u>\$ 1,169,566</u>	<u>(\$ 75,000)</u>	<u>\$ 1,094,566</u>

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u>	<u>Book value</u>
Raw materials	\$ 672,893	(\$ 57,237)	\$ 615,656
Work in progress	205,874	-	205,874
Semi-finished goods	39,091	(6,097)	32,994
Finished goods	275,703	(6,666)	269,037
Total	<u>\$ 1,193,561</u>	<u>(\$ 70,000)</u>	<u>\$ 1,123,561</u>

Relevant expenses of inventories recognized as operating costs for the years ended December 31, 2023 and 2022 are as follows:

	Years ended December 31	
	2023	2022
Cost of revenue	\$ 3,027,793	\$ 3,553,838
Loss on market value decline and obsolete and slow-moving inventories	34,654	32,775
Total	<u>\$ 3,062,447</u>	<u>\$ 3,586,613</u>

The Company has no inventories pledged to others.

(5) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
AXIOM TECHNOLOGY, INC. U.S.A.(AXUS)	\$ 953,678	\$ 828,361
AXIOMTEK DEUTSCHLAND GMBH(AXGM)	337,800	231,507
AXIOM TECHNOLOGY (BVI) CO., LTD.(AXBVI)	84,163	90,994
AXIOMTEK ITALIA S.R.L.(AXIT)	39,873	35,782
AXIOMTEK UK LIMITED (AXUK)	11,825	8,461
AXIOMTEK JAPAN CO., LTD.(AXJP)	7,370	7,957
Investments in associates		
UNIT-INNOVATE TECHNOLOGY CO., LTD. (UNI)	16,617	17,023
Total	<u>\$ 1,451,326</u>	<u>\$ 1,220,085</u>

A. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2023 financial statements.

B. Equity methods used in 2023 and 2022 to recognize Share of profit (loss) of associates and joint ventures accounted for using equity method:

	Years ended December 31	
	2023	2022
AXUS	\$ 132,454	\$ 112,271
AXGM	126,506	11,545
AXIT	4,513 (41)
AXUK	2,856	4,962
AXJP	(41)	337
UNI	(3,588)	(3,745)
AXBVI	(8,435)	(6,217)
Total	<u>\$ 254,265</u>	<u>\$ 119,112</u>

- C. Equity methods used in 2023 and 2022 to recognize Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss:

	Years ended December 31	
	2023	2022
AXIT	(\$ 76)	\$ 1,425

- D. Details of Unrealized profit from sales of the subsidiaries and their subsidiaries at the end of the period are as follows:

	Years ended December 31	
	2023	2022
AXUS	\$ 92,894	\$ 87,987
AXGM	51,607	20,558
Axiomtek (Shenzhen) Co. Ltd. (AXSZ)	6,788	10,252
AXIT	3,538	2,186
UNI	58	234
Total	\$ 154,885	\$ 121,217

(6) Property, plant and equipment

	Land	Buildings	Machinery	Tools	Testing equipment	Office Equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2023										
Cost	\$1,031,406	\$ 472,842	\$ 135,356	\$ 83,041	\$ 57,915	\$ 77,927	\$ 22,228	\$ 26,487	\$ 121,039	\$2,028,241
Accumulated depreciation	-	(51,920)	(128,689)	(67,690)	(47,694)	(50,799)	(22,146)	(19,336)	-	(388,274)
	<u>\$1,031,406</u>	<u>\$ 420,922</u>	<u>\$ 6,667</u>	<u>\$ 15,351</u>	<u>\$ 10,221</u>	<u>\$ 27,128</u>	<u>\$ 82</u>	<u>\$ 7,151</u>	<u>\$ 121,039</u>	<u>\$1,639,967</u>
2023										
Opening net book amount	\$1,031,406	\$ 420,922	\$ 6,667	\$ 15,351	\$ 10,221	\$ 27,128	\$ 82	\$ 7,151	\$ 121,039	\$1,639,967
Additions	159,321	125,370	28,660	7,148	8,943	4,552	-	3,625	210,067	547,686
Disposals (Cost)	-	-	(7,431)	(9,422)	(123)	(4,588)	(22,228)	(2,209)	-	(46,001)
Disposals (Accumulated depreciation)	-	-	7,431	9,422	123	4,460	22,228	2,209	-	45,873
Reclassifications (Cost)	-	-	36,992	96	1,568	177,856	-	72,476	(290,410)	(1,422)
Depreciation	-	(13,880)	(5,053)	(6,467)	(4,629)	(9,753)	(82)	(4,723)	-	(44,587)
Closing net book amount	<u>\$1,190,727</u>	<u>\$ 532,412</u>	<u>\$ 67,266</u>	<u>\$ 16,128</u>	<u>\$ 16,103</u>	<u>\$199,655</u>	<u>\$ -</u>	<u>\$ 78,529</u>	<u>\$ 40,696</u>	<u>\$2,141,516</u>
At December 31, 2023										
Cost	\$1,190,727	\$ 598,212	\$ 193,577	\$ 80,863	\$ 68,303	\$255,747	\$ -	\$100,379	\$ 40,696	\$2,528,504
Accumulated depreciation	-	(65,800)	(126,311)	(64,735)	(52,200)	(56,092)	-	(21,850)	-	(386,988)
	<u>\$1,190,727</u>	<u>\$ 532,412</u>	<u>\$ 67,266</u>	<u>\$ 16,128</u>	<u>\$ 16,103</u>	<u>\$199,655</u>	<u>\$ -</u>	<u>\$ 78,529</u>	<u>\$ 40,696</u>	<u>\$2,141,516</u>

	Land	Buildings	Machinery	Tools	Testing equipment	Office Equipment	Leasehold improvements	Others	Construction in progress	Total
At January 1, 2022										
Cost	\$ 1,031,406	\$ 472,842	\$138,073	\$76,349	\$57,154	\$73,759	\$24,673	\$ 23,292	\$ 2,143	\$1,899,691
Accumulated depreciation	-	(38,041)	(122,100)	(64,421)	(42,685)	(43,792)	(23,872)	(16,418)	-	(351,329)
	<u>\$ 1,031,406</u>	<u>\$ 434,801</u>	<u>\$ 15,973</u>	<u>\$11,928</u>	<u>\$14,469</u>	<u>\$29,967</u>	<u>\$ 801</u>	<u>\$ 6,874</u>	<u>\$ 2,143</u>	<u>\$1,548,362</u>
2022										
Opening net book amount	\$ 1,031,406	\$ 434,801	\$ 15,973	\$11,928	\$14,469	\$29,967	\$ 801	\$ 6,874	\$ 2,143	\$1,548,362
Additions	-	-	128	6,102	1,407	2,519	-	4,788	124,824	139,768
Disposals (Cost)	-	-	(2,845)	-	(646)	(1,689)	(2,445)	(1,593)	-	(9,218)
Disposals (Accumulated depreciation)	-	-	2,814	-	646	1,689	2,445	1,590	-	9,184
Reclassifications (Cost)	-	-	-	590	-	3,338	-	-	(5,928)	(2,000)
Depreciation	-	(13,879)	(9,403)	(3,269)	(5,655)	(8,696)	(719)	(4,508)	-	(46,129)
Closing net book amount	<u>\$ 1,031,406</u>	<u>\$ 420,922</u>	<u>\$ 6,667</u>	<u>\$15,351</u>	<u>\$10,221</u>	<u>\$27,128</u>	<u>\$ 82</u>	<u>\$ 7,151</u>	<u>\$121,039</u>	<u>\$1,639,967</u>
At December 31, 2022										
Cost	1,031,406	\$ 472,842	\$135,356	\$83,041	\$57,915	\$77,927	\$22,228	\$ 26,487	\$121,039	\$2,028,241
Accumulated depreciation	-	(51,920)	(128,689)	(67,690)	(47,694)	(50,799)	(22,146)	(19,336)	-	(388,274)
	<u>\$ 1,031,406</u>	<u>\$ 420,922</u>	<u>\$ 6,667</u>	<u>\$15,351</u>	<u>\$10,221</u>	<u>\$27,128</u>	<u>\$ 82</u>	<u>\$ 7,151</u>	<u>\$121,039</u>	<u>\$1,639,967</u>

- A. The Company has no interest capitalized to property, plant and equipment.
- B. Property, plant and equipment not a significant component.
- C. The Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 months to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 4,882	\$ 7,936

	<u>Years ended December 31, 2023</u>	<u>Years ended December 31, 2022</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 8,855	\$ 15,537

- C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$ \$793 and \$9,074.

- D. The information on profit and loss accounts relating to lease contracts is as follows:

<u>Items affecting profit or loss</u>	<u>Years ended December 31, 2023</u>	<u>Years ended December 31, 2022</u>
Interest expense on lease liabilities	(\$ 72)	(\$ 143)
Expense on short-term lease contracts	(5,637)	(1,444)
Gains on lease modification	2	-

- E. For the 2023 and 2022, the Group's total cash outflow for leases was \$13,992 and \$17,616.

(8) Leasing arrangements — lessor

- A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

- B. For the years ended December 31, 2023 and 2022, the Company recognized rent income in the amounts of \$3,452 and \$3,448, respectively, based on the operating lease agreement, which does not include variable lease payments.

- C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
2023	\$ -	\$ 1,764
2024	3,444	1,764
	<u>\$ 3,444</u>	<u>\$ 3,528</u>

(9) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2023			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	(11,140)	(11,140)
	<u>\$ 33,273</u>	<u>\$ 4,710</u>	<u>\$ 37,983</u>
2023			
Opening net book amount	\$ 33,273	\$ 4,710	\$ 37,983
Depreciation	-	(495)	(495)
Closing net book amount	<u>\$ 33,273</u>	<u>\$ 4,215</u>	<u>\$ 37,488</u>
At December 31, 2023			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	(11,635)	(11,635)
	<u>\$ 33,273</u>	<u>\$ 4,215</u>	<u>\$ 37,488</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	(10,644)	(10,644)
	<u>\$ 33,273</u>	<u>\$ 5,206</u>	<u>\$ 38,479</u>
2022			
Opening net book amount	\$ 33,273	\$ 5,206	\$ 38,479
Depreciation	-	(496)	(496)
Closing net book amount	<u>\$ 33,273</u>	<u>\$ 4,710</u>	<u>\$ 37,983</u>
At December 31, 2022			
Cost	\$ 33,273	\$ 15,850	\$ 49,123
Accumulated depreciation	-	(11,140)	(11,140)
	<u>\$ 33,273</u>	<u>\$ 4,710</u>	<u>\$ 37,983</u>

A. Rental income and direct operating expenses of investment property:

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 3,452</u>	<u>\$ 3,448</u>
Direct operating expenses arising from investment property that generated rental income	<u>\$ 620</u>	<u>\$ 626</u>
Direct operating expenses arising from investment property that did not generate rental income	<u>\$ 4</u>	<u>\$ 29</u>

B. The fair value of the investment property held by the Company was \$110,322 and \$119,352 as of December 31, 2023 and 2022, respectively, which was based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(10) Intangible assets

	<u>Trademark</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Total</u>
At January 1, 2023				
Cost	\$ 1,051	\$ 109,454	\$ 5,898	\$ 116,403
Accumulated Amortization	(381)	(82,462)	-	(82,843)
	<u>\$ 670</u>	<u>\$ 26,992</u>	<u>\$ 5,898</u>	<u>\$ 33,560</u>
2023				
Opening net book amount	\$ 670	\$ 26,992	\$ 5,898	\$ 33,560
Additions	1,934	10,359	-	12,293
Disposals (Cost)	-	(23,731)	-	(23,731)
Disposals (Accumulated amortization)	-	23,731	-	23,731
Reclassifications	-	1,422	-	1,422
Amortization	(172)	(16,722)	-	(16,894)
Closing net book amount	<u>\$ 2,432</u>	<u>\$ 22,051</u>	<u>\$ 5,898</u>	<u>\$ 30,381</u>
At December 31, 2023				
Cost	\$ 2,985	\$ 97,504	\$ 5,898	\$ 106,387
Accumulated Amortization	(553)	(75,453)	-	(76,006)
	<u>\$ 2,432</u>	<u>\$ 22,051</u>	<u>\$ 5,898</u>	<u>\$ 30,381</u>
	<u>Trademark</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Total</u>
At January 1, 2022				
Cost	\$ 771	\$ 88,998	\$ 5,898	\$ 95,667
Accumulated Amortization	(326)	(67,450)	-	(67,776)
	<u>\$ 445</u>	<u>\$ 21,548</u>	<u>\$ 5,898</u>	<u>\$ 27,891</u>
2022				
Opening net book amount	\$ 445	\$ 21,548	\$ 5,898	\$ 27,891
Additions	280	20,456	-	20,736
Amortization	(55)	(15,012)	-	(15,067)
Closing net book amount	<u>\$ 670</u>	<u>\$ 26,992</u>	<u>\$ 5,898</u>	<u>\$ 33,560</u>
At December 31, 2022				
Cost	\$ 1,051	\$ 109,454	\$ 5,898	\$ 116,403
Accumulated Amortization	(381)	(82,462)	-	(82,843)
	<u>\$ 670</u>	<u>\$ 26,992</u>	<u>\$ 5,898</u>	<u>\$ 33,560</u>

A. The Company has no interest capitalized to intangible assets.

B. The details of the amortization charges of intangible assets are as follows:

	Years ended December 31	
	2023	2022
Operating costs	\$ 303	\$ 372
Selling expenses	1,729	1,463
General and administrative expenses	4,031	8,492
Research and development expenses	10,831	4,740
	<u>\$ 16,894</u>	<u>\$ 15,067</u>

(11) Short-term borrowings(December 31, 2023: None.)

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	<u>\$ 635,300</u>	1.17%~1.725%	None

Interest expense recognized in profit or loss amounted to \$7,089 and \$5,489 for the years ended December 31, 2023 and 2022, respectively.

(12) Other payables

	December 31, 2023	December 31, 2022
Payable to land and buildings	\$ 144,750	\$ -
Salaries and bonus payable	131,291	165,500
Accrued employees' compensation and directors' remuneration	70,332	59,089
Payable to equipment suppliers	27,130	18,538
Others	66,464	65,410
	<u>\$ 439,967</u>	<u>\$ 308,537</u>

(13) Corporate bonds payable

	December 31, 2023	December 31, 2022
Corporate bonds payable	\$ 799,900	\$ -
Less: Discount on bonds payable	(38,976)	-
	<u>\$ 760,924</u>	<u>\$ -</u>

A. Domestic unsecured conversion of corporate bonds issued by the Company.

(A) Issuance conditions for the Second Domestic Unsecured Convertible Corporate Bonds Conversion in the Company are as follows:

- i. The Company is approved by the relevant authorities to raise and issue the Second Domestic Unsecured Convertible Corporate Bonds Conversion (referred to as "Convertible Corporate Bonds"), the total face value of the issuance is \$800,000, and the actual total issuance is \$848,003, at the coupon rate of 0%, for an issuance period of 3 years, circulation period from August 28, 2023 to August 28, 2026. When this conversion company debt expires, it will be repaid in cash in the denomination of the bond. Convertible Corporate Bonds has been listed for trading at the Securities Counter Trading Center as of August 28, 2023.

- ii. Unless (1) the period for suspension of transfer registration of common stock required by laws, (2) 15 business days prior to the date for suspension of transfer registration of allocated dividends requested by the Company, the date for suspension of transfer registration of cash dividends or the date for suspension of transfer registration of cash capital increase until the record date for allocation of rights, and (3) from the date of capital decrease until the day prior to the trading of stock swapped upon capital decrease, the bond holders may apply to the Taiwan Depository & Clearing Corporation (TDCC) (hereinafter referred to as the “Depository Corporation”) who would then notify the Company’s stock agent to convert the Bond into the Company’s common shares pursuant to the Regulations at any time one month after the issuance (November 29 2023) and throughout the duration (until August 28, 2026) of the bond.
 - iii. The conversion price of this conversion company debt shall be determined according to the pricing model stipulated in the conversion method, and the conversion price shall be adjusted in the event of the anti-dilution clause of the company in accordance with the pricing model stipulated in the conversion method.
 - iv. From the day following the 3rd month of issuance (November 29 2023) of the bonds until 40 days(July 20, 2026) prior to expiration of the duration, if the closing price of the Company's common shares at Taipei Exchange exceeds the current conversion price by more than 30% for 30 consecutive business days, the Company may send the “Notice of Call” to be matured in 30 days (the time limit shall commence from the Company's service date, and the record date of the call shall be the date when the time limit expires, and the conversion suspension period for the corporate bonds should not fall in the time limit) to the bond holders (those referred to the roster of creditors within five business days prior to the service date of the Notice of Call, while the investors who acquire the bonds through exchange or due to other causes subsequently, if any, shall be notified by public notice) via registered mail within 30 business days. Meanwhile, the Company shall ask Taipei Exchange in writing to post a public announcement, and shall call the corporate bonds held by the bond holders at the face value in cash within five (5) business days upon the record date.
 - v. In accordance with the conversion scheme, all debts of the Company recovered (including by the Securities Counter Trading Centre), repaid or converted will be cancelled, and all rights and obligations that are still attached to this conversion company's debt will also be eliminated and no longer issued.
- (B) As of December 31, 2023, the face value of this convertible corporate bond of \$100 has been converted to 1,000 shares of common stock, completed on December 25, 2023.
 - (C) As of December 31, 2023, the Company has not bought back the bonds from the securities counter trading center.
 - (D) Since September 5, 2023, the Company's ex-rights and dividend, the conversion price has been recalculated according to the provisions of this bond issuance and conversion, from \$109.5 to \$97.2.

- B. When issuing convertible corporate bonds, the equity conversion options amounting to \$87,971 were separated from the liability component and were recognized in ‘capital surplus-stock warrants’ in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in ‘financial assets at fair value through profit or loss’ in net amount \$400 in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation is 0.156%.

(14) Pensions

- A. (A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (B) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	(\$ 79,353)	(\$ 84,604)
Fair value of plan assets	45,613	52,219
Net defined benefit liability	(\$ 33,740)	(\$ 32,385)

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2023			
Balance at January 1	(\$ 84,604)	\$ 52,219	(\$ 32,385)
Interest (expense) income	(1,362)	840	(522)
	<u>(85,966)</u>	<u>53,059</u>	<u>(32,907)</u>
Remeasurements:			
Change in demographic assumptions	561	-	561
Change in financial assumptions	(2,855)	-	(2,855)
Experience adjustments	(195)	137	(58)
	<u>(2,489)</u>	<u>137</u>	<u>(2,352)</u>
Pension fund contribution	-	1,519	1,519
Paid pension	9,102	(9,102)	-
Balance at December 31	<u><u>(\$ 79,353)</u></u>	<u><u>\$ 45,613</u></u>	<u><u>(\$ 33,740)</u></u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	(\$ 102,041)	\$ 55,583	(\$ 46,458)
Interest (expense) income	(582)	317	(265)
	<u>(102,623)</u>	<u>55,900</u>	<u>(46,723)</u>
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	11,386	-	11,386
Experience adjustments	(2,945)	4,337	1,392
	<u>8,441</u>	<u>4,337</u>	<u>12,778</u>
Pension fund contribution	-	1,560	1,560
Paid pension	9,578	(9,578)	-
Balance at December 31	<u><u>(\$ 84,604)</u></u>	<u><u>\$ 52,219</u></u>	<u><u>(\$ 32,385)</u></u>

- (D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (E) The principal actuarial assumptions used were as follows:

	Years ended December 31	
	2023	2022
Discount rate	1.30%	1.61%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	<u>(\$ 4,511)</u>	<u>\$ 4,848</u>	<u>\$ 4,741</u>	<u>\$ 4,741</u>
December 31, 2022				
Effect on present value of defined benefit obligation	<u>(\$ 4,874)</u>	<u>\$ 5,252</u>	<u>\$ 5,153</u>	<u>\$ 5,153</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis during 2023 and 2022 are the same.

- (F) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amounts to \$1,519.

(G) As of December 31, 2023, the weighted average duration of the defined benefit retirement plan is 12 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	56,759
1 - 2 Years		3,920
3 - 4 Years		7,025
More than 5 years		1,879
	<u>\$</u>	<u>69,583</u>

B. (A) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were \$27,919 and \$26,094, respectively.

(15) Share-based payment

A. For the years ended December 31, 2023 and 2022, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
Employee stock options	April 12, 2018	1,600	5 Years	2 to 4 years of service
Employee stock options	October 29, 2020	4,300	6 Years	2 to 5 years’ service

The share-based payment arrangements above are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2023		2022	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2018 Issuing)	355	\$ 41.70	977	\$ 43.80
Stock options waived in the current period	(67)	-	-	-
Options exercised	(288)	41.70	(622)	42.61
Options outstanding at end of the year	<u>-</u>	-	<u>355</u>	41.70
Options exercisable at end of the year	<u>-</u>	-	<u>355</u>	41.70

	Years ended December 31,			
	2023		2022	
	No. of options (in thousands)	Weighted average exercise price (in dollars)	No. of options (in thousands)	Weighted average exercise price (in dollars)
Options outstanding at beginning of the year, (2020 Issuing)	3,563	\$ 46.10	4,300	\$ 48.40
Stock options waived in the current period	(72)	-	(180)	-
Options exercised	(855)	44.82	(557)	46.10
Options outstanding at end of the year	<u>2,636</u>	40.80	<u>3,563</u>	46.10
Options exercisable at end of the year	<u>1,036</u>	40.80	<u>1,091</u>	46.10

C. Average price of Stock options exercised in 2023 and 2022 were \$77.98 and \$56.89 respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date approved	Expiry date	December 31, 2023		December 31, 2022	
		No. of shares (in thousands)	Exercise price (in dollars)	No. of shares (in thousands)	Exercise price (in dollars)
April 12, 2018	April 11, 2023	-	\$ -	355	41.70
October 29, 2020	October 28, 2026	2,636	40.80	3,563	46.10

E. The fair value of stock options granted on grant date is measured using the Black-Scholes option pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	April 12, 2018	57.70	57.70	28.13%~30.83%	4 Years	0%	0.63%~0.69%	12.49~15.46
Employee stock options	October 29, 2020	50.80	50.80	20.19%~23.7%	5 Years	0%	0.22%~0.24%	8.32~11.39

F. Expenses incurred on share-based payment transactions Relevant information is as follows:

	Years ended December 31	
	2023	2022
Equity Settled	<u>\$ 4,215</u>	<u>\$ 9,380</u>

G. As of ex-dividend date August 20, 2023 the Company re-computed the strike prices for employee stock warrants issued in 2018 and 2020 accordingly using the regulated method and adjusted the strike prices respectively, from \$43.8 and \$48.4 to \$41.7 and \$46.1. The employee stock warrants issued in 2018 have expired on April 11, 2023.

H. As of ex-rights and dividend date August 9, 2022 the Company re-computed the strike prices for employee stock warrants issued in 2020 accordingly using the regulated method and adjusted the strike prices respectively, from \$46.1 to \$40.8.

(16) Share capital

- A. As of December 31, 2023, the Company's authorized capital was \$1,600,000, consisting of 160,000 thousand ordinary shares, and the paid-in capital was \$1,015,374. with a par value of \$10 (in dollars) per share, consisting of 101,618 thousand ordinary shares. All proceeds from shares issued have been collected.
- B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	Years ended December 31	
	2023(in thousands)	2022(in thousands)
At January 1	91,311	90,132
Exercise of employee stock options	1,143	1,179
Conversion of convertible bonds	1	-
Stock dividends from capital surplus	9,163	-
At December 31	101,618	91,311

	December 31, 2023		December 31, 2022	
	Shares (in thousands)	Amount	Shares (in thousands)	Amount
Exercise of employee stock options (Advance receipts for share capital)	80	\$ 3,264	288	\$ 13,079
Conversion of convertible bonds (Advance receipts for share capital)	1	106	-	-

Information about the Conversion of convertible bonds and Exercise of employee stock options is provided in Note 6(15) and 6(13).

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Year ended December 31, 2023										
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Stock options	Other	Total
At January 1	\$181,643	\$342,834	\$1,026	\$ 176	\$ 2	\$ -	\$107,900	\$ -	\$ 134	\$633,715
Stock dividends from capital surplus	-	(91,629)	-	-	-	-	-	-	-	(91,629)
Exercise of employee stock options	46,638	-	-	-	-	-	-	-	-	46,638
Compensation cost of employee stock options	-	-	-	-	-	-	5,338	-	-	5,338
Issue of convertible bonds	-	-	-	-	-	-	-	87,971	-	87,971
Conversion of convertible bonds	-	-	-	-	-	-	-	(1)	(1)	(1)
Change in Capital Surplus-others	-	-	-	-	-	3,006	-	-	-	3,006
Changes in equity of associates and joint ventures accounted for using equity method	175	-	-	-	-	-	-	-	-	175
At December 31	\$228,456	\$251,205	\$1,026	\$ 176	\$ 2	\$ 3,006	\$113,238	\$87,960	\$ 134	\$685,203

Year ended December 31, 2022									
	Share premium	Convertible bond conversion premium	Treasury stock trading	Diff between book value & actual equity change from acquisition or disposal of subsidiary	Capital surplus from gain on disposal of assets	Employee stock options	Other	Total	
At January 1	\$151,396	\$ 284,236	\$1,026	\$ 176	\$ 2	\$ 96,071	\$ 134	\$533,041	
Exercise of employee stock options	30,191	-	-	-	-	-	-	30,191	
Compensation cost of employee stock options	-	-	-	-	-	11,829	-	11,829	
Conversion of convertible bonds	-	58,598	-	-	-	-	-	58,598	
Change in Capital Surplus-others	56	-	-	-	-	-	-	56	
At December 31	\$181,643	\$ 342,834	\$1,026	\$ 176	\$ 2	\$107,900	\$ 134	\$633,715	

(18) Retained earnings

- A. When allocating the net income for each fiscal year, the Company shall first offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, where such legal reserve amounts to the total authorized capital, this provision will not apply. The Company would set aside or fund another sum as special reserve in accordance with the regulations of the Law or the rules of the Authorities, plus the rest of the and Accumulated Retained Earnings of preceding fiscal year (including the adjustment of undistributed earnings), and the meeting of Board of Directors would draft the Proposal for Distribution, and to authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of

directors, and in addition thereto a report of such distribution shall be submitted to the Shareholders' Meeting. The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the preceding paragraphs shall follow the provisions of Article 240 of the Company Law of the Republic of China with a resolution adopted at a meeting of shareholders.

- B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- D. Details of 2022 earnings appropriation resolved by the Board of Directors on February 23, 2023 and by the shareholders on May 30, 2023. 2021 earnings appropriation resolved by the Board of Directors on February 25, 2022 and by the shareholders on May 24, 2022, respectively are as follows:

	Years ended December 31,			
	2022		2021	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 61,428		\$ 38,658	
Special reserve	(72,347)		37,653	
Cash dividends	<u>229,074</u>	\$ 2.50	<u>275,117</u>	\$ 3.05
Total	<u>\$ 218,155</u>		<u>\$351,428</u>	

Details of 2023 earnings appropriation resolved by the Board of Directors on February 22, 2024 are as follows:

	Year ended December 31, 2023	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 72,567	
Reversal of Special reserve	(4,280)	
Cash dividends	<u>438,232</u>	\$ 4.30
Total	<u>\$ 506,519</u>	

- E. The company, on May 30, 2023, passed a resolution during the shareholder's meeting to increase capital by issuing 9,163 thousand new shares from the capital surplus, with a par value of \$10 per share. This increase in capital was duly reported and approved by the regulatory authorities on July 18, 2023, and the Board of Directors further decided that September 5, 2023 will be the record date for the capital increase.

(19) Other equity interest

	Year ended December 31,	
	2023	2022
Financial statements translation differences of foreign operations		
At January 1	(\$ 4,280)	(\$ 76,627)
Increase (decrease) in current period	6,172	72,347
At December 31	<u>\$ 1,892</u>	<u>(\$ 4,280)</u>

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Year ended December 31	
	2023	2022
Originating from transfer at a point in time:		
IOT Products	\$ 2,065,985	\$ 2,281,066
Intelligent Design-in Service Products	1,507,505	1,389,807
Gaming Products	732,479	1,015,337
Others	264,672	345,787
Net sales revenue	4,570,641	5,031,997
Originating from the transfer of labor services over time:		
Other Operating revenue	38,211	50,227
Total	<u>\$ 4,608,852</u>	<u>\$ 5,082,224</u>

B. Contract liabilities

The Company has recognized the following contract assets and liabilities in relation to revenue from contracts with customers:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities			
Contract liabilities- Advance payments	<u>\$ 58,460</u>	<u>\$ 66,657</u>	<u>\$ 76,162</u>

The revenue recognized from the beginning balance of contract liability:

	Year ended December 31	
	2023	2022
The revenue recognized from the beginning balance of contract liability.	<u>\$ 60,969</u>	<u>\$ 75,890</u>

(21) Interest income

	Year ended December 31,	
	2023	2022
Interest on Bank deposit:	\$ 27,498	\$ 5,323
Other interest income	1,633	119
Total	<u>\$ 29,131</u>	<u>\$ 5,442</u>

(22) Other income

	Year ended December 31	
	2023	2022
Rental revenue	\$ 3,452	\$ 3,448
Other income	20,989	30,123
Total	<u>\$ 24,441</u>	<u>\$ 33,571</u>

(23) Other gains and losses

	Year ended December 31	
	2023	2022
Foreign exchange gains	\$ 3,620	\$ 27,323
Gain on disposal of investments	493	11
Gain on financial assets at fair value through profit or loss	320	-
Gain on disposal of property, plant and equipment	273	-
Gain on lease modification	2	-
Impairment loss	- (2,000)
Depreciation expense from investment property	(495)	(496)
Miscellaneous Expenditure	(129)	(158)
Total	<u>\$ 4,084</u>	<u>\$ 24,680</u>

(24) Finance costs

	Year ended December 31	
	2023	2022
Interest expense		
Bank borrowings	\$ 7,089	\$ 5,489
Convertible bonds payable	4,737	-
Lease liabilities	72	143
Other	10	5
Total	<u>\$ 11,908</u>	<u>\$ 5,637</u>

(25) Expenses by nature

	Years ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 181,966	\$ 656,279	\$ 838,245
Depreciation- property, plant and equipment	12,044	32,543	44,587
Depreciation-right of use assets	5,643	3,212	8,855
Amortization	303	16,591	16,894
Total	\$ 199,956	\$ 708,625	\$ 908,581

	Years ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 160,186	\$ 666,459	\$ 826,645
Depreciation- property, plant and equipment	16,234	29,895	46,129
Depreciation-right of use assets	8,757	6,780	15,537
Amortization	372	14,695	15,067
Total	\$ 185,549	\$ 717,829	\$ 903,378

(26) Employee benefit expense

	Years ended December 31	
	2023	2022
Wages and salaries	\$ 718,036	\$ 711,938
Labor and health insurance fees	58,114	52,871
Pension costs	28,441	26,359
Compensation cost of employee stock options	4,215	9,380
Other employee benefit expense	29,439	26,097
Total	\$ 838,245	\$ 826,645

A. According to the Company's articles of association, if the Company is profitable in the year (ie after deducting the employee's remuneration and the director's remuneration from the net profit before tax), employee payout should be between 1% and 20% while directors' payout should be no more than 2%. However, if the Company has accumulated losses (including adjustments to unallocated surplus) these losses should first be offset.

B. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$60,000 and \$50,000, respectively; while directors' remuneration was accrued at \$9,286 and \$8,070, respectively. The aforementioned amounts were recognized in salary expenses.

In 2023, the pre-tax net profit for the year was deducted from the employee's compensation and the benefits before the director's remuneration were estimated at 6.1% and 0.94% respectively.

Employees' compensation and directors' remuneration for 2023 and 2022 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2023 and

2022 financial statements, and the employees' compensation will be distributed in the form of cash.

- C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(A) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax		
Current tax on profits for the year	\$ 149,312	\$ 139,919
Tax on undistributed earnings	3,898	1,758
Adjustments in respect of prior years	(1,946)	(7,444)
Total current tax	<u>151,264</u>	<u>134,233</u>
Deferred tax		
Origination and reversal of temporary differences	36,214	12,045
Income tax expense	<u>\$ 187,478</u>	<u>\$ 146,278</u>

- (B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31	
	2023	2022
Remeasurements of defined benefit obligations	\$ 470	(\$ 2,556)
Currency translation differences of foreign operations	(1,543)	(18,087)
Total	<u>(\$ 1,073)</u>	<u>(\$ 20,643)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 183,020	\$ 149,783
Effect of items disallowed by tax regulation	2,506	2,181
Adjustments in respect of prior years	(1,946)	(7,444)
Tax on undistributed earnings	3,898	1,758
Income tax expense	<u>\$ 187,478</u>	<u>\$ 146,278</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehen- sive income	December 31
Temporary differences				
Deferred tax assets:				
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	\$ 14,000	\$ 1,000	\$ -	\$ 15,000
Unrealized gross margin	400	-	-	400
Unrealized exchange loss	24,244	6,734	-	30,978
Unused compensated absences payable	126	6,685	-	6,811
Unrealized warranty cost	4,132	313	-	4,445
Unrealized impairment loss	308	(36)	-	272
Unrealized depreciation and interest	1,919	-	-	1,919
Defined benefit obligation	6,477	(200)	470	6,747
Amortization of convertible bond issuance costs	-	923	-	923
Exchange differences on translation	1,069	-	(1,069)	-
Subtotal	<u>\$ 52,675</u>	<u>\$ 15,419</u>	<u>(\$ 599)</u>	<u>\$ 67,495</u>
Deferred tax liabilities				
Net gain on investments accounted for using equity	(\$ 179,284)	(\$ 51,570)	\$ -	(\$ 230,854)
Convertible debt loss evaluation	-	(63)	-	(63)
Exchange differences on translation	-	-	(474)	(474)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	<u>(\$ 180,464)</u>	<u>(\$ 51,633)</u>	<u>(\$ 474)</u>	<u>(\$ 232,571)</u>
Total	<u>(\$ 127,789)</u>	<u>(\$ 36,214)</u>	<u>(\$ 1,073)</u>	<u>(\$ 165,076)</u>

	Year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	\$ 9,800	\$ 4,200	\$ -	\$ 14,000
Unrealized gross margin	-	400	-	400
Unrealized exchange loss	16,320	7,924	-	24,244
Unused compensated absences payable	160	(34)	-	126
Unrealized warranty cost	3,912	220	-	4,132
Unrealized impairment loss	232	76	-	308
Unrealized depreciation and interest	1,919	-	-	1,919
Defined benefit obligation	9,292	(259)	(2,556)	6,477
Exchange differences on translation	19,156	-	(18,087)	1,069
Subtotal	<u>\$ 60,791</u>	<u>\$ 12,527</u>	<u>(\$ 20,643)</u>	<u>\$ 52,675</u>
Deferred tax liabilities				
Net gain on investments accounted for using equity	(\$154,712)	(\$ 24,572)	\$ -	(\$179,284)
Unamortized goodwill	(1,180)	-	-	(1,180)
Subtotal	<u>(\$155,892)</u>	<u>(\$ 24,572)</u>	<u>\$ -</u>	<u>(\$180,464)</u>
Total	<u>(\$ 95,101)</u>	<u>(\$ 12,045)</u>	<u>(\$ 20,643)</u>	<u>(\$127,789)</u>

- D. The Company's income tax return through 2020 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2023		
	Amount after	Weighted average	Earnings per
	tax	number of ordinary	share (in dollars)
		shares outstanding	
		(shares in thousands)	
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	\$ 727,624	101,174	\$ 7.19
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	864	
Employee stock option	-	1,680	
Convertible bonds	3,790	2,841	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 731,414	106,559	\$ 6.86
	Year ended December 31, 2022		
	Amount after	Weighted average	Earnings per
	tax	number of ordinary	share (in dollars)
		shares outstanding	
		(shares in thousands)	

(29) Supplemental cash flow information

A. Partial cash paid for investing activities

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 547,686	\$ 139,768
Add: Beginning balance of payable on equipment	18,538	8,962
Add: Ending balance of Prepayments for business facilities	652	3,680
Less: Ending balance of payable on land and buildings	(144,750)	-
Less: Ending balance of payable on equipment	(27,130)	(18,538)
Less: Beginning balance of Prepayments for business facilities	(3,680)	(1,222)
Cash paid during the year	<u>\$ 391,316</u>	<u>\$ 132,650</u>

B. Financing activities not affecting cash flow:

	Years ended December 31	
	2023	2022
Conversion of corporate bond conversion into capital stock	<u>\$ 95</u>	<u>\$ -</u>

(30) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Convertible bonds payable	Liabilities from financing activities-gross
At January 1, 2023	\$ 635,300	\$ 7,531	\$ -	\$ 642,831
Changes in cash flow from financing activities	(635,300)	(8,283)	848,003	204,420
Interest expense payments (Note)	-	(72)	-	(72)
Other changes in non-cash items	-	5,871	(87,079)	(81,208)
At December 31, 2023	<u>\$ -</u>	<u>\$ 5,047</u>	<u>\$ 760,924</u>	<u>\$ 765,971</u>

	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2022	\$ 374,000	\$ 22,767	\$ 396,767
Changes in cash flow from financing activities	261,300	(16,172)	245,128
Interest expense payments (Note)	-	(143)	(143)
Other changes in non-cash items	-	936	936
At December 31, 2022	<u>\$ 635,300</u>	<u>\$ 7,531</u>	<u>\$ 642,831</u>

Note: Operating activities.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Advantech Co., Ltd. (Advantech)	Individuals with joint control or entities with significant influence
Advanixs Corporation.	"
AXUS	Subsidiary
AXGM	"
AXUK	"
AXJP	"
AXIT	"
AXSZ	A subsidiary which is wholly owned by AXBVI
UNI	Associate

(2) Significant related party transactions and balances

A. Sale

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods		
Individuals with joint control or significant influence on the Company	\$ 155	\$ 98
Subsidiary		
AXUS	1,435,194	2,271,408
AXGM	738,757	404,679
Others	62,717	47,093
Second-tier subsidiary	71,102	103,853
Associate	-	752
Total	<u>\$ 2,307,925</u>	<u>\$ 2,827,883</u>

The sales prices and the trading terms to related parties above were not significantly different from those of sales to third parties.

B. Purchase

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Purchase of goods		
Individuals with joint control or entities with significant influence	\$ 34,436	\$ 40,329
Second-tier subsidiary	8,956	16,891
Total	<u>\$ 43,392</u>	<u>\$ 57,220</u>

The purchase prices and the trading terms to related parties above were not significantly different from those of purchase to third parties.

C. Account receivable -related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receivables from related parties		
Subsidiary		
AXUS	\$ 203,463	\$ 408,695
Others	20,189	15,660
Second-tier subsidiary		
AXSZ	25,516	24,706
Total	<u>\$ 249,168</u>	<u>\$ 449,061</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 45~90 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Account payable -related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables to related parties		
Individuals with joint control or entities with significant influence		
Advantech	\$ 4,018	\$ 4,450
Advanixs Corporation.	739	2,934
Subsidiary		
AXUS	19	5,164
AXUK	3,382	2,370
Other	9	293
Second-tier subsidiary		
AXSZ	1,467	2,284
Total	<u>\$ 9,634</u>	<u>\$ 17,495</u>

The payables from related parties arise mainly from purchase transactions. The payables are due 45~75 days after the date of sale. The payables are bear no interest.

E. Endorsements and guarantees

On December 31, 2022, the Company acted as guarantor of subsidiary AXUS for loans from Citibank and the guarantee amount was USD 200,000. Until the day of December 31, 2022, AXUS did not make any loan from Citibank.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Short-term employee benefits	\$ 77,027	\$ 69,472
Share-based payment	2,414	5,408
Post-employment compensation	1,159	1,413
Total	<u>\$ 80,600</u>	<u>\$ 76,293</u>

8. PLEDGED ASSETS

Asset type	Book value		Use of pledge
	December 31, 2023	December 31, 2022	
Time deposits (recorded as 'financial assets at amortized cost – current')	\$ -	\$ 3,000	Performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingency

None.

(2) Commitments:

C. Please refer to Note 7 (2)5 for the Endorsements and guarantees.

D. Capital expenditures contracted but not yet incurred:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 14,538	\$ 121,224
Intangible assets	2,025	1,036
Total	<u>\$ 16,563</u>	<u>\$ 122,260</u>

E. The board of directors of our company resolved on December 14, 2023 to approve the proposed purchase of 2,170 thousand shares of Parktron Technology Co., Ltd. (Parktron Technology) from its existing shareholders and participants in the cash capital increase, at a price of NT\$30 per share. The total investment amount is expected to be NT\$65,100, and upon completion of this investment, our company will hold a 59.94% stake in Parktron Technology. The investment agreement is currently being drafted, and we anticipate finalizing the contract by the end of February.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

For details of 2023 earnings appropriation proposed, refer to Note 6(18).

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. 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.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets		
Financial assets at fair value through profit or loss	\$ 720	\$ -
Financial assets at amortized cost	1,487,586	1,447,778
	<u>\$ 1,488,306</u>	<u>\$ 1,447,778</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial liabilities		
Financial Liabilities at amortized cost	\$ 1,621,244	\$ 1,560,060
Lease liabilities	5,047	7,531
	<u>\$ 1,626,291</u>	<u>\$ 1,567,591</u>

Note: Financial assets at amortized cost includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables and guarantee deposits paid; financial liabilities at amortized cost includes short-term borrowings, notes and accounts payable (including related parties), other payables (including related parties) corporate bonds payable and guarantee deposits received.

B. Risk management policy

(A) The Company's activities expose it to a variety of financial risk: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(B) Risk management is carried out by a finance department under policies approved by the Board of Directors. Company finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(A) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in

various functional currency, primarily with respect to the USD, EUR, GBP, JPY and RMB. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

- ii. Management has set up a policy to require Company companies to manage their foreign exchange risk against their functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RUR, GBP, JPY and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023

	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign Currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 41,897	30.71	\$ 1,286,657	1%	\$10,293
EUR : NTD	673	33.99	22,875	1%	183
RMB : NTD	9,620	4.32	41,558	1%	332
<u>Non-monetary items</u>					
USD : NTD	\$ 32,368	30.71	\$ 994,021	1%	\$ 7,952
EUR : NTD	12,393	33.99	421,238	1%	3,370
JPY : NTD	33,977	0.22	7,475	1%	60
GBP : NTD	302	39.14	11,820	1%	95
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 6,933	30.71	\$ 212,912	1%	\$ 1,703

December 31, 2022

	Foreign currency amount (in thousand)	Exchange rate	Book value (NTD)	Sensitivity analysis	
				Degree of variation	Effect on profit or loss
(Foreign Currency: Functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 42,239	30.73	\$ 1,298,004	1%	\$10,384
EUR : NTD	332	32.73	10,866	1%	87
JPY : NTD	46,165	0.23	10,618	1%	85
RMB : NTD	10,383	4.41	45,789	1%	366
<u>Non-monetary items</u>					
USD : NTD	\$ 28,115	30.73	\$ 863,974	1%	\$6,912
EUR : NTD	8,458	32.73	276,830	1%	2,214
JPY : NTD	34,166	0.23	7,858	1%	63
GBP : NTD	228	37.03	8,443	1%	67
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	\$ 11,991	30.73	\$ 368,483	1%	\$2,948

- iv. The total exchange gain or loss, including realized and unrealized gains or losses arising from significant foreign exchange variations on monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to profit of \$3,620 and loss of \$27,323, respectively.

Price risk

- i. The Company's equity instruments, which are exposed to price risk, are the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity instruments, the Company diversifies its portfolio. Diversification of the portfolio is in accordance with the limits set by the Company.
- ii. The Company's investments in equity securities comprise beneficiary certificates. The prices of equity securities would change due to the change of the future value of investee companies.

(B) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, debt instruments classified as at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss.
- ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - (i) If the contract payments are past due over 90 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
 - (ii) A bond investment traded at the counter buying center, which has any external rating agency rated as the investment grade on the balance sheet date, and the financial asset is considered to have a low credit risk.
- iv. The Company adopts the assumptions under IFRS 9 and the default is deemed to have occurred when the contract payments are past due over 90 days.
- v. The Company classifies customer's notes and accounts receivable in accordance with product types and customer types. The Company applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;

- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Company has written-off financial assets amounted to \$0 and \$0 that are still under recourse procedures.
- viii. The Company uses the forecast ability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	Not overdue	Overdue	Overdue	Overdue
		1 ~ 90 days	91 ~ 180 days	181 ~ 270 days
Expected loss rate	0%-0.05%	0.05%	0.05%	0.05%
Total book value	\$ 355,250	\$ 10,994	\$ -	\$ -
Loss allowance	\$ 56	\$ 6	\$ -	\$ -

December 31, 2023	Overdue	Overdue	Total
	271 ~ 360 days	More than 361 days	
Expected loss rate	0.05%	100%	
Total book value	\$ 31	\$ -	\$ 366,275
Loss allowance	\$ -	\$ -	\$ 62

December 31, 2022	Not overdue	Overdue	Overdue	Overdue
		1 ~ 90 days	91 ~ 180 days	181 ~ 270 days
Expected loss rate	0%-0.06%	0.06%	0.06%	0.06%
Total book value	\$ 627,512	\$ 13,185	\$ -	\$ -
Loss allowance	\$ 105	\$ 8	\$ -	\$ -

December 31, 2022	Overdue	Overdue	Total
	271 ~ 360 days	More than 361 days	
Expected loss rate	0.06%	100.00%	
Total book value	\$ -	\$ -	\$ 640,697
Loss allowance	\$ -	\$ -	\$ 113

ix. Ageing analysis of notes and accounts receivable as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not overdue	\$ 2,961	\$ 352,289	\$ 5,583	\$ 621,929
within 30 days	-	10,994	-	13,185
31 ~ 90 days	-	-	-	-
91 ~ 180 days	-	-	-	-
More than 181 days	-	31	-	-
	<u>\$ 2,961</u>	<u>\$ 363,314</u>	<u>\$ 5,583</u>	<u>\$ 635,114</u>

The above is an age analysis based on the number of overdue days.

x. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	Years ended December 31	
	2023	2022
	Accounts receivable	Accounts receivable
January 1	\$ 113	\$ 38
Impairment loss	(51)	75
December 31	<u>\$ 62</u>	<u>\$ 113</u>

xi. The Company uses the forecast ability of National Development Council Business Cycle Indicator to adjust historical and timely information to assess the default possibility of investment of debt instrument on December 31, 2023 and 2022.

(C) Liquidity risk

The table below analyses 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 for non-derivative financial liabilities. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

December 31, 2023					
Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 2,234	\$ 2,171	\$ 724	\$ -	\$ 5,129
Corporate bonds payable	\$ -	\$ -	\$ 799,900	\$ -	\$ 799,900
December 31, 2022					
Non-derivative financial liabilities	Within 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	Total
Lease liabilities	\$ 7,321	\$ 230	\$ -	\$ -	\$ 7,551

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: The input value for this level is the open quote (unadjusted) of the same asset or liability in the active market. An active market is a market that meets all of the following conditions: the goods traded in the market are homogeneous; the buyers and sellers with the willingness can be found in the market at any time and the price information can be obtained by the public. The fair value of the beneficiary certificate the Company's investment belongs to.

Level 2: The input value of this level, except for the observable price included in the first level public offer, including the observable input value obtained from the active market either directly (such as price) or indirectly (such as derived from price).

Level 3: Inputs to this level are not based on observable market data.

B. Information about the fair value of investment property is provided in Note 6(8)

C. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables(including related parties) and guarantee deposits received are approximate to their fair values.

	December 31, 2023		
	Book value	Fair value	
		Level 1	Level 2
Financial liabilities:			
Corporate bonds payable	\$ 760,924	\$ -	\$ 760,962
			\$ -

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(C) The related information about the nature of the assets and liabilities is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Convertible bond				
– call provision	\$ -	\$ -	\$ 720	\$ 720

(D) The evaluation of derivative financial instruments is based on the option pricing model accepted by market users.

- E. In 2023 and 2022, there was no evaluation of the transfer between levels.
 F. The following chart is the movement of Level 3 for the Years ended December 31, 2023

	<u>2023</u>
	<u>Convertible bond – call provision</u>
At January 1	\$ -
Recognition in profit (loss)	
Other gains and losses	320
Issued in this issue	<u>400</u>
At December 31	<u>\$ 720</u>

- G. Outside appraiser is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
 H. The following is the qualitative information on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Convertible bond – call provision	<u>\$ 720</u>	Binomial tree pricing model	Volatility	39.68%	The higher the stock price volatility, the higher the fair value

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: None.
 B. Provision of endorsements and guarantees to others: Please refer to table 1.
 C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
 D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 2.
 E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 3.
 F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
 G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
 H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
 I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).
 J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: For the major transactions between the Company and the Mainland China invested companies in 2023, please refer to table 6.

(4) Information on investees

A. Basic information: Please refer to table 9.

AXIOMTEK CO., LTD.

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company Name	Relationship (Note 2)											
0	AXIOMTEK CO., LTD.	AXUS	2	\$ 420,353	USD 2,000	-	-	-	-	\$ 2,101,767	Y	-	-	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) the subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contracts as required under the Consumer Protection Act.

Note 3: According to the Company's fund loan and endorsement guarantee procedures, the Company's endorsement guarantee for a single enterprise is limited to 10% of the equity of the Company's owners in the most recent consolidated financial statements.

Note 4: According to the Company's fund loan and endorsement guarantee procedures, the total amount of endorsement guarantees of the Company and its subsidiaries as a whole is not more than 50% of the equity of the owners of the parent company in the most recent consolidated financial statements.

And the amount of the endorsement of the single company by the Company and its subsidiaries is limited to 10% of the equity of the owner of the parent company in the most recent consolidated financial statements.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities. And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual number of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

AXIOMTEK CO., LTD.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2023	
					Unit	Amount	Unit	Amount	Unit	Selling price	Book value	Gain on disposal	Unit	Amount
AXIOMTEK CO., LTD.	Taishin DaZhong Investment Trust	Financial assets mandatorily measured at fair value through profit or loss-current	-	-	-	-	25,503,528	371,000	25,503,528	371,306	371,000	306	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach \$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than \$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The amount of the change table does not include the evaluation profit and loss.

AXIOMTEK CO., LTD.
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser	Name of the underlying asset	Date of the occurrence of the event	Transaction amount	Payment amount	Trading counterparty	Relationship to the Company	Where the trading counterparty is a related party				The manner of deciding on this transaction	Concrete purpose or use of the acquisition	Other terms and conditions
							The identity of the previous owner	Its relationship with the Company	The previous date	Monetary value of transfer			
AXIOMTEK CO., LTD.	Land and buildings in Haotian Section, Xizhi District, New Taipei City	2023/12/14	\$ 289,500	\$144,750	Fu Cheng Investment Corporation.	None	NA	NA	NA	NA	The manner of deciding on this transaction: Price negotiation and the Board resolution. The reference basis for the decision on price: Refer to the professional appraisal reports and nearby market conditions.	Operational use	-

Note 1: If the acquired assets should be appraised according to regulations, the appraisal result shall be indicated in the column "Reference Basis for Price Determination".

Note 2: For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10-for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.

Note 3: Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

AXIOMTEK CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship	Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
			Purchase (sale)	Amount	Percentage of total purchase (sale)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
AXIOMTEK CO., LTD.	AXUS	The Company's subsidiaries are stated as follows:	Sale	\$ 1,435,194	21.42%	Monthly 45 ~ 90 days	-	-	\$ 203,463	24.49%	
AXIOMTEK CO., LTD.	AXGM	The Company's subsidiaries are stated as follows:	Sale	\$ 738,757	11.03%	Monthly 45 days	-	-	\$ 14,491	1.74%	

Note 1: If terms of related party transactions are different from third party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship	Balance as at December 31, 2023 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
AXIOMTEK CO., LTD.	AXUS	The Company's grandson	\$ 203,463	4.69	-	-	\$ 131,370	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

AXIOMTEK CO., LTD.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	AXIOMTEK CO., LTD.	AXGM	1	Sales revenue	\$ 1,435,194	same as that applicable to the general customer receivables collection as per for the average customer, 45 - 90 days	21.42%
0	AXIOMTEK CO., LTD.	AXUS	1	Sales revenue	738,757	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	11.03%
0	AXIOMTEK CO., LTD.	AXSZ	1	Sales revenue	71,102	same as that applicable to the general customer receivables collection for the general customer 75 days; 45 - 75 days with slight delay	1.06%
0	AXIOMTEK CO., LTD.	AXIT	1	Sales revenue	62,717	same as that applicable to the general customer receivables collection as per for the average customer, 45 days	0.94%
0	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	203,463		2.97%
0	AXIOMTEK CO., LTD.	AXUS	1	Accounts receivable	14,491		0.21%
0	AXIOMTEK CO., LTD.	AXSZ	1	Accounts receivable	25,516		0.37%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: No other transactions of the same type are available for comparison, and the terms of the transaction are handled in accordance with the terms of the agreement between the parties.

Note 5: The disclosure standard is those with a transaction amount of \$10 million or more.

AXIOMTEK CO., LTD.

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1, 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2(3))	Remark
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Book value			
AXIOMTEK CO., LTD.	AXUS	U.S.A.	Industrial computer and Embedded Board manufacturing, trading, post-sales service	\$208,240	\$208,240	23,418	100.00	\$953,678	\$ 132,454	\$ 132,454	
"	AXGM	Germany	Industrial computer and Embedded Board manufacturing, trading, post-sales service	19,941	19,941	(註 3)	100.00	337,800	126,506	126,506	
"	AXBVI	British Virgin Islands	Holding company	156,650	156,650	5,000	100.00	84,163	(8,547)	(8,435)	
"	AXUK	United Kingdom	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,615	8,615	180,000	100.00	11,825	2,856	2,856	
"	AXJP	Japan	Industrial computer and Embedded Board manufacturing, trading, post-sales service	8,235	8,235	600	100.00	7,370	(41)	(41)	
"	AXIT	Italy	Industrial computer and Embedded Board manufacturing, trading, post-sales service	56,068	56,068	(註 3)	100.00	39,873	6,104	4,513	
"	UNI	Taiwan	Automation equipment system set-up and development	29,000	29,000	1,450,000	24.05	16,617	(7,055)	(3,588)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognized by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognized investment income (loss) of its direct subsidiary and recognized investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognized investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment's net profit (loss) which shall be recognized by regulations.

Note 3: Department Ltd.

AXIOMTEK CO., LTD.

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD and foreign currencies

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
AXSZ	Industrial computer and Embedded Board manufacturing, trading, post-sales service	NT\$ 129,214 (USD 4,207)	註 1(2)	NT\$ 129,214 (USD 4,207)	\$ -	\$ -	NT\$ 129,214 (USD 4,207)	(\$ 8,498)	100.00	(\$ 8,498)	\$ 90,756	\$ -	

Note 1: Investment methods are classified into the following three categories:

- (1) Investment in Mainland China companies by remittance through a third region.
- (2) Investment in Mainland China companies through a company invested and established in a third region.
- (3) Investment in Mainland China companies through an existing company established in a third region.

Note 2: The investment income is calculated based on the financial statements of the Company that have not been audited by the accountant during the same period.

Note 3: In pursuance of Shen-Zi Letter No.09704604680 from the Ministry of Economic Affairs dated August 29, 2008. The amended "Regulations for examination of investments and technical cooperation in Mainland Area" sets the limitation for investments in Mainland China to be higher of net book value or 60% of consolidated net book value.

Note 4: The amount listed in this table is converted into NTD according to the exchange rate of US\$1=30.714 on December 31, 2023.

Note 5: In the preparation of the consolidated financial report, the relevant transactions have been fully written off.

Expressed in thousands of NTD and foreign currencies

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Axiomtek Shenzhen	\$ 129,273	USD 4,223	\$ 2,522,120
	USD 4,207		

Table 9

AXIOMTEK CO., LTD.
Major shareholders information
For the year ended December 31, 2023

Name of major shareholders	Shares	Name of shares held	Ownership (%)
Advantech	28,080,142		27.63%

Note: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.



AXIOMTEK CO., LTD.

Chairman Yang, Yu-Te