Stock Code：8277

# Unifosa Corp.

# 2023 Annual Report

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**Company Website: https://www.unifosa.com.tw**
**Printed on April 30, 2024**

***Notice to readers***

***This English-version annual report is translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevaill.***

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## I. Letter to Shareholders

**Dear Shareholders,**

The memory market has continued to decline since the second quarter of 2022 until it bottomed out in the third quarter of 2023, with prices falling by more than 60% and even falling below the material cost. This wave can be called the longest industrial boom correction period, which has lasted for more than 1.5 years. In order to reduce the huge inventory burden and improve the oversupply market situation, original manufacturers have to improve supply and demand by reducing production capacity. According to industry estimates, Samsung Electronics, which only relaxed its production cuts in early April 2023, will reduce NAND Flash/DRAM production by approximately 25 to 30%. The scope of production cuts will continue to expand in the second half of the year. It is estimated that the DRAM production cuts will expand to 30%, and the NAND production cuts will be extended to 40%. As for SK Hynix, it has also reduced its production capacity for DDR4 by nearly 50%, while Micron has reduced production by nearly 30% from the fourth quarter of 2022 to the first quarter of 2023, and the production reduction will continue until 2024, which means memory The downturn in the industry is difficult to improve quickly, mainly due to the lack of optimism in terminal demand and market outlook. This is probably the first time that this has happened since the global DRAM market formed an oligopoly situation between Samsung, SK Hynix and Micron in 2012. Large-scale production cuts. As the effects of production cuts by major original manufacturers gradually emerged in the second half of the year, the memory market showed signs of recovery. The spot market started to rise from the third quarter. However, the spot market price was mainly affected by changes in the supply side, but the end market demand was not clear, resulting in There is also a wait-and-see atmosphere in the terminal. If the actual market demand is not as good as expected, the market price in the first half of 2024 will inevitably see a see-saw. In addition, the storage product market will continue to be weak in 2023 due to the overall market slowdown.

Under the changes in the global prosperity and industrial environment, Unifosa's turnover in 2023 will be NT$267 million, a decrease of 24.46% compared to 2022. The net loss for the current period is NT$92,910 thousand, and the after-tax earnings per share is -0.74 yuan. With the company's long-term efforts to improve its financial structure and strengthen its operating system, the debt ratio is only 20.69%, which shows that the company's overall stable operation strategy has achieved results that are not easy.

Looking forward to 2024, looking at the current domestic and international situation, there are too many uncertain factors that may affect future domestic and foreign economic trends. Among them, the global economy will still face many challenges, such as whether the U.S. consumption momentum is sustained, raw material price trends, and China's economic prospects. As well as the direction of monetary policies of central banks of various countries, etc., they will all affect the performance of trade and investment, which deserves to be determined and paid attention to in advance. In particular, the two major economies of the United States and China (G2) are respectively facing unfavorable factors in consumption and investment, which will make the world from 2022 to 2024. The economic growth rate has declined for three consecutive years.

In terms of the memory market outlook for 2024, although the memory price increase is still volatile, both supply and demand have reached an industry consensus on the price bottom in the second half of 2023. As various memory manufacturers will gradually resume wafer production in 2024, the increase will still be carefully controlled. The effect of wafer production capacity is expected to begin to appear in the second half of the year, but the overall increase in supply will be lower than demand.

## Operating Performance in 2023

1. Business plan implementation results

Unit: NT$ Thousand

| Item | 2023 | 2022 | increase (Reduce) | increase (Reduce)% |
|---|---|---|---|---|
| Operating revenue | 267,153 | 353,677 | (86,524) | (24.46) % |
| Gross profit from operations | 44,131 | 62,657 | (18,526) | (29.57) % |
| Net operating Income | (86,632) | (71,402) | (15,230) | (21.33) % |
| Non-operating income and expenses | (6,166) | 1,508 | (7,674) | (508.89) % |
| Profit before income tax | (92,798) | (69,894) | (22,904) | (32.77) % |
| Net Profit | (92,910) | (69,799) | (23,111) | (33.11) % |
| Earnings per share (NT$) | (0.74) | (0.61) | – | – |

2. Budget implementation

The memory market has continued to decline since the second quarter of 2022 until it bottomed out in the third quarter of 2023, with prices falling by more than 60% and even falling below the material cost. This wave can be called the longest industrial boom correction period, which has lasted for more than 1.5 years. Mainly due to the pessimistic end demand and market outlook, In order to reduce the huge inventory burden and improve the oversupply market situation, original manufacturers have to improve supply and demand by reducing production capacity. This is probably the first time that this has happened since the global DRAM market formed an oligopoly situation between Samsung, SK Hynix and Micron in 2012. Large-scale production cuts. The company's memory business group originally expected to sell 108 memory modules in 2023, and the actual sales volume was 0, with an achievement rate of 0%. The original estimated sales volume of integrated circuits was 372,164, and the actual sales volume was 98,360 , the achievement rate is 26.43%, It is caused by the loss of avoiding the risk of falling prices; In addition, in terms of the storage business group, in 2023, the original estimated sales volume of disk array products was 440 units, and the sales volume of system integration products was 5,134 units. The actual sales volumes were 625 units and 2,557 units respectively, and the achievement rates were 142.05% and 49.81% respectively,the status of the achievement is still considered good.

3. Profitability analysis

Unit: NT$ Thousand；%

| Item | | | 2023 | 2022 |
|---|---|---|---|---|
| Financial income and expenditure | Operating revenue | | 267,153 | 353,677 |
| | Non-operating income and expenses | | (6,166) | 1,508 |
| Profitability | Return on asset (%) | | -12.83 | -9.43 |
| | Return on equity (%) | | -15.89 | -11.00 |
| | Paid-in capital (%) | Operating Income | -9.45 | -7.79 |
| | | Pre-tax Profit | -10.13 | -7.63 |
| | Profit ratio (%) | | -34.78 | -19.74 |
| | Earnings per share (NT$) | | (0.74) | (0.61) |

4. Research and development status

In the memory module segment, observing the overall computer market situation in 2023, in terms of motherboards for desktop computers, major suppliers have successively launched motherboards that support DDR5 memory modules. Judging from the specifications launched by various companies, most of them only support DDR5-4800. Although this specification is the basic frequency of DDR5, it is still 1.5 times higher than the 3200MT/s of DDR4. However, because the price is still high and DDR5 memory modules are also expensive, the market has not yet opened. the company's products in 2023 will still be mainly DDR4 modules, and new product development in 2024 will depend on the market acceptance of DDR5 memory and motherboards for related applications.

In terms of storage-related products, our company's 2023 NAS/iSCSI network storage has been developed and updated to replace the 5Bay desktop and 2U rack-mounted 8bay server chassis. The original NAS motherboards with Intel B460 series chipsets can be updated to Intel H410 series chips and can continue to use the original processing. The supply of common materials for processors and memory modules can install and update the disk backplane of the 5Bay desktop platform series. The original SATA Port-Multiplier one-to-five updated design is a SATA five-to-five motherboard to hard drive backplane, which is less likely to limit the speed of one SATA port. This updated proNAS model is not only suitable for mid- to low-end NAS file server applications, it can also be used as a network storage device for NVR surveillance video equipment, providing enterprises with a stable and secure network storage device. In 2024, the company will evaluate according to the degree of customer demand, focusing on the new generation of integrated storage device interface NVMe solid state drive or SAS/SATA/NVMe Tri-mode RAID storage device interface to provide higher storage data transmission Speed and PCIe Gen 4/5 new generation motherboard bus high-speed storage interface storage and development of NAS and other related products.

**Business Plan for 2024**

1. Operating policy

(1) Perfect financial structure and strengthen management constitution

In view of the importance of strengthening the ability to respond to industrial changes and risks, the company will continue to actively improve the flexibility of working capital in the future, continue to work towards a low-debt business model, and go deep into the detailed aspects of operation, through careful and thorough review and coordination, to formulate A complete and appropriate financial quality plan enables the company to operate steadily under the conditions of a sound financial structure and sufficient working capital, thereby further strengthening the company’s operating physique and industrial competitiveness, in order to meet the growth and robustness of the industry after adjustment. Create good results for future operations and profitability.

(2) Committed to operational transformation to cope with industry risks and business climate changes

Under the violent fluctuations of the DRAM industry and the global economy, the company continues to adhere to the business philosophy of "stable operation" and the business of "focusing on core values", in order to respond to the competitive trend of the industry's future development, and to strengthen operating efficiency through resource integration , And expand business areas to expand the scale of operations, thereby achieving the purpose of stable operations, improving operational performance and industrial competitiveness. The company will continue to promote operational transformation in the future, and effectively

diversify the DRAM industry's business fluctuations through diversified industrial operations Risks, in addition to developing new products to create business opportunities, and through equity investment in industrial targets with development potential, to enter new technical fields and industrial development, and to effectively enhance the company's innovation capabilities and expand business development areas. In order to achieve the purpose of enhancing the company's operating performance.

(3) Adopt cost-saving solutions to actively improve operational performance

Under the conservative atmosphere that the demand for traditional PC/NB memory is still shrinking in the face of industry fluctuations, before this unfavorable situation has not improved, the company is not only committed to operating transformation to expand the company's operations, but also consider adopting various cost-saving solutions. , in order to actively improve the company's operating performance, and hope to inject vitality and power into the company's operating performance growth under the double-effect efforts of increasing revenue and reducing expenditure.

2. Expected sales volume and its basis

Looking forward to 2024, it is estimated that in the memory business group, the sales volume of memory modules will be 26,000, and the sales volume of integrated circuits will be 388,800; in the storage business group, the expected sales volume of disk array products will be 855 units, and 3,500 units of system-integrated products.

3. Important marketing policies

(1) Strengthen the adjustment of process integration, improve the efficiency and flexibility of production management, and pursue maximal production and sales benefits.

(2) Actively develop product transformation and diversification, expand the breadth of new consumer products, expand market opportunities, and achieve the most effective business model.

**Development strategy of the company in the future**

1. Actively carry out new product planning and adopt diversified and balanced development as a strategy, commit to diversified and flexible operation planning, and create a business model that emphasizes both stable growth and profitability in order to improve operational performance and industrial competitiveness.
2. Based on the R&D strategy of software and hardware integration, actively adopting core storage technologies that meet the needs of enterprises and the market, standing on mainstream industry trends, developing and integrating niche products with competitive advantages and future applications, and striving to provide customized products with various technical applications The software/hardware equipment for cloud storage is optimized, and the industrial application-oriented storage solution cuts into potential companies and markets that require a large number of storage applications.
3. Through investment and strategic alliances, we seek for industries with forward-looking and development potential, so as to quickly and effectively enter the market and grasp the opportunity of creating a win-win situation.

**The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions**

1. Effects of External Competitive Environment

Unifosa's response strategy in the face of market changes is mainly focused on actively committing to the strategic goal of diversification. In addition to maintaining the existing niche of memory modules as the main product axis, it is also moving towards customized cloud storage software/hardware Equipment development, cutting into the potential market that requires a large number of storage applications, in order to expand the company's competitive advantage, and the unique company positioning and external competition to do effective and clear separation, so as to respond to the change of external competitive environment.

2. Environmental Impact of Regulations

   Under Unifosa's positioning as its main products, computer memory modules and disk arrays, the production and sales of related products are based on the relevant regulations and requirements of customers, and comply with relevant laws and regulations such as the EU environmental protection directive RoHS or green product certification requirements. It has been accumulated in the company for a long time. The certification experience from R&D, manufacturing, quality control to after-sales service is sufficient to respond to changes in the regulatory environment.

3. The impact of the overall business environment

   In view of the high industrial risks related to memory, Unifosa has established a priority to consider risk avoidance during the company's transformation process, and then pursue the criteria for operating profitable growth, in order to reduce industrial risks and ensure that the company responds to changes in the overall operating environment and The goal of sustainable operation.

I am very grateful to all shareholders for their long-term support and love to Unifosa, and I hope that the company's management team and all colleagues will continue to work hard with the spirit of excellence, courage to face the business climate, changes in the industry and competition in the same industry, and uphold the focus of operation Attitude, grasp the trend, start a new game, pursue higher operating performance, and work hard to create long-term rewards for all shareholders.

Chairman：Chen, Ching-jong

## II. Company Profile

### 2.1 Date of Incorporation：May 16, 1994

### 2.2 Company History

| Year | Milestones |
|---|---|
| May.1994 | The company was duly incorporated. Use UNIFOSA to register product brand marks, The capital amount is NT$5,600 thousand . |
| Aug.1996 | The cash was increased to NT$5,000 thousand, and the capital increased to NT$10,600 thousand. To increase working capital and expand the scale of operations. |
| Apr.1998 | The cash was increased to NT$17,400 thousand. and the capital increased to NT$28,000 thousand. |
| Sep.1998 | Change the company organization to a company limited by shares. |
| Oct.1998 | The cash was increased to NT$18,000 thousand. and the capital increased to NT$46,000 thousand. |
| Jan.1999 | The cash was increased to NT$34,000 thousand. and the capital increased to NT$80,000 thousand. |
| Feb.1999 | Moved to the new factory on Ruiguang Road, Neihu and expanded to three SMT lines, Start of mass production. |
| Jun.1999 | Obtained ISO9001 certification, product quality also obtained OEM customer certification, and began to accept OEM orders. |
| Jul.1999 | The cash was increased to NT$40,000 thousand. and the capital increased to NT$120,000 thousand. |
| Apr.2000 | Processed the transfer of surplus and capital increase of NT$31,946 thousand, and the capital increase of NT$47,054 thousand in cash, and the capital increased to NT$199,000 thousand. |
| Jul.2000 | The Securities and Futures Commission approves the IPO. |
| Jul.2000 | The cash was increased to NT$101,000 thousand. Premium NT$20 , and the capital increased to NT$300,000 thousand. |
| Feb.2002 | Reinvested in the US subsidiary with a 100% shareholding ratio. |
| Aug.2002 | The cash was increased to NT$60,000 thousand. and the capital increased to NT$360,000 thousand. |
| Mar.2003 | Increased the cash capital increase of US$200 thousand in the US subsidiary. |
| Oct.2003 | Through a third place to invest in Beijing Zhenwei Technology Co., Ltd., the shareholding ratio is 100%. |
| Jan.2004 | Obtained approval from the Taipei Exchange (TPEx) , Officially listed on the OTC emerging stock market. |
| Sep.2004 | Processed the transfer of surplus and capital increase of NT$51,000 thousand. and the capital increased to NT$411,000 thousand. |
| Oct.2004 | The listing is approved by the Securities and Futures Bureau. |

| Year | Milestones |
|---|---|
| Dec.2004 | The stock was listed on the OTC. |
| May.2005 | Issued the first domestic unsecured conversion corporate bonds, The amount raised is NT$200,000 thousand. |
| May.2005 | Complete the expansion of the production line plan, Consolidate the original three SMT lines into two lead-free SMT production lines, And also purchased two new lead-free SMT production lines. |
| Jul.2005 | Obtained ASUS Computer Green Environmental Protection Process Qualified Supplier Certification. |
| Sep.2005 | Processed the transfer of surplus and capital increase of NT$48,527 thousand, and the capital increased to NT$459,527 thousand. |
| Oct.2005 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$20,118 thousand. Employee stock option conversion common stock increased capital by NT$ 5,694 thousand. |
| Jan.2006 | Employee stock option conversion common stock increased capital by NT$ 1,998 thousand. |
| May.2006 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$37,365,810. |
| Aug.2006 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$892,850. |
| Sep.2006 | Processed the transfer of surplus and capital increase of NT$28,574,170. |
| Nov.2006 | Employee stock option conversion common stock increased capital by NT$ 13,150,000. |
| Jan.2007 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$20,518,350. Employee stock option conversion common stock increased capital by NT$ 4,600,000. |
| Apr.2007 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$4,528,140. Employee stock option conversion common stock increased capital by NT$ 928,000. |
| May.2007 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$1,037,690. |
| May.2007 | Issued the second domestic unsecured conversion of corporate bonds, raising a total of NT$300,000 thousand. |
| Jul.2007 | Employee stock option conversion common stock increased capital by NT$ 120,000. |
| Sep.2007 | Employee stock option conversion common stock increased capital by NT$ 50,000. |
| Sep.2007 | Processed the transfer of surplus and capital increase of NT$40,544,950. |
| Nov.2007 | Employee stock option conversion common stock increased capital by NT$ 2,120,000. |
| Jul.2008 | Awarded as the "Fifth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A+" company by the Securities and Futures, And it is the only OTC company among the 12 listed companies that have been awarded the A+ award. |

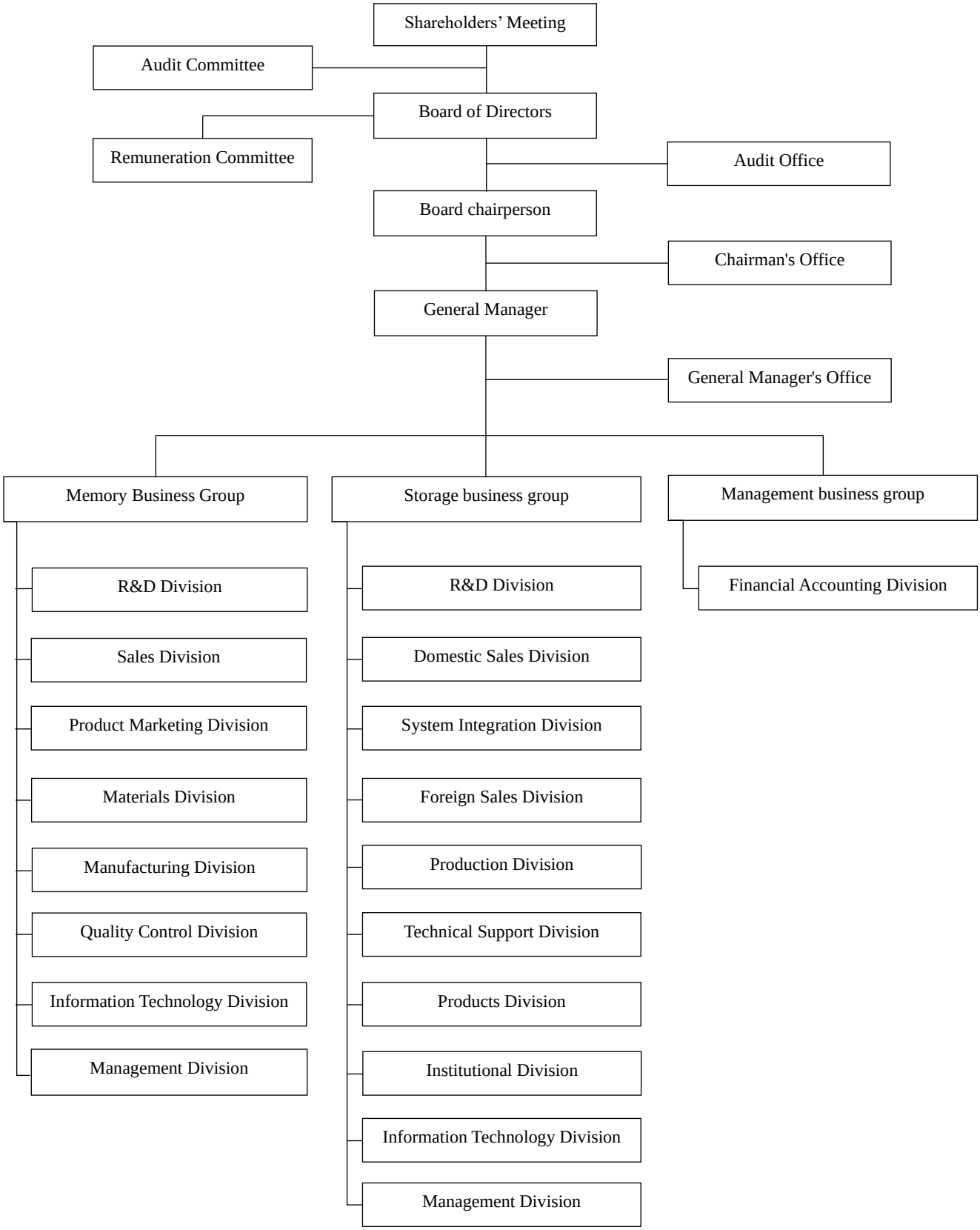
| Year | Milestones |
|---|---|
| Sep.2008 | The cash was increased to NT$20,000,000 and employee stock option conversion common stock increased capital by NT$ 30,000. |
| Dec.2008 | Processed a private equity cash increase of NT$400,000 thousand. |
| Apr.2009 | Passed IECO QC-080000 hazardous substance process management system certification. |
| Aug.2009 | The capital reduction is processed in the amount of NT$993,006,600. |
| Sep.2009 | Processed a private equity cash increase of NT$200,000 thousand. |
| Jan.2010 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$46,278,320. |
| Apr.2010 | Convertible corporate bonds can be converted into common stocks to increase capital of NT$473,880. Employee stock option conversion common stock increased capital by NT$ 5,465,000. |
| Jun.2010 | The company was rated as "2010 Top 100 Taiwanese Technology-No. 1 Company in Return on Shareholders' Equity" by Business Next Magazine. |
| Jul.2010 | Employee stock option conversion common stock increased capital by NT$ 60,000. |
| Aug.2010 | Processed the transfer of surplus and capital increase of NT$50,046,890. |
| Sep.2010 | The cash was increased to NT$100,000 thousand. |
| Jun.2011 | Awarded as the "Eighth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A" company by the Securities and Futures. |
| Jul.2012 | Awarded as the " Ninth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋" company by the Securities and Futures. |
| Jan.2013 | The company merged with Proware Technology Co., Ltd., Handle a combined capital increase and issue new shares of NT$278,476,260, and merger and cancellation of shares of NT$17,379,810. |
| Apr.2013 | Employee stock option conversion common stock increased capital by NT$ 1,792,290. |
| Apr.2013 | Won the Taiwan Excellence Award from the Ministry of Economic Affairs. |
| Jul.2013 | Awarded as the " Tenth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋＋" company by the Securities and Futures. |
| Jul.2013 | Employee stock option conversion common stock increased capital by NT$ 38,460. |
| Sep.2013 | Employee stock option conversion common stock increased capital by NT$1,074,620. |
| Jan.2014 | Employee stock option conversion common stock increased capital by NT$1,710,760. |
| Jun.2014 | Awarded as the "Eleventh Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋" company by the Securities and Futures. |
| Aug.2014 | Issued the third domestic guaranteed conversion corporate bond, The amount raised is NT$300,000,000. |

| Year | Milestones |
|---|---|
| Apr.2015 | Awarded as the "Twelfth Listed TWSE/TPEx Listed Companies Information Disclosure Evaluation A＋" company by the Securities and Futures. |
| Apr.2015 | Recognized by the TWSE as the top 20% company in the "First Corporate Governance Evaluation". |
| Apr.2016 | Recognized by the TWSE as a top 6% to top 20% company in the "Second Corporate Governance Evaluation". |
| Apr.2017 | Recognized by the TWSE as a top 6% to top 20% company in the "Third Corporate Governance Evaluation". |
| Jun.2018 | Re-invested in Phoenix Innovative Materials' subsidiary of NT$ 68,000 thousand. |
| May.2018 | Recognized by the TWSE as 6% to 20% company in the "4th Corporate Governance Evaluation". |
| Jun.2018 | Increased the cash capital increase of NT$70,000 thousand in the subsidiary of Phoenix Innovative Materials. |
| Apr.2019 | Recognized by the TWSE as 6% to 20% company in the "5th Corporate Governance Evaluation". |
| Apr.2020 | Recognized by the TWSE as 6% to 20% company in the "6th Corporate Governance Evaluation". |
| Apr.2021 | Recognized by the TWSE as 6% to 20% company in the "7th Corporate Governance Evaluation". |
| Apr.2022 | Recognized by the TWSE as 36% to 50% company in the "8th Corporate Governance Evaluation". |
| Apr.2023 | Recognized by the TWSE as 36% to 50% company in the "9th Corporate Governance Evaluation". |
| Nov.2023 | Increased the cash capital increase of NT$19,800 thousand in the subsidiary of Phoenix Innovative Materials. |
| Apr.2024 | Recognized by the TWSE as 36% to 50% company in the "10th Corporate Governance Evaluation" or companies whose market capitalization does not reach 21% to 40% of the NT$5 billion category. |

## III. Corporate Governance Report

## 3.1 Organization

### 3.1.1 Organizational Chart



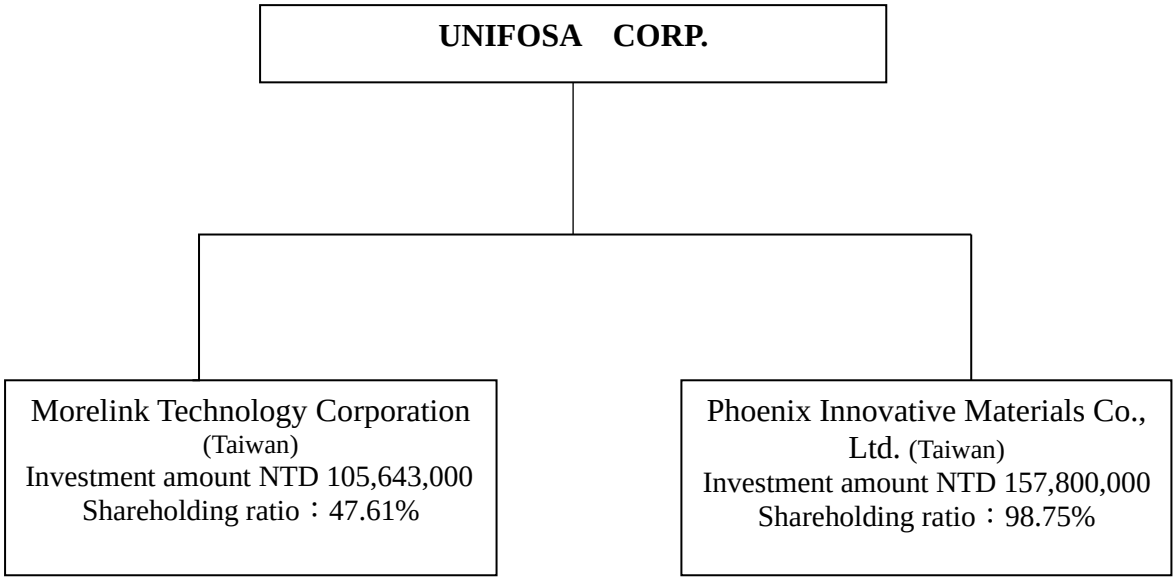
### 3.1.2 Major Corporate Functions

| Department | Functions |
|---|---|
| Chairman's Office | Responsible for the formulation of the company's long-term business development strategy, Business environment analysis and evaluation, Review and evaluation of mergers and acquisitions and strategic alliances, Operational risk control, etc. |
| General Manager's Office | Responsible for the planning, formulation and supervision of the company's mid- and long-term strategies, annual policies and operational goals; responsible for project planning and supervision; responsible for coordination and control of stock affairs. |
| Audit Office | Establishment of internal control and internal audit system; to formulate and implementation of audit plan; audit of the correctness of the operation process of each department. |
| R&D Division | Responsible for new products and new technology development trends and proposals, market hardware equipment research and introduction, conduct research and development according to market/customer needs, complete product design and improvement; Introduce product technology transfer operations before mass production; handle design matters entrusted by customers; new product patent application matters; collection of software and hardware design information; new product development and design and product function update and other related matters; analysis and planning business of industry status and related information of competitive products. |
| Products Division | Responsible for new product development planning, according to the relevant new technology and OEM/ODM customer needs in the market and the relevant product planning proposed by the business end customer project/tender; product related catalog/manual production and revision; planning and execution of product related promotion/advertising/exhibition activities; product related press releases; update and maintenance of product web pages. |
| Institutional Division | Responsible for the organizational design and process improvement of products and OEM/ODM projects planned by the Product Division. |
| Sales Division | Formulate the company's annual plan goals, marketing strategy formulation, expansion of domestic and foreign business; customer service; relationship maintenance and improvement of satisfaction; evaluation and analysis of customer debt status. |
| Domestic Sales Division | Domestic business development and market research; customer service, relationship maintenance and improvement of satisfaction; estimation and analysis of customer debt status. |

| Department | Functions |
| --- | --- |
| System Integration Division | Domestic business development and customer service; maintain customer relationships and improve satisfaction; estimation and analysis of client credit status; assist enterprises to integrate, plan, build, deploy, and maintain information systems to simplify IT. |
| Foreign Sales Division | Development of foreign business and market research; customer service, relationship maintenance and satisfaction improvement; estimate and analysis of customer debt status. |
| Product Marketing Division | Preparation and execution of domestic and foreign participation in exhibitions; company Profile - Product Catalog Editing and Production; the company’s product promotions, planning and execution of publicity activities; industry status, analysis and planning of relevant information about competitive products; new product market development and investigation. |
| Materials Division | Purchase, inquiry, price comparison, price negotiation, contract conclusion and ordering of raw materials for products; supplier investigation and contact and data file management; purchase business of asset equipment and consumables; purchase defect compensation and return and exchange processing business; receipt and delivery management of raw materials, semi-finished products and finished products; business order delivery confirmation work; preparation and coordination of production capacity plans; arrangement, revision, execution and control of production line scheduling; collaborative vendor development and management. |
| Manufacturing Division | Plan and execute all production plans, supervise production operations, and automate and electronize production. |
| Production Division | Responsible for production scheduling and external processing matters; formulate and maintain product quality policies; enhance corporate capabilities and quality image; coordinate relevant departments to solve product quality problems; formulate inspection standards, sampling plans, and judgment standards for quality control operations; perform inspection of incoming materials and finished products, and make suggestions for improvement; maintenance and maintenance of inspection and test gauges; perform various operations of the ISO management system. |
| Quality Control Division | Formulate and maintain product quality policies; enhance corporate capabilities and quality image; coordinate relevant departments to solve product quality problems; ISO document issuance and management; formulate inspection standards, sampling plans, and judgment standards for quality control operations; perform inspection of incoming materials and finished products, and make suggestions for improvement; maintenance and maintenance of inspection and test gauges; perform various operations of |

| Department | Functions |
| --- | --- |
| | the ISO management system, assist sales staff in the business department to deal with customer problems, support and solve customer product problems; deal with technical issues of agents and customers; judgment and handling of returned products sold by customers. |
| Technical Support Division | Support and solve customer product problems; deal with technical issues of agents and customers; judgement and handling of returned products sold by customers and related work such as product testing and maintenance. |
| Financial Accounting Division | Consolidate the budget prepared by each department; responsible for cost control management operations; handling of various internal accounts, accounting-preparation of various accounting statements; various tax processing and declaration operations; expenditure and management of bank transactions and petty cash; financial investment management; management of foreign exchange operations. |
| Management Division | Plan human resources strategy and formulate and revise management system; handle recruitment, appointment, training, salary verification, insurance, assessment, transfer, promotion, attendance, salary, benefits, leave without pay, resignation, and retirement related businesses; carry out general affairs purchase requisitions, general affairs operations, and asset management related matters; carry out the management matters of company preservation, fire protection and cleaning; business related to the maintenance of harmonious labor-management relations. |
| Information Technology Division | Information system project management, system and data security control, processing application system related business, PC and workstation and network settings, planning and maintenance operations; MIS software development and problem consultation and resolution. |

### 3.1.3 Affiliated company organization chart and shareholding structure




2024/03/31

| Affiliate company name | Relationship with the company | Hold company shares | | Holding shares in affiliated companies (Including indirect holding) | | |
|---|---|---|---|---|---|---|
| | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Investment amount |
| Phoenix Innovative Materials Co., Ltd. | Subsidiary | 0 | 0 | 15,780,000 | 98.75% | NTD 157,800,000 |
| Morelink Technology Corporation | Subsidiary | 0 | 0 | 9,556,310 | 47.61% | NTD 105,643,000 |

source：The company's self-concluded financial report for the first quarter of 2024.

## 3.2 Directors, Supervisors and Management Team
### 3.2.1 Directors and Supervisors

2024/04/30；Unit：share

| Title | Nationality/ Place of Incorporation | Name | Gender age | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience（Education） | Other Position | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Chairman | R.O.C. | Chen, Ching-jong | Male 66 | 06.10 2022 | 3 | 10.06 2000 | 187,092 | 0.20% | 187,092 | 0.20% | 0 | — | 0 | — | ・Tamkang University Department of Electronic Engineering<br>・CLEVO business manager | ・General Manager of the Company<br>・General Manager of the company's memory business group<br>・Head of Phoenix Innovative Materials Co., Ltd.<br>・Legal person director representative of Foresight Energy Technologies CO.,LTD.<br>・Legal person director representative of Morelink Technology Corporation | — | None | — | Note2 |
| Director | R.O.C. | Trump Gain Investments Ltd | | 06.10 2022 | 3 | 06.10 2009 | 10,025,533 | 10.94% | 6,025,533 | 6.58% | 0 | — | 0 | — | ・Chinese Culture University Department of Geology<br>・Head of Trump Gain Investments Ltd | ・None | — | None | — | |
| | R.O.C. | Representative：Wu,Cheng-Teh | Male 78 | | | | 0 | — | 0 | — | 0 | — | 0 | — | | | | | | |
| Director | R.O.C. | Chiang, Tsang-An | Male 68 | 06.10 2022 | 3 | 06.11 2013 | 577,290 | 0.63% | 577,290 | 0.63% | 0 | — | 0 | — | ・National Chiao Tung University Electrophysics<br>・United Microelectronics Corporation Marketing Manager | ・Chairman and General Manager of Princeton Technology Corp.<br>・Chairman of Princeton Technology (Shenzhen) Corp.<br>・Chairman of Princeton Technology (Chengdu) Corp.<br>・Chairman of Chengdu Chip-Rail Microetectronics CO.,LTD.<br>・Chairman of Princeton Capital Corp.<br>・Chairman of Princeton Silicon Inc.<br>・Chairman of MoreLink Technology Corporation<br>・Chairman of Foresight Energy Technologies<br>・Chairman of SIPP Technology Corporation<br>・Chairman of Silan CO.,LTD.<br>・Director of Taiwan Commate Computer Inc.<br>・Director of TC-1 Culture Fund<br>・Supervisor of Innorich Venture Capital Corp.<br>・Legal person director representative of Phoenix Innovative Materials Co., Ltd<br>・Chairman of Himalaya Venture Capital Management Consulting Co., Ltd.<br>・Chairman of TAI XIN CORP.<br>・Chairman of Jiaxin Co., Ltd. | — | None | — | |

| Title | Nationality/ Place of Incorporation | Name | Gender | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience（Education） | Other Position | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Director | R.O.C. | Hsiao, Wu-Hsing | Male 70 | 06.10. 2000 | 3 | 06.11 2013 | 826,453 | 0.90% | 826,453 | 0.90% | 0 | — | 0 | — | ・Chung Yuan Christian University Department of Information<br>・Deputy General Manager of DATAWORLD INT'L CORP. | ・General Manager of the company's storage business group<br>・Legal person director representative of Morelink Technology Corporation | — | None | — | |
| Independent Director | R.O.C. | Chen, Chih-Ling | Male 65 | 06.10 2022 | 3 | 06.15 2016 | 0 | — | 0 | — | 0 | — | 0 | — | ・National Chengchi University Master of Accounting<br>・College entrance examination accountant pass<br>・Taiwan Securities Analyst<br>・Researcher of Accounting Research and Development Foundation | ・Chairman of the Audit Committee of the Company<br>・Member of remuneration committee of the Company<br>・Supervisor of G&B BREWERY DEVELOPMENT(ASIA) CORP.<br>・Supervisor of SmartAnt Telecom CO.,LTD.<br>・Supervisor of HC Photonics Corp.<br>・Independent Director of Princeton Technology Corp.<br>・Director of Taiwan Cooperative Bank<br>・NEXIA Sun Rise CPAs & Co. partnership accountant | — | None | — | |
| Independent Director | R.O.C. | Lee, Wen-Chin | Male 68 | 06.10 2022 | 3 | 06.26 2003 | 0 | — | 0 | — | 0 | — | 0 | — | ・National Chiao Tung University Electrophysics<br>・Senior Vice President of Telefonaktiebolaget LM Ericsson<br>・Chief Operating Officer of AT Telecom CORP.<br>・Vice President of Taiwan Fixed Network<br>・Chief Advisert of ARCOA Communication CO., LTD.<br>・General manager of ARCOA Communication CO., LTD.<br>・Executive Vice President of VIBO Telecom<br>・Chief Operating Officer of Asia Pacific Telecom | ・Chairman of remuneration committee of the Company<br>・Member of the Audit Committee of the Company | — | None | — | |
| Independent Director | R.O.C. | Yo, Chi-Thon | Male 68 | 06.10 2022 | 3 | 06.13 2007 | 0 | — | 0 | — | 0 | — | 0 | — | ・Doctor of Laws, Tulane University<br>・Lawyer of the Republic of China<br>・Washington Attorney<br>・Attorney at the Federal Court of Northern California<br>・Lawyer of the International Trade Court of New York<br>・Attorney at the U.S. Patent and Intellectual Circuit | ・Member of the Audit Committee of the Company<br>・Member of remuneration committee of the Company<br>・Leading lawyer of Dr Yo's international Litigation Law Firm | — | None | — | |

| Title | Nationality/ Place of Incorporation | Name | Gender | Date Elected | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience（Education） | Other Position | Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship | | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| Independent Director | R.O.C. | Wu Xue-Min | female 67 | 06.09 2023 | 3 | 06.09 2023 | 0 | — | 0 | — | 0 | — | 0 | — | · Master of University of Chicago Booth School of Business<br>· Chief Auditor of TECO Corporation<br>· Deputy General Manager of Audit Office of Dachan Great Wall Group | · Member of the Audit Committee of the Company<br>· Member of remuneration committee of the Company<br>· Independent Director of Princeton Technology Corp. | — | None | — | |

Note 1：According to Article 14-4 of the Securities and Exchange Act, Election of four independent directors to form an audit committee to replace the supervisor, Therefore, the company has no supervisors.

Note 2：Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.

The general manager and chairman of the company are the same person, mainly due to the professionalism and mobility based on the rapid changes in the DRAM industry, in order to grasp the effectiveness of the company's rapid response, it is reasonable and necessary, but in order to take into account the goals and norms of corporate governance, one independent director seat has been added to the 2023 regular meeting of shareholders., and more than half of the directors did not serve concurrently as employees or managers, to ensure the stability of the company's operations and reduce operating risks.

## Major shareholders of the institutional shareholders

2024/04/30

| Name of Institutional Shareholders | Major Shareholders |
|---|---|
| Trump Gain Investments Ltd | GREAT DELTA FINANCE LIMITED (100%) |

## Major shareholders of the Company's major institutional shareholders

2024/04/30

| Name of Institutional Shareholders | Major Shareholders |
|---|---|
| GREAT DELTA FINANCE LIMITED | Porterlea Group Limited(100%) |
| Porterlea Group Limited | Margaret Schneiter Silsby (100%) |

## Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

| Criteria / Name | Professional qualifications and experience (Note1) | Independence Criteria (Note2) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| Chen, Ching-jong | Director Chen Ching-jong used to be the business manager of CLEVO, and now serves as the chairman, general manager, and general manager of memory business group of the company. Head of Phoenix Innovative Materials Co., Ltd. Legal person director representative of Foresight Energy Technologies CO.,LTD. Legal person director representative of Morelink Technology Corporation. Possess professional qualifications and experience in business, industry knowledge, operational judgment, risk management, decision-making, and leadership. | Independence Criteria： Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law. | None |
| Trump Gain Investments Ltd Representative：Wu,Cheng-Teh | Representative Director Wu Cheng-Teh is currently the head of Trump Gain Investments Ltd. and the legal person director representative of HGiga. He has the professional qualifications and experience required for business and company business. | Independence Criteria： Not an employee of the company or any of its affiliates, Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. | None |
| Hsiao, Wu-Hsing | Director Hsiao Wu-Hsing used to be the deputy general manager of DATAWORLD INT'L CORP., and now serves as the general manager of the company's storage business group, and concurrently serves as the representative of the legal person director representative of Morelink Technology Corporation. Possess professional qualifications and experience in business, industry knowledge, operational judgment, risk management, decision-making, and leadership. | Independence Criteria：Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law. | None |

| Criteria / Name | Professional qualifications and experience (Note1) | Independence Criteria (Note2) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| Chiang, Tsang-An | Director Chiang Tsang-An used to be the manager of the marketing department of United Microelectronics Corporation, and now serves as the chairman and general manager of Princeton Technology Corp., the chairman of Princeton Technology (Shenzhen) Corp., the chairman of Princeton Technology (Chengdu) Corp., the chairman of Chengdu Chip-Rail Microetectronics CO.,LTD, the chairman of Chengyi Investment chairman... etc., with work experience in international market outlook, business, technology, operational judgment, risk management, decision-making, and leadership. | Independence Criteria：Not an employee of the company or any of its affiliates, Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company. Not been a person of any conditions defined in Article 30 of the Company Law. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law. | None |
| Chen, Chih-Ling | Independent director Chen Chih-Ling graduated from National Chengchi University Master of Accounting, and has passed the college entrance examination for accountants and the professional qualifications of Taiwan securities analysts. He is currently a partner accountant of NEXIA Sun Rise CPAs & Co., with professional qualifications and experience such as profound financial accounting professionalism. | Chen Chih-Ling independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration, there is also no situation under the provisions of Article 30 of the Company Law. | 1 |
| Lee, Wen-Chin | Independent director Lee Wen-Chin has served as the president or chief operating officer of a number of major telecommunications companies, including Asia Pacific Telecom and VIBO Telecom, and has in-depth professional knowledge and practical management experience in the telecommunications. Possess professional qualifications and experience in business, technology industry, operational judgment, risk management, decision-making, and leadership . | Lee Wen-Chin independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; | None |

| Criteria / Name | Professional qualifications and experience (Note1) | Independence Criteria (Note2) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| | | Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration, there is also no situation under the provisions of Article 30 of the Company Law. | |
| Yo, Chi-Thon | Independent Director Yo Chi-Thon graduated from Tulane University with a Juris Doctor degree and has the professional qualification of passing the bar exam of the Republic of China. He is currently the leading lawyer of Dr Yo's international Litigation Law Firm. He has served as Washington attorney, attorney at the Federal Court of Northern California, lawyer of the International Trade Court of New York, and attorney at the U.S. Patent and Intellectual Circuit. He has profound legal professional qualifications and practical experience. | Yo Chi-Thon independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration, there is also no situation under the provisions of Article 30 of the Company Law. | None |
| Wu Xue-Min | Independent Director Wu Xue-Min graduated from the Graduate School of Business of the Master of University of Chicago Booth School of Business. She has served as the chief auditor of TECO Corporation and the deputy general manager of the Audit Office of Dachan Great Wall Group. She has profound professional qualities and practical experience in financial accounting and internal auditing. | Wu Xue-Min independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor | 1 |

| Criteria / Name | Professional qualifications and experience (Note1) | Independence Criteria (Note2) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| | | or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration. | |

Note1: Professional qualifications and experience : Clarify the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated. In addition, indicate whether there is any circumstance in Article 30 of the Company Law.

Note2: The independent director shall state the circumstances conforming to the independence, including but not limited to whether they, their spouses, or relatives within the second degree are the directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held by the person, spouse, relatives within the second degree of relatives (or in the name of others); Whether he is 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 the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Matters to be Complied with); The amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

## Board Diversity and Independence

1. Board Diversity

   Please see the Board Diversity Policy on pages 47-50.

2. Board independence

   The election of directors of the company adopts the candidate nomination system, in which independent director candidates are qualified by the board of directors in accordance with Article 5, item 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". After the board of directors passes the merger and general director nomination resolutions, he will be submitted to the shareholders' meeting for election.

   The members of the board of directors of the company do not have any of the conditions stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, and they do not have a spouse or family relationship with other directors within the second degree of kinship (Please refer to pages 15-17 for information on directors and supervisors).

### 3.2.2 Management Team

2024/04/30;Unit：share

| Title | Nationality | Name | Gender | Date Effective | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominee Arrangement | | Experience（Education） | Other Position | Managers who are Spouses or Within Two Degrees of Kinship | | | (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation | |
| General Manager and General Manager of Memory Business Group | R.O.C. | Chen, Ching-jong | Male | 08.31 2000 | 187,092 | 0.20% | — | — | — | — | · Tamkang University Department of Electronic Engineering<br>· CLEVO business manager | Note1 | — | None | — | Note6 |
| General Manager of Storage Business Group | R.O.C. | Hsiao, Wu-Hsing | Male | 08.01 1996 | 826,453 | 0.90% | — | — | — | — | · Chung Yuan Christian University Department of Information<br>· Deputy General Manager of DATAWORLD INT'L CORP. | Note2 | — | None | — | |
| Assistant Manager of Storage Business Group Technology Department and System R&D Department | R.O.C. | Colt Yin | Male | 03.01 2001 | 35,705 | 0.04% | — | — | — | — | · St. John's and St. Mary's Institute of Technology of Electronics<br>· Deputy Manager of DATAWORLD INT'L CORP. | None | — | None | — | |
| Deputy General Manager of R&D Department and Information Department of Memory Business Group | R.O.C. | Johnson Wu | Male | 12.01 1997 | 6,065 | 0.01% | — | — | — | — | · Master of Electrical Engineering, Tamkang University<br>· American SMC Manager | Note3 | — | None | — | |
| Assistant Manager of Materials Department of Memory Business Group | R.O.C. | Angel Lee | Female | 09.01 1999 | 4,069 | 0.00% | — | — | — | — | · Takming College of Business Accounting and Statistics<br>· KAPOK Computer CO. Purchasing Staff | Note4 | — | None | — | |
| General Manager's Office Assistant Manager | R.O.C. | Hhieh, Da-Wei | Male | 05.15 2003 | 11,000 | 0.01% | — | — | — | — | · Department of Accounting, Fu Jen Catholic University<br>·Senior Manager of Asia Securities INC. | Note5 | — | None | — | |
| Manager of Accounting Department of Management Business Group | R.O.C. | Chen, Hsiu yu | Female | 10.13 1998 | 10,263 | 0.01% | — | — | — | — | · Ming Chuan Women's Commercial College of Business Accounting and Statistics<br>· Deputy Manager of Accounting Department of Data Expert Computer Co., Ltd. | None | — | None | — | |

Note 1：General Manager Chen, Ching-jong currently holds positions in other companies as the head of Phoenix Innovative Materials Co., Ltd. legal person director representative of Foresight Energy Technologies CO.,Ltd. legal person director representative of Morelink Technology Corporation.

Note 2：General manager of the storage business group Hsiao Wu-Hsing currently holds positions in other companies as legal person director representative of Morelink Technology Corporation.

Note 3：The memory business group R & D department and Deputy General Manager of the information department are currently serving as the general manager of Phoenix Innovative Materials Co.,Ltd. in other companies.

Note 4：Associate of the Materials Division of the Memory Business Group is currently concurrently serving as the supervisor of Phoenix Innovative Materials Co., Ltd.

Note 5：The general manager's office associate currently concurrently holds the position of other companies as the legal person director representative of Morelink Technology Corporation.

### 3.2.3 If the chairman of the board of directors and the general manager or a person with an equivalent position (top manager) are the same person, each other's spouse or first-degree relative, the reasons, rationality, necessity and countermeasures should be explained.

The general manager and chairman of the company are the same person, mainly due to the professionalism and mobility based on the rapid changes in the DRAM industry, in order to grasp the effectiveness of the company’s rapid response, it is reasonable and necessary, but in order to take into account the goals and norms of corporate governance, one independent director seat has been added to the 2023 regular meeting of shareholders., and more than half of the directors did not serve concurrently as employees or managers, to ensure the stability of the company's operations and reduce operating risks.

## 3.3 Remuneration paid to directors, general manager and vice general managers in the most recent year

### 3.3.1 Remuneration of Directors and Independent Directors

Unit: NT$ thousands

| Title | Name | Remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note1) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | | | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note2) | | Remuneration from ventures other than subsidiaries or from the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Compensation (A) | | Severance Pay (B) | | Directors Compensation(C) (Note2) | | Allowances (D) | | | | Salary, Bonuses, and Allowances (E) (Note3) | | Severance Pay (F) (Note4) | | Employee Compensation (G) (Note1) | | | | | | |
| | | | | | | | | | | | | | | | | The company | | Companies in the consolidated financial statements | | | | |
| | | The company | All companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | Cash | Stock | Cash | Stock | The company | Companies in the consolidated financial statements | |
| Director | Chen, Ching-jong | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 | 0 | 0 | 2,809 | 2,809 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Director | Chiang, Tsang-An | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Director | Hsiao, Wu-Hsing | 0 | 0 | 0 | 0 | 0 | 0 | 35 | 35 | 0 | 0 | 2,777 | 2,777 | 205 | 205 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Director | Trump Gain Investments Ltd Wu,Cheng-Teh | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Independent Director | Chen, Chih-Ling | 0 | 0 | 0 | 0 | 0 | 0 | 155 | 155 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Independent Director | Lee, Wen-Chin | 0 | 0 | 0 | 0 | 0 | 0 | 155 | 155 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Independent Director | Yo, Chi-Thon | 0 | 0 | 0 | 0 | 0 | 0 | 155 | 155 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Independent Director | Wu Xue-Min | 0 | 0 | 0 | 0 | 0 | 0 | 65 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | None |

Note 1: Due to the loss of the company's 2023 final accounts, the calculation of the percentage of net profit after tax is not applicable.

Note 2: As the company suffered a loss in its final accounts for the year 2023, no compensation to directors and employees was distributed.

Note 3: In addition, one official vehicle for the chairman and general manager and one for the director and general manager of the business group will be provided by leasing. The rent for the year 2023 was NT$1,497 thousand.

Note 4: According to the regulations of the Taipei Exchange, reveal：The actual amount of retirement pension paid by the company in 2023 is NT$0, and the amount of withdrawal or withdrawal that is part of the retirement pension expense is NT$205 thousand.

| Range of Remuneration | Name of Directors | | | |
|---|---|---|---|---|
| | Total of (A+B+C+D) | | Total of (A+B+C+D+E+F+G) | |
| | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements (I) |
| Less thanNT$ 1,000,000 | Chen, Ching-jong<br>Chiang,Tsang-An<br>Hsiao,Wu-Hsing<br>Chen, Chih-Ling<br>Lee, Wen-Chin<br>Yo, Chi-Thon<br>Wu, Xue-Mi<br>Trump Gain Investments Ltd | Chen, Ching-jong<br>Chiang,Tsang-An<br>Hsiao,Wu-Hsing<br>Chen, Chih-Ling<br>Lee, Wen-Chin<br>Yo, Chi-Thon<br>Wu, Xue-Mi<br>Trump Gain Investments Ltd | Chiang,Tsang-An<br>Chen, Chih-Ling<br>Lee, Wen-Chin<br>Yo, Chi-Thon<br>Wu, Xue-Mi<br>Trump Gain Investments Ltd | Chiang,Tsang-An<br>Chen, Chih-Ling<br>Lee, Wen-Chin<br>Yo, Chi-Thon<br>Wu, Xue-Mi<br>Trump Gain Investments Ltd |
| NT$1,000,000 ~ NT$1,999,999 | – | – | – | – |
| NT$2,000,000 ~ NT$3,499,999 | – | – | Chen, Ching-jong<br>Hsiao,Wu-Hsing | Chen, Ching-jong<br>Hsiao,Wu-Hsing |
| NT$3,500,000 ~ NT$4,999,999 | – | – | – | – |
| NT$5,000,000 ~ NT$9,999,999 | – | – | – | – |
| NT$10,000,000 ~ NT$14,999,999 | – | – | – | – |
| NT$15,000,000 ~ NT$29,999,999 | – | – | – | – |
| NT$30,000,000 ~ NT$49,999,999 | – | – | – | – |
| NT$50,000,000 ~ NT$99,999,999 | – | – | – | – |
| Greater than or equal to NT$100,000,000 | – | – | – | – |
| Total | 8 | 8 | 8 | 8 |

### 3.3.2 Remuneration of Supervisors

According to Article 14-4 of the Securities and Exchange Act, the audit committee composed of four independent directors, so it is not applicable.

### 3.3.3 Remuneration of the President and Vice Presidents

Unit: NT$ thousands

| Title | Name | Salary(A) | | Severance Pay (B) (Note1) | | Bonuses and Allowances (C) (Note2) | | Employee Compensation (D) (Note3) | | | | Ratio of total compensation (A+B+C+D) to net income (%) (Note4) | | Remuneration from ventures other than subsidiaries or from the parent company (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | | Companies in the consolidated financial statements | | The company | Companies in the consolidated financial statements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manager and General Manager of Memory Business Group | Chen, Ching-jong | 2,400 | 2,400 | 0 | 0 | 409 | 409 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| General Manager of Storage Business Group | Hsiao, Wu-Hsing | 2,460 | 2,460 | 205 | 205 | 317 | 317 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Deputy General Manager of R&D Department of Memory Business Group | Johnson Wu | 1,870 | 1,870 | 106 | 106 | 441 | 441 | 0 | 0 | 0 | 0 | 0 | 0 | None |

Note 1: According to the regulations of the Taipei Exchange, reveal：The actual amount of retirement pension paid by the company in 2023 is NT$0, and the amount of withdrawal or withdrawal that is part of the retirement pension expense is NT$311 thousand.

Note 2: In addition, one official vehicle for the chairman and general manager and one for the director and general manager of the business group will be provided by leasing. The rent for the year 2023 was NT$1,497 thousand.

Note 3: As the company suffered a loss in its final accounts for the year 2023, no compensation to employees was distributed.

Note 4: Due to the loss of the company's 2023 final accounts, the calculation of the percentage of net profit after tax is not applicable.

| Range of Remuneration | Name of President and Vice Presidents | |
|---|---|---|
| | The company | Companies in the consolidated financial statements (E) |
| Less than NT$ 1,000,000 | — | — |
| NT$1,000,000 ~ NT$1,999,999 | — | — |
| NT$2,000,000 ~ NT$3,499,999 | Chen, Ching-jong Hsiao,Wu-Hsing Johnson Wu | Chen, Ching-jong Hsiao,Wu-Hsing Johnson Wu |
| NT$3,500,000 ~ NT$4,999,999 | — | — |
| NT$5,000,000 ~ NT$9,999,999 | — | — |
| NT$10,000,000 ~ NT$14,999,999 | — | — |
| NT$15,000,000 ~ NT$29,999,999 | — | — |
| NT$30,000,000 ~ NT$49,999,999 | — | — |
| NT$50,000,000 ~ NT$99,999,999 | — | — |
| Greater than or equal to NT$100,000,000 | — | — |
| Total | 3 | 3 |

### 3.3.4 The name of the manager who distributes employee compensation and the distribution situation

Unit: NT$ thousands

| Title | Name | Total Share Bonus (Note 1) | Total Cash Bonus (Note 1) | Total | Ratio of the Aggregate Amount to the Net Income After Tax (%) (Note 1) |
|---|---|---|---|---|---|
| General Manager | Chen, Ching-jong | 0 | 0 | 0 | N/A |
| General Manager of Business Group | Hsiao, Wu-Hsing | | | | |
| Deputy General manager of R&D Department | Johnson Wu | | | | |
| Assistant Manager | Colt Yin | | | | |
| Assistant Manager | Angel Lee | | | | |
| Assistant Manager | Hsieh, Da-Wei | | | | |
| Manager | Chen, Hsiu yu | | | | |

Note 1: Due to the loss of the company's 2023 final accounts, no compensation to directors and employees was distributed, the calculation of the percentage of net profit after tax is not applicable.

### 3.3.5 The name, position and total amount of the top ten employees who received compensation

Since the company suffered a loss in its final accounts for the year 2023, the disclosure of information related to the compensation of the top ten employees is not applicable.

### 3.3.6 Managerial officers with the top five highest remuneration amounts (disclose their names and remuneration method)

Unit: NT$ thousands

| Title | Name | Salary(A) (Note 2) | | Severance Pay (B) | | Bonuses and Allowances (C) (Note 3) | | Employee Compensation (D) (Note 4) | | | | Ratio of total compensation (A+B+C+D) to net income (%) (Note 6) | | Remuneration from ventures other than subsidiaries or from the parent company (Note 7) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The company | Companies in the consolidated financial statements (Note 5) | The company | Companies in the consolidated financial statements (Note 5) | The company | Companies in the consolidated financial statements (Note 5) | The company | | Companies in the consolidated financial statements (Note 5) | | The company | Companies in the consolidated financial statements | |
| | | | | | | | | Cash | Stock | Cash | Stock | | | |
| General Manager | Chen, Ching-jong | 2400 | 2400 | 0 | 0 | 409 | 409 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| General Manager of Business Group | Hsiao, Wu-Hsing | 2460 | 2460 | 205 | 205 | 317 | 317 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Deputy General Manager of R&D Department | Johnson Wu | 1870 | 1870 | 106 | 106 | 441 | 441 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Assistant Manager | Angel Lee | 1560 | 1560 | 95 | 95 | 388 | 388 | 0 | 0 | 0 | 0 | 0 | 0 | None |
| Assistant Manager | Colt Yin | 1260 | 1260 | 76 | 76 | 320 | 320 | 0 | 0 | 0 | 0 | 0 | 0 | None |

Note 1: Managerial officers with the top five highest remuneration amounts refers to managers at the Company, in which the standard for determining managers is the applicable scope set forth in Order Tai-Cai-Zheng-San-Zi No. 0920001301 from the former Securities and Futures Commission, Ministry of Finance dated March 27, 2003. The top five highest remuneration amounts are determined based on the sum of salaries, severance pay, bonuses and allowances, and employee compensation received by a managerial officer from all companies in the consolidated financial statements (i.e., A+B+C+D).

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five remuneration amounts in the most recent year.

Note 3: Refers to the remuneration paid to the managerial officers with the top five remuneration amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not calculating as remuneration. The salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock at cash capital increase, shall also be calculated as remuneration.

Note 4: Refers to the amount of employee compensation (including stock and cash) approved by the Board of Directors for managerial officers with the top five remuneration

amounts in the most recent year. If the amount of employee compensation cannot be estimated this year, the proposed amount should be calculated based on the actual amount and ratio distributed last year. As the company suffered a loss in its final accounts for the year 2023, no compensation to employees was distributed, and the calculation of the proportion of net profit after tax is not applicable.

Note 5: The total remuneration paid by all companies in the consolidated statements (including the Company) to managerial officers with the top five highest remuneration amounts must be disclosed.

Note 6: As the company suffered a loss in its final accounts for the year 2023, the calculation of the proportion of net profit after tax is not applicable.

Note 7: a. Specify the amount of remuneration received by managerial officers with the top five remuneration amounts from ventures other than subsidiaries or from the parent company in this field (Please fill in "None" if none).

b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by managerial officers with the top five remuneration amounts who are serving as a director, supervisor or manager of ventures other than subsidiaries or of the parent company.

### 3.3.7 Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

(1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income.

Unit: NT$ thousands

| Item | Proportion of total remuneration to net profit after tax of individual financial report (Note 2) | | | | Increase (decrease) ratio |
|---|---|---|---|---|---|
| | 2023 (Note 1) | | 2022 (Note 1) | | |
| | Cash | Ratio | Cash | Ratio | |
| Directors | 665 | - | 630 | - | 5.56% |
| President and Vice Presidents | 7,897 | - | 5,586 | - | 41.37% (Note 3) |

Note 1：The remuneration paid to the company's directors (including independent directors of the audit committee), general manager and deputy general managers is not different between the company and the consolidated statement, so they are not shown separately.

Note 2：The company's 2022 and 2023 years are final accounts losses, so the calculation of the proportion of total remuneration to net profit after tax is not applicable.

Note 3：The remuneration of the general manager and deputy general manager in 2023 increased by 41.37% compared with 2022, which was due to the addition of a new deputy general manager in 2023.

(2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance.

The company’s policy, standard and combination of remuneration for directors, supervisors (independent directors of the audit committee), general manager and deputy general managers, it is paid based on the scope of the position’s powers and responsibilities within the company and the contribution to the company’s operational goals, as well as the legal requirements and the structure of the company’s salary system.

Among them, the remuneration of directors (including independent directors) is based on the provisions of Article 23 of the company's articles of association, authorizing the board of directors to negotiate and pay according to the level of directors’ participation in the company’s operations and the value of their contributions and the usual standards of the industry, However, the company has not paid directors' remuneration based on this content; The part of the remuneration for surplus distribution is handled in accordance with the provisions of Article 29 of the company’s articles of association for surplus distribution, the year of 2022 is a loss in the final accounts, so there is no surplus distribution; As for business execution expenses, the total amount paid to directors by the company in 2023 was NT$665,000, all of which belonged to the carriage fees of directors attending the board of directors and the remuneration payments of independent directors serving as members of the

remuneration committee. There is no other content.

In addition, the company has set up "Directors and Managers' Compensation Management Measures", There are clear and specific regulations on the policies, standards and combinations of remuneration for directors, independent directors and managers, the procedures for setting remuneration, and the relevance to business performance and future risks. In addition to the company's overall operating performance, the remuneration is determined with reference to the individual's contribution to the company's performance and the relevance of the degree of risk to the future, and reasonable remuneration is given. The procedures for determining the remuneration are based on relevant laws and regulations, the company's articles of association, and the internal control system, and the company's remuneration committee regularly evaluates the results of directors, independent directors and managers' performance goals. After putting forward suggestions on the content and amount of individual personnel's remuneration, it is submitted to the board of directors for discussion and approval.

### 3.3.8 The link between directors and managers' performance evaluation and remuneration

(1) The company's directors' remuneration excluding the distribution of directors' remuneration, it is based on the provisions of Article 29 of the company's articles of association on surplus distribution, the allocation of no more than 2% is director's remuneration, in accordance with the company's "Directors and Managers' Compensation Management Measures", in accordance with the "Board Performance Self-evaluation Measures", apart from the distribution of weights for the annual periodic assessment of directors' performance appraisal results, only fixed remunerations such as carriage fees or attendance fees are issued, and no other variable remunerations are issued in 2023. Therefore, the director's remuneration of the company's directors has taken into consideration the relevant results of the directors' performance evaluation, and there is no other remuneration.

(2) The remuneration of the company's managers mainly includes fixed salary, year-end bonus and employee compensation, among them, employee remuneration is based on the provisions of Article 29 of the company's articles of association for the distribution of surplus, with 5 to 15% allocated as employee remuneration. Are regularly evaluated by the compensation committee, fixed salary is to determine the content and amount of individual salary and remuneration based on the manager's performance goal achievement situation and performance evaluation results. Year-end bonuses and employee remuneration are determined based on the company's operating performance achieved during the year, and the annual performance and contribution of each manager. After the foregoing content is evaluated and determined by the Salary and Compensation Committee, the recommended content of its resolution will be submitted to the board of directors for resolution and implementation. Therefore, the remuneration

of the company's managers has taken into consideration the relevant results of the manager's performance evaluation.

### 3.3.9 Whether the company discloses its policy on linking senior managers' compensation and ESG-related performance evaluations

In view of the fact that the linkage between senior managers' compensation and ESG (Environmental, Social and Corporate Governance) related performance evaluation has become an important key factor in the sustainable development of Corporate Social Responsibility (CSR), Therefore, the company has incorporated ESG sustainable performance indicators into the salary and remuneration policies of the general managers of the memory business group and storage business group in 2024, and will expand the linkage between sustainable performance indicators and remuneration to other high-level employees in 2026. Managers to ensure they play an active role in driving the company's ESG goals and values.

The Company's preliminary plan for policies related to this issue is as follows：

1. ESG performance goal setting

   Incorporate specific ESG metrics into senior managers' performance objectives to guide them to be incentivized to drive the company's performance in ESG areas, which will cover areas such as energy conservation and emissions reduction, employee diversity, community contribution, and corporate governance improvement. It is also planned that the weight proportion will not be less than 15% of the annual performance target, and plans will be made to incorporate carbon reduction targets into the assessment indicators of units and individuals by 2026.

2. Stock options and incentive plans

   The company plans to use ESG performance as part of the stock options and incentive plans. Senior managers can receive stock options or rewards when the company reaches specific ESG goals to encourage senior managers to promote the realization of ESG goals in the long term.

3. Improve ESG performance transparency

   The company will build trust by increasing ESG performance transparency and reporting to investors and stakeholders the ESG performance of senior managers, including how they participate in achieving these goals and related salary and remuneration arrangements and encourage senior managers to become more actively involved in ESG issues.

4. Continuous improvement and revision

   The company will continue to revise and improve the evaluation criteria for senior managers as ESG issues evolve and the corporate environment changes, and adjust the design of remuneration rewards accordingly.

### 3.3.10 Whether the sustainability report prepared by the company has been submitted to the board of directors for approval

The company has not yet prepared a sustainability report, so it is not applicable.

### 3.3.11 Whether the company discloses its annual greenhouse gas emissions over the past two years

The company has not completed the greenhouse gas inventory, so it is not applicable.

### 3.3.12 Whether the company has formulated a greenhouse gas reduction management policy, including reduction targets, promotion measures and achievement status, etc.

The company has not completed the greenhouse gas inventory, so it is not applicable.

### 3.4 Implementation of Corporate Governance

#### 3.4.1 Operation of the Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of director were as follows(Including independent directors of the audit committee)：

| Title | Name | Attendance in Person (B) | By Proxy | Attendance Rate (%)【B/A】 | Remarks |
|---|---|---|---|---|---|
| Chairman | Chen, Ching-jong | 6 | 0 | 100% | Re-elected on June 10, 2022 |
| Legal person director representative | Wu, Cheng-Teh | 5 | 1 | 83.33% | Re-elected on June 10, 2022 |
| Director | Chiang, Tsang-An | 6 | 0 | 100% | Re-elected on June 10, 2022 |
| Director | Hsiao, Wu-Hsing | 6 | 0 | 100% | Re-elected on June 10, 2022 |
| Independent Director | Chen, Chih-Ling | 6 | 0 | 100% | Convener of Audit Committee<br>Re-elected on June 10, 2022 |
| Independent Director | Lee, Wen-Chin | 6 | 0 | 100% | Member of the Audit Committee<br>Re-elected on June 10, 2022 |
| Independent Director | Yo, Chi-Thon | 6 | 0 | 100% | Member of the Audit Committee<br>Re-elected on June 10, 2022 |
| Independent Director | Wu Xue-Min | 3 | 0 | 100% | Member of the Audit Committee<br>New appointment on June 9, 2023 |

Other mentionable items：

1. If the operation of the board of directors has one of the following circumstances, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified：

   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

| Date/Term | Proposal content and subsequent processing | Matters referred to in Article 14-3 of the Securities and Exchange Act. | Independent directors opposed or reserved opinions |
|---|---|---|---|
| 2023.03.17 The 7th meeting of the 11th Session | 1. It is planned to adjust the organizational structure of the company's reinvestment, handle the deregistration of the company's US branch.<br>2. It is proposed to ratify the company's participation in the investment in Foresight Energy Technologies CO.,Ltd. for the 2023 cash capital increase and the issuance of new shares. | V | None |

| | | | |
|---|---|---|---|
| | Independent directors' opinions：None | | |
| | The company's handling of independent directors' opinions：None | | |
| | Resolution result：All present directors agreed to pass. | | |
| 2023.05.05 The 8th meeting of the 11th Session | 1. Proposed to be appointed by the Company's internal audit director. | V | None |
| | Independent directors' opinions：None | | |
| | The company's handling of independent directors' opinions：None | | |
| | Resolution result：All present directors agreed to pass. | | |
| 2023.11.03 The 10th meeting of the 11th Session | 1. It is proposed to ratify the company's participation in the investment in Phoenix Innovative Materials Co., Ltd.'s first cash capital increase in 2023 and the issuance of new shares. | V | None |
| | Independent directors' opinions：None | | |
| | The company's handling of independent directors' opinions：None | | |
| | Resolution result：All present directors agreed to pass. | | |
| 2023.12.22 The 11th meeting of the 11th Session | 1. It is proposed to revise the Company's "Internal Control System" and "Implementation Rules for Internal Audit", as well as revise the "Internal Control System" using form.<br>2. It is proposed to agree to the appointment and remuneration of the company's 2024 certified accountant. | V | None |
| | Independent directors' opinions：None | | |
| | The company's handling of independent directors' opinions：None | | |
| | Resolution result：All present directors agreed to pass. | | |

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by theboard of directors.

In the year of 2023, there were no resolutions of the board of directors meeting resolutions that were opposed or reserved by independent directors and recorded or declared in writing. Therefore, do not apply.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified：

The company has clearly stipulated a system for avoiding the interests of directors in the "Rules of Procedure of the Board of Directors". And reiterate in the meeting reply note of the meeting notice of the board of directors that the directors have an interest in meeting matters with themselves or the legal person they represent, those who may be harmful to the interests of the company shall not participate in discussions and voting, and shall not act for other directors to exercise their voting rights. In 2023, the board of directors and directors have an interest that should be avoided as follows：

| Date/Term | 2023.01.13 /The 6th meeting of the 11th Session |
|---|---|
| Proposal content | 1. Set the amount of the company's manager's 2022 year-end bonus |

| | |
|---|---|
| | 2. Evaluate and set the content and amount of the company's managers' monthly salary and remuneration |
| Directors who avoided the interest motion proposal | Chen, Ching-jong and Hsiao,Wu-Hsing |
| Reasons for avoiding interests and participation in voting | According to Article 206 of the Company Law, in this case, with the exception of Director Chen, Ching-jong and Director Hsiao,Wu-Hsing who were concurrently serving as managers of the company, they avoided interests according to law, after the acting chairman consulted all other directors present, the proposal was passed without objection. |

3. The company are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations."

| Evaluation cycle | Evaluation period | Scope of evaluation | Evaluation method | Evaluation items |
|---|---|---|---|---|
| Once a year | 2023.01.01~ 2023.12.31 | Includes performance evaluation of the entire board, individual board members and functional committees. | Self-evaluation of performance by the board of directors and board members. | Evaluation content such as "Questionnaire of Self-Evaluation of Performance of the Board ", "Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers) ", "Questionnaire of Self-Evaluation of Performance of the Audit Committee ", and "Questionnaire of Self-Evaluation of Performance of the remuneration Committee " (detailed in Notes 1~4) |

Note 1：Board performance evaluation: At least includes level of participation in company operations, the quality of Board decisions, Board composition and structure, appointment of directors and their continued development, and internal controls.

Note 2：Individual director performance evaluation: At least includes grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.

Note 3：Audit committee performance evaluation content: (1) Participation in company operations (2) Perception of the responsibilities of the audit committees (3) Improvement the

decision-making quality of the audit committees (4) Composition and selection of members of the audit committees (5) Internal control, (6) Other items.

Note 4：Remuneration Committee performance evaluation content: (1) Degree of participation in company operations (2) Perception of the responsibilities of the Remuneration Committee (3) Improving the decision-making quality of the Remuneration Committee (4) Composition and selection of members of the Remuneration Committee (5) Internal control ( 6) Other items.

4. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and evaluation of implementation

(1) Strengthening the professional capacity of directors

In order to strengthen the professional capabilities of directors, in addition to continuing to promote further education for directors to enhance their professional capabilities, the academic experience and professional background of directors and supervisors will be considered. Measure the company’ s main business axis and main business development direction, to appropriately arrange the training period and content of each member, and encourage directors to increase the training hours according to actual needs.The Company will also periodically review the status of directors' continuing education, which will be helpful to enhance the company's operational strategic planning capability. In 2023, the directors of the company have completed relevant training courses, the number of training hours and compliance with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

(2) Improve information transparency

In order to improve the transparency of operating information and protect the rights and interests of shareholders, the company will announce the important resolutions of the board of directors on the public information observatory and in the corporate governance section of the company's website after each board meeting. Internal material information processing and disclosure mechanism to avoid improper disclosure of information, and to ensure the consistency and correctness of the information published by the company to the outside world. The "procedures for handling important internal information" have been approved by the board of directors, and are simultaneously included in the company's internal control and internal audit. The system is controlled and regularly included in the focus of annual important laws and regulations to promote the implementation of the fair principle of information symmetry.

(3) Implement board management functions

In order to strengthen the good governance system of the board of directors, improve the supervision function and strengthen the management function, the company deepens the control of the internal control system and internal audit method of the subsidiaries, in order to implement the management efficiency of the board of directors over the subsidiaries and continue to effectively implement them.

(4) Strengthen the promotion of corporate governance laws

In order to enhance directors and managers' familiarity with securities management laws, in 2024, we will continue to strengthen the promotion of corporate governance related laws and regulations. In addition to providing information on recent amendments to laws and regulations in the board of directors, the relevant laws and regulations on corporate governance are collected from time to time. Provide real-time information by e-mail, in order to improve the effectiveness of publicity, and further improve the goal of improving corporate governance.

(5) Improve the company's salary and remuneration system

In order to improve the salary and remuneration system of the company’s directors and managers, to ensure that the company’s remuneration complies with relevant laws and regulations and is sufficient to attract outstanding talents, and to prevent directors and managers from engaging in behaviors that exceed the company’s risk appetite in pursuit of remuneration, the company has formulated the "Administrative Measures for the Compensation of Directors, Supervisors and Managers", and continue to review the company’s directors and managers’ remuneration policies, systems, standards and structures to evaluate and set the content and amount of the company’s managers’ monthly remuneration; In addition, the company has formulated the "Remuneration Structure and Standards for Directors and Managers", "Director Performance Appraisal Form", and "Executive Performance Appraisal Form" to specify performance evaluation indicators for directors and managers to review , Evaluate the performance of the company’s directors and managers, and determine the remuneration of the directors and the amount of the manager’s year-end bonus according to them. In 2023, the company has implemented the above-mentioned related systems. In the future, the company will continue to review related performance evaluation indicators and other system improvements to improve the company's salary and remuneration system.

(6) Deepen the performance evaluation mechanism of the board of directors

In order to implement corporate governance and enhance the functions of the company’s board of directors, establish performance targets to enhance the operational efficiency of the board of directors. The board of directors of the company shall perform an internal board performance evaluation at least once a year. The scope of evaluation includes performance evaluation of the overall board of directors, individual directors and functional committees; Evaluation methods include internal self-evaluation of the board of directors, self-evaluation of directors or other appropriate methods for performance evaluation. The company's internal board of directors performance appraisal unit has completed the 2023 internal performance appraisal of the board of directors, including completing 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 Audit Committee ”, and "Questionnaire of Self-Evaluation of Performance of the remuneration Committee ”, and sending the evaluation results to the board of directors for report, and according to the results of the assessment, the company's 2023 board of directors and directors have performed well in operation, and there is no situation to be reviewed or

improved. In 2024, the company will continue to deepen the performance evaluation mechanism of the board of directors to implement corporate governance and strengthen the operational efficiency of the board of directors.

(7) Elevate the level of the board of directors in promoting ESG and risk management

In order to implement and promote the efficiency of ESG and risk management, the company will directly supervise the ESG and risk management operations from the board of directors. In addition to appointing Crowe Horwath Certified Public Accountants in September 2023 to conduct greenhouse gas inventory and provide guidance on the preparation of sustainability reports, the board of directors approved the formulation of "risk management policies and procedures" on December 22, 2023, and established a "risk management team". The risk management team is composed of the audit committee and is responsible for supervising risk management. Through the audit committee and senior management Participation at all levels connects risk management with the company's strategies and goals, determines the company's major risk projects, improves the comprehensiveness, forward-looking and completeness of risk identification results, and disseminates and launches corresponding risk control and Respond accordingly to reasonably ensure the achievement of the company's strategic goals. The company will gradually implement relevant work in 2024 to achieve the sustainable development of corporate social responsibility (CSR).

5. The attendance of independent directors of the board of directors in 2023

⊙：Attend in person ★：By Proxy ∗：Did not attend

| Independent director | First time | Second time | Third time | Fourth time | Fifth time | Sixth time |
|---|---|---|---|---|---|---|
| Chen, Chih-Ling | ⊙ | ⊙ | ⊙ | ⊙ | ⊙ | ⊙ |
| Lee, Wen-Chin | ⊙ | ⊙ | ⊙ | ⊙ | ⊙ | ⊙ |
| Yo, Chi-Thon | ⊙ | ⊙ | ⊙ | ⊙ | ⊙ | ⊙ |
| Wu Xue-Min | Not applicable | Not applicable | Not applicable | ⊙ | ⊙ | ⊙ |

### 3.4.2 Operation of the Audit Committee

A total of 6 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows：

| Title | Name | Attendance | By | Attendance Rate | Remarks |
|---|---|---|---|---|---|

| | | in Person (B) | Proxy | (%)【B/A】 | |
|---|---|---|---|---|---|
| Independent director | Chen, Chih-Ling | 6 | 0 | 100% | Convener<br>Re-elected on June 10, 2022 |
| Independent director | Lee, Wen-Chin | 6 | 0 | 100% | Re-elected on June 10, 2022 |
| Independent director | Yo, Chi-Thon | 6 | 0 | 100% | Re-elected on June 10, 2022 |
| Independent Director | Wu Xue-Min | 3 | 0 | 100% | New appointment on June 9, 2023 |

The audit committee of the company consists of 4 independent directors, the function of the audit committee is to assist the board of directors in supervising the company's implementation of relevant accounting, auditing, and financial reporting processes and risk control in financial control.

The audit committee of the company convened 6 meetings in 2023. Its annual work priorities and operating conditions include：

(1) Review financial reports and accounting policies.

(2) Review the formulation and implementation of the annual audit plan.

(3) Review and revise the content and procedures of the internal control system and internal audit implementation rules.

(4) Review the effectiveness of the internal control system.

(5) Review and assess the independence of certified accountants.

(6) Review the appointment and remuneration of visa accountants.

(7) Review reinvestment policies and procedures.

(8) Review the purpose and procedures of major asset transactions.

Other mentionable items：

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company’s response to the Audit Committee’s opinion should be specified：

   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

| Date/Term | Proposal content and subsequent processing | Matters referred to in Article 14-5 of the Securities and Exchange Act. | Resolutions that have not been approved by the Audit Committee but were approved by two-thirds or more of all directors. |
|---|---|---|---|
| 2023.03.17 The 5th meeting of the 7th Session | 1. Review the company's "2022 audit plan implementation".<br>2. Review the Company's 2022 "Internal Control System Effectiveness Assessment" and "Declaration of Internal Control System". | V | None |

| | | | |
|---|---|---|---|
| | 3. Review the Company's "2022 Annual Financial Report". | | |
| | Dissenting opinion of independent directors：None. | | |
| | Contents of reserved comments or major proposals：None. | | |
| | Audit Committee Resolution Results：All audit committee members agreed to pass. | | |
| | The company's handling of the audit committee's opinions：All present directors agreed to pass. | | |
| 2023.05.05 The 7th meeting of the 7th Session | 1. Review the company's "Consolidated Financial Report for the First Quarter of 2023".<br>2. Review the appointment of the Company's internal audit director. | V | None |
| | Dissenting opinion of independent directors：None. | | |
| | Contents of reserved comments or major proposals：None. | | |
| | Audit Committee Resolution Results：All audit committee members agreed to pass. | | |
| | The company's handling of the audit committee's opinions：All present directors agreed to pass. | | |
| 2023.08.04 The 8th meeting of the 7th Session | 1. Review the company's "Consolidated Financial Report for the Second Quarter of 2023". | V | None |
| | Dissenting opinion of independent directors：None. | | |
| | Contents of reserved comments or major proposals：None. | | |
| | Audit Committee Resolution Results：All audit committee members agreed to pass. | | |
| | The company's handling of the audit committee's opinions：All present directors agreed to pass. | | |
| 2023.11.03 The 9th meeting of the 7th Session | 1. Review the company's "Consolidated Financial Report for the third Quarter of 2023". | V | None |
| | Dissenting opinion of independent directors：None. | | |
| | Contents of reserved comments or major proposals：None. | | |
| | Audit Committee Resolution Results：All audit committee members agreed to pass. | | |
| | The company's handling of the audit committee's opinions：All present directors agreed to pass. | | |
| 2023.12.22 The 10th meeting of the 7th Session | 1. Review of the Company's proposed amendments to the "Internal Control System" and "Implementation Rules for Internal Audits", and amendments to the "Internal Control System" usage form.<br>2. Review The company intends to agree to the appointment and remuneration | V | None |

| | | | |
|---|---|---|---|
| | of certified accountants in 2024. | | |
| | Dissenting opinion of independent directors：None. | | |
| | Contents of reserved comments or major proposals：None. | | |
| | Audit Committee Resolution Results：All audit committee members agreed to pass. | | |
| | The company's handling of the audit committee's opinions：All present directors agreed to pass. | | |

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

There is no case in 2023 which has not been approved by the Audit Committee and which has been approved by more than two-thirds of all directors, and therefore does not apply.

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified.

The company's 2023 and as of the printing period of the annual report, none of the proposals of the Audit Committee have an interest in the independent directors and therefore should not be applicable.

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

3.1 Communications between the independent directors, the Company's chief internal auditor.

3.1.1 Communicate regularly

(1) The independent directors of the company receive monthly audit reports and follow-up reports from the Company's chief internal auditor, the Company's chief internal auditor are also present at the Board of Directors' meetings, regularly report quarterly on the execution status and audit results of the audit business of the company and its subsidiaries.

(2) The independent directors of the company review the company's annual and quarterly financial report proposals in each session, they will pass through the Audit Committee. Without the presence of the management, take the initiative to communicate with the Company's chief internal auditor on the company's finances, business conditions, internal control implementation and any issues that independent directors are concerned about. Including the review of the lack of internal control system, making records, tracking and implementing improvements, and submitting a report to the board of directors.

3.1.2 Irregular communication

(1) The independent directors of the company will ask the Company's chief internal auditor from the audit committee or over the phone from time to time for issues they want to know about.

(2) If the Company's chief internal auditor discovers a major violation or the company is in danger of major damage, he will immediately prepare a report and notify the independent

directors.

(3) The Company's chief internal auditor of the company may also directly contact independent directors from time to time as necessary to communicate with the implementation of the internal control system, the matters required by the competent authority, or the explanation and response of new laws and regulations, etc. The communication effect is good.

3.1.3 Communication matters and results between independent directors and internal audit supervisors in 2022.

| Date | Communication matters | Independent Director's Recommendation | Company processing execution results |
|---|---|---|---|
| 2023.03.17 Audit Committee | 1. Implementation of the 2022 Audit Plan. | No opinion | It has been informed |
| | 2. The Company's 2022 "Internal Control System Effectiveness Assessment" and "Declaration of Internal Control System". | No opinion | Submit to the board of directors for approval after deliberation |
| 2023.12.22 Audit Committee | 1. Review the company's proposed revision of the "Internal Control System" and the "Implementation Rules for Internal Audit", and revise the "Internal Control System" using form.<br>2. 2024 Internal Audit Plan. | No opinion | Submit to the board of directors for approval after deliberation |

3.2 Communication between independent directors and CPAs.

3.2.1 When auditing financial reports on a quarterly basis, certified accountants all sit on the audit committee, explain the process of auditing or reviewing the company's financial statements, the scope of auditing and key auditing matters, and communicate on the company's financial and business conditions.

3.2.2 In addition, when necessary, he took the initiative to communicate directly with independent directors when the audit committee was convened, and the communication channel was very smooth.

3.2.3 Communication matters and results between independent directors and CPAs in 2023.

| Date | Communication matters | Independent | result |
|---|---|---|---|

| | | Director's Recommendation | |
|---|---|---|---|
| 2023.03.17 Audit Committee | 1. The accountant will explain the financial position, analysis of operating performance and key audit items in the 2022 annual financial report.<br>2. The accountant shall explain according to the implementation of the internal control system.<br>3. The accountant explained the issues raised by the audit committee. | No opinion | No objection |
| 2023.05.05 Audit Committee | 1. The accountant will explain based on the analysis of the financial position and operating performance of the consolidated financial report for the first quarter of 2023.<br>2. The accountant explained the issues raised by the audit committee. | No opinion | No objection |
| 2023.08.04 Audit Committee | 1. The accountant will explain based on the analysis of the financial position and operating performance of the consolidated financial report for the second quarter of 2023.<br>2. The accountant explained the issues raised by the audit committee. | No opinion | No objection |
| 2023.11.03 Audit Committee | 1. The accountant will explain based on the financial position and analysis of operating performance in the consolidated financial report for the third quarter of 2023.<br>2. The accountant explained the issues raised by the audit committee. | No opinion | No objection |
| 2023.12.22 Audit Committee | 1. The accountant reported on "Matters communicated with management units during the audit planning stage in 2023". | No opinion | No objection |

### 3.4.3 Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| 1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"? | V | | The company has formulated the company's "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies", and disclosed relevant information on the Public Information Observatory and the website set up by the company. | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |
| 2. Shareholding structure & shareholders' rights | | | | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |
| (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? | V | | (1) In addition to the "Shareholders' Rights and Interests Operations" defined in the company's internal operations and implemented in accordance with the procedures, the company has established a spokesperson system to handle external shareholders' suggestions, doubts, disputes and litigation matters. | |
| (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? | V | | (2) The company regularly obtains the latest register of shareholders from the stock agency, and keeps abreast of the list of major shareholders who hold a large proportion of shares and can actually control the company and the ultimate controllers of major shareholders. | |
| (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? | V | | (3) The management rights and responsibilities of personnel, assets and finance between the company and its affiliated companies are clearly divided and independent, and relevant measures such as "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises" have been formulated to standardize them to establish risk control. mechanism and firewall mechanism. | |
| (4) Does the company establish internal rules against insiders trading with | V | | (4) In addition to the "Management Operations for Prevention of Insider Transactions" formulated in the internal control system, the company | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| undisclosed information? | | | has also formulated "Measures for the Management of Preventing Insider Trading" to prohibit and prevent insiders from using unpublished information in the market to buy and sell securities. | |
| 3. Composition and Responsibilities of the Board of Directors<br>(1) Does the board of directors formulate diversity policies, specific management objectives and implement them? | V | | (1) A. Board diversity policy<br>The company has already complied with the provisions of Article 20 of the "Corporate Governance Best Practice Principles" regarding the "competence that the board of directors should have as a whole", members of the board of directors should generally have the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities to achieve the ideal goal of corporate governance：<br>(1) Operational Judgment Ability<br>(2) Accounting and financial analysis skills<br>(3) Operation and management ability<br>(4) Crisis handling ability<br>(5) Industry knowledge<br>(6) International market concept<br>(7) Leadership<br>(8) Decision-making ability<br>In addition, the company has formulated a policy of "Diversity of Board Members", including but not limited to the following two standards：<br>a. Basic conditions and values：Gender, age, nationality and culture, etc.<br>b. Professional knowledge and skills：Professional background | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.<br>B. Specific management goals<br>In order to strengthen the effectiveness of corporate governance and promote the sound development of the composition and structure of the Board of Directors, the composition of the Board of Directors of the Company takes into consideration the various needs of the Company's operating structure, business development direction and future industrial development trends, and evaluates the industrial experience and professional ability of the Board members. We aim to diversify and complement each other's expertise in terms of basic composition (e.g. gender, nationality, age, etc.), professional background (e.g. electronics, information, communication, etc.) and professional knowledge and skills (e.g. technology, accounting, law, etc.). Based on the above, the composition of the company's board of directors has mostly achieved the goal of diversification, including 25% of the company's directors who are employees, and 50% of independent directors. the tenure of independent directors is less than 9 years, accounting for 50%. 12.5% of directors are over 70 years old, and 87.5% of directors are between 60 and 70 years old. In addition, the company has by-elected one female independent director at the 2023 regular shareholders meeting, so the proportion of female directors has reached 12.5%. The next goal is to reach 25% of female directors and for more than half of independent directors to serve no more than three consecutive terms.<br>C. Current board members' implementation of the diversity policy<br>The eleventh board of directors of the company consists of eight | |

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status [1]</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description of Summary</th></tr>
<tr><td></td><td></td><td></td><td>directors. Except for the directors, all of whom are of local nationality, they all have different professional backgrounds. The respective departments are composed of majors from the Department of Electronic Engineering of Tamkang University, the Department of Electronic Physics, National Chiao Tung University, the Department of Information of Chung Yuan Christian University, the Department of Earth Sciences, Chinese Culture University, the Master of Accounting Department of National Chengchi University, and the Doctor of Laws from Tulane University and the Master of University of Chicago Booth School of Business. Among them, four general directors all have a background in actual industry operation, and the other four independent directors are composed of professionals with accounting, legal and industrial backgrounds. The overall board members have diverse and complementary industrial experience and financial and accounting professional capabilities, of which 62.5% have business experience, and they belong to different fields of semiconductor, IC design, storage and communication, and the proportion of marketing ability and technology professionals up to 50%, and those with legal profession and accounting profession each accounted for 12.5% and 25%, Its establishment and operation are in accordance with the relevant laws and regulations, so the company's board of directors diversification policy has been implemented. The detailed composition of the board of directors diversification of the Company is as follows：
<table>
<tr><th>Director's name / Diversified implementation</th><th>Chen Ching-jong</th><th>Chiang Tsang-An</th><th>Hsiao Wu-Hsing</th><th>Wu Cheng-Teh</th><th>Chen Chih-Ling</th><th>Lee Wen-Chin</th><th>Yo Chi-Thon</th><th>Wu Xue-Min</th></tr>
</table>
</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="2">Implementation Status [1]</th><th rowspan="2">Description of Summary</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th></tr>
<tr><td>(2) In addition to the Remuneration Committee and the Audit Committee set up in accordance with the law, does the company voluntarily set up other various functional committees?<br><br>(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?</td><td>V<br><br>V</td><td>V</td><td>
<table>
<tr><td colspan="2">Gender</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Male</td><td>Female</td></tr>
<tr><td colspan="2">Concurrent employee of the company</td><td>V</td><td></td><td>V</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Age distribution</td><td>60~70</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td></tr>
<tr><td>70~80</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Independent director seniority</td><td>Less than 9 years</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td></tr>
<tr><td>More than 9 years</td><td></td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td></td></tr>
<tr><td rowspan="5">Distribution of industry experience/ expertise</td><td>Business experience</td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td></td><td></td></tr>
<tr><td>Marketing ability</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td><td></td></tr>
<tr><td>Science and Technology</td><td>V</td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td><td></td></tr>
<tr><td>Law major</td><td></td><td></td><td></td><td></td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Accounting major</td><td></td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td></tr>
</table>
(2) Except for the remuneration committee and audit committee that have been established in accordance with the law, the company has not established other functional committees.<br><br>(3) A. In order to implement corporate governance and enhance the functions of the board of directors, the company establishes performance targets to enhance the operational efficiency of the board of directors. In accordance with Article 37 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", Formulate the company’s "Rules for Performance Evaluation of Board of Directors", specifying the performance evaluation methods and evaluation indicators of the board of directors and individual directors, we will conduct regular assessments on the achievement of the board of directors and individual directors' performance goals at the end of Decembe of</td><td></td></tr>
</table>

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | each year to evaluate the performance of the company's board of directors and individual directors and disclose it on the company's website.<br><br>The company has completed the performance evaluation of the board of directors, director members and audit committee and remuneration committee in 2023. The evaluation methods are divided into internal self-evaluation and member self-evaluation, including"Questionnaire of Self-Evaluation of Performance of the Board", "Questionnaire of Self-Evaluation of Performance of Board Members"(for Themselves or Peers) and "Questionnaire of Self-Evaluation of Performance of the Audit Committee ", and "Questionnaire of Self-Evaluation of Performance of the remuneration Committee " and on January 25, 2024, the 12th meeting of the eleventh session of the board of directors submitted the results of the performance evaluation of the board of directors in 2023 to the report of the board of directors.<br><br>B. The link between director performance evaluation and salary<br>The remuneration of the directors of the company is in accordance with Article 29 of the company's articles of association. If the company makes a profit during the year, no more than 2% shall be allocated as directors' remuneration; In addition, in accordance with Article 23 of the company's articles of association, the remuneration of the directors of the company authorizes the board of directors to negotiate and pay according to the degree of participation of the directors in the operation of the company and the value of their contributions and the usual standards of the industry; In addition, in accordance with the provisions of Article 5 of the Company's "Administrative Measures for Remuneration | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | of Directors and Managers", the salary and remuneration of the directors and managers of the company shall consider the reasonableness of the personal performance evaluation, the company's operating performance and the relatedness of future risks in order to achieve the following performance evaluation goals：<br>(a) Both short and long term performance evaluation should be considered.<br>(b) The link between overall salary level planning and performance should balance job value and incentive effects.<br>(c) Individual award performance appraisal should be aligned with the interests of the company and its shareholders.<br>Based on the above, The company's procedures for determining remuneration are based on the company's "Directors and Managers' Salary and Remuneration Management Measures". In addition to referring to the company's overall operating performance, future business risks and development trends of the industry, it also refers to the individual's performance achievement and contribution to the company, and gives reasonable compensation. Relevant performance appraisal and remuneration reasonableness have been reviewed by the Salary and Compensation Committee and the Board of Directors, and used as a reference for individual directors' remuneration and nomination for renewal, in addition, review the remuneration system in a timely manner based on the actual operating conditions and relevant laws and regulations in order to balance the company's sustainable operation and risk control. | |
| | V | | (4) In order to ensure the independence of the certified accountants and | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| (4) Does the company regularly evaluate the independence of CPAs? | | | strengthen the effectiveness of corporate governance, the company regularly evaluates the independence of the certified accountants every year. In addition to referring to the 13 AQI indicators in the four aspects of the Audit Quality Index Report (AQIs) provided by the certified accounting firm, its evaluation process evaluates the audit quality of the accounting firm and the audit team item by item, which are better than the average level of the industry, and also takes "Declaration of Independence" issued by certified accountants and audit service team members. Review the audit quality and independence assessment standard items of certified accountants and audit service team members one by one, and completed the "Certified Public Accountants Independence and Suitability Assessment Form". The evaluation of this evaluation form includes 12 "Independence Requirements Reviews", 6 "Independence Operation Reviews" and 4 "Competency Reviews" (Note 1). After confirming that they all meet the independence and competency assessment standards, The audit committee's review resolution will then be forwarded to the board of directors for discussion, and the operation of its evaluation should be able to implement the company's supervision and assurance of the independence of the certified accountant.<br><br>The company has been discussed and approved at the 11th meeting of the 11th board of directors on December 22, 2023, assessing the currently appointed certified accountants Chang,Ya-Chuan and Lin, Chin-Feng accountants and audit service team members of Crowe Horwath United Certified Public Accountants, there is no violation of the "Professional Code of Ethics Bulletin No. 10" of the Republic of China Accountants that may affect the accountant's detached independence or be punished or impaired and independence, | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | Therefore, we confirm the independence of the company's currently appointed certified public accountants and the financial reports issued by them should be trustworthy.<br>Note1：A. Independence requirements review project<br>1. The accountant himself, his spouse, and minor children do not have any investment or financial interest-sharing relationship with the company.<br>2. The accountant himself, his spouse, and minor children do not have any funds or loans from the company.<br>3. The accounting firm did not issue a report on the assurance services designed or performed to assist in the effective operation of the financial information system.<br>4. The accountants or members of the audit service team do not currently serve as directors or managers of the company or hold positions that have a significant impact on the audit case or in the past two years.<br>5. There are no important items that directly affect the audit cases for the non-audit services provided by the Company.<br>6. Neither the accountants nor the members of the Audit Services Group advertised or brokered shares or other securities issued by the Company.<br>7. Except for the business permitted by law, accountants or members of the audit service team do not represent the Company in defending legal cases or other disputes between the Company and third parties.<br>8. The accountants or members of the audit service team do not have a spouse, direct blood relative, direct marriage relative, or second blood relative, or any other indirect blood relative, with the company's directors, managers, or persons | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | with positions that have a significant impact on the audit case.<br>9. The co-practising accountants who have resigned within one year do not hold positions as directors or managers of the company or have significant influence on audit cases.<br>10. The accountants or members of the audit service team have not received gifts or special offers of significant value from the Company or its directors, managers or major shareholders.<br>11. The accountant is not employed by the client or the person under investigation to perform regular work, receive a fixed salary, or serve as a director or supervisor.<br>12. The accountant has not provided audit services to the Company for five consecutive years.<br>B. Operational independence review<br>1. When the accountant has a direct or significant indirect interest in the matter that affects his or her impartiality and independence, has the accountant recused himself and failed to undertake it ?<br>2. When an accountant provides an audit, review, review or ad hoc review of financial statements and writes an opinion, in addition to maintaining substantive independence, does the accountant also maintain formal independence?<br>3. Do members of the Audit Services Group, other co-practicing accountants or shareholders of the corporate accounting firm, the accounting firm, firm affiliates and allied firms also maintain independence from the Company?<br>4. Do accountants perform professional services with integrity and rigor? | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | 5. When performing professional services, do accountants maintain a fair and objective stance and avoid bias, conflict of interest or interest from affecting professional judgment?<br>6. Has the accountant's integrity, impartiality and objectivity been affected by a lack or loss of independence?<br>C. Suitability review<br>1. The accountant has no disciplinary record from the Accountants Disciplinary Committee in the past two years?<br>2. Does the accounting firm have sufficient scale, resources and regional coverage to handle corporate audit services?<br>3. Does the accounting firm have clear quality control procedures? Does the aspect covered include the levels and key points of the audit process, the way to deal with audit issues and judgments, independent quality control reviews and risk management?<br>4. Does the accounting firm promptly notify the board of directors (audit committee) of any significant issues and developments in risk management, corporate governance, financial accounting and related risk control? | |
| 4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and | V | | According to the provisions of Article 3-1 of the Company's "Corporate Governance Best Practice Principles", the company has set up a corporate governance working group with an appropriate number of corporate governance personnel and designated Hsieh, Da-Wei, Associate Manager of the General Manager Office, as the corporate governance manager responsible for Supervise the corporate governance related matters mentioned above, and the implementation focus in 2023 is as follows：<br>1. To study and plan an appropriate company system and organizational structure to strengthen the company's management efficiency, and implement laws and regulations and system operations. | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| producing minutes of board meetings and shareholders' meetings)? | | | 2. Plan and handle matters related to the board of directors, audit committee and salary and remuneration committee in accordance with legal requirements or practical needs, and notify all directors, members and attendees of the meeting information required at least seven days before the meeting to facilitate directors and members to fully Understand the content of relevant issues; If there is an interest avoidance situation with the attending directors, committee members or personnel, the relevant personnel shall be reminded in advance to help the company comply with the relevant laws and regulations of the operation of the Board of Directors, audit committee and salary and compensation committee.<br>3. Handling matters related to convening shareholders' meetings according to law, prepare and submit relevant documents such as the notice of the meeting, the manual of proceedings, the annual report and the minutes of the meeting before the deadline, and after the revision of the Articles of Association or the re-election of directors and supervisors, the company's change registration will be handled.<br>4. Provide information required by directors and independent directors to perform their business and the latest developments in laws and regulations related to operating companies to assist directors and independent directors in complying with laws and regulations.<br>5. According to the company's industry characteristics and director's academic and experience background, assist all independent directors and general directors to handle annual training plans and arrange directors' training courses.<br>6. According to the needs of corporate governance, assist in arranging meetings between independent directors, chief internal auditors and certified accountants to discuss relevant issues or exchange opinions.<br>7. Handle the annual "board performance Evaluation", "director member | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | performance Evaluation" and "audit committee performance Evaluation" and "remuneration committee performance Evaluation".<br>8. Responsible for collecting and responding to relevant issues of stakeholders.<br>9. Responsible for promoting corporate integrity, sustainable development and risk management operations, and regularly reporting relevant promotion plans and implementation status to the board of directors.<br>10. Responsible for regular assessment of the independence and competency of certification accountants.<br>11. Responsible for regularly reviewing whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their term of office, and reporting the review results to the board of directors.<br>12. Responsible for regular notifications to remind directors not to trade their stocks during the closed period of 30 days before the announcement of annual financial reports and 15 days before the announcement of quarterly financial reports.<br>13. Review and improve the achievement of corporate governance evaluation indicators.<br>14. Handle other matters stipulated in the company's articles of association or contract. | |
| 5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social | V | | The company has established communication channels with stakeholders, maintains smooth communication channels with banks and other creditors, shareholders, employees, customers, suppliers, communities or other stakeholders of the company, and respects and safeguards stakeholders due legitimate rights and interests.<br>In addition to the above-mentioned communication channels for stakeholders, in order to improve the quality of communication with | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| responsibilities? | | | stakeholders, the company has set up an exclusive "Stakeholders Area" on the company's website, In addition to revealing the important concerns of each stakeholder, and set up a communication window between the government and the competent authority, customers, suppliers, and employees is set up to respond to important corporate social responsibility issues of concern to stakeholders in a timely manner. As a channel for maintaining smooth communication with stakeholders. | |
| 6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs? | V | | The company's shareholders' meeting affairs are all entrusted to professional stock affairs agency (CAPITAL SECURITIES CORP. Stock Affairs Agency Department) to handle. | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |
| 7. Information Disclosure | | | | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |
| (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? | V | | (1) In addition to the company's financial business and corporate governance information is uploaded to the Open Information Observatory as required, the company's financial, business and corporate governance information is also detailed in the company's proprietary corporate website "Investor Relations" and "corporate responsibility" section. | |
| (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? | V | | (2) In addition to appointing a special person to be responsible for the collection and disclosure of company information, the company also has a spokesperson and an acting spokesperson who are responsible for explaining the company's financial and business conditions, and information related to financial, business and corporate governance conditions. In addition, the company has set up its own corporate website "Investor Relations" and "Corporate Responsibility" section to make detailed disclosure of the information concerned by shareholders (including the content of the legal person briefing), and | |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | continue to strengthen the content and quality of information disclosure. | |
| (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit? | | V | (3) In order to cooperate with the audit audit of the appointed accounting firm and to submit the schedule plan approved by the audit Committee and the board of directors, the announcement and filing of annual financial reports and Q1, Q2, and Q3 financial reports shall be handled in accordance with article 36 of the Securities and Exchange Act concerning the announcement of financial reports and the reporting period. The operating situation of each month shall be announced and declared on the 8th of the following month, earlier than the prescribed deadline. | |
| 8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | V | | (1) Employee rights and employee care.<br>Employees are the company's greatest asset and the source of the company's growth. Unifosa upholds the business philosophy of taking responsibility for the rights and interests of employees, providing employees with a good working environment and reasonable benefits, in addition to stabilizing the security of employees in work and life, creating a goal of joint efforts, and in the cautious and conscientious good management to create the company's business performance, and then the performance of the company in the virtuous circle of caring for employees, in order to pursue harmonious, progressive company development model. At the same time, under the concept of corporate ethics, the company establishes communication channels between management and employees through regular labor-management coordination meetings, and encourages employees to communicate directly. To enable employees to properly reflect their opinions on the company's operating and financial conditions or major decisions involving the | It is in compliance with the "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies". |

| Evaluation Item | Implementation Status [1] | | | Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | interests of employees, and to implement the spirit of protecting employees' rights and promoting employee care.<br>(2) Investor Relations.<br>The company's when dealing with investor relations, in addition to abiding by laws and regulations, it has long been committed to improving "information transparency" and "information symmetry" to strengthen investor relations and maintain In line with the fairness of all shareholders' rights and interests.<br>(3) Supplier relationships and rights of stakeholders.<br>When the company faces any external stakeholders, whether it is a supplier or other stakeholders, it is based on respecting and safeguarding its legitimate rights and interests, in order to establish a long-term business relationship of mutual trust , And further expand the long-term common interests of both parties, and achieve the win-win goal of coexistence and common prosperity.<br>(4) Directors and supervisors' training.<br>The company's 2023 directors and independent directors' training status：please refer to page 95~96.<br>(5) Implementation of risk management policies and risk measurement standards：Not applicable.<br>(6) Implementation of the consumer or customer protection policy：Not applicable.<br>(7) The situation where the company purchases liability insurance for directors and supervisors.<br>The company continues to insure the directors and supervisors (independent directors of the audit committee) with liability | |

| Evaluation Item | Implementation Status [1] | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons |
|---|---|---|---|---|
| | Yes | No | Description of Summary | |
| | | | insurance in accordance with the provisions of the company's articles of association, and will renew the relevant insurance period and insurance amount after completing the renewal of the directors' and managers' liability insurance every year. , coverage and premium rates and other important content are submitted to the report of the company's board of directors. The 2023 "Directors and Managers Liability Insurance Renewal Status" has been submitted to the tenth report of the 11th board of directors on November 3, 2023. | |

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.

Recognized by the TWSE as 36% to 50% company in the "10th Corporate Governance Evaluation" or companies whose market capitalization does not reach 21% to 40% of the NT$5 billion category. Regarding the evaluation of unimproved items, the company has completed improvements on items that can be improved under current conditions. The unscored index items are those that have not yet reached the improvement conditions. The company will continue to work hard to improve the company The effectiveness of governance.

### 3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

#### (1) Composition of the Remuneration Committee

| Criteria / Name | Professional qualifications and experience (Note1) | Independence Criteria (Note2) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| Lee, Wen-Chin | Independent director Lee Wen-Chin has served as the president or chief operating officer of a number of major telecommunications companies, including Asia Pacific Telecom and VIBO Telecom, and has in-depth professional knowledge and practical management experience in the technology industry and telecommunications. | Lee Wen-Chin independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration. | None |
| Chen, Chih-Ling | Independent director Chen Chih-Ling graduated from National Chengchi University Master of Accounting, and has passed the college entrance examination for accountants and the professional qualifications of Taiwan securities analysts. He is currently a partner accountant of NEXIA Sun Rise CPAs & Co., with profound professional quality and practical experience in financial accounting. | Chen Chih-Ling independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration. | 1 |

| Criteria / Name | Professional qualifications and experience (Note1) | Independence Criteria (Note2) | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director |
|---|---|---|---|
| Yo, Chi-Thon | Independent Director Yo Chi-Thon graduated from Tulane University with a Juris Doctor degree and has the professional qualification of passing the bar exam of the Republic of China. He is currently the leading lawyer of Dr Yo's international Litigation Law Firm. He has served as Washington attorney, attorney at the Federal Court of Northern California, lawyer of the International Trade Court of New York, and attorney at the U.S. Patent and Intellectual Circuit. He has profound legal expertise and practical experience. | Yo Chi-Thon independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration. | None |
| Wu Xue-Min | Independent Director Wu Xue-Min graduated from the Graduate School of Business of the Master of University of Chicago Booth School of Business. She has served as the chief auditor of TECO Corporation and the deputy general manager of the Audit Office of Dachan Great Wall Group. She has profound professional qualities and practical experience in financial accounting and internal auditing. | Wu Xue-Min independent director meets the professional qualifications of independent directors regulated by the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies", restrictions on shareholding and part-time jobs and independence, including that he, his spouse, and relatives within the second degree have not served as directors, supervisors or employees of the company or its affiliated companies; and neither himself, his spouse, nor his relatives within the second degree (or in the name of others) hold the shares of the company; Nor act as a director, supervisor or employee of a company that has a specific relationship with the Company; In the last two years, it has not provided the company or its affiliates with business, legal, financial, accounting and other services and has not received any remuneration. | 1 |

**(2) Attendance of Members at Remuneration Committee Meetings**

1. There are 4 members in the Remuneration Committee.
2. The term of office of the current members：June 28, 2022 to June 9, 2025，A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows：

| Title | Name | Attendance in Person (B) | By Proxy | Attendance Rate (%)【B/A】 | Remarks |
|---|---|---|---|---|---|
| Convener | Chen, Chih-Ling | 3 | 0 | 100% | Re-elected on June 28, 2022 |
| Committee Member | Lee, Wen-Chin | 3 | 0 | 100% | Re-elected on June 28, 2022 |
| Committee Member | Yo, Chi-Thon | 3 | 0 | 100% | Re-elected on June 28, 2022 |
| Committee Member | Wu Xue-Min | 1 | 0 | 100% | New appointment on August 4, 2023 |

Other mentionable items：

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified)：

   In the company's 2023 year, there was no event that the board of directors did not adopt or amend the recommendations of the salary and compensation committee.

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified：

   None of the resolutions of the 2023 Salary and Compensation Committee of the company have objections or reservations from members and there are records or written statements..

A. Meeting Information of the Compensation and Compensation Committee.

The latest (2023) annual meeting information of the Company's Remuneration Committee and as of the publication date of the annual report is as follows：

| Date/Term | Contents of the motion | Resolution result | The company's handling of the opinions of the Compensation Committee |
|---|---|---|---|
| 2023.01.13 The 3th of the 5th session | 1. Review the performance evaluation of the Company's directors for 2022.<br>2. Review the performance evaluation of the Company's managers for fiscal 2022.<br>3. Evaluate and determine the amount of year-end bonuses for the Company's managers for 2022. | All present members passed without objection | The proposal was approved by all the directors present at the board of directors |

| | | | |
|---|---|---|---|
| | 4. Evaluate and determine the content and amount of monthly compensation for the Company's managers. | | |
| 2023.05.05 The 4th of the 5th session | 1. To determine the content and amount of monthly remuneration for the Company's new chief internal auditors.<br>2.Revision of the Company’s “Retirement Management Measures”. | All present members passed without objection | The proposal was approved by all the directors present at the board of directors |
| 2023.12.22 The 5th of the 5th session | 1. Review the company's "Compensation and Compensation Committee Organizational Regulations" proposal.<br>2. Review the "Administrative Measures for Remuneration of Directors and Managers" of the Company.<br>3. Review the company's management regulations related to salary and remuneration.<br>4. Review the company's "Director's Performance Appraisal Form" and "Supervisors' Performance Appraisal Form".<br>5. Reviewed the proposal of the Company's "Measures for the Performance Evaluation of the Board of Directors". | All present members passed without objection | The proposal was approved by all the directors present at the board of directors |
| 2023.01.13 The 6th of the 5th session | 1. Review the performance evaluation of the Company's directors for 2023.<br>2. Review the performance evaluation of the Company's managers for fiscal 2023.<br>3. Evaluate and determine the amount of year-end bonuses for the Company's managers for 2023.<br>4. Evaluate and determine the content and amount of monthly compensation for the Company's managers.<br>5. Revision of the company’s “Salary Management Measures”. | All present members passed without objection | The proposal was approved by all the directors present at the board of directors |

Note：The company completed the 2023 performance evaluation of the company's directors and managers (including the chief internal auditors) and the setting of the salary and remuneration of the managers (including the chief internal auditors) at the 6th meeting of the 5th session of the Salary and Remuneration Committee on January 25, 2024.

B. Terms of Reference of Salary and Compensation Committee

In accordance with the provisions of Article 7 of the scope of responsibility of the "Remuneration Committee Charter" of the company, the salary and compensation committee of the company shall, with the attention of good managers, faithfully perform the following functions and powers, and submit its suggestions to the board of directors for discussion：

(1) Regularly review the company’s "Remuneration Committee Charter" and propose amendments.

(2) Formulate and regularly review the company's directors, supervisors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.

(3) Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers (chief internal auditors), and determine the content and amount of their individual remuneration.

### 3.4.5 The implementation of sustainable development promotion and the difference with the code of Practice for Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| 1. Does the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development and the board of directors authorizes the senior management to handle it, and the board of directors supervises the situation? | V | | 1. The company's governance structure to promote sustainable development<br>In order to fulfill corporate social responsibilities and implement the determination of sustainable development, the Board of Directors supervises the General Manager's Office to establish a "Sustainable Development Promotion Group", which is responsible for promoting the operation of sustainable development, including formulating and reviewing policies for sustainable development, systems, management policies and promotion plans, as well as review the implementation effectiveness.<br>2. The implementation of each organization of the company<br>(1) The name, setting time and authorization of the board of directors of the professional (part-time) unit to promote sustainable development.<br>The company's sustainable development promotion team was formed due to the transformation of the corporate social responsibility promotion team established in 2019. The promotion of sustainable development is under the supervision of the general manager's office of the board of directors. The general manager's office is responsible for overall planning and management, and the board of directors authorizes the general manager's office and related departments. Deal with it by senior management and report to the board of directors on a regular basis before the end of each year.<br>(2) The composition, operation and current year performance of the promotion unit (e.g., work plan and execution).<br>The organizational structure of the company's sustainable development promotion team is coordinated by the general manager's office, and the management department is the co-organizer. And by the business, materials, personnel, quality assurance and information departments work together. | It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| | | | A. Identify sustainability issues that require attention and formulate policies and directions that coordinate corporate social responsibility and sustainable development.<br>B. Plan and supervise the operation and implementation of corporate social responsibility and sustainable development.<br>C. Responsible for collecting and consolidating issues of interest to stakeholders, and assisting in responding to the needs of stakeholders.<br>D. A consolidated report is reported to the board of directors at the end of each year, and the issues of concern to stakeholders collected during the year and corresponding measures are reported.<br>(3) Frequency of reporting to the Board of Directors by the promotion unit (at least once a year) or the date of the current annual report to the Board of Directors.<br>The company regularly reports the handling situation to the board of directors before the end of each year. The sustainable development plan and implementation situation promoted in 2023 have been reported to the 11th board of directors of the eleventh board of directors on December 22, 2023. The company's 2023 Sustainable Development Promotion Group main work is to identify the company's stakeholders, understand their reasonable expectations and needs through appropriate communication methods and stakeholder participation, and appropriately respond to stakeholders' concerns important corporate sustainable development issues, In addition, it actively protects the rights and interests of shareholders, treats shareholders equally, enhances information transparency and implements investor communication. Committed to strengthening the disclosure of company website information; In addition, in 2023, a plan to prepare a sustainability report will be launched to conduct a comprehensive review and discussion on environmental, social, and governance issues. | |

<table>
<tr><th rowspan="2">Promotional Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>3. Supervision of sustainable development by the board of directors<br>The promotion of the sustainable development of the company is handled by the board of directors authorized by the general manager office and the senior management of relevant departments, and the handling situation is reported to the board of directors on a regular basis before the end of each year. Relevant operations are planned and adjusted according to the needs of the actual situation to promote the development, in cooperation with the supervision of the board of directors, Including but not limited to management policy, strategy and target formulation, review measures, etc. for planning and adjustment.</td><td></td></tr>
<tr><td>2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?</td><td>V</td><td></td><td>1. Boundaries of Risk Assessment<br>The risk assessment boundary of the company's operation-related environmental, social and corporate governance issues is mainly based on the company, covering the company's business bases in Taipei and Xindian.<br>2. Identify risk assessment standards, processes, results and risk management policies or strategies for material issues related to environmental, social and corporate governance<br>During the operation planning, the company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations under the consideration of cost-effectiveness and based on the principle of materiality of whether it will have a significant impact on the company's investors and other stakeholders. And formulate relevant risk management policies or strategies as follows :
<table>
<tr><th>Major issues</th><th>Risk assessment</th><th>Risk management policy or strategy</th></tr>
<tr><td>Environment</td><td>Environmental protection</td><td>1. In responding to the concept of environmental protection and caring for the earth, Unifosa feels that the company is responsible for the environment. the ISO14001 environmental management system was introduced and certified in 2005, which means to take practical actions to care for the environment in terms of saving energy, reducing environmental pollution, caring about employee</td></tr>
</table></td><td>It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".</td></tr>
</table>

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| | | | health, and establishing good public relations.<br>2. Continuously optimize process management and strive to strengthen environmental protection measures.<br>3. Continue to pay attention to the announcement by the European Chemical Agency ECHA of the candidate list of substances requiring authorization under the REACH directive.<br>4. Regularly conduct inventory of greenhouse gas emissions in accordance with ISO14001 and examine the impact faced by the company's operations.<br>5. In view of the relevant environmental regulations that the company must comply with, all operating procedures are inspected to comply with the regulations. | |
| | | | Social / Harmless product: In order to ensure that the products do not contain substances that are harmful to the environment, Unifosa has been working hard on the project plans of the raw material procurement evaluation of green products and the adjustment of equipment manufacturing process in 2005, and obtained the certificate of the customer's green partner; In addition, the company expects to be in line with international environmental protection and green product policies, and continues to promote IECQ QC080000 (electronic and electrical parts and product hazardous substance process management system) and has been certified to ensure that the company's products do not contain harmful environmental substances. In response to the concept of environmental protection and the action of caring for the earth, we will fulfill our corporate responsibility to the environment. | |
| | | | Corporate governance / Compliance: In order to ensure that all personnel and operations of the company can indeed comply with relevant laws and regulations and the company's operating specifications, the company implements the goals of corporate governance by establishing various governance organizations or implementing various audit procedures. | |
| 3. Environmental issues<br>(1) Does the company establish proper environmental management systems based on the | V | | (1) All of the company's factories have established appropriate environmental management systems according to their industrial characteristics, and have obtained ISO 14001 environmental management system certification. | It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| characteristics of their industries? | | | | |
| (2) Does the company committed to improving energy efficiency and use renewable materials which have low impact on the environment? | V | | (2) The company's recyclable waste materials, such as Tray trays, cartons, PCB waste... etc., According to laws and regulations, qualified recycling and processing units will conduct recycling and reuse. In the use of materials, the company also uses recycled materials as much as possible to reduce the impact on the environment, such as packaging buffer materials. | |
| (3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues? | V | | (3) With the impact of the greenhouse effect, global temperature rise and extreme climate intensification, the company feels that climate change will have a significant impact on the company in the future. In recent years, it has begun to assess the potential risks that climate change may bring to the company now and in the future, and opportunities, and bring together response measures and solutions to climate-related issues, so as to prevent and avoid possible potential risks and seek relatively possible opportunities. In order to comply with the EU chemical registration, evaluation, authorization and restriction regulations, we will conduct an investigation of substances of high concern on the raw materials used in the current products, and continue to understand the increase in the list of substances of high concern. In addition, in order to meet the requirements and regulations of HSF products, in addition to the raw materials required for production that fully meet the halogen-free requirements, some customers have successively introduced halogen-free products in 2010. The company also continues to track customers' requirements for hazardous substances. | |
| (4) Does the company take inventory of its | V | | (4) Since October 2009, the company has promoted the establishment of a greenhouse gas inventory report, and has conducted greenhouse gas inventory | |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management? | | | inspections at the organizational boundary since 2008, and formulated greenhouse gas inventory and voluntary reduction statements. In addition, all factories and subsidiaries of the company will conduct greenhouse gas inventory of scopes 1, 2 and 3 in accordance with ISO14064-1 starting from 2023.<br>The company is committed to reducing greenhouse gas emissions, reducing the impact on climate change, and supporting renewable energy policies with practical actions. Participated in the "Ministry of Economic Affairs Voluntary Green Electricity Price System Pilot Program", voluntarily purchased 74,960 degrees of green electricity, and obtained the "Green Power Purchase Certificate", which is 100% renewable energy electricity, mainly from wind, solar and biomass Yes, the carbon emission coefficient approaches zero during the production of green power, which will help reduce carbon dioxide emissions and pursue a low-carbon friendly environment.<br>In addition, following the implementation of my country's "Greenhouse Gas Reduction and Management Law", In the future, the company will conduct statistics and control on greenhouse gas emissions, water consumption, and total waste weight, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management. | |
| 4. Social issues<br>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | ∨ | | (1) The company takes the responsibility of assuming the rights and interests of employees, and abides by relevant labor laws and regulations, and refers to the principles and spirits of the "United Nations Universal Declaration of Human Rights" and the International Labor Organization "Declaration of Fundamental Principles and Rights at Work" and other international human rights conventions. Treat and respect current employees and partner personnel with dignity, prevent any violations and violations of human rights, and incorporate the content of various management policies. Examples of specific management policies and | It is in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies". |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| | | | specific measures to protect human rights are as follows：<br>a. Practice and implement the protection of employees' legal rights and employment policies without discrimination.<br>b. Promote gender equality, reward childbirth, strengthen pregnancy and postpartum care, and formulate "Sexual Harassment Prevention Measures" to protect the dignity and rights of female colleagues.<br>c. Recruit disabled and disadvantaged employees up to the legal number of employees, establish and implement a fair and perfect workplace environment in order to create a beautiful and harmonious social atmosphere.<br>d. The establishment of employment relationship with employees is based on the agreement of both parties. All comply with relevant labor laws and regulations, and must not be forced to work. In addition, child laborers under the age of 16 shall not be employed, and young laborers over the age of 16 and under 18 shall not engage in work that may harm their health, including night duty or overtime.<br>e. Working hours must not exceed the legal limit, and at least one day off should be allowed seven days a week.<br>f. The wages paid to employees are in compliance with relevant laws and regulations, including the calculation of minimum wages and overtime pay.<br>g. Employees should be treated in a humane spirit and no inhumane behavior of any kind should be allowed.<br>h. Any tangible or intangible discrimination is prohibited, including race, gender, age, marital status, political stance, or religious belief as considerations and standards for employee appointments, assessments, and promotions. | |
| (2) Does the company have reasonable employee | ∨ | | (2) In order to provide favorable working conditions and meet the needs of employees' welfare, the company formulates and implements reasonable | |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? | | | employee welfare measures, including providing a competitive salary system. The salary payment adopts multiple combinations, including basic salary, allowances, bonuses, employee compensation, etc. , Supplemented by welfare systems such as vacations, insurance, travel, parental leave and childbirth gifts related to the encouragement of childbirth, to construct a complete salary and reward structure. In addition, the company has a remuneration system that takes into account both business performance and risk management, and clearly stipulates that the calculation of employee bonuses should be determined according to the company's business performance achieved in the year; In addition, according to the provisions of the company's articles of association, if the company has a profit in the year, it should set aside 5% to 15% as employee compensation, In addition, in order to combine departmental work goals and personal performance with the sustainable development indicators of the enterprise, to encourage employees to integrate a friendly environment and corporate social responsibility into the company's corporate culture, Incorporate sustainable development indicators (such as: environmental protection and carbon reduction, work and information security) in employee performance appraisal, so as to properly reflect the company's operating performance in employee compensation. | |
| (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | ∨ | | (3) In addition to providing employees with a safe and healthy working environment, the company also conducts regular safety and health education inspections and publicity for employees. For details, please refer to the "Labor-Management Relations" description of this annual report (pages 151~160) In addition, the Company has not experienced any occupational disasters or fires in 2023 and as of the date of publication of the annual report. | |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| (4) Does the company provide its employees with career development and training sessions? | ∨ | | (4) The company has established "Employee Education and Training Procedures", and conducts various types of education and training according to functions. The training items include internal training and external training to help colleagues continue to learn and grow through multiple learning methods, so as to enhance employees' career ability and Cultivate the professional talents of the company. In addition, in response to individual differences and changes in the corporate environment, the company continues to explore organizational and personal needs in the process of talent development, and review and gradually carry out various necessary trainings at any time to enhance the knowledge and skills required for personal career development. | |
| (5)Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? | ∨ | | (5) The company abides by relevant laws and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, such as： Electronic product safety regulations, CE marking, international environmental protection regulations (RoHS, REACH)... etc. However, the company does not directly target consumers, so there is no application of relevant consumer protection policies and appeal procedures. | |
| (6) Does the company implement supplier | ∨ | | (6) Before the company communicates with suppliers, suppliers are evaluated in accordance with the "Supplier Evaluation Procedures", and suppliers must meet | |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results? | | | the IECQ QC080000 (electronic and electrical parts and product hazardous substance process management system) standards and pass the comprehensive evaluation To cooperate later, In addition, the qualifications will continue to be reassessed regularly or irregularly in the course of dealings to meet supplier qualifications. In addition, although the company and major suppliers have not clearly stipulated that they need to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, they may terminate or cancel at any time if they violate the above-mentioned related management policies and have a significant impact on the environment and society. Contracts, and will continue to reassess their qualifications regularly or irregularly in the course of communication, if the current qualifications are found to be inconsistent during the continuous evaluation process, delivery will be suspended and procurement will be stopped in accordance with the provisions of the quality management system, so as to fulfill the company's responsibility for issues such as environmental protection, occupational safety and health or labor human rights, and the major suppliers can fully cooperate and follow, the implementation is good, and there is no violation of the above issues. | |
| 5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as ESG reports? Do the reports above obtain assurance from a third party verification | | V | The company is currently preparing the 2023 sustainability report in accordance with GRI standards, and has entrusted Crowe Horwath Associates to provide assurance services. | The company is currently preparing the sustainability report for 2023. |

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| unit? | | | | |

6. Describe the difference, if any, between actual practice and the Sustainable Development Best Practice Principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies：

The Company has formulated its own "Sustainable Development Best Practice Principles" in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", and its operation is not materially different from the established code.

7. Other useful information for explaining the implementation of promoting sustainable development：

(1) Caring for environmental protection.

a. Passed ISO14001 certification.
In responding to the concept of environmental protection and caring for the earth, Unifosa feels the company's responsibility to the environment, the ISO14001 environmental management system was introduced in early 2005, which means to take practical actions to care for the environment in terms of saving energy, reducing environmental pollution, caring about employee health, and establishing good public relations.

b. Ensure products are free of harmful environmental substances.
The company expects to be in line with international environmental protection and green product policies, and continues to promote IECQ QC080000 (electronic and electrical parts and product hazardous substance process management system) and has been certified to ensure that the company's products do not contain harmful environmental substances.

c. Purchasing green power and working to reduce greenhouse gas.
The company is committed to reducing greenhouse gas emissions, reducing the impact on climate change, and supporting renewable energy policies with practical actions. Participated in the "Ministry of Economic Affairs Voluntary Green Electricity Price System Pilot Program", voluntarily purchased 74,960 degrees of green electricity, and obtained the "Green Power Purchase Certificate", which is 100% renewable energy electricity, mainly from wind, solar and biomass Yes, the carbon emission coefficient approaches zero during the production of green power, which will help reduce carbon dioxide emissions and pursue a low-carbon friendly environment.

(2) Human rights and safety and health.
In order to maintain the working environment and the personal safety of employees, various management such as "Safety and Health Work Code", "Environmental Management Program Procedures", "Emergency Response and Preparation Management Procedures" and "Occupational Disease

| Promotional Item | Implementation Status | | | Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Explanation | |
| Prevention and Control Management Measures" are established The procedures and methods are required to be thoroughly implemented by their colleagues. At the same time, under the concept of corporate ethics, the company establishes a communication channel between management and employees through regular "labor-management coordination meetings" to implement the social responsibility of respecting employees' human rights and protecting their rights. | | | | |

**Climate-related information for TWSE/TPEx Listed Companies**

1. Climate-related information implementation status

| Item | Implementation |
|---|---|
| 1.Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management. | The company established a "Sustainable Development Promotion Group" under the supervision of the Board of Directors and the General Manager's Office. The Board of Directors serves as the highest decision-making and supervision unit and as the highest governance unit on climate issues. The General Manager's Office is responsible for coordination, and the Management Department is the co-organizing unit. It is also composed of Business, Materials, HR, Quality assurance and Information departments work together to operate. The sustainable development promotion team refers to the climate-related financial disclosure proposal structure to conduct various risk and opportunity assessments, identify major risks and opportunities through exposure risk levels, and conduct risk classification based on policies and regulations, market and manufacturing aspects for assessment. potential impact, To establish climate resilience thinking and regularly report ESG promotion plans and implementation status to the board of directors. |
| 2.Describe how the identified climate risks and opportunities affect the Company's business, strategy and finance (short, medium, and long-term). | In accordance with the risk management policies and procedures, the Company will carry out the risk identification, analysis, measurement and response of climate-related risks and opportunities at least once a year, and will start to identify climate-related risks and opportunities of the company in 2023, and conduct risk management according to the occurrence probability and impact degree of their risk analysis, so as to control the risks to a tolerable range as far as possible. The Company refers to the possibility of occurrence: short-term refers to within three years (2023 ~2025), medium-term refers to within three to five years (2026 ~2027), long-term refers to more than five years (2028 ~2030); In order to reduce the financial impact of risks and opportunities, the Company will establish risk and management mechanisms and strengthen the link with financial information, so as to plan the corresponding contingency capacity in advance. The company |

identified a total of 7 risks in 2023, based on the impact period, possibility and impact degree, the analysis is as follows：

1.Transition risk

| Risk-riented | Risk events and descriptions | During the occurrence, possibility and influence degree | Potential financial impact |
|---|---|---|---|
| Policies and regulations | ●Raising the Pricing of Greenhouse Gas Emissions<br>In 2023, Taiwan's Climate Change Response Act was passed in its third reading, and in the carbon levy section, priority will initially be given to applying the terms and conditions to large carbon and electricity users, and the Ministry of Environment will levy a carbon fee from 2026 onwards on enterprises with an annual carbon emission of more than 25,000 metric tons, with the scope of the levy to be gradually expanded in the future. | During the occurrence：Short-term<br>Possibility of occurrence：High<br>Influence degree：Middle | Increase operating costs<br>1.Increased cost of energy saving measures.<br>2.Increase the cost of renewable energy construction. |
| | ●Strengthen emissions reporting obligations<br>1.The Financial Supervisory Commission announced in 2022 that subsidiaries in the consolidated statements of listed companies with capital of less than NT$5 billion must complete greenhouse gas inventories in 2027 and complete verification by 2029, expanding the scope of greenhouse gas inventories and verifications.<br>2.The Taipei Exchange (TPEx) mandates companies to disclose ESG-related information, and disclosure topics include greenhouse gas emissions, energy management, water resources, waste, manpower development, board of directors and investor communication.<br>3.Customers require all their suppliers to provide information on greenhouse gas emissions. | During the occurrence：Short-term<br>Possibility of occurrence：High<br>Influence degree：Middle | Increase operating costs<br>1.Increased inventory and assurance costs.<br>2.Reduce the cost of greenhouse gas emissions by planning early reduction measures after identifying emission hotspots through greenhouse gas inventory. |
| Technology | ●Transition costs of replacing existing products and services with low-carbon goods<br>The company utilizes energy-saving and efficiency-enhancing process utilization equipment or peripheral equipment for the production of its products. | During the occurrence：Medium-term<br>Possibility of | Increase operating costs<br>1.R&D expenses increase.<br>2.Increase in raw |

| | | | |
|---|---|---|---|
| | occurrence：Mid-to-high<br>Influence degree：High | materials, equipment and procurement costs. |
| Market | ●Changes in Customer Behavior<br>The international net-zero carbon emission trend and the regulations and policies of various countries have increased the uncertainty of customers' upstream and downstream supply chain layout, or customers may prefer companies with low carbon emission production, so the company must invest in researching more emerging green energy technologies. | During the occurrence：Long-term<br>Possibility of occurrence：Mid-to-high<br>Influence degree：High | Reduced revenue<br>Increase operating costs.<br>1.Increase in procurement costs.<br>2.Increasing the cost of acquiring green technologies. |
| | ●Increase in raw material costs<br>In order to comply with local government carbon emission standard trends and regulatory requirements, suppliers must invest in more low-energy-consuming processes, as well as rising inflation and electricity costs caused by global economic instability. | During the occurrence：Short-term<br>Possibility of occurrence：High<br>Influence degree：High | Increase operating costs<br>1.Increase in procurement costs.<br>2.Increase energy consumption and carbon allocation costs. |

2.Entity risk

| Risk-riented | Risk events and descriptions | During the occurrence, possibility and influence degree | Potential financial impact |
|---|---|---|---|
| Immediacy | ●The severity of extreme weather events such as typhoons and floods has increased<br>Extreme weather caused by typhoons, floods and other possible production capacity disruption, transportation difficulties and supply chain disruption...etc. And cause damage to the company's operations. | During the occurrence：Short-term<br>Possibility of occurrence：High<br>Influence degree：Low | Increase operating costs/ Capital expenditure<br>1.Expenditure on plant and equipment in response to extreme weather conditions. |

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|---|---|---|---|---|
| | | | | 2. Investment expenditures on disaster prevention-related assets. |
| | Long-term | ●Extreme rainfall and drought<br>Extreme rainfall and drought events affect the storage capacity of reservoirs, causing production disruptions, transportation difficulties and supply chain disruptions. | During the occurrence：Short-term<br>Possibility of occurrence：High<br>Influence degree：Low | Reduce product revenue.<br>Increased transportation and energy costs. |
| 3. Describe the financial impact of extreme climate events and transformation actions. | The company recognizes that extreme weather events (typhoons, droughts and heavy rainfall) may cause damage to the company's factory equipment and difficulties in logistics and transportation, thereby affecting the company's operations. In view of the risks of typhoons and heavy rainfall, Taiwan's Xindian factory is an important production base of Unifosa. According to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) analysis of northern Taiwan, the change rate of continuous rainfall days in RCP 6.0 is higher than that of RCP 8.5 under the worst warming scenario at the end of the century. According to RCP 6.0, the number of consecutive rainfall days in the northern region will increase by 9% by the end of this century. From the current average of 12 days, it has been extended to 13.1 days. In addition, Xindian Factory is not a low-lying area, and according to the 3D disaster potential map of the International Disaster Prevention and Protection Technology Center, Xindian Factory has no flooding disaster potential.<br>Regarding drought risk, according to the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP) analysis of the northern region, under the most severe warming scenario at the end of RCP 8.5, The dry season in the northern region increased by 13% at the end of this century, from the current average of 52 days to 58.7 days. According to the "Aqueduct Water Risk Atlas" of the World Resources Institute, the Company's Xindian plant is located in a low-medium risk area. The Company assesses that its significance will not affect the plant's operations and production. | | | |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | In order to implement climate risk management and reduce the impact of various risks on Unifosa's operations, the company has formulated relevant integration steps for the identification, assessment and management process of climate risks, and then integrated them into the overall risk management system. The steps are as follows： | | | |

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| | Step 1:<br>Collect climate risk and opportunity issues | Step 2:<br>Identify physical and transformation risks and opportunities | Step 3:<br>Analyze financial impact | Step 4:<br>Develop response management system |
| | Carefully study global climate change trends and issues of concern relevant to our industry. Including past and predicted climate change, policy and legal changes, market trends and technological developments, all of which will have potential impacts on Unifosa's business and finances. | Through interviews with various units, we compiled all climate risks and opportunities that may affect operations, and designed a climate change risk and opportunity assessment questionnaire.<br>Evaluate the specific impact of these climate-related trends and issues on Unifosa's business. This will include identifying possible risks to our physical assets, supply chain, operations and market position, as well as identifying potential transformation opportunities. | Based on the TCFD guidelines, we will make corresponding financial disclosures to clarify our understanding of and response measures to risks and opportunities related to climate change.<br>This will include revealing the extent of Unifosa's financial impact, risk management strategies and objectives, and its risk and opportunity outlook over different time horizons.<br>Through financial disclosure, we will provide stakeholders with more transparency about Unifosa's climate-related risk management. | For the key risks and opportunities we have identified, we will propose corresponding measures.<br>The aim is to effectively address the risks that may arise and to maximize opportunities to achieve business objectives.<br>At the same time, we will also regularly review and evaluate the effectiveness of the management to understand the implementation and specific effectiveness of the contingency measures, and make necessary rolling adjustments in a timely manner. |
| 5.If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used | The Company has not yet used scenario analysis to assess resilience to climate change risks. | | | |

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| shall be described. | |
| 6.If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. | The Company is still planning a transformation plan to manage climate-related risks. |
| 7.If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated. | The Company has not yet introduced an internal carbon pricing mechanism. |
| 8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the progress of each year should be explained; if using carbon offsets or renewable energy certificates (RECs) to achieve the goals, it should be explained In exchange for the source and quantity of carbon reduction credits or quantity of Renewable | The Company has not yet set climate-related targets. |

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|---|---|
| Energy Certificates (RECs). | |
| 9.Greenhouse gas inventory and assurance status, as well as reduction goals, strategies, and concrete action plans. (Also fill in 1-1 and 1-2) | The company's paid-in capital has not reached NT$5 billion. Information related to greenhouse gas inventory and assurance status as well as reduction targets, strategies and specific action plans will be processed according to the following schedule：<br>1.The parent company Individual should complete the disclosure of inventory information starting from 2026, and complete the disclosure of assurance information starting from 2028.<br>2.Consolidated financial reporting subsidiaries should complete the disclosure of inventory information from 2027 and the disclosure of assurance information from 2029.<br>3.The company's (including consolidated financial reporting subsidiaries) carbon reduction goals, strategies and specific action plans should be disclosed starting in 2027. |

2. GHG inventory and assurance in the last 2 years

(1) Greenhouse gas inventory information

| Describe the greenhouse gas emission volume (metric tons CO2e), intensity (metric tons CO2e/NTD million), and data coverage for the most recent two years. |
|---|
| The company's paid-in capital has not reached NT$5 billion, so the disclosure in this section is not yet applicable. |

Note 1：Direct emissions (Scope 1, that is, directly from emission sources owned or controlled by the company)、Energy indirect emissions (Scope 2 refers to indirect greenhouse gas emissions from imported electricity, heat or steam) and other indirect emissions (Scope 3 refers to emissions generated by company activities, which are not indirect energy emissions, but come from emission sources owned or controlled by other companies).

Note 2：The coverage of direct emissions and energy indirect emissions data shall be handled in accordance with the timetable specified in the order specified in Paragraph 2 of Article 10 of these Guidelines. Other indirect emissions information may be disclosed voluntarily.

Note 3：Greenhouse Gas Inventory Standard：Greenhouse Gas Protocol, GHG Protocol or International Organization for Standard-ization, ISO 14064-1 released by ISO.

Note 4：The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least data calculated in terms of turnover (NT$ million) should be stated.

(2) Greenhouse gas assertion information

| Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance. |
| --- |
| The company's paid-in capital has not reached NT$5 billion, so the disclosure in this section is not yet applicable. |

Note 1：It should be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of this Code. If the company does not obtain a complete greenhouse gas confidence opinion by the publication date of the annual report, it should indicate that "the complete assurance information will be disclosed in the sustainability report." If the company does not prepare a sustainability report, it should indicate that "complete and assurance information will be disclosed in the Market Observation Post System (MOPS)" and disclose complete and assurance information in the next annual report.

Note 2：Assurance institutions should comply with the relevant requirements for certified institutions on sustainability reports stipulated by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEx).

Note 3：The disclosure content can be found in the Best Practice Reference Examples on the Taiwan Stock Exchange Corporation (TWSE) Corporate Governance Center website.

3. Greenhouse gas reduction goals, strategies and concrete action plans

| Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement of the reduction goals. |
| --- |
| The company's paid-in capital has not reached NT$5 billion, so the disclosure in this section is not yet applicable. |

Note 1：It shall be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of these Guidelines.

Note 2：The base year should be the year in which the review is completed based on the boundaries of the consolidated financial report. For example, in accordance with the provisions of Article 10, Paragraph 2 of these Standards, companies with capital of more than NT$10 billion should complete the review of the 2024 consolidated financial report in 2025. , so the base year is 2024.If the company has completed the review of the consolidated financial report in advance, the earlier year can be used as the base year, and the data in the base year can be calculated as the average of a single year or several years.

Note 3：The disclosure content can be found in the Best Practice Reference Examples on the Taiwan Stock Exchange Corporation (TWSE) Corporate Governance Center website.

4. Whether the company invests in energy-saving or green energy-related environmentally friendly and sustainable machinery and equipment, or invests in our country green energy industry (such as renewable energy power plants), or has issued or invested its funds for green or social benefit investment plans and has Sustainable development financial products with substantial benefits, and disclose their investment status and specific benefits

   Based on company size and cost considerations, the company has not yet made any investment related to this item, so it is not applicable.

### 3.4.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| 1. Establishment of ethical corporate management policies and programs | | | | It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". |
| (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? | V | | (1) In addition to expressly expressing the policies and practices of integrity management in relevant regulations and external documents, the company has also formulated the "Ethical Corporate Management Best Practice Principles" by the Board of Directors. And in the regulations and external documents, the policy and practice of integrity management, as well as the commitment of the board of directors and senior management to actively implement the management policy, are clearly stated. | |
| (2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business | V | | (2) The company has established the "Ethical Corporate Management Best Practice Principles" as a guide for behavior, and a punishment and appeal system for violations of regulations. In order to establish an evaluation mechanism to prevent the risk of dishonest behavior, and regularly analyze and evaluate business activities with a higher risk of dishonest behavior in the business scope, Its connotation already has a plan to prevent dishonest behavior, and it covers at least the matters | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? | | | described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. At the same time, through the establishment of relevant internal operating procedures, behavior guidelines (such as employee manuals, work rules), or through labor-management coordination meetings and new employee education and training and other two-way communication with employees, the specific norms for preventing dishonest behaviors are promoted. | |
| (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above | V | | (3) In preventing dishonest behavior, the company has established a punishment and complaint system for violation of regulations, etc., in order to establish a mechanism to prevent the risk of dishonest behavior, and continue to regularly review and amend the plan before revision, so as to gradually improve and enrich the standard content of the plan, and implement it. | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| effectively and perform regular reviews and amendments? | | | | |
| 2. Fulfill operations integrity policy<br>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? | V | | (1) The company is based on the principle of honest management and conducts business activities in a fair and transparent manner. Before business dealings, we have considered and assessed the legality of relevant trading vendors, customers and other business partners and whether there are records of dishonest behaviors, so as to avoid dealing with persons with records of dishonest behaviors. In addition, the business contract has added provisions to comply with the integrity management policy and that the counterparty of the transaction may terminate or terminate the contract at any time if it is involved in dishonest behavior. | It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". |
| (2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while | V | | (2) In order to improve the management of integrity management, the general manager's office is the special unit responsible for the formulation and supervision of integrity management policies and prevention plans. And the General manager office is according to the work responsibilities and scope of each unit, responsible for implementing the board of directors and supervising senior management to formulate and implement various integrity management policies and programs to ensure the implementation of integrity management. The general manager's office will regularly report to the board of directors the implementation of the company's integrity management policy and the plan for preventing dishonest behavior before the end of each year. The most recent annual report on the implementation of integrity management The board of directors was the 11th meeting of the 11th session of the board of directors on December 22, 2023. The general manager's office completed the supervision and implementation of the business activities | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| overseeing such operations? | | | undertaken in 2023, and confirmed the formulation of relevant business policies and business The activities are conducted in accordance with the company's "Ethical Corporate Management Best Practice Principles", and there has been no violation of integrity management. | |
| (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? | V | | (3) The company has formulated a policy to prevent conflicts of interest in the "Ethical Corporate Management Best Practice Principles", and has related provisions in the "Work Rules", "Employee Handbook" and "Employee Reward and Punishment Measures". | |
| (4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to | V | | (4) In order to implement the practice of honest operation, the company has established an effective accounting system and internal control system for business activities with high risk of dishonest behaviors, and internal auditors formulate relevant audit plans based on the assessment results of dishonest behavior risks , And use it to check compliance with the plan to prevent dishonest behavior. | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| perform the audits? | | | | |
| (5) Does the company regularly hold internal and external educational trainings on operational integrity? | V | | (5) Through labor-management coordination meetings and two-way communication occasions for new employee education and training, the company regularly organizes internal education and training on integrity management to promote specific norms for preventing dishonest behavior. Including relevant courses such as compliance with laws and regulations of integrity management and internal control and expect to implement integrity management. | |
| 3. Operation of the integrity channel | | | | It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". |
| (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? | V | | (1) The company has established the "Law on conduct of violations of ethical conduct and integrity management" and "Employee Complaint Management Measures", and has employee suggestion boxes to encourage employees and internal and external personnel to use the employee suggestion boxes and "Law on conduct of violations of ethical conduct and integrity management". The e-mail box listed in the reports any illegal matters. | |
| (2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation | V | | (2) The "Law on conduct of violations of ethical conduct and integrity management" and "Measures for the Management of Employee Appeals" stipulated by the company have clear implementation rules for reporting, appeal methods, response methods, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms. | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| confidentiality measures?<br><br>(3) Does the company provide proper whistleblower protection? | ∨ | | (3) The "Law on conduct of violations of ethical conduct and integrity management" and "Administrative Measures for Employee Appeals" stipulated by the company stipulate that measures to protect whistleblowers should not be improperly handled due to whistleblowing. | |
| 4. Strengthening information disclosure<br>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS? | ∨ | | (1) The company has disclosed the content of the "Ethical Corporate Management Best Practice Principles" on the company website and MOPS, and disclosed the content and promotion of integrity management on the company website. | It complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". |
| 5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. ：No major differences. | | | | |
| 6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies).<br>(a) The company's business philosophy clearly sets out the corporate culture and policy of "integrity first, people-oriented management".<br>(b) The company strictly requires that all decisions and behaviors of the company must be based on the basic principle of compliance with laws and regulations, and legal consultants are hired to provide necessary consultation and review basis.<br>(c) Through two-way communication with employees, the company promotes ethics and ethics as the basic requirements of company operators for employees, so that employees understand the characteristics of the company's employment culture and the first priority is honesty and integrity, so as to establish a corporate culture that values ethics. | | | | |

| Evaluation Item | Implementation Status | | | Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons |
|---|---|---|---|---|
| | Yes | No | Abstract Illustration | |
| (d) The company expressly stated that performance is not the only factor in the reward plan, so as to avoid the employees' efforts to be profit-oriented, and to reduce the risk of employees' violations of integrity and lawlessness in order to obtain or maintain benefits.<br>(e) The company encourages employees to participate in training courses related to integrity management in order to strengthen the effectiveness of the company's integrity management. | | | | |

### 3.4.7 Inquiring methods of Corporate Governance Guideline and related regulations

The "Corporate Governance Best Practice Principles" and related regulations formulated by the company are not only disclosed in the MOPS. (https://mops.twse.com.tw/mops/web/index).It is also disclosed in the "Corporate Governance" section of "Corporate Responsibility" on the company's website (https://www.unifosa.com.tw).

### 3.4.8 Other Important Information Regarding Corporate Governance

1. To introduce training measures for directors

   The directors of the company and independent directors of the audit committee are in accordance with the requirements of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". Every year after being elected, at least cover corporate governance related finance, risk management, business, business, legal affairs, accounting, corporate social responsibility or internal control system, financial reporting responsibility and other courses; Among them, the new appointee should study at least twelve hours in the year of taking office, and at least six hours per year during the term of office from the next year after taking office. And immediately after obtaining the training certificates of the directors, the training status will be disclosed in the "MOPS", which is in line with the relevant requirements for the training of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies".

2. The company’ s directors and independent directors’ training in the last (2023) year.

| Title | Name | Course Title | Study date | Organizer | Training hours |
|---|---|---|---|---|---|
| Chairman | Chen, Ching-jong | 【Digital transformation, looking to the new future, new thinking in risk management】 | 2023/09/26 | Corporate Operating and Sustainable development Association | 3.0 |
| | | 【TWSE/TPEx Listed Companies - Seminar on gaining insights into derivative financial markets and moving towards corporate sustainability】 | 2023/11/03 | Securities and Futures Institute | 3.0 |
| Corporate director Representative | Wu, Cheng-Teh | 【Digital transformation, looking to the new future, new thinking in risk management】 | 2023/09/26 | Corporate Operating and Sustainable development Association | 3.0 |
| | | 【TWSE/TPEx Listed Companies - Seminar on gaining insights into derivative financial markets and moving towards corporate sustainability】 | 2023/11/03 | Securities and Futures Institute | 3.0 |
| Director | Chiang, Tsang-An | 【Digital transformation, looking to the new future, new thinking in risk management】 | 2023/09/26 | Corporate Operating and Sustainable development Association | 3.0 |
| | | 【 Legal risk control for digital transformation】 | 2023/11/30 | Corporate Operating and Sustainable development Association | 3.0 |
| Director | Hsiao, Wu-Hsing | 【Digital transformation, looking to the new future, new thinking in risk management】 | 2023/09/26 | Corporate Operating and Sustainable development Association | 3.0 |
| | | 【TWSE/TPEx Listed Companies - Seminar on gaining insights into derivative financial markets and moving towards corporate sustainability】 | 2023/11/03 | Securities and Futures Institute | 3.0 |
| Independent Director | Chen, Chih-Ling | 【A brief discussion on emerging financial technology crimes and prevention of money laundering from a company perspective】 | 2023/07/07 | Securities and Futures Institute | 3.0 |
| | | 【Impact of Controlled Foreign Corporations (CFC) on Enterprises and Responses】 | 2023/07/12 | Securities and Futures Institute | 3.0 |
| Independent Director | Lee, Wen-Chin | 【Big data analysis and fraud detection and prevention】 | 2023/08/18 | Taiwan Corporate Governance Association | 3.0 |
| | | 【Succession plan launched-employee reward plan and equity inheritance】 | 2023/09/08 | Taiwan Corporate Governance Association | 3.0 |
| Independent Director | Yo, Chi-Thon | 【Transformation opportunities and challenges for Taiwan’s industries under geopolitics - exclusive analysis by PMI/NMI】 | 2023/09/28 | Securities and Futures Institute | 3.0 |
| | | 【The era of strong supervision of personal information is coming】 | 2023/12/01 | Taiwan Corporate Governance Association | 3.0 |

| | | | | | |
|---|---|---|---|---|---|
| Independent Director | Wu Xue-Min | 【Impact of Controlled Foreign Corporations (CFC) on Enterprises and Responses】 | 2023/07/12 | Securities and Futures Institute | 3.0 |
| | | 【Publicity and briefing session on insider equity of listed companies】 | 2023/08/09 | Taipei Exchange (TPEx) | 3.0 |
| | | 【2023 World Investor Week Joint Forum-New Horizons in Sustainable Investment and Financing】 | 2023/10/06 | Taipei Exchange (TPEx) | 3.0 |

3. Managers participate in the training and training related to corporate governance

The company uses the websites of "Taiwan Corporate Governance Association", "Republic of China Corporate Operation Association", " Accounting Research and Development Foundation" and "Securities and Futures Institute". Master courses and information related to corporate governance, in order to truly grasp the latest information on corporate governance and improve the quality of corporate governance of the company. The company’ s managers and auditing units participated in the training and training related to corporate governance in 2023 as follows：

| Title | Name | Course Title | Study date | Organizer | Training hours |
|---|---|---|---|---|---|
| General managers | Chen, Ching-jong | 【Digital transformation, looking to the new future, new thinking in risk management】 | 2023/09/26 | Corporate Operating and Sustainable development Association | 3 hrs |
| | | 【TWSE/TPEx Listed Companies - Seminar on gaining insights into derivative financial markets and moving towards corporate sustainability】 | 2023/11/03 | Securities and Futures Institute | 3 hrs |
| General Manager of Storage Business Group | Hsiao, Wu-Hsing | 【Digital transformation, looking to the new future, new thinking in risk management】 | 2023/09/26 | Corporate Operating and Sustainable development Association | 3 hrs |
| | | 【TWSE/TPEx Listed Companies - Seminar on gaining insights into derivative financial markets and moving towards corporate sustainability】 | 2023/11/03 | Securities and Futures Institute | 3 hrs |
| General Manager's Office Associate | Hsieh, Da-Wei | 『2023 Corporate Governance Evaluation System Promotion』 | 2023/03/13 | Taiwan Stock Exchange Corporation and Taipei Exchange | 3 hrs |
| | | 『A complete grasp of ESG regulations and key international trends in 2023 - a domestic perspective』 | 2023/04/28 | DATA SYSTEMS CONSULTING CO., LTD. | 1 hrs |
| | | 『The key to success in the 2023 S&P Global Corporate Sustainability Questionnaire』 | 2023/04/28 | Taiwan Depository & Clearing Corporation | 2 hrs |

| Title | Name | Course Title | Study date | Organizer | Training hours |
|---|---|---|---|---|---|
| | | 『"Green Chemistry Creates Sustainability Together"-Corporate Integrity and Corporate Sustainable Governance』 | 2023/05/26 | Ministry of Environment | 3 hrs |
| | | 『2023 Corporate Governance and Sustainability Summit Forum』 | 2023/06/06 | Independent Director Association Taiwan | 3 hrs |
| | | 『Publicity meeting on sustainable development action plans for TWSE/TPEx Listed Companies』 | 2023/07/13 | Taipei Exchange (TPEx) | 3 hrs |
| | | 『The 14th Taipei Corporate Governance Forum』 | 2023/09/04 | Financial Supervisory Commission R.O.C(Taiwan) | 6 hrs |
| | | 『2023 World Investor Week Joint Forum-New Horizons in Sustainable Investment and Financing』 | 2023/10/06 | Taipei Exchange (TPEx) | 3 hrs |
| Accounting Department Manager | Chen, Hsiu yu | 『Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges』 | 2023/11/02 | Accounting Research and Development Foundation | 6 hrs |
| | | 『Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges』 | 2023/11/03 | Accounting Research and Development Foundation | 6 hrs |
| Agent in Charge of Accounting Supervisor | Irene Fu | 『Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges』 | 2023/11/13 | Accounting Research and Development Foundation | 6 hrs |
| | | 『Continuing training courses for accounting supervisors of issuers, securities companies and stock exchanges』 | 2023/11/14 | Accounting Research and Development Foundation | 6 hrs |
| Audit Supervisor | Davy Chen | 『The development trend of Internet technology and the new thinking of internal auditors』 | 2023/08/18 | Accounting Research and Development Foundation | 6 hrs |
| | | 『Corporate "Labor Law Compliance" Practice and Case Analysis』 | 2023/09/14 | Accounting Research and Development Foundation | 6 hrs |
| | | 『Practical analysis of the latest “Sustainable Development Action Plan” and the impact of net-zero carbon emissions on financial reporting』 | 2023/11/30 | Accounting Research and Development Foundation | 6 hrs |
| Audit supervisor agent | Jason Ho | 『2023 (38th session) practical basic training class for internal auditors (including audit plans and reports)』 | 2023/11/15 | Taiwan Development & Research Academia of Economic & Technology | 6 hrs |
| | | 『2023 (38th session) practical basic training class for internal auditors (including audit plans and reports)』 | 2023/11/22 | Taiwan Development & Research Academia of Economic & Technology | 6 hrs |

| Title | Name | Course Title | Study date | Organizer | Training hours |
|---|---|---|---|---|---|
| | | 『Business secret protection, non-competition and personal information security internal control and internal audit practice (initial, on-the-job and alternative training courses for corporate internal auditors)』 | 2023/12/06 | Taiwan Developmant & Research Academia of Economic & Technology | 6 hrs |

4. Whether the Procedures for Handling Material Inside Information are stipulated.

   The "Procedures for Handling Material Inside Information" was discussed and approved by the Board of Directors on August 24, 2009, and was then announced and implemented internally and incorporated into the Company's internal control and internal audit system for control purposes. In addition, during the announcement of important annual laws and regulations at least once a year, the directors, managers and all colleagues of the company shall be ordered to be familiar with the relevant provisions and to comply with them, so as to clearly regulate the processing procedures of the company’ s important information. Avoid the situation of information leakage and misinformation of insider trading by directors, managers and employees who are exposed to important internal information in the business, and at the same time improve the quality of disclosure of important information, so as to provide investors with correct investment decision information.

5. The company formulates the succession plan and operating situation of board members and important management.

   The company’ s board of directors and important management are still young and middle-aged. Although no succession plan has been formulated, in order to improve the sustainable development and growth of the group organization, they have actively cultivated mid-level and high-level managers with potential in their daily operations. Expand its participation in the various operating businesses of the group to strengthen the management team's future succession of professionalism and ability.

6. Does the company formulate an intellectual property management plan linked to its operational goals, disclose its implementation on the company’ s website and annual report, and report to the board of directors at least once a year.

   The business operated by the company does not have applications or issues related to intellectual property, so there is no application for the development of an intellectual property management plan that is linked to operational goals.

7. Whether the company has formulated written specifications for financial business-related operations with related parties. The content should include management procedures for transactions such as purchasing and selling goods, acquiring or disposing of assets, and

relevant major transactions should be submitted to the board of directors for approval and the shareholders' meeting for approval or report.

The company has established "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties", which includes the management procedures for transactions such as purchasing and selling goods, acquiring or disposing of assets, and related major transactions should be submitted to the board of directors for approval and submitted to the shareholders' meeting for approval or report , and are disclosed on the company's website and public information observatory.

**3.4.9 Implementation status of internal control system**

1. Internal Control Statement：See page 310.
2. Accountant review report：Not applicable.

**3.4.10 In the most recent year and as of the publication date of the annual report, the company and its internal personnel have been punished in accordance with the law, or the company has imposed penalties on its internal personnel for violating the provisions of the internal control system, and the results of the penalties may have a significant impact on shareholder rights or securities prices. The punishment content, main deficiencies and improvement situation：No such incident.**

**3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings**

| Item | Date | Major resolutions |
|---|---|---|
| Board meeting | 2023.01.13 | 1、The Company's 2022 Annual Board Performance Evaluation Result Report.<br>2、Approved the proposal to set the amount of year-end bonuses for the Company's managers for 2022.<br>3、Approved the evaluation and establishment of the content and amount of monthly salary compensation for the Company's managers. |
| Board meeting | 2023.03.17 | 1、The report on the communication between the audit committee and the internal audit supervisor and accountants of the company in 2022.<br>2、Report on "Implementation of the Specific Improvement Plan to Enhance the Company's Self-Preparation of Financial Reports" for the fourth quarter of 2022.<br>3、The Company's Report on the "Implementation Status of the Parent Company's Greenhouse Gas Inventory and Assurance Timeline Plan" for the Q4 of 2022.<br>4、Approved the company's "Consolidated Statement Subsidiary Greenhouse Gas Inventory and Verification Schedule Planning" case.<br>5、Approved the company's 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". |

| Item | Date | Major resolutions |
|---|---|---|
| | | 6、Approved the company's "2022 Annual Financial Report" proposal.<br>7、Approved the company's "2022 Annual Business Report" proposal.<br>8、Adoption of the Proposal for 2022 Deficit Compensation.<br>9、Approved the revision of the Company's " Rules and Procedures of Shareholders' Meeting ".<br>10、Approved the revision of the Company's " Corporate Governance Best Practice Principles ".<br>11、Approved the revision of the Company's " Sustainable Development Best Practice Principles ".<br>12、Approved the revision of the Company's " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises".<br>13、Approved the revision of the Company's " Self-Regulatory Rules on Disclosure of Merger and Acquisition Information".<br>14、Approved the establishment of the company's "chief corporate governance officer".<br>15、Approved the revision of the Company's " Standard operating procedures for dealing with directors' requirements".<br>16、By adjusting the organizational structure of the company's reinvestment, handle the deregistration of the company's US branch.<br>17、Through the ratification of the company's participation in the investment in Foresight Energy Technologies CO.,LTD. for the 2023 cash capital increase and the issuance of new shares.<br>18、Approved the by-election of independent directors of the company.<br>19、Approved the nomination of candidates for independent directors of the Company for the 2023 Annual General Meeting of Shareholders.<br>20、Approved the Release the Prohibition on new independent directors from Participation in Competitive Business.<br>21、Approved the convening of the Company's 2023 Annual General Meeting of Shareholders and the acceptance of shareholder proposals and nominations of independent director candidates.<br>22、Approved the case of applying for the credit line of Taiwan Cooperative Bank. |
| Board meeting | 2023.05.05 | 1、There is no shareholder proposal report and nomination reports for independent director candidates at the company's 2023 general meeting of shareholders.<br>2、The company's report on the "Implementation of the Specific Improvement Plan to Enhance the Company's Self-Preparation of Financial Reports" for the first quarter of 2023.<br>3、The company's report on the "Execution Status of the Parent Company's Greenhouse Gas Inventory and Assurance Schedule" for the first quarter of 2023.<br>4、The company's report on the "Consolidated Statement Subsidiary Greenhouse Gas Inventory and Assurance Schedule Implementation Status" for the first quarter of 2023.<br>5、Approved the company's "Consolidated Financial Report for the |

| Item | Date | Major resolutions |
|---|---|---|
| | | First Quarter of 2023".<br>6、Approved the appointment of the company's internal audit manager.<br>7、Formulate the content and amount of monthly salary and remuneration for the company's new internal audit manager.<br>8、Approved the proposal to amend the "Retirement Management Measures" of the Company.<br>9、Approved the proposal to amend the "Measures for the Management of Preventing Insider Trading" of the Company. |
| Shareholders' meeting | 2023.06.09 | 1、2022 Business Report.<br>2、Audit Committee's Review Report on the 2022.<br>3、Adoption of the 2022 Business Report and Financial Statements.<br>4、Adoption of the Proposal for 2022 Deficit Compensation.<br>5、Approved the proposal to amend the "Rules and Procedures of Shareholders' Meeting" of the Company.<br>6、Approved the proposal to by-election of independent directors of the Company.<br>7、Approved the proposal to lift the company's new independent directors' non-competition restrictions. |
| Board meeting | 2023.08.04 | 1、The company's report on the "Execution Status of the Parent Company's Greenhouse Gas Inventory and Assurance Schedule" for the second quarter of 2023.<br>2、The company's report on the "Consolidated Statement Subsidiary Greenhouse Gas Inventory and Assurance Schedule Implementation Status" for the second quarter of 2023.<br>3、The company participated in the publicity course report related to the "Sustainable Development Action Plan for Listed Companies".<br>4、Report on the results of the qualification review for the election of independent directors of the company.<br>5、Approved the company's "Consolidated Financial Report for the Second Quarter of 2023".<br>6、The appointment of new independent director Wu Xue-Min as a member of the fifth salary and remuneration committee of the company.<br>7、Approved the case of applying for the credit line of Mega International Commercial Bank. |
| Board meeting | 2023.11.03 | 1、The company's report on the "Execution Status of the Parent Company's Greenhouse Gas Inventory and Assurance Schedule" for the third quarter of 2023.<br>2、The company's report on the "Consolidated Statement Subsidiary Greenhouse Gas Inventory and Assurance Schedule Implementation Status" for the third quarter of 2023.<br>3、Report on "Renewal of Directors' and Managers' Liability Insurance for the Year 2023" of the Company.<br>4、Approved the company's "Consolidated Financial Report for the Third Quarter of 2023".<br>5、Ratification of the company's participation in the investment in Phoenix Innovative Materials Co., Ltd.'s first cash capital increase |

| Item | Date | Major resolutions |
|---|---|---|
| | | and issuance of new shares in 2023. |
| Board meeting | 2023.12.22 | 1、Report on the "Honest Management Performance" of the Company.<br>2、Report on the "Sustainable development promotion plan and implementation status" of the Company.<br>3、Report on the "Risk management operations" of the Company.<br>4、Approved the review of the "Organizational Rules of the Compensation Committee" of the Company.<br>5、Approved the review of the "Regulations Governing the Remuneration of Directors and Officers" of the Company.<br>6、Approved to review and revise the Company's salary and compensation related management practices.<br>7、Approved the review of the "Performance Evaluation Form for Directors" and "Performance Evaluation Form for Executives" of the Company.<br>8、Approved the review of the "Board of Directors' Performance Evaluation Method" and revise the "Functional Committee Performance Evaluation Self-Evaluation Questionnaire" of the Company.<br>9、Approved the formulation of the company's Risk Management Policies and Procedures.<br>10、Approved the establishment of the company's "Risk Management Group".<br>11、Approved the amendment of the "Internal Control System" and "Internal Audit Implementation Rules" and the amendment of the "Internal Control System" usage form of the Company.<br>12、Approved the regular assessment of the independence and competency of the company's certified accountants.<br>13、Approved the appointment and remuneration of the Company's certified public accountant for the year 2024.<br>14、Approved the formulation of the company's "Pre-approval Measures for Certification Accountants Providing Uncertain Services".<br>15、Approved the "2024 Annual Audit Plan" of the Company.<br>16、Approved the "2024 Audit Plan" for the Company's subsidiary Phoenix Innovative Materials Co., Ltd.<br>17、Approved the "2024 Audit Plan" for the Company's subsidiary Morelink Technology Corporation.<br>18、Approved the Company's "2024 Business Plan". |
| Board meeting | 2024.01.25 | 1、The independent Director of the Company's qualification inspection results report during his tenure.<br>2、The company's 2023 performance evaluation results report of the board of directors, board members, audit committee and salary and remuneration committee.<br>3、Approved the proposal to set the amount of year-end bonuses for the Company's managers for 2023.<br>4、Approved the evaluation and establishment of the content and amount of monthly salary compensation for the Company's |

| Item | Date | Major resolutions |
|---|---|---|
| | | managers.<br>5、Approved the revision of the Company's " Salary Management Measures ". |
| Board meeting | 2023.03.17 | 1、The Company’s Report on the “Implementation Status of the Parent Company’s Greenhouse Gas Inventory and Assurance Timeline Plan” for the Q4 of 2023.<br>2、The Company’s Report on the “Consolidated Statement Subsidiary Greenhouse Gas Inventory and Verification Schedule Planning” for the Q4 of 2023.<br>3、The report on the communication between the audit committee and the internal audit supervisor and accountants of the company in 2023.<br>4、Approved the company's 2023 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".<br>5、Approved the company's "2023 Annual Financial Report" proposal.<br>6、Approved the company's "2023 Annual Business Report" proposal.<br>7、Adoption of the Proposal for 2023 Deficit Compensation.<br>8、Approved the revision of the Company's " Rules and Procedures of Shareholders’ Meeting ".<br>9、Approved the convening of the Company's 2024 Annual General Meeting of Shareholders and the acceptance of shareholder proposals. |

**3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors：There is no such case, so it is not applicable.**

**3.4.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D：**

The company's most recent year (2023) and as of the date of publication of the annual report, it is intended to disclose that among the relevant supervisors, except for the chief internal auditors, there have been no resignations or dismissal of other supervisors.

Summary of Resignations and Dismissals of Key Personnel of the Company

2024/04/30

| JOB TITLE | NAME | DATE OF APPOINTMENT | DATE OF TERMINATION | REASON FOR RESIGNATION OR DISMISSAL |
|---|---|---|---|---|
| Chief internal auditor | Ariel Wang | 2015/03/31 | 2023/05/05 | Internal job adjustment |

Note: “Key personnel of the Company” means chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer.

## 3.5 Certified Public Accountant Expenses Information

### 3.5.1 The amount of public audit fees and non-audit public fees and the content of non-audit services paid to the certified public accountants, their affiliated firms and affiliated enterprises should be disclosed.

In 2023, the non-audit public expenses paid by the company to the certified public accountants, their affiliated firms and their affiliated companies accounted for 36.25% of the audit public expenses. The public fee is related to the tax visa NT$520 thousand and the renewal of the business registration certificate of the Hong Kong branch and the annual declaration of NT$102 thousand and ESG report NT$208 thousand and other related matters. The relevant contents are as follows：

Unit：NT$ Dollars

| Accounting Firm | Name of CPA | Period Covered by CPA's Audit | Audit Fee | Non-audit Fee | Total | Remarks |
|---|---|---|---|---|---|---|
| Crowe Horwath United Certified Public Accountants | Chang Ya-Chuan | 2023.01.01~2023.12.31 | 2,290,000 | 830,215 | 3,120,215 | None |
| | Lin Chin- Feng | 2023.01.01~2023.12.31 | | | | |

### 3.5.2 If the accounting firm is replaced and the public audit fees paid during the replacement year are less than the public audit fees of the previous year, the amount and reasons for the public audit fees before and after the replacement shall be disclosed.

The company did not change its accounting firm in 2023, so it is not applicable.

### 3.5.3 If the public audit expenses are reduced by more than 10% from the previous year, the amount, proportion and reasons for the reduction in public audit expenses shall be disclosed.

The company's latest (2023) annual audit fee is consistent with the previous (2022) year's amount, and there is no intention to disclose that the audit fee has decreased by more than 10% compared with the previous year, so it is not applicable.

## 3.6 Information on replacement of CPA

The company has not changed its accountants in 2023, so it is not applicable.

## 3.7 The company's chairman, general manager, manager in charge of financial or accounting affairs, who have worked in the firm of the certified public accountant or its affiliated company within the most recent year, shall disclose their name, title and work in the firm of the certified public accountant or the period of its affiliated company：The company has no such incident, so it is not applicable.

## 3.8 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

### 3.8.1 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit：Shares

| Title | Name | 2023 | | As of Apr. 30, 2024 | |
|---|---|---|---|---|---|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman | Chen,Ching-jong | 0 | 0 | 0 | 0 |
| Directors | Trump Gain Investments Ltd (Note) | 0 | 0 | (4,000,000) | 0 |
| Directors | Chiang,Tsang-An | 0 | 0 | 0 | 0 |
| Directors | Hsiao,Wu-Hsing | 0 | 0 | 0 | 0 |
| Independent Director | Chen,Chih-Ling | 0 | 0 | 0 | 0 |
| Independent Director | Lee, Wen-Chin | 0 | 0 | 0 | 0 |
| Independent Director | Yo, Chi-Thon | 0 | 0 | 0 | 0 |
| Independent Director | Wu ,Xue-Min | 0 | 0 | 0 | 0 |
| General managers | Chen,Ching-jong | 0 | 0 | 0 | 0 |
| General Manager of Storage Business Group | Hsiao,Wu-Hsing | 0 | 0 | 0 | 0 |
| Associate of Storage Business Group Technology Department and System R&D Department | Colt Yin | 0 | 0 | 0 | 0 |
| Deputy General Managers of R&D Department and Information Department of Memory Business Group | Johnson Wu | 0 | 0 | 0 | 0 |
| Associate of Materials Department of Memory Business Group | Angel Lee | 0 | 0 | 0 | 0 |
| General Manager's Office Associate | Hhieh, Da-Wei | 0 | 0 | 0 | 0 |
| Manager of Accounting Department of Management Business Group | Chen, Hsiu yu | 0 | 0 | 0 | 0 |

Note：Trump Gain Investments Ltd. is the major shareholder holding 6.58%.

**3.8.2 Shares Trading with Related Parties：The company has no such incident, so it is not applicable.**

**3.8.3 Shares Pledge with Related Parties：The company has no such incident, so it is not applicable.**

### 3.9 Relationship among the Top Ten Shareholders

As of 03/31/2024

| Name | Current Shareholding | | Spouse's/minor's Shareholding | | Shareholding by Nominee Arrangement | | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees | | Remarks |
|---|---|---|---|---|---|---|---|---|---|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Trump Gain Investments Ltd<br>Representative：Wu,Cheng-Teh | 6,025,533 | 6.58% | 0 | — | 0 | — | None | — | None |
| | 0 | — | 0 | — | 0 | — | | | |
| TAI XIN CORP.<br>Responsible person: Chiang,Tsang-An | 4,000,000 | 4.37% | 0 | — | 0 | — | Chiang, Tsang-An | The chairman is the same person | None |
| | 577,290 | 0.63% | 0 | — | 0 | — | | | |
| Cheng Yi Investment Co., Ltd.<br>Responsible person：Chiang,Tsang-An | 2,565,662 | 2.80% | 0 | — | 0 | — | Chiang, Tsang-An | The chairman is the same person | None |
| | 577,290 | 0.63% | 0 | — | 0 | — | | | |
| Chiang, Wei-Huan | 1,979,000 | 2.16% | 0 | — | 0 | — | Chiang, Tsang-An | first-degree relatives | None |
| | | | | | | | Weng, Wei-Chen | second-degree relatives | None |
| Lin, Fu-Tai | 1,000,000 | 1.09% | 0 | — | 0 | — | None | — | None |
| Hsiao, Wu-Hsing | 826,453 | 0.90% | 0 | — | 0 | — | None | — | None |
| Weng, Wei-Chen | 800,000 | 0.87% | 0 | — | 0 | — | Chiang, Tsang-An | first-degree relatives | None |
| | | | | | | | Chiang, Wei-Huan | second-degree relatives | None |
| Hexin Venture Capital Co., Ltd.<br>Representative：Chung Kwan Investment Co., Ltd. | 724,760 | 0.79% | 0 | — | 0 | — | None | — | None |
| | 0 | — | 0 | — | 0 | — | | | |
| Shiu, Heng-Fu | 620,000 | 0.68% | 0 | — | 0 | — | None | — | None |
| Kuo, Chung-Ping | 610,000 | 0.67% | 0 | — | 0 | — | None | — | None |

**3.10 The number of shares held by the company, the company's directors, supervisors, managers and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and combined to calculate the comprehensive shareholding ratio**

Unit：shares/ %

| Affiliated Enterprises | Ownership by the Company | | Direct or Indirect Ownership by Directors/Supervisors /Managers | | Total Ownership | |
|---|---|---|---|---|---|---|
| | Shares | % | Shares | % | Shares | % |
| Phoenix Innovative Materials Co., Ltd. | 15,780,000 | 98.75% | — | — | 15,800,000 | 98.75% |
| Morelink Technology Corporation | 9,556,310 | 47.61% | 3,724,464 | 18.56% | 13,280,774 | 66.17% |

# IV. Capital Overview
## 4.1 Capital and Shares
### 4.1.1 Source of Capital

As of 04/30/2024
Unit：Thousand shares/NT$ thousands

| Month/ Year | Par Value (NT$) | Authorized Capital | | Paid-in Capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 05/ 1994 | 10 | 560 | 5,600 | 560 | 5,600 | cash capital increase 5,600 | None | — |
| 08/ 1996 | 10 | 1,060 | 10,600 | 1,060 | 10,600 | cash capital increase 5,000 | None | — |
| 04/ 1998 | 10 | 2,800 | 28,000 | 2,800 | 28,000 | cash capital increase 17,400 | None | 1998.04.04 Jianyizi No. 87278296 |
| 10/ 1998 | 10 | 4,600 | 46,000 | 4,600 | 46,000 | cash capital increase 18,000 | None | 1998.11.11 Jianyizi No. 87346670 |
| 01/ 1999 | 10 | 8,000 | 80,000 | 8,000 | 80,000 | cash capital increase 34,000 | None | 1999.02.20 Jianyizi No. 88260294 |
| 07/ 1999 | 10 | 12,000 | 120,000 | 12,000 | 120,000 | cash capital increase 40,000 | None | 1999.07.30 Jing (088) Shang Zi No. 127936 |
| 04/ 2000 | 12 | 19,900 | 199,000 | 19,900 | 199,000 | transfer of surplus to capital 31,946<br>cash capital increase 47,054 | None | 1999.04.18 Jing (089) Shang Zi No. 111814 |
| 07/ 2000 | 20 | 60,000 | 600,000 | 30,000 | 300,000 | cash capital increase 101,000 | None | 2000.07.17( 89 ) Taicai Securities (I) No. 60120 |
| 08/ 2002 | 10 | 60,000 | 600,000 | 36,000 | 360,000 | cash capital increase 60,000 | None | 2002.08.14 Taicai Securities No. 0910145235 |
| 08/ 2004 | 10 | 60,000 | 600,000 | 41,100 | 411,000 | transfer of surplus to capital 51,000 | None | 2004.08.27 Jinguanzheng Yizi No. 0930137858 |
| 06/ 2005 | 10 | 60,000 | 600,000 | 45,953 | 459,528 | transfer of surplus to capital 48,528 | None | 2005.06.28 Jinguanzheng Yizi No. 0940125919 |
| 11/ 2005 | 10 | 86,500 | 865,000 | 48,534 | 485,340 | corporate debt conversion 20,118<br>employee stock options 5,694 | None | 2005.11.01 Fu Jian Shang Zi No. 09423579610 |
| 01/ 2006 | 10 | 86,500 | 865,000 | 48,734 | 487,338 | employee stock options 1,998 | None | 2006.01.20 Fu Jian Shang Zi No. 09571945600 |
| 04/ 2006 | 10 | 86,500 | 865,000 | 52,470 | 524,704 | corporate debt conversion 37,366 | None | 2006.04.13 Fu Jian Shang Zi No. 09575633000 |
| 08/ 2006 | 10 | 86,500 | 865,000 | 52,560 | 525,597 | corporate debt conversion 893 | None | 2006.08.11 Authorized Commercial No. 09501176700 |
| 09/ 2006 | 10 | 86,500 | 865,000 | 55,417 | 554,171 | transfer of surplus to capital 28,574 | None | 2006.09.19 Authorized Commercial No. 09501212040 |
| 11/ 2006 | 10 | 86,500 | 865,000 | 56,732 | 567,321 | employee stock options 13,150 | None | 2006.11.23 Authorized Commercial No. 09501262390 |
| 01/ 2007 | 10 | 86,500 | 865,000 | 59,190 | 591,899 | employee stock options 4,060<br>corporate debt conversion 20,518 | None | 2007.01.11 Authorized Commercial No. 09601005650 |
| 04/ 2007 | 10 | 86,500 | 865,000 | 59,736 | 597,356 | employee stock options 928<br>corporate debt conversion 4,528 | None | 2007.04.04 Authorized Commercial No. 09601069090 |
| 05/ 2007 | 10 | 86,500 | 865,000 | 59,839 | 598,393 | corporate debt conversion 1,037 | None | 2007.05.14 Authorized Commercial No. 09601103270 |

| Month/ Year | Par Value (NT$) | Authorized Capital | | Paid-in Capital | | Remark | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares | Amount | Shares | Amount | Sources of Capital | Capital Increased by Assets Other than Cash | Other |
| 07/ 2007 | 10 | 86,500 | 865,000 | 59,851 | 598,513 | employee stock options 120 | None | 2007.07.04 Authorized Commercial No. 09601145270 |
| 08/ 2007 | 10 | 86,500 | 865,000 | 59,856 | 598,563 | employee stock options 50 | None | 2007.08.31 Authorized Commercial No. 09601213380 |
| 09/ 2007 | 10 | 86,500 | 865,000 | 63,911 | 639,108 | transfer of surplus to capital 40,545 | None | 2007.09.29 Authorized Commercial No. 09601235130 |
| 11/ 2007 | 10 | 86,500 | 865,000 | 64,123 | 641,228 | employee stock options 2,120 | None | 2007.11.23 Authorized Commercial No. 09601287570 |
| 09/ 2008 | 10.2 | 150,000 | 1,500,000 | 84,126 | 841,258 | cash capital increase 200,000 | None | 2008.09.05 Authorized Commercial No. 09701227710 |
| | 3.70 | | | | | employee stock options 30 | None | |
| 12/ 2008 | 2.36 | 150,000 | 1,500,000 | 124,126 | 1,241,258 | private equity capital increase 400,000 | None | 2008.12.03 Authorized Commercial No. 09701307160 |
| 08/ 2009 | 10 | 150,000 | 1,500,000 | 24,825 | 248,252 | capital reduction 993,006 | None | 2009.08.25 Government Property Commercial No. 09887980200 |
| 09/ 2009 | 12.6 | 150,000 | 1,500,000 | 44,825 | 448,252 | private equity capital increase 200,000 | None | 2009.09.24 Government Property Commercial No. 09888737600 |
| 01/ 2010 | 10 | 150,000 | 1,500,000 | 49,453 | 494,528 | corporate debt conversion 46,278 | None | 2010.01.22 Government Property Commercial No. 09980179110 |
| 04/ 2010 | 42.2 | 150,000 | 1,500,000 | 50,047 | 500,469 | corporate debt conversion 474 | None | 2010.04.21 Authorized Commercial No. 09901080070 |
| | 59.0 | | | | | employee stock options 5,465 | None | |
| 07/ 2010 | 59.0 | 150,000 | 1,500,000 | 50,053 | 500,529 | employee stock options 60 | None | 2010.07.05 Authorized Commercial No. 09901140650 |
| 08/ 2010 | 10 | 150,000 | 1,500,000 | 55,058 | 550,576 | transfer of surplus to capital 50,047 | None | 2010.08.12 Authorized Commercial No. 09901182010 |
| 09/ 2010 | 52.88 | 150,000 | 1,500,000 | 65,058 | 650,576 | cash capital increase 100,000 | None | 2010.09.09 Authorized Commercial No. 09901204760 |
| 01/ 2013 | 10 | 150,000 | 1,500,000 | 91,167 | 911,672 | Consolidated capital increase 278,476 | None | 2013.01.22 Authorized Commercial No. 10201014580 |
| | | | | | | Merger elimination 17,380 | None | |
| 04/ 2013 | 12.3 | 150,000 | 1,500,000 | 91,346 | 913,464 | employee stock options 1,792 | None | 2013.04.11 Authorized Commercial No. 10201063320 |
| | 14.1 | | | | | | | |
| 07/ 2013 | 12.3 | 150,000 | 1,500,000 | 91,350 | 913,503 | employee stock options 3.8 | None | 2013.07.17 Authorized Commercial No. 10201121930 |
| | 14.1 | | | | | | | |
| 09/ 2013 | 12.3 | 150,000 | 1,500,000 | 91,458 | 914,577 | employee stock options 1,074 | None | 2013.09.04 Authorized Commercial No. 10201180700 |
| | 14.1 | | | | | | | |
| 01/ 2014 | 12.3 | 150,000 | 1,500,000 | 91,629 | 916,288 | employee stock options 1,711 | None | 2014.01.24 Authorized Commercial No. 10301015880 |
| | 14.1 | | | | | | | |

As of 04/30/2024；Unit：Shares

| Share Type | Authorized Capital | | | Remarks |
|---|---|---|---|---|
| | Issued Shares | Un-issued Shares | Total Shares | |
| Common stock | 91,628,833 | 108,371,167 | 200,000,000 | — |

### 4.1.2 Status of Shareholders

As of 03/31/2024

| Item | Government Agencies | Financial Institution | Company legal person | Other Juridical Persons | Domestic Natural Persons | Foreign Institutions & Natural Persons | Total |
|---|---|---|---|---|---|---|---|
| Number of Shareholders | 0 | 0 | 235 | 1 | 32,726 | 28 | 32,990 |
| Shareholding (shares) | 0 | 0 | 13,442,254 | 262 | 77,253,887 | 932,430 | 91,628,833 |
| Percentage (%) | 0.00 | 0.00 | 14.67 | 0.00 | 84.31 | 1.02 | 100.00 |

### 4.1.3 Shareholding Distribution Status

**A. Common Shares**

Ten yuan per share　　As of 03/31/2024

| Class of Shareholding (Unit: Share) | Number of Shareholders | Shareholding (Shares) | Percentage% |
|---|---|---|---|
| 1 ～ 999 | 23,792 | 353,069 | 0.38 |
| 1,000 ～ 5,000 | 6,631 | 14,977,651 | 16.35 |
| 5,001 ～ 10,000 | 1,296 | 10,760,871 | 11.74 |
| 10,001 ～ 15,000 | 331 | 4,342,552 | 4.74 |
| 15,001 ～ 20,000 | 322 | 6,103,573 | 6.66 |
| 20,001 ～ 30,000 | 225 | 5,933,098 | 6.47 |
| 30,001 ～ 40,000 | 101 | 3,643,152 | 3.98 |
| 40,001 ～ 50,000 | 86 | 4,011,241 | 4.38 |
| 50,001 ～ 100,000 | 113 | 8,271,351 | 9.03 |
| 100,001 ～ 200,000 | 65 | 8,594,924 | 9.38 |
| 200,001 ～ 400,000 | 15 | 3,931,100 | 4.29 |
| 400,001 ～ 600,000 | 3 | 1,554,843 | 1.70 |
| 600,001 ～ 800,000 | 4 | 2,754,760 | 3.01 |
| 800,001 ～ 1,000,000 | 2 | 1,826,453 | 1.99 |
| 1,000,001 or over | 4 | 14,570,195 | 15.90 |
| Total | 32,990 | 91,628,833 | 100.00 |

**B. Preferred Shares：The company has not issued preferred shares.**

### 4.1.4 List of Major Shareholders

As of 03/31/2024

| Shareholder's Name | Shareholding | |
|---|---|---|
| | Shares | Percentage % |
| Trump Gain Investments Ltd. | 6,025,533 | 6.58% |
| TAI XIN CORP. | 4,000,000 | 4.37% |
| Cheng Yi Investment Co., Ltd. | 2,565,662 | 2.80% |
| Chiang,Wei-Huan | 1,979,000 | 2.16% |
| Lin,Fu-Tai | 1,000,000 | 1.09% |
| Hsiao,Wu-Hsing | 826,453 | 0.90% |
| Weng,Wei-Chen | 800,000 | 0.87% |
| Hexin Venture Capital Co., Ltd. | 724,760 | 0.79% |
| Shiu,Heng-Fu | 620,000 | 0.68% |
| Kuo,Chung-Ping | 610,000 | 0.67% |

### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit：NT$；Shares

| Items | 2022 | 2023 | 01/01/2024-03/31/2024 |
|---|---|---|---|
| **Market Price per Share** | | | |
| Highest Market Price | 14.15 | 14.10 | 12.75 |
| Lowest Market Price | 8.10 | 7.88 | 11.60 |
| Average Market Price | 10.88 | 11.76 | 12.02 |
| **Net Worth per Share** | | | |
| Before Distribution | 6.11 | 5.96 | 5.95 |
| After Distribution | 6.11 | 5.96 | Not applicable |
| **Earnings per Share** | | | |
| Weighted Average Shares (thousand shares) | 91,628 | 91,628 | 91,628 |
| Diluted Earnings Per Share | (0.61) | (0.74) | (0.16) |
| Adjusted Diluted Earnings Per Share | (0.61) | (0.74) | Not applicable |
| **Dividends per Share** | | | |
| Cash Dividends | 0 | 0 | Not applicable |
| Stock Dividends | | | |
| • Dividends from Retained Earnings | 0 | 0 | Not applicable |
| • Dividends from Capital Surplus | 0 | 0 | Not applicable |
| Accumulated Undistributed Dividends | 0 | 0 | Not applicable |
| **Return on Investment** | | | |
| Price / Earnings Ratio | (17.84) | (15.89) | Not applicable |
| Price / Dividend Ratio | 0 | 0 | Not applicable |
| Cash Dividend Yield Rate | 0 | 0 | Not applicable |

### 4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

The dividend policy stipulated in Article 29 and Article 29-1 of the Articles of Association of the Company, If the company makes a profit during the year, it shall allocate 5 to 15% for employee compensation and no more than 2% for directors' compensation; Employee remuneration to be issued to stocks or cash may include employees of affiliated companies who meet certain conditions, which are set by the chairman of the board.

However, when the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.

In addition, if there is a surplus in the company’s annual final accounts, in addition to paying taxes in accordance with the law and making up for previous years’ losses, 10% of the statutory surplus reserve shall be allocated first. However, when the statutory surplus reserve has reached the company's paid-in capital, this limit is not applicable. If necessary,

the special surplus reserve shall be withdrawn or converted in accordance with the law, If there is still a surplus and the accumulated undistributed surplus is added, the board of directors shall draw up a surplus distribution proposal in accordance with the company's dividend policy and submit it to the shareholders' meeting for distribution after resolution, except that a portion of the surplus may be retained for distribution by separate resolution in the following years.

The company considers the company's environment and growth stage, in response to future capital needs and long-term financial planning, and meets shareholders' demand for cash inflows, it can allocate more than 50% of the surplus and distribute shareholder dividends, of which cash dividends must not be low 20% of the total dividend.

B. Proposed Distribution of Dividend

Since the company suffered a loss in its final accounts in 2023, the company's board of directors resolved and approved on March 8, 2024 that no dividends will be distributed this year, which is in line with the company's dividend policy and is proposed to be approved by the 2024 shareholders meeting.

C. Note when significant changes in dividend policy are expected

To date, the Company does not anticipate any material changes in its dividend policy.

### 4.1.7 The impact of the free allotment proposed by the shareholders meeting on the company's operating performance and earnings per share

| Item | | Before free allotment of shares | After free allotment of shares |
|---|---|---|---|
| Paid-in capital (NT$ thousands) | | 916,288 | 916,288 |
| Allotment shares and dividends this year | Cash dividend per share (NT$) | 0 | |
| | Earnings transferred to capital increase dividend per share (NT$) | 0 | |
| | Capital reserve transferred to increase capital stock dividend per share (NT$) | 0 | |
| Employee bonus transfer to capital increase (NT$ thousands) | | 0 | |
| 2023 net profit after tax (NT$ thousands) | | (92,910) | |
| EPS(NT$) | | (0.74) | (0.74) |

### 4.1.8 Compensation of Employees, Directors and Supervisors

A. Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation.

According to Article 29 of the Articles of Association of the Company, if the Company makes profits in the year, it shall allocate 5% to 15% for the remuneration of its employees and no more than 2% for the remuneration of its directors. Employee remuneration to be issued to stocks or cash may include employees of affiliated companies who meet certain conditions, which are set by the chairman of the board. However, when the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee compensation and director compensation in proportion to the preceding paragraph.

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

Since the company has a final financial loss for 2023, there is no estimate of the amount of remuneration for employees, directors and supervisors. No dividends will be distributed this year, and there will be no distribution of remuneration for employees, directors and supervisors, so there is no relevant estimate difference The situation.

C. Remuneration distribution approved by the board

(1) The amount of employee compensation and directors and supervisors' compensation paid in cash or stocks. If there is a discrepancy from the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances should be disclosed.

Since the company has a final financial loss for 2023, it is not applicable.

(2) The amount of any employee 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 compensation.

Since the company has a final financial loss for 2023, it is not applicable.

D. Information of 2022 Distribution of Compensation of Employees, Directors and Supervisors (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, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

The company suffered a loss in its final accounts in 2022 and did not distribute compensation to employees, directors and supervisors, so it is not applicable.

**4.1.9 Compensation of Employees, Directors and Supervisors：The company has no such case, so it is not applicable.**

**4.2 Corporate Bonds handling situation**

**4.2.1 Corporate bonds outstanding and in process：None**

**4.2.2 Convert corporate bonds：The company has no such case, so it is not applicable.**

**4.2.3 Exchange corporate bonds：The company has no such case, so it is not applicable.**

**4.2.4 Shelf Registration for Issuing Bonds：The company has no such case, so it is not applicable.**

**4.2.5 Corporate Bonds with Warrants：The company has no such case, so it is not applicable.**

**4.2.6 Private placement corporate bonds：The company has no such case, so it is not applicable.**

**4.3 Special shares handling situation：The company has no such case, so it is not applicable.**

**4.4 Status of overseas depository receipts：The company has no such case, so it is not applicable.**

**4.5 Employee Stock Options：The company has no such case, so it is not applicable.**

**4.6 Restriction of employee rights：The company has no such case, so it is not applicable.**

**4.7 M&A or transfer of shares of other companies to issue new shares：The company has no such case, so it is not applicable.**

**4.8 Implementation status of fund utilization plan：The company has no such case, so it is not applicable.**

# V. Operational Highlights

## 5.1 Business Activities

### 5.1.1 Business Scope

A、Main areas of business operations

(1) Affairs Machine Manufacturing
(2) Wired Communication Mechanical Equipment Manufacturing
(3) Wireless Communication Mechanical Equipment Manufacturing
(4) Electric Appliance and Audiovisual Electric Products Manufacturing
(5) Electronic Parts and Components Manufacturing
(6) Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
(7) Computers and Computing Peripheral Equipments Manufacturing
(8) Photographic and Optical Equipment Manufacturing
(9) Computing Equipments Installation Construction
(10) Restrained Telecom Radio Frequency Equipments and Materials Construction
(11) Basic Telecommunications Equipment Construction
(12) Wholesale of Computing and Business Machinery Equipment
(13) Wholesale of Telecom Instruments
(14) Wholesale of Motor Vehicle Parts and Supplies
(15) Wholesale of Photographic Equipment
(16) Wholesale of Computer Software
(17) Wholesale of Electronic Materials
(18) Retail sale of Computing and Business Machinery Equipment
(19) Retail Sale of Telecom Instruments
(20) Retail Sale of Motor Vehicle Parts and Supplies
(21) Retail Sale of Photographic Equipment
(22) Retail Sale of Computer Software
(23) Retail Sale of Electronic Materials
(24) International Trade
(25) Restrained Telecom Radio Frequency Equipments and Materials Import
(26) Intellectual Property
(27) Other Consultancy
(28) Software Design Services
(29) Product Designing
(30) All business items that are not prohibited or restricted by law, except those that are subject to special approval

B、Operating proportion

Memory Business Group：

Unit；NT$ thousands

| Year / Item | 2023 | |
|---|---|---|
| | Amount | Proportion |
| Dram module | - | - |
| RAM | 9,563 | 100.00% |
| Commodity | - | - |
| Total | 9,563 | 100.00% |

Storage Business Group：

Unit；NT$ thousands

| Item \ Year | 2023 | |
|---|---|---|
| | Amount | Proportion |
| RAID | 37,236 | 20.50% |
| Commodity | 80,968 | 44.57% |
| Raw materials, components | 57,761 | 31.80% |
| Other | 5,684 | 3.13% |
| Total | 181,649 | 100.00% |

Wireless Communication Business Group：

Unit；NT$ thousands

| Item \ Year | 2023 | |
|---|---|---|
| | Amount | Proportion |
| Wireless communication and digital electronic products | 70,111 | 97.79% |
| Raw materials, components | 1,086 | 1.51% |
| Other | 499 | 0.70% |
| Total | 71,696 | 100.00% |

Other business：

Unit；NT$ thousands

| Item \ Year | 2023 | |
|---|---|---|
| | Amount | Proportion |
| Microporous breathable membrane | 2,730 | 64.31% |
| Functional fabric | 1,470 | 34.63% |
| Other | 45 | 1.06% |
| Total | 4,245 | 100.00% |

C、The company's current product (service) projects

Memory Business Group：

(1) DRAM module

The DRAM module manufactured by our company is a dynamic random access memory that is adhered to a printed circuit board through surface mount technology, and is equipped with related passive components such as bypass capacitors for voltage regulation, It is composed of a resistance to suppress the amplitude and a removable read-only memory of the recording module specifications. The current product specifications are divided according to the characteristics of the memory, including the following：

① The third-generation double data rate synchronous dynamic random access memory (DDRIII SDRAM) module, with operating frequencies of 1066MHz, 1333MHz and 1600MHz, etc.

② The fourth-generation double data rate synchronous dynamic random access memory (DDR4 SDRAM) module, which includes

PC4-1600/PC4-1866/PC4-2133/PC4-2400/PC4-2666/PC4-3200 series according to the transmission rate.

③ The fifth-generation double data rate synchronous dynamic random access memory (DDR5 SDRAM) module includes PC5-4000/PC5-4800/PC5-5200/PC5-5600/PC5-6000 series according to the transmission rate.

Its application areas include personal computers, notebook computers, industrial computers, workstations and servers and other computer products. It is also applied to routers in the communications field, printers and fax machines in the consumer electronics field.

(2) RAM and Flash Memory

The RAM sold by our company includes DRAM and flash memory. DRAM includes double data rate synchronous dynamic random access memory, third and fourth and fifth generation double data rate synchronous dynamic random access memory, and drawing synchronous dynamic random access memory And eMCP (eMMC+LPDDRSDRAM), etc. The main applications include graphics and display cards for computers, communication equipment and consumer electronic products; The flash memory is mainly NAND (inverse and gate) flash memory, and its application fields include industrial-grade storage media, personal portable storage media, and consumer electronics.

(3) Flash memory card

The flash memory cards produced by our company include consumer memory cards and industrial-standard storage devices. Consumer memory cards mainly include SD cards, micro SD cards and flash drives. The main components of the SD card are composed of a microcontroller and one to several NAND-type FLASH. The microcontroller and FLASH are combined with several passive components by surface-mounting technology, and they are adhered to the PCB. After initializing, loading the firmware, and testing, the PCB assembly is wrapped in a plastic case by means of ultrasonic waves. The capacities currently launched range from 64GB to 256GB. In addition, there are SDHC, SDXC, micro SDHC, micro SDXC cards, etc. The main difference is that HC refers to High Capacity, the capacity is defined to 32GB, and XC refers to eXtended Capacity. A flash drive is a personal storage medium commonly known as Big Thumbing. It also consists of a microcontroller and several NAND-type FLASH. The interface with the personal computer is through the USB port provided by the computer for data transmission.

Storage Business Group：

The main service of the company’s storage business group is the development, design, manufacturing and sales of software and hardware for network storage equipment.The

main products include disk fault-tolerant array storage systems, cloud data center solutions, network-linked storage devices, digital multimedia editing, and digital security monitoring. And ODM/OEM industrial storage solutions and other products. In addition, it also provides solutions for a variety of information security software products.

| Item | Products | Storage architecture | Storage interface | Application |
|---|---|---|---|---|
| (1) | Ultra High Density 4U/64bays SAS 12Gb Dual JBOD enclosure | DAS | SAS | For the high demand for fast backup and data protection, it can efficiently protect important data and execute disaster recovery plans to meet diverse applications and needs. |
| (2) | 4U/64bays 16Gb/32Gb Fibre SAS 12Gb to 12Gb SAS Single/Dual RAID sub-system | SAN<br>DAS | Fibre<br>SAS | |
| (3) | 2U12/2U24/3U16 bays 16Gb/32Gb Fibre/SAS 12Gb to 12Gb SAS Single/Dual RAID sub-system | SAN<br>DAS | Fibre<br>SAS | |
| (4) | 2U12 bays USB/eSATA/1Gb iSCSI to 6Gb SATA RAID sub-system | DAS | iSCSI/USB /eSATA | |
| (5) | 2U12/3U16/4U24 bays 6G/12G SAS/SATA proNAS subsystem | NAS | Ethernet | |
| (6) | Ultra high density 4U/96bays Ethernet JBOD enclosure design | SDS | Ethernet | |
| (7) | 2U24/3U16/4U24 bay 12Gb SAS JBOD | DAS | SAS | |
| (8) | OEM/ODM NVR and DVR Server | NAS / DAS | SAS / SATA | |

D、New products development

Memory Business Group：

Observing the overall computer market situation in 2023, in terms of motherboards for desktop computers, major suppliers have successively launched motherboards that support DDR5 memory modules. Judging from the specifications launched by various companies, most of them only support DDR5-4800. Although this specification is the basic frequency of DDR5, it is still 1.5 times higher than the 3200MT/s of DDR4. However, because the price is still high and DDR5 memory modules are also expensive, the market has not yet opened. the company's products in 2023 will still be mainly DDR4

modules, and new product development in 2024 will depend on the market acceptance of DDR5 memory and motherboards for related applications.

Storage Business Group：

In terms of storage-related products, our company's 2023 NAS/iSCSI network storage has been developed and updated to replace the 5Bay desktop and 2U rack-mounted 8bay server chassis. The original NAS motherboards with Intel B460 series chipsets can be updated to Intel H410 series chips and can continue to use the original processing. The supply of common materials for processors and memory modules can install and update the disk backplane of the 5Bay desktop platform series. The original SATA Port-Multiplier one-to-five updated design is a SATA five-to-five motherboard to hard drive backplane, which is less likely to limit the speed of one SATA port. This updated proNAS model is not only suitable for mid- to low-end NAS file server applications, it can also be used as a network storage device for NVR surveillance video equipment, providing enterprises with a stable and secure network storage device. In 2024, the company will evaluate according to the degree of customer demand, focusing on the new generation of integrated storage device interface NVMe solid state drive or SAS/SATA/NVMe Tri-mode RAID storage device interface to provide higher storage data transmission Speed and PCIe Gen 4/5 new generation motherboard bus high-speed storage interface storage and development of NAS and other related products.

### 5.1.2 Industry Overview

A、Industry status and development

Memory Business Group：

According to the Electronic Times, the memory industry will still be in a state of high inventory and high losses in the first half of 2023, with prices plummeting and even falling below material costs. As the effects of production cuts by major original manufacturers gradually emerged in the second half of the year, the original manufacturers' attitude towards increasing prices became clear. The spot market started to rise from the third quarter, and the memory contract prices also followed suit and increased from the fourth quarter. Not only must The pressure to reduce losses and turn losses into profits is already urgent. This is also the primary goal of major memory manufacturers in 2024.

This wave can be called the longest industrial boom correction period, which has lasted for more than 1.5 years. In order to reduce the huge inventory burden and improve the oversupply market situation, the original manufacturers have to improve supply and demand by cutting production capacity. Although some original manufacturers started from the second quarter The inventories and losses have gradually decreased, but even after several months of price increases, they still continued to be under the pressure of losses in the fourth quarter. Especially after reducing the utilization rate, fixed cost

amortization has not been alleviated, but has further widened the distance between the original factory and the breakeven point. Currently, the industry generally expects that it will not improve until the first half of 2024.

Although Korean memory manufacturers have not officially announced the extent of production cuts, according to industry estimates, Samsung Electronics, which will only relax production cuts in the second quarter of 2023, will reduce its NAND Flash/DRAM production by approximately 25~30%. And focusing on the adjustment of NAND Flash production capacity, the scope of production cuts continues to expand in the second half of the year. It is estimated that the DRAM production reduction will expand to 30%, with the DDR4 production reduction speed being the most obvious, and the NAND production reduction will also expand to 40%.

As for SK Hynix, it has also reduced its production capacity by nearly 50% for DDR4 and maintains its policy of reducing NAND production capacity. Micron, WD/Kioxia, etc. from the fourth quarter of 2022 to the first quarter of 2023, production has been reduced by nearly 30%, and the production reduction will continue until 2024. Major original manufacturers are no longer willing to ship at low prices and give up competing for market share, hoping to gradually push up prices.

Affected by the original factory's firm reluctance to sell, which in turn drove up the spot market price, the cumulative price increase of Flash Wafer 512Gb TLC from July to October has exceeded 50%, and the strong increase has continued into the fourth quarter. The industry pointed out that NAND's price growth from November to In December, there was still a trend of price increase of about 30% within 2 weeks, and the increase of DDR5 was also greater than expected. It is estimated that the cumulative increase of DDR5 from the lowest point to the present has reached about 50%, although the demand momentum in the second half of the year mainly comes from the supply chain. Preparation for expected price increases. After customers have established a certain amount of inventory, if the actual market demand is not as good as expected, market prices in the first half of 2024 will inevitably see a tug of war.

Although the increase in memory prices is still volatile, both supply and demand have reached an industry consensus on the price bottom in the second half of 2023. As various memory original manufacturers will gradually resume production in 2024, the increase will still be carefully controlled, and the effects of the production capacity are expected to begin to appear in the second half of the year, but the overall increase in supply will be lower than demand.

Although the overall price increase of DRAM since the second half of 2023 has been relatively moderate, the shipment growth momentum of the two high-end products of high-bandwidth memory (HBM) and DDR5 is highly optimistic. They are also one of the few product lines that can maintain profitability. It has become the focus of the production capacity layout of major DRAM manufacturers in 2024, driving up the

shipment proportion of new generations and new specifications. It is expected that the shipment proportion of DDR5 will enter the golden cross point in mid-2024, surpassing DDR4 and becoming the mainstream of the market.

With the rise of the generative artificial intelligence (Generative AI) wave, HBM has emerged as a popular fried chicken. SK Hynix, which leads the industry with HBM, pointed out that in the past, sales including HBM and graphics memory only accounted for the low single-digit proportion of the DRAM department. However, after reaching 10% for the first time in the fourth quarter of 2022, shipments have increased rapidly every quarter. By the second quarter of 2023, it has exceeded 20% of DRAM sales. Thanks to HBM's high gross profit sales performance, Driven the DRAM department to take the lead in turning losses into profits. SK hynix predicts that the entire HBM market will account for at least 15% to 19% in 2024, and SK hynix's proportion will exceed the average. It is expected that the HBM market will grow at an average annual rate of 60% to 80% in the next five years, or even higher.

In addition to cloud servers, the PC industry is also brewing a growth offensive to launch the AI trend. Led by Intel and AMD, when running AI auxiliary tools through PCs, there is no need to connect to the cloud server through the Internet. , run directly by respective terminal devices to generate generative AI functions such as text, pictures, images, or sounds. Since AI requires a large number of parameters to calculate and derive big data, in order to successfully complete the operation, the terminal device must be equipped with a large amount of memory. and storage capacity upgrades, it is expected that various AI PC applications will be launched on the market one after another in 2024 to test the water temperature, and will promote the specification upgrade of components, including the upgrade of DRAM specifications from DDR4 to DDR5.

Storage Business Group：

According to multiple media reports, storage manufacturers' views on the development trends of the storage industry in 2024 are as follows：

1. AI will completely change cloud computing. With the emergence of a new generation of professional cloud providers focusing on AI-specific services such as Graphics Processing Unit (GPU), we predict that there will be major changes in the field of cloud computing, and the cloud will subvert the existing The current state of Infrastructure as a service (IaaS) hyperscale enterprises. As GPU chip manufacturers expand their demand from a broad customer base to cloud providers, new ultra-large-scale cloud service providers will usher in rapid growth. Existing IaaS hyperscale cloud providers are actively acquiring AI cloud capabilities, which will also prompt mergers and acquisitions in this field.
2. The Sovereign Cloud will rise in 2024. As regulations on data use and data location become increasingly strict, the demand for sovereign clouds from enterprises will

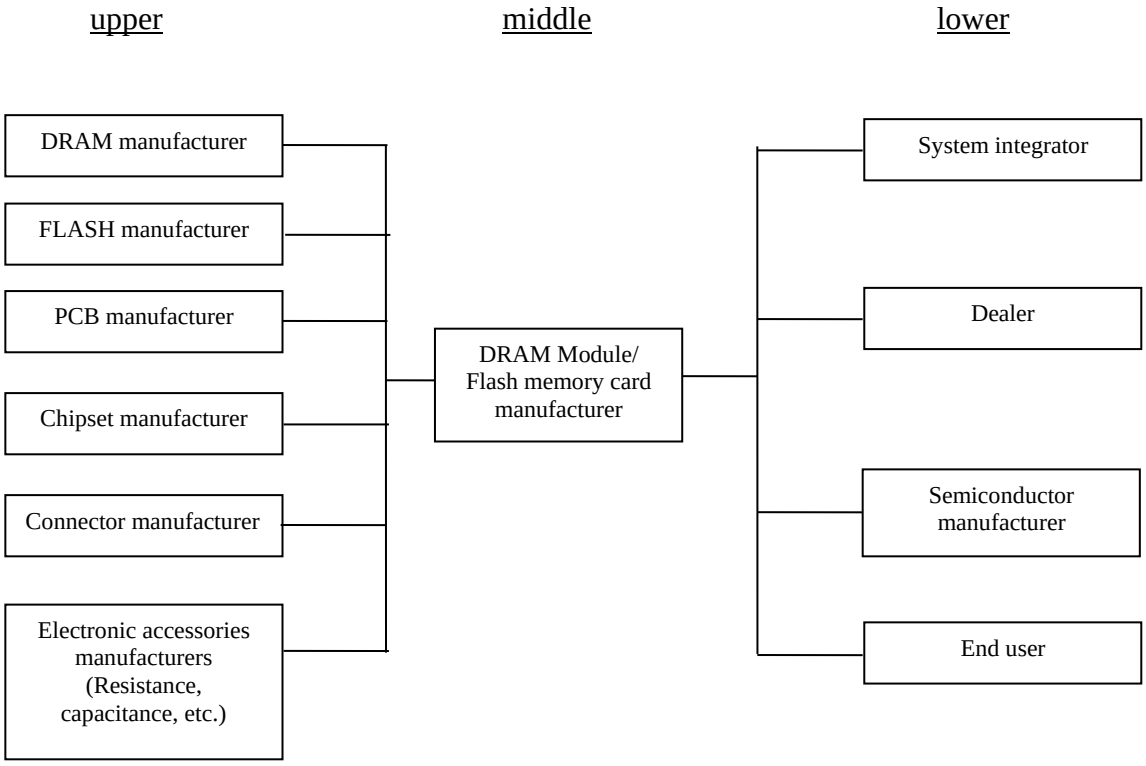
grow, especially in the financial services industry. In addition, AI systems such as Generative AI (GenAI) can also cause sovereignty issues during the training process. There will be more sovereign clouds in 2024, as more and more companies are required to store data within their jurisdiction in order to comply with government regulations to strengthen data control. Countries such as Australia, New Zealand, Japan and Indonesia are also promoting the realization of sovereign clouds.

3. In 2024, the IT department will play a more important role in the sustainable development goals of the corporate environment. The importance of environmental sustainability continues to rise. When achieving the goals of corporate sustainability, the IT department will be required to play a more important role. In the past, enterprises only required IT personnel to improve the energy efficiency of computer rooms, but more and more people believe that IT personnel can and must play a role in improving the energy efficiency of the entire company. The technology leaders, digital leaders and sustainability leaders of the enterprise will strengthen cooperation with each other in the future to ensure that IT can achieve maximum benefits in the goal of sustainable development. In the future, IT will exert a substantial influence through software standardization. Data shows that 90% of energy is wasted on inefficient software.
4. There will be another wave of talent shortages in 2024, this time concentrated in the field of AI. Whenever new technologies emerge, the demand for talents and technologies in new technological fields will increase dramatically, and generative AI is no exception. The war for talent will lead to higher wages, but there will still be a large number of AI projects stalled due to talent shortages. In addition to generative AI, there will also continue to be talent shortages in popular areas such as cloud computing, Kubernetes, data infrastructure and network security. As industries that are less technology-led, such as construction, forestry, fishery and agriculture, gradually turn to data analysis, competition for talent will also appear in these industries. Experts in the Internet of Things, data analysis, AI and environmental technology will also receive great attention in these industries. The shortage of talent will become one of the biggest obstacles to the widespread application of AI.

B、Relevance of the industry's upper, middle and lower reaches

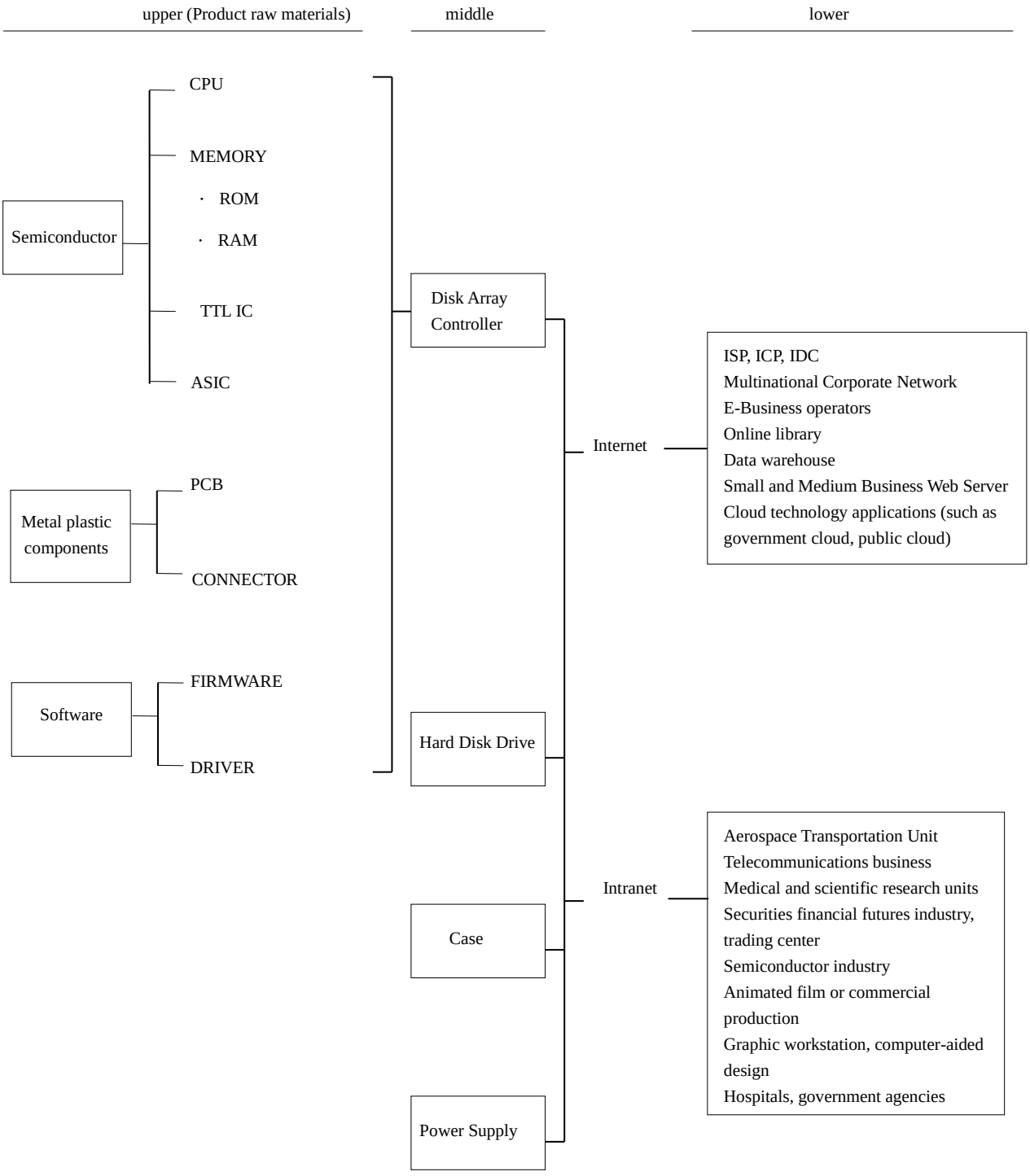
Memory Business Group：

The company's products span the two major memory fields of DRAM and FLASH. The main products include memory modules and flash memory-related products. Here are the following diagrams of the upper, middle and downstream relevance of its industry：



Storage Business Group：

As my country has been working hard in the global IT industry for a long time, For example, upstream, midstream, and downstream related industries have constructed a very complete professional division of labor system. Through the complete collocation from development to mass production, the mutual technology has been continuously improved and the development has become more mature. Here are the diagrams of the upper, middle, and downstream relevance of the company's disk array products in the industry：



C、Product Trends and Competition

Memory Business Group：

(1) Product Trends

SK Hynix and Samsung Electronics will accelerate their investment in high-bandwidth memory (HBM). SK Hynix will establish a factory in the United States to strengthen cooperation with major customers; Samsung taste HBM dividend in 2023, and plan to expand investment scale in 2024. South Korean media Money Today quoted industry news that SK Hynix is internally considering building an HBM factory in Indiana, USA. It is a special factory for manufacturing HBM DRAM stacks. Although SK Hynix has not disclosed the specific investment plan, it is expected to be based on SK Group’s Chairman Choi Tae-won’s previously announced US$22 billion U.S. investment plan.

HBM connects several DRAMs in a vertical manner, which can greatly increase the data processing speed. With the advantages of low power consumption, it is suitable for AI computing that requires high efficiency. Omdia predicts that HBM's share of the overall DRAM market will rapidly increase from 9% in 2023 to 18% in 2024. The outside world expects that SK Hynix's HBM plant in Indiana, USA, will not only bring it closer to its major customers in the United States, but also that Indiana is the base for advanced semiconductor packaging in the United States. SK Hynix's presence there is also expected to strengthen its packaging competitiveness.

As HBM sales increase in 2023, Samsung also wants to expand internal investment and accelerate its strategy in the HBM field. Based on the fourth quarter of 2023, Samsung's HBM sales are more than 3.5 times that of the fourth quarter of 2022. It is expected that in the second half of 2024, the proportion of HBM in Samsung's advanced DRAM business is expected to exceed 90%. Recently, Han Zhenwan, head of Samsung Semiconductor and Device Solutions (Device Solutions; DS) US headquarters (DSA), said that Samsung’s equipment investment scale will increase by 2.5 times year-on-year in 2024.

In the current global HBM market, SK Hynix and Samsung have a combined market share of more than 90%. In particular, SK Hynix almost occupies the fourth-generation HBM product HBM3 market, and the fifth-generation HBM product is scheduled to be mass-produced in the first half of 2024.

Although Micron and some Chinese companies have successively stated that they will invest in the HBM field, the effectiveness has not yet been verified. Some opinions believe that starting from 2024, HBM will grow 2 to 3 times faster than general DRAM, and memory manufacturers must increase production capacity faster to absorb the increased demand for HBM. As Samsung and SK Hynix accelerate their investment in HBM, if HBM's rapid growth in demand is successfully digested,

performance is expected to improve.

It is worth observing that given that the HBM process is difficult and requires a variety of manufacturing equipment, the more Samsung and SK Hynix expand their production capacity, the more orders they will receive for related equipment, and related raw materials, components, and equipment companies are expected to benefit accordingly. A classic case is the semiconductor equipment company Hanmi Semiconductor, which earlier received a large order for TC Bonder equipment for HBM from SK Hynix in February 2024, with an order size of KRW 86 billion.

(2) Product Competition

The terminal inventory depletion of the memory industry has improved, and the DRAM utilization rate has gradually improved. The industry believes that the overall DRAM production volume will increase quarter by quarter from the first quarter of 2024, with a slight increase of about 5% compared with the fourth quarter of 2023. The recovery rate of film production volume in the second half of the year will be significantly accelerated. NAND Flash prices have increased significantly, but the increase in production capacity still depends on market conditions in the first half of the year.

Generative AI has become the main battlefield for major DRAM manufacturers. SK Hynix and Micron have recently released news that HBM will be sold out in 2024. With the rapid growth of AI applications, the supply of DDR5 is tight. SK Hynix pointed out , will change the production reduction policy starting from the first quarter of 2024, and will adjust the supply of DRAM products.

Although Samsung Electronics has not yet released any information about increasing production, the industry believes that after Samsung’s DRAM wafer production dropped sharply at the end of 2023, it is expected to increase investment in semiconductor equipment in 2024 in response to the pressure of SK Hynix’s HBM products to catch up., DRAM production volume will gradually return to the first half of 2023 levels in the second and third quarters.

Despite market concerns, the effect of production cuts by major manufacturers has reduced the pressure of oversupply in the industry. DRAM prices will officially start to increase from the fourth quarter of 2023. As DRAM original manufacturers return to increasing production, market prices may once again face shocks, thus suppressing the recovery momentum of DRAM. . Since the current expansion focus of the three major manufacturers is on high-end products such as HBM and DDR5, their impact on mature DDR4 products or niche DDR3 is limited.

Recently, the price performance of niche DRAM has not been as good as that of mainstream memory. However, terminal demand has gradually recovered. Winbond and Nanya have gradually increased their utilization rates. Among them, Nanya’s

production reduction will gradually decrease from the fourth quarter of 2023., Winbond will curb production cuts from the second half of 2023, and the new factory in Luzhu, Kaohsiung, will also gradually ramp up production of 20nm DDR4 products. The increase in wafer production is reflected in the monthly growth in revenue in the fourth quarter of 2023.

Due to the high inventory of DDR4, there is a structural supply imbalance, which has become the focus of major DRAM manufacturers to actively reduce production in 2023. Since the manufacturing volume of mainstream DRAM products is still greater than the sales volume, the recovery of end market demand in the future will determine the speed of inventory elimination. Taiwanese manufacturers also pointed out that the supply of 4Gb DDR3 from major manufacturers such as Samsung continues to decrease, and many end customers are seeking Taiwanese manufacturers to reopen their cases. In the long term, the overall industrial structure is expected to continue to improve supply and demand.

The industry expects that international DRAM giants will continue to maintain their strategy of increasing production in a disciplined manner. Taiwanese manufacturers such as Nanya and Winbond are expected to keep up with the growth of mainstream manufacturers from the second quarter, driving improvements in product mix and gross profit margin in the second half of the year. In 2024 operating performance will recover and improve quarter by quarter.

Storage Business Group：

(1) Product Trends

The product development trend of disk array (Disk Array) has been evolving rapidly in recent years, and the factors driving its development include the adoption of solid-state drives (SSD), software-defined storage (SDS) and cloud-based storage solutions. According to a MarketsandMarkets report, the global disk array market size is expected to reach US$28.5 billion in 2025, with a compound annual growth rate of 6.3% from 2020 to 2025.

According to iThome, Seagate proposed four major technology and data storage trends to observe in 2024.

1. Data storage will be the key to the success of enterprise generative AI. Gartner predicts that by 2026, more than 80% of enterprises will use generative AI APIs and models and deploy generative AI-related applications in production environments. In the next two years, the proportion of generative AI in the total amount of data will increase from less than 1% to 10%. In order to guide the advancement of AI, machine learning, and deep learning models, companies will store more operational data; More companies will also use both internal and

external data to train models to benefit from exclusive information. Most technology giants are expected to accelerate investment in cloud capacity in 2024 to support the more mature development of AI projects. As companies strive to consolidate competitive advantages through production capacity and efficiency, AI will drive IT spending and data storage demand to rise.

2. Hard disk density will become the core of data center renovation in cloud data centers, nearly 90% of data is stored in hard disks. When the data center infrastructure approaches the natural renovation cycle, it will inevitably face the need to replace low-capacity hard disks with high-capacity hard disks. the trend of. The data center is currently based on traditional vertical technology (PMR), with an average hard drive capacity of 16TB. The innovative heat-assisted magnetic recording (HAMR) technology can store more bits in a single hard drive. In the same space, data center operators can significantly save energy and space if they use 30TB large-capacity hard drives. The cost of ownership can also be significantly increased, including CPU, RAM, floor area, etc. In addition, the storage will be more durable and energy-efficient, further reducing the carbon footprint, which will have a significant impact on the 53.6 million cubic tons of carbon emissions generated by global e-waste.

3. Flash memory and hard drive technology will continue to play a key role in data centers. With the explosion of data, the demand for large-capacity hard drives has soared. Flash memory storage will continue to support the needs of modern work. According to the latest analysis from IDC, TRENDFOCUS, and Forward Insights, hard drives are still the most cost-effective option for most storage operations that require large capacity. The vast majority of the world's data is stored in the cloud, and the demand for cloud storage capacity is expected to continue to increase. Hard disks will be the primary products to benefit from this, as large-capacity storage will be improved, and the cost per bit is only 20% of that of full flash memory solutions. Regardless of the data center architecture, this cost gap will not completely disappear in the next ten years.

4. Data Storage Shapes Three Future Applications Edge Computing and Internet of Things: The integration of edge computing and IoT solutions will push the limits of data storage, requiring unprecedented scalability, latency, and operational flexibility, and create real-time data and massive Correlation of legacy data sets for on-the-fly analysis and forecasting. For example, the scale of data involved in digital avatars is huge, and a more complete and scalable real-time data storage solution must be selected. Quantum computing: After the emergence of quantum computing, data storage and transmission systems must be significantly renovated. In the new computing paradigm, in addition to different data processing, traditional encryption methods are also obsolete. Quantum-compliant

encryption schemes are required, and qubits are more susceptible to fluctuations. New data storage architectures must also be used to avoid data loss. In addition, existing systems are optimized based on traditional computing and are not suitable for the unique transmission needs between quantum processors and storage media. Emerging quantum networks must be developed to redefine data transmission and security. Genetic data and medicine: The scale of genome data is huge. A single human genome requires 200GB of storage space, which also creates problems beyond storage capacity. In addition to computational hurdles, there are also ethical and privacy concerns. In response to these issues, the industry is developing specialized databases, high-throughput analysis platforms, and secure cloud storage solutions. Advanced analysis tools use machine learning algorithms and are continuously tuned to make analysis of large amounts of data faster and more accurate. As the data infrastructure continues to evolve, future medical care will be based on genome contours to formulate preventive measures and plan precision therapies, thereby promoting treatment effectiveness and medical efficiency.

(2) Product Competition

According to Storage Newsletter, the global consumer NAS market is expected to reach US$2.04 billion by 2030, with a compound annual growth rate of 12.1% from 2023 to 2030. The scalability, cost-effectiveness and ease of use of these devices are driving end-user adoption. The outbreak of the Covid-19 pandemic has accelerated the digital transformation of businesses.

Furthermore, the adoption of remote working models and growth in digital media consumption following the outbreak of the Covid-19 pandemic have had a positive impact on industry growth. As the number of Internet users increases, digital media consumption is increasing. As a result, growing digital media consumption is driving the volume of unstructured data, necessitating new innovative storage solutions, including consumer-grade NAS solutions. Advances in the Internet of Things and the increasing popularity of social media are among the important drivers of the increase in the volume of unstructured data. More than 93% of internet users use social media, with the number of social media users growing by 599 million between October 2020 and October 2022, according to a 2022 report from Canadian social media management platform Hootsuite Inc.

According to the design, the industry is divided into 1 disc-position, 2 disc-position, 5 disc-position 4 disc-position, 6 disc-position and 6 disc-position or more. In recent years, the introduction of many feature-rich 4 disc-position devices has made 4 disc-position devices an attractive option for small and medium-sized businesses. In addition, the acceleration of the work-from-home model, especially after the Covid-19 pandemic, is driving the growth of this segment. Based on end users, the

industry is further divided into residential and commercial. Due to the growing demand for affordable, scalable and high-performance storage solutions, market players are introducing new NAS products for smes.

The solution has various applications and options, such as backup, file synchronization and sharing, and video surveillance, for storage and management. The solution is designed to provide energy-efficient hardware that meets the needs of small businesses and home offices, mainly using different strategies such as partnerships and collaborations, expansion and product development to strengthen its market presence and share. In October 2023, Tiewayma announced the launch of the F2-212, a 2-disk NAS solution that offers up to 44TB of storage for large private cloud storage for small teams and families. With this release, the company aims to provide users with easy-to-use and secure data management NAS solutions.

### 5.1.3 Research and Development

A、Technical level

Memory Business Group：

Although the process of memory chip miniaturization smoothly pushes up the operating clock of memory, the circuit design of the module PCB, which is used to assemble memory chips, is also a very important part. With our long-standing R&D capability and process experience, we are able to design modules that not only meet the technical requirements of high volume, high frequency and high speed, but also effectively match the speed and characteristics of memory to achieve the required specifications. From the perspective of mass production, our modules are produced under the control of a complete quality assurance system in addition to strict process control, resulting in high quality and reliable products. This is an important factor for our company to be certified by system majors and become their production partner.

Storage Business Group：

The company mainly focuses on the research and development of disk array storage system integration and network storage technology, and invests in independent research and development of institutions/electronics/software to improve the rate of technological independence, and invests in product design, with the goal of establishing its own brand and getting rid of other Vicious competition among self-assembled competitors.

According to iThome technical analysis report, under the impact of the PCIe/NVMe interface, the development route of the SAS interface has undergone major changes. It will not launch 48G with double the bandwidth of the existing 24G specification as planned in the early stage, but will move towards the existing specifications enhanced version 24G+.

The year 2024 has just arrived, which happens to be the 20th anniversary of the advent

of the SAS (Serial attached SCSI) interface. Until 10 years ago, SAS was the preferred I/O interface for enterprise storage applications. It almost unified the internal and external storage interface specifications of servers and storage devices, from SSD to mechanical hard disks, and even the connection of external expansion storage devices. All use SAS interface.

However, with the rapid development of solid-state storage applications, the pursuit of high-performance SSD and external storage applications has turned to the use of more efficient NVMe and NVMe-oF transmission interfaces in the past 10 years, which has also greatly squeezed the application scope of the SAS interface. As of now, the only areas left with SAS interfaces are mechanical hard drives, low-end SSDs, and capacity-oriented external storage applications. This situation also affects the next development of the SAS interface.

The current mainstream SAS interface is still SAS-3, which was formulated in 2013, that is, 12G SAS. The latest specification is SAS-4, which was formulated in 2017, which is 24G SAS. According to STA's original roadmap, the next development should be SAS-5 with doubled bandwidth, that is, 48G SAS.

However, the SCSI Trade Association (STA), which is responsible for formulating and promoting SAS specifications, recently proposed a development plan that is different from the past, stating that it will no longer develop the original 48G SAS, but will instead promote enhancements to the existing 24G specifications version, called "24G+" (24G Plus) to meet the needs of the current actual application environment. From our point of view, STA adjusts the development route of the SAS interface. After the existing 24G SAS, it will no longer promote 48G SAS and instead promote 24G+. This abandonment of the original tradition of doubling the transmission rate with each new generation of new specifications can be It can be regarded as a strategy to maximize strengths and avoid weaknesses.

In fact, facing the pressure of NVMe, it is time-consuming, laborious and futile to improve the performance of SAS to compete with NVMe. Limited by the inherent delay of the SAS architecture, even if the transmission bandwidth is increased to 48G or even 96G, it is not enough to compete with NVMe in terms of performance. Compared with NVMe, SAS's advantages lie in large-scale scalability, reliability, cost, and the large and mature application ecosystem accumulated over the past 20 years.

And STA realizes this. Continuing to increase the transmission rate of the SAS interface will not only not help improve the disadvantages of SAS, but will also be unattractive to users. Therefore, in the development of the next generation SAS specifications, we simply changed course and abandoned the original route of increasing the transmission rate of 48G SAS. Change to 24G+ which improves reliability, security and efficiency. On the other hand, 24G+ follows the existing 24G SAS physical layer approach and can also take advantage of the gradually mature 24G SAS application environment to reduce

development and introduction costs. Therefore, the possibility of gaining favor from users is much higher than the original 48G SAS route.

B、R&D expenses invested in the most recent year and as of the date of publication of the annual report

Unit：NT$ thousands

| Year / Item | 2023 | 2024 (As of March 31) |
|---|---|---|
| R&D expenses | 46,045 | 11,616 |
| Net revenue | 267,153 | 67,272 |
| Proportion | 17.24% | 17.27% |

C、Successfully developed technologies or products in the most recent year and as of the date of publication of the annual report

Memory Business Group：

| | |
|---|---|
| 2023 | PC5 unBuffer DIMM DDR5-5600 x8bit serials |
| The first quarter of 2024 | N/A |

Storage Business Group：

The company's 2023 NAS/iSCSI network storage has been developed and updated to replace the 5Bay desktop and 2U rack-mounted 8bay server chassis. The original NAS motherboards with Intel B460 series chipsets can be updated to Intel H410 series chips and can continue to use the original processing. The supply of common materials for processors and memory modules can install and update the disk backplane of the 5Bay desktop platform series. The original SATA Port-Multiplier one-to-five updated design is a SATA five-to-five motherboard to hard drive backplane, which is less likely to limit the speed of one SATA port. This updated proNAS model is not only suitable for mid-to low-end NAS file server applications, it can also be used as a network storage device for NVR surveillance video equipment, providing enterprises with a stable and secure network storage device. In 2024, the company will evaluate according to the degree of customer demand, focusing on the new generation of integrated storage device interface NVMe solid state drive or SAS/SATA/NVMe Tri-mode RAID storage device interface to provide higher storage data transmission Speed and PCIe Gen 4/5 new generation motherboard bus high-speed storage interface storage and development of NAS and other related products.

### 5.1.4 Long-term and Short-term Development

A、Short-term Development

(1) Marketing strategy

① Taking the development of niche-type high-end products as a strategy, we are committed to flexible and flexible operation planning, creating a marketing strategy that emphasizes both stable growth and profitability to improve operational performance.

② Integrate channel markets, expand business development areas, increase business diversification and extension, and enhance product market competitiveness.

③ Strengthen the provision of complete technical support for customers, implement the marketing strategy of deepening customer service, and build mutual trust and loyal customer relationships to ensure the advantage of business competition.

(2) Production and purchasing strategy

① With excellent manufacturing process and quality improvement system, we will continue to pursue the improvement of quality and efficiency, and strengthen the coordination of production and sales, so as to maximize the efficiency of available production capacity.

② Robust and accurate production capacity scale, and prioritize profitability, plan the production capacity demand of the sales product mix.

③ In response to market price trends, we will enhance our dominant position in the process of market reorganization, strengthen the company's core value differences, so as to consolidate close customer relationships and expand opportunities for strategic partner cooperation and development.

(3) R & D strategy

① Continue to invest in research and development funds, actively recruit and train outstanding research and development talents, and continue to actively cooperate with world-class manufacturers to develop new products to ensure market operating advantages.

② Grasp the market trend and product segmentation positioning, continue to develop niche and highly segmented module products, and expand the research and development scale of FLASH-related industrial products.

③ With the R&D strategy of software and hardware integration, actively adopting core storage technologies that meet the needs of enterprises and the market, standing on the mainstream industry trend, developing and integrating niche products with competitive advantages and future applications, and striving to provide customized products with various technical applications The software/hardware equipment for cloud storage is optimized, and the industrial application-oriented storage solution cuts into potential companies and markets

that require a large number of storage applications.

(4) Operation management and financial planning

① Continue to strive for a stable business model and a rigorous internal control mechanism to strengthen the efficiency of the rapid response decision-making system to achieve the goal of pursuing stable growth.

② Actively strengthen the scale of working capital, improve the financial structure, implement the stable operation goal of low debt ratio, and increase the company's reputation and attract outstanding professionals to improve operating performance.

③ In-depth operation details, formulate high-quality operation management plans, and further strengthen the company's operating fitness and industrial competitiveness, with a view to welcoming the growth and robustness of the industry after adjustment, and creating better results for future operations and profits.

B、Long-term Development

(1) Marketing strategy

① Develop potential foreign markets and strengthen global operations management capabilities to consolidate long-term competitive advantages and prepare for the company's diversification and internationalization.

② Expand the breadth and depth of the vertical integration strategic alliance, and carry out closer cooperation with world-class famous manufacturers, further expand the market share and enhance the company's structure, and move towards an international company.

(2) Production and purchasing strategy

① Continue to improve the professional level of production technology and automation equipment to develop innovative production technology and ensure the competitive advantage of product technology and quality.

② Cooperate with the planning of marketing strategy, and further enhance the strategic cooperation with domestic and foreign upstream manufacturers in order to exert vertical integration and improve procurement efficiency.

(3) R & D strategy

① In addition to continuously recruiting talents and expanding technical cooperation with clients, it will further cooperate with international manufacturers to develop innovative products to fully grasp market trends and cost advantages.

② Grasp the latest technology of product innovation, and be guided by market demand, select product design priorities, shorten development time, improve product standardization and flexibility, to reduce costs, and continue to invest in

the research and development of new generation products to pursue technological leadership.

③ Integrate the product application of memory and network storage devices, grasp the application trend of future products, and gain market-leading advantages and business opportunities.

(4) Operation Management and Planning

① Establish a forward-looking human resource management system and train professionals in various fields to strengthen the company's international competitiveness and implement the concept of sustainable business.

② Grasp the trend of industry changes, devote to the depth and breadth of diversified operations, to diversify the risk of business fluctuations in the company's industry, and to expand the business development field, create a new prospect for the company's long-term development, and improve the company's operating performance And industrial competitiveness.

③ Through flexible and diversified fund-raising channels in the capital market, construct the most suitable capital portfolio plan to strengthen the financial structure and the company's physical fitness; and cooperate with the growth of the company's operating scale to create the maximum benefit of the company, shareholders and employees, and stabilize towards large enterprises development of.

## 5.2 Market and Sales Overview

### 5.2.1 Market Analysis

A、Sales (Service) Region

Unit：NT$ thousands

| Year / Area | 2022 | | 2023 | |
|---|---|---|---|---|
| | Sales Amount | % | Sales Amount | % |
| China(Including Hong Kong) | 17,452 | 4.94% | 6,453 | 2.42% |
| Taiwan | 307,670 | 86.99% | 232,113 | 86.88% |
| Asia - Other | 15,605 | 4.41% | 19,002 | 7.11% |
| Americas | 9,600 | 2.71% | 4,891 | 1.83% |
| Europe | 3,350 | 0.95% | 3,742 | 1.40% |
| Other Area | - | - | 952 | 0.36% |
| Total | 353,677 | 100.00% | 267,153 | 100.00% |

B、Market Share

Memory Business Group：

On the whole, memory module related products are key components of personal computers, multimedia and 3C electronics. There are many domestic producers and sales of this product, and the product type, market positioning and production scale of the industry Both show considerable differences, and there is currently no professional and complete statistical data for analysis and reference in Taiwan. Therefore, only the net operating income of TWSE/TPEx Listed Companies with similar domestic products and businesses is calculated in the following table.

Unit：NT$ thousands

| Company name | Stock code | 2023 Net revenue | Market Share (%) |
|---|---|---|---|
| Unifosa | 8277 | 267,153 | 0.57% |
| Panram | 8088 | 1,522,782 | 3.22% |
| Apacer | 8271 | 6,627,663 | 14.03% |
| Transcend | 2451 | 9,879,469 | 20.91% |
| ADATA | 3260 | 28,945,011 | 61.27% |
| Total | | 47,242,078 | 100.00% |

Source：MOPS；Financial statements verified by an CPA.

Storage Business Group：

Since there is currently no professional and complete statistical data for analysis and reference in Taiwan, only the net operating income of TWSE/TPEx Listed Companies with similar products and businesses in China is calculated in the following table. As the domestic disk array controller technology is becoming more and more mature, such as Infortrend, Atelier Energy, etc., have gradually been able to compete with foreign manufacturers, and the overall storage equipment due to the market potential, the

investment in manufacturers is increasing, driving the overall market activity. One development will give domestic storage equipment manufacturers unlimited business opportunities whether they are expanding their market channels or accepting OEM orders.

Unit：NT$ thousands

| Company name | Stock code | 2023 Net revenue | Market Share (%) |
|---|---|---|---|
| Unifosa | 8277 | 267,153 | 5.02% |
| Promise | 3057 | 513,984 | 9.66% |
| Infortrend | 2495 | 1,259,963 | 23.68% |
| ATE Energy | 6179 | 3,278,953 | 61.64% |
| Total | | 5,320,053 | 100.00% |

Source：MOPS；Financial statements verified by an CPA.

C、The future supply and demand situation and growth of the market

Memory Business Group：

In 2023, global memory manufacturers suffer heavy losses and have full inventories. The industry was originally worried that the recovery of the memory industry would be long and difficult, but the emergence of generative AI has made high-bandwidth memory (HBM) a popular player in the industry. , the memory industry took advantage of the trend and revived. Cost competition and mass production scale are no longer the only indicators of competitiveness. High-end advanced processes and customized applications have become the key to widening the gap with competitors. As major manufacturers gradually open up HBM production capacity, HBM market share in 2024 The territory will change slightly, and SK Hynix is expected to maintain its lead.

According to data compiled by DIGITIMES Asia, as of December 31, 2023, three major DRAM manufacturers, including Samsung Electronics, Micron and SK Hynix, are among the top 20 in the world.

Samsung Group has a wide range of businesses. Micron and SK Hynix, ranked 14th and 16th, are mainly in the memory business. Among them, SK Hynix, with its advantage of accounting for more than 50% of the global HBM market, will have the strongest market value growth in 2023, with a market value growth rate of more than 80%, and Micron's market value has also grown by more than 70%. The operating performance of the three major DRAM original manufacturers will gradually improve from the second half of 2023, and the losses in the fourth quarter will continue to converge and improve. The challenge of turning losses into profits in the first half of 2024 will be just around the corner. Focusing on advanced process conversion and improving HBM production capacity expansion will become Each company’s key businesses.

As the two major customers of NVDIA and Advanced Micro Devices (AMD) lock in the AI war, cloud data center operators have also invested in the development of independent

AI chips. The trend of HBM supply exceeding demand will continue in 2024. Market estimates indicate that HBM's proportion of total DRAM revenue will be From single digits in 2023, it will increase significantly to around 20% in 2024. In order to seize NVIDIA's high-end AI large orders, the three major DRAM original manufacturers have successively submitted HBM3E for verification, and are expected to enter mass production in the first half of 2024, at which time the weight distribution of HBM suppliers in 2024 will be determined.

The industry expects that SK Hynix will continue to capture the market share of the primary supplier. Micron and Samsung are already catching up and will compete for secondary suppliers and orders for older AI GPUs. SK Hynix's HBM will account for more than 20% of DRAM chip revenue in 2023, and it expects HBM chip revenue to grow by more than 50% in 2023. It recently showed off its AI memory technology at CES 2024.

Among them, HBM3E reaches a data processing speed of 1.18TB/second. Compared with the previous generation HBM3 product, the speed of HBM3E is increased by 1.3 times and the data capacity is expanded by 1.4 times. SK Hynix President and CEO Guo Luzheng was present in person and proposed to use memory Body-centered general artificial intelligence (AGI) vision.

As the performance and progress of AI systems will depend on memory support, storage solutions will need to provide higher capacity, faster processing speeds and lower power consumption. SK hynix believes that it will drive the memory-centric market trend. Judging from the HBM3E specifications of various manufacturers, SK Hynix and Micron are expected to use the more advanced 1β nanometer process, while Samsung will adopt the 1α nanometer process. However, Samsung, SK Hynix and other manufacturers have successively released plans to significantly expand HBM production in 2024.

For example, Samsung's HBM production capacity investment will increase to more than 2.5 times in 2024, and a similar scale of investment will be made in 2025; SK Hynix plans to increase its HBM production capacity by more than 2 times in 2024, and is expected to build a new HBM production line at its Cheongju factory in South Korea. . According to industry estimates, based on wafer input, Samsung HBM's monthly production capacity is expected to increase from 13,000 wafers in 2023 to 31,000 wafers in 2024 and 48,000 wafers in 2025. SK Hynix is also expanding production at a similar rate, from 13,000 pieces in 2023 to 28,000 pieces in 2024 and 44,000 pieces in 2025.

However, even if production capacity increases multiple times, the overall HBM supply and demand are still tight. For the three major DRAM manufacturers, the difference lies in which one can keep up with the latest pace of AI GPU major customers and gain the most lucrative HBM market opportunities in the AI chip competition.

With the explosive growth of AI, the HBM battle will continue for 2 to 3 years. The three major manufacturers are bound to seize the new memory application opportunities brought by AI. What the market is even more looking forward to is that through the vigorous development of AI applications, the overall memory will be boosted. Supply and demand have improved and the industry has returned to its former glory.

Storage Business Group：

According to reports, the enterprise storage market will continue to grow rapidly in 2027 (with a compound annual growth rate of 6.5%), driven by the growth of artificial intelligence, edge computing, enterprise resource planning, and user-generated content (IDC). The increase in data volume and complexity is driving the need for more efficient and scalable storage solutions, such as cloud and object storage. Artificial Intelligence/Machine Learning – The tipping point for artificial intelligence has been reached in 2023, with many businesses predicting an AI supercycle in the coming years. IDC estimates that AI will account for 40% of all data center workloads by 2025. Cloud/Hybrid Cloud – OPEX models and hybrid clouds are becoming more and more popular. By 2025, 75% of enterprise storage will be deployed in a consumption-based model and 70% will be in a hybrid model (Gartner).

Object Storage - Rapidly growing to meet the needs for storage, backup and unstructured data. $18B in 2021 and $50B in 2027 (IDC). Software Definition - Improve flexibility and cost-effectiveness. Will grow from $3B in 2021 to $10B in 2025 (IDC). All Flash, NVMe, SCM – High-speed non-volatile memory for demanding workloads. 72% of storage decision-makers plan to deploy NVMe within 3 years (451 Research). Storage-level memory will grow to $22B by 2027 (IDC).

The storage market in Europe, the Middle East and Africa (EMEA) grew 8.3% in the fourth quarter of 2022, but this growth was not spread across subregions, according to the Quarterly Enterprise Infrastructure Tracker report released by International Data Corporation (IDC) not Evenly. In Western Europe (WE), the market grew by 19.4%, benefiting from the release of backlog orders and strong digital transformation trends. The war between Russia and Ukraine led to a sharp decline in the market value of both countries, with the market value of Central and Eastern Europe falling by 53.5%. Finally, countries in the Middle East and Africa (MEA) have benefited from high oil prices, which have brought a large amount of funds for public and commercial IT investment, thus accelerating the implementation of digital transformation strategies in some countries, such as the digital transformation strategy of the United Arab Emirates. Government Services or Vision 2030 in Saudi Arabia. Therefore, the MEA storage market value increased by 34.3% year-on-year in the fourth quarter.

The 4Q results only confirmed the strong upward trend that began in the second quarter of 2022. The overall value of the storage market in Europe, the Middle East and Africa grew by 10.3%. Similar to the fourth quarter, WE and MEA countries experienced significant

growth - 17.5% and 27.4% respectively - but Central and Eastern Europe also experienced a significant decline of 41.5%. The decline was attributed to ongoing geopolitical conflicts, without which the market would have been expected to have grown 24.1%.

The relatively benign macroeconomic situation at the turn of 2022-2023 suggests that the impact of the recession on IT budgets will be felt in the second half of 2023. In addition to a strong base in 2022, this will result in the ESS market declining year-on-year to grow by almost 5% in 2023. These factors will also impact the five-year compound annual growth rate (CAGR) for the entire EMEA region, which is expected to be 2.1%. A protracted war in Ukraine and high commodity prices, coupled with heavy investment in 2022, will lead to lower storage spending in the short term (i.e. year-on-year in 2023). In the long term, the increasing importance of artificial intelligence/machine learning workloads, the development of edge computing, growing data volumes, and the modernization of storage infrastructure will have a positive impact on storage investments.

D、Competitive niche

(1) Across the memory and network storage industries, it has a competitive advantage in the market

In addition to the long-term focus on notebook computer memory modules and niche products, the company has also merged with Proware Technology, and its products span the memory and network storage industries, and not only have the expertise in notebook computer memory modules Differentiate, and after entering the field of magnetic material storage, we can grasp the application trend of NAND Flash products that will be widely used in network storage products in the future. Especially in the demand for storage with cloud business opportunities, we will be able to differentiate in the competition The competitive advantage of the market, to achieve a niche for stable operation, improved operating performance and industrial competitiveness.

(2) Innovative technology research and development strategy to enhance the integration and compatibility of product innovation

In order to grasp the market pulsation, the company develops mainstream products in a timely manner, and continues to invest in the research and development of a new generation of memory module products. At the same time, we are committed to expanding the depth and breadth of our product lines. Especially after merging with Proware Technology, it can also integrate the complementarity of the R&D technology of semiconductor storage devices for both products, and enhance the integration and compatibility of product innovation.

(3) Superior production and quality management, backing up business development

In order to be able to stand out from many peers, the company obtained the ISO 9001 international quality assurance certification as early as 1999, and passed the ISO 9001 2000 certification in 2003, and also passed the ISO 9001 2000 version of the certification successfully in 2009. And obtain the ISO 9001 2008 edition certification, continue and actively promote the work policy of process improvement, quality improvement and comprehensive service, and with the replacement of products , The work of various improvements and enhancements is never interrupted, and the pursuit of perfection is the goal, which is the best backing for business development.

E、Advantages and disadvantages of development prospects and countermeasures

(1) Favorable factors

① Prudent and active diversified business strategy to enhance the company's industrial competitiveness

In view of the sharp fluctuations in DRAM industry risks, in consideration of risk diversification and stable operations, the company merged with Proware Technology through a prudent and proactive diversified business strategy, and successfully expanded its product line into the field of magnetic material storage devices. In addition to effectively diversifying industrial risks and expanding business development areas, it can reduce operating costs through the integration and complementation of overall corporate resources, and strengthen the company's competitive niche. Since then, the company has continued to grasp the trend of industrial changes and is committed to diversification And the depth and breadth of cross-industry operations, in order to diversify the risk of business fluctuations in the industry to which the company belongs, and to expand the scope of business development, to create a new prospect for the company's long-term development, thereby enhancing the company's operating performance and industrial competitiveness.

② A stable and innovative management team maintains the best combat capability to meet challenges

The main cadres and employees of the company have rich and complete professional experience, and are brave in innovation and strong centripetal force. The personnel turnover rate has been very low for many years. Therefore, the stable professional management team has become the backing of the company's long-term stable operation; After merging with Proware Technology, under the new team integration, the company can further stimulate the innovation of organizational thinking, bring out the benefits of resource integration, and maintain the best combat capability to meet various challenges.

③ Sound financial structure to ensure stable operation

After experiencing the global financial tsunami in 2008, Unifosa is committed to improving the company's financial structure, establishing a low-debt operation

strategy, and striving to ensure a stable operation with a sound financial structure. Among them, the gearing ratio by the end of 2023 has reached only 20.69%, and the results are concrete and significant, which is of substantial help to ensure stable operation.

(2) Disadvantageous factors and corresponding countermeasures

① DRAM price fluctuations will affect the stability of profit

The cost of DRAM particles accounts for a high proportion of the cost of memory modules. When faced with a market downturn, DRAM prices fall sharply and fluctuate rapidly, which often erode profits and even cause huge losses.

Coping strategies：

A. Fast and rigorous inventory management and decision-making mode

DRAM is the key raw material of the company's products. The purchasing decision-making authority is based on market price trends, product dynamics and the timing of order demand as the basis for decision-making in order to avoid the risk of falling prices and sluggishness caused by improper inventory, and adopt Weekly control the total inventory and structure, increase the turnover rate of inventory, and adjust the structure of inventory materials and finished products in time.

B. High-end product differentiation and effective cost control

Standardized products with general specifications have lower gross profit after deducting the cost of particles. Only by strengthening the product structure to create differentiation can the profit be effectively increased. This is also the direction that the company has been working hard in recent years to strengthen the flash memory industry standard products. In addition, throttling is also very important to the industry. How to effectively reduce fixed costs is more important than generating surplus. Therefore, the company has always adopted lean policies and diligence in the industry, adopting various cost-saving solutions to effectively reduce Personnel costs and various management and sales expenses help the company face various unfavorable challenges.

C. Diversified operations to effectively diversify industry fluctuation risks

Since memory module manufacturers cannot completely avoid the industrial structural risk of DRAM price fluctuations, in consideration of risk diversification and stable operation, the company has been committed to various possible transformation plans in recent years and intends to use diversified operations, The cross-industry business model is used to effectively diversify the risk of industrial fluctuations. In 2012, it successfully merged with Proware Technology and entered the field of magnetic material storage devices.

In addition to effectively diversifying industrial risks and expanding business development areas, it can also Diversified operations strengthen the company's competitive niche, thereby enhancing the company's operational performance and industrial competitiveness.

② The generation of memory products changes rapidly, and the product life cycle is shortened

With the vigorous development of the global technology industry, the generation of memory products is changing rapidly, and the product life cycle is shortening day by day, especially the rapid growth of the personal computer market and 3C products. The relative DRAM industry also faces the same problem. It is another disadvantage.

Coping strategies：

A. Flexible adjustment of product portfolio strategy to grasp profitable business opportunities

In the DRAM industry, due to the ever-shortening product life cycle, profitable business opportunities can only be grasped by flexibly adjusting the product portfolio strategy. Therefore, under the adverse factors of generations, the company's differentiated product strategy has also hidden considerable business opportunities.

B. Cross-industry R&D technology integration, creating profit with innovative products

After merging with Proware Technology, we will grasp the application trend of Nand Flash in a large number of storage devices in the future. Through the integration of cross-industry R&D technology between the two parties, we are committed to the development of new products and create profits with innovative product price advantages.

### 5.2.2 Important use and production process of main products

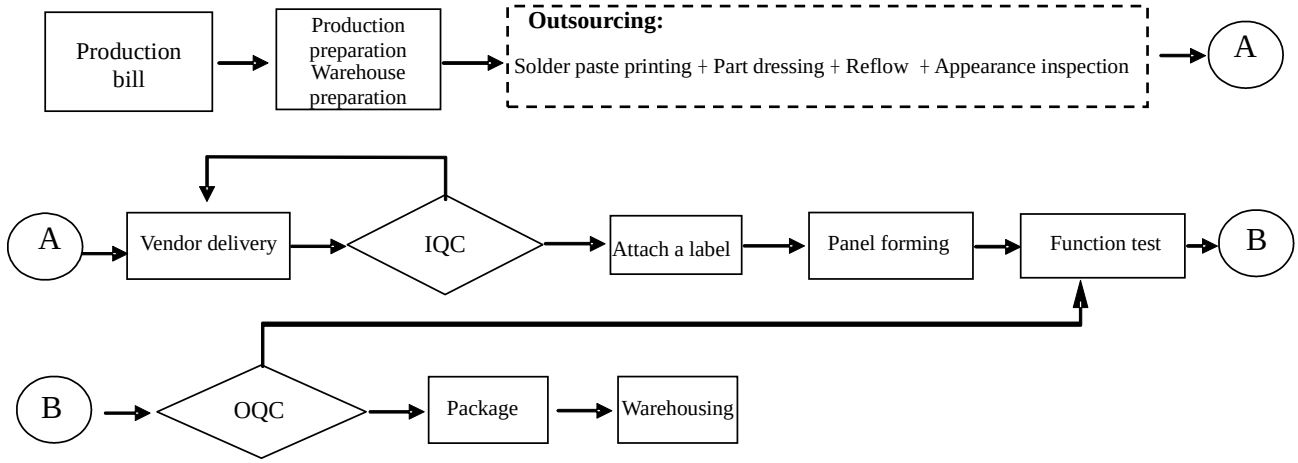
Memory Business Group：

A、Major Products and Their Main Uses

| Main products | Important use |
|---|---|
| Memory module | Used in information products such as desktop computers, notebook computers, servers, printers, etc., to expand the computer data processing capacity and speed up its processing speed. |
| RAM | Used in information hardware and peripheral products such as memory modules, VGA cards, motherboards, etc., as access memory. |
| Flash card | Commercial cards are used in digital cameras, PDAs, NB, MP3, GPS and other products for access to mobile devices. Industrial cards are used in industrial computers, communication equipment, industrial control devices, medical instruments and transportation products. As a storage medium for |

| | |
|---|---|
| | operating systems, applications or firmware. |

B、Major Products and Their Production Processes




Storage Business Group：

A、Major Products and Their Main Uses

At present, various storage devices on the market require different storage devices in different application environments. Higher-level storage devices are usually suitable for environments with higher data security requirements. In addition, users must consider other factors such as price, Requirements for space, distance, efficiency, scalability, backup methods, etc. The following are the applicable environments for high-end and low-end storage devices：

(1) High-level

① Mission-Critical Non-Stop Applications
   a. Aerospace transportation units, telecommunications and communications, medical, scientific research units
   b. Large Internet Operator (ISP、ICP),Multinational corporate network, e-Business operators
   c. Securities financial futures industry, trading center
   d. Semiconductor industry

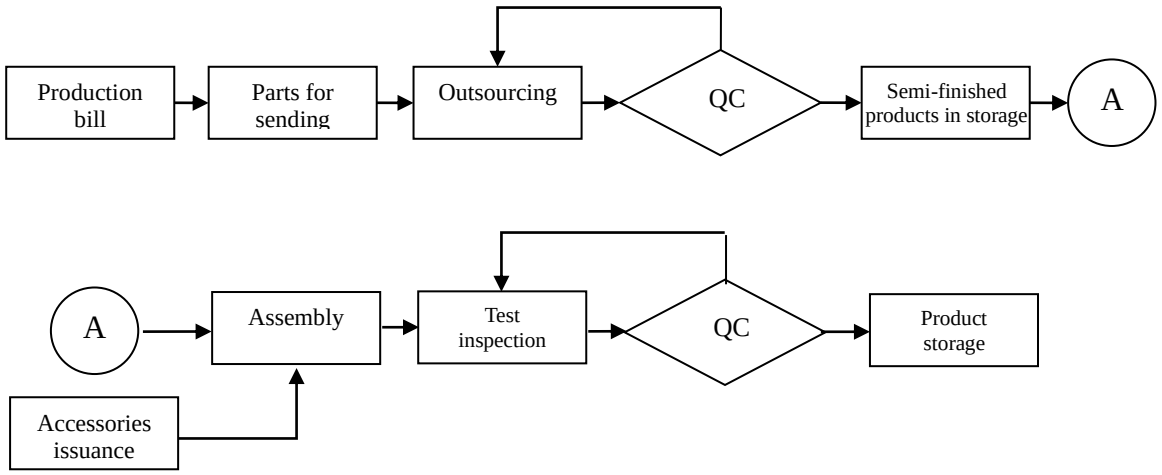
② Ultra High Capacity、Ultra High Speed
   a. Animated film or commercial production
   b. Online library
   c. OpenStack, Ceph, Hardoop, etc. SDS software-defined storage architecture
   d. Scale-Out cloud storage, cloud backup
   e. Backup, archiving, data analysis, development and file sharing

(2) Mid-level, low-level

① Graphics workstation, (CAD/CAM/CAE)

② Email server, web server
③ Audio and video data reading (Video-On-Demand、Audio-On-Demand)
④ Data warehousing industry, small and medium-sized enterprise network server
⑤ Hospitals, government agencies
⑥ Small company server, department server
⑦ Small Office Home Office (SOHO)
⑧ Audio-visual monitoring system

B. Major Products and Their Production Processes




### 5.2.3 Supply Status of Main Materials

The company has a very good relationship with major domestic and foreign suppliers in the acquisition of major raw material sources, and adopts a strategy of diversifying purchase sources in terms of procurement risk dispersion, hoping to ensure the stability of the source of supply, especially in the company After merging with Proware Technology, the sources and manufacturers have been adjusted and dispersed to reduce the concentration of purchases. Therefore, the supply of the company's main raw materials is stable and good.

**5.2.4 The names of customers who have accounted for more than 10% of total purchases (sales) in any of the last two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease.**

A、Purchase：In 2023, the purchase amount of the company's supplier V-90 is NT$19,427 thousand, which is a substantial increase compared with 2022. The main reason is that the price of the analog ICs sold by the company meet customer needs, so the supplier's purchase amount accounts for 2023. The total purchases accounted for 11.22%, making it the company's largest purchaser.

**Major Suppliers in the Last Two Calendar Years**

Unit: NT$ thousands

| Year | 2022 | | | | 2023 | | | | 2024 (As of March 31) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | Percentage of total annual net purchases (%) | Relation with Issuer | Name | Amount | Percentage of total annual net purchases (%) | Relation with Issuer | Name | Amount | Percentage of total annual net purchases (%) | Relation with Issuer |
| 1 | V-83 | 58,584 | 21.26 | None | V-90 | 19,427 | 11.22 | None | V-91 | 10,771 | 14.02 | None |
| 2 | V-88 | 25,171 | 9.13 | None | V-87 | 14,894 | 8.60 | None | V-90 | 8,495 | 11.06 | None |
| 3 | V-87 | 14,886 | 5.40 | None | V-49 | 11,479 | 6.63 | None | V-66 | 8,494 | 11.06 | None |
| 4 | Others | 176,955 | 64.21 | - | Others | 127,307 | 73.55 | - | Others | 49,072 | 63.86 | - |
| | Net Total Supplies | 275,596 | 100.00 | - | Net Total Supplies | 173,107 | 100.00 | - | Net Total Supplies | 76,832 | 100.00 | - |

B、Sales：Since the company mainly sells Cell phone wave booster in 2023, C-121 is the company's largest sales customer, accounting for 16.24% of the annual net sales ratio.

**Major Clients in the Last Two Calendar Years**

Unit: NT$ thousands

| Year | 2022 | | | | 2023 | | | | 2024(As of March 31) | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | Name | Amount | Percentage of total annual net purchases (%) | Relation with Issuer | Name | Amount | Percentage of total annual net purchases (%) | Relation with Issuer | Name | Amount | Percentage of total annual net purchases (%) | Relation with Issuer |
| 1 | C-47 | 36,108 | 10.21 | None | C-121 | 43,378 | 16.24 | None | C-47 | 10,922 | 16.24 | None |
| 2 | C-74 | 34,894 | 9.87 | None | C-73 | 25,038 | 9.37 | None | C-73 | 8,334 | 12.39 | None |
| 3 | C-95 | 23,830 | 6.74 | None | C-105 | 16,050 | 6.01 | None | C-128 | 4,777 | 7.10 | None |
| 7 | Others | 258,845 | 73.18 | - | Others | 182,687 | 68.38 | - | Others | 43,239 | 64.27 | - |
| | Net Total Supplies | 353,677 | 100.00 | - | Net Total Supplies | 267,153 | 100.00 | - | Net Total Supplies | 67,272 | 100.00 | - |

### 5.2.5 Production in the Last Two Years

Memory Business Group：

Unit: NT$ thousands；Strip/piece

| Year | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| Output / Major Products | Capacity | Quantity | Amount | Capacity | Quantity | Amount |
| Memory module | 38,016 | 1946 | 4,785 | 38,016 | 1,450 | 2,415 |
| Total | 38,016 | 1946 | 4,785 | 38,016 | 1,450 | 2,415 |

Storage Business Group：

Unit: NT$ thousands；Station/group

| Year | 2022 | | | 2023 | | |
|---|---|---|---|---|---|---|
| Output / Major Products | Capacity | Quantity | Amount | Capacity | Quantity | Amount |
| Disk array | 1,732 | 1,114 | 65,914 | 1,980 | 1,424 | 65,302 |
| Total | 1,732 | 1,114 | 65,914 | 1,980 | 1,424 | 65,302 |

Memory module production in 2023 decreased by 25.49% compared with 2022, mainly because the revenue in 2023 was affected by factors such as high inventory in the overall electronics industry, global inflation, the Sino-US trade war, etc., which led to slower demand. This is because the output value is lower than that in 2022. The main reason for the significant decrease of 49.53%.

As for the storage business group, the disk array production capacity and output in 2023 will be 1,980 units and 1,424 units respectively, with an output value of 65,302 thousand yuan. The production capacity and output will increase by 14.32% and 27.83% respectively compared with 2022, but the output value will decrease slightly by 0.93%, mainly due to As the company's storage business group's business in 2023 has been affected by horizontal competition, the average sales unit price in 2023 has dropped by 15.13% compared with the same period in 2022, so the overall output value has decreased by 0.93% compared with the same period in 2022.

In general, the company's 2023 annual production value changes are adjusted with changes in market supply and demand, and the changes are still reasonable.

### 5.2.6 Shipments and Sales in the Last Two Years

Memory Business Group：

Unit: NT$ thousands；Strip/piece

| Year | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| Output / Major Products | Local | | Export | | Local | | Export | |
| | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Memory module | 606 | 69 | - | - | - | - | - | - |
| RAM | 268,515 | 18,690 | 36,169 | 3,597 | 98,360 | 9,563 | - | - |
| Commodity | 97,012 | 76,074 | - | - | - | - | - | - |
| Total | 366,133 | 94,833 | 36,169 | 3,597 | 98,360 | 9,563 | - | - |

In the last two years (2022 and 2023), the proportion of export sales amount was 3.65% and 0%, respectively. The significant decrease of 3.65% in 2023 compared with 2022, mainly because the global economy is still affected by food shortages due to the Russia-Ukraine war, the global economy has slowed down significantly, consumer confidence has shrunk, and the electronics industry has excessive inventories and other factors by NT$3,597 thousand in 2023 compared to the same period last year.

Storage Business Group：

Unit: NT$ thousands；Station/pices

| Year | 2022 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| Output / Major Products | Local | | Export | | Local | | Export | |
| | Quantity | Amount | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| Disk array | 272 | 15,698 | 212 | 18,705 | 451 | 21,740 | 174 | 15,496 |
| Commodity | 5,621 | 108,693 | 25 | 204 | 2,551 | 80,676 | 6 | 292 |
| Raw materials, semi-finished products | 22,629 | 54,236 | 861 | 3,206 | 22,314 | 56,339 | 823 | 1,422 |
| Others | - | 2,850 | - | 67 | - | 5,678 | - | 6 |
| Total | 28,522 | 181,477 | 1,098 | 22,182 | 25,316 | 164,433 | 1,003 | 17,216 |

In the last two years (2022 and 2023), the proportion of external sales amount was 10.89% and 9.48%, respectively, with a slight decrease of 1.41% in 2023 compared to 2022. This is mainly due to the fact that our storage business group is focused on selling disk arrays. Although we have been developing and selling mid- and high-end disk array products in FY2023, the overall business was still affected by the downturn of the electronics industry. In 2023, the proportion of external sales amount decreased by NT$4,966 thousand compared to the same period last year, the proportion of domestic sales amount decrease by NT$17,044 thousand compared to the same period last year, so the overall turnover decrease by NT$22,010 thousand, or 10.81%, compared to 2022.

## 5.3 Human Resources

| Year | | 2022 | 2023 | April 30, 2024 |
|---|---|---|---|---|
| Number of Employees | Direct employees | 7 | 7 | 7 |
| | Indirect employees | 52 | 53 | 52 |
| | Total | 59 | 60 | 59 |
| Average Age | | 50 | 50 | 51 |
| Average Years of Service | | 18 years 1 months | 18 years 7 months | 19 years 1 months |
| Education | Ph.D. | 0.00% | 0.00% | 0.00% |
| | Masters | 6.78% | 6.67% | 6.78% |
| | Bachelor’s Degree | 76.27% | 76.67% | 76.27% |
| | Senior High School | 13.56% | 13.33% | 13.56% |
| | Below Senior High School | 3.39% | 3.33% | 3.39% |

## 5.4 Environmental Protection Expenditure

The company is a technology-intensive professional memory module manufacturing and disk array system integration company. The production process of the memory business is mainly based on computer motherboard testing, and the production process of the storage business is mainly based on hardware assembly. Therefore, it will not cause waste gas, waste water and other pollution. For general waste, qualified cleaning and transportation companies are also entrusted to carry out cleaning and transportation. Therefore, there is no environmental pollution. In the most recent year of 2023 and as of the publication date of the annual report, the company There is also no loss, punishment or compensation due to environmental pollution.

(1) According to laws and regulations, those who should apply for a pollution facility installation permit or a pollution discharge permit, or should pay pollution prevention and control fees, or should set up a special unit for environmental protection, their application, payment or establishment status：Not applicable.

(2) The company's investment in the main equipment for the prevention and control of environmental pollution and its use and possible benefits：Not applicable.

(3) In the most recent year and as of the publication date of the annual report, the company's process of improving environmental pollution, if there is a pollution dispute, should explain its handling process：No such incident.

(4) In the most recent year and up to the publication date of the annual report, the company suffered losses due to environmental pollution (including compensation and environmental protection audit results that violated environmental protection laws and

regulations. The date of punishment, the font size, the violation of laws and regulations, the content of violations, and the content of punishment should be listed ), and disclose the estimated amount and corresponding measures that may occur at present and in the future：No such incident.

(5) The impact of the current pollution situation and its improvement on the company's earnings, competitive position and capital expenditures and the major environmental protection capital expenditures expected in the next two years：No such incident.

## 5.5 Labor Relations

### 5.5.1 The company's various employee welfare measures, further education, training, and retirement systems and their implementation, as well as the agreements between labor and management and various employee rights protection measures.

1、Employee Welfare

(1) Insurance：labor insurance, national health insurance, employment insurance , Labor Occupational Accident Insurance , group insurance.

(2) Employee welfare：set up an employee welfare committee

① Weddings and funerals, hospitalization for injuries and illnesses, parental leave, maternity subsidies.

② Year-end dine together.

③ Recreational tourism subsidy activities.

④ Three festival gifts.

⑤ Birthday gifts.

⑥ Subsidies to employee society activities.

2、Further education, training

In order to respond to the rapid changes in industrial technology and ensure the development of employees, the company achieves the company's common goals, education and training are one of the company's human resources management priorities. The company has set up "employee education and training procedures" and "professional appraisal method" to provide employees with opportunities and funds to participate in training, hoping that each employee can contribute what they have learned, improve the quality and level of work, and create overall company profits. And through work and training, personal career planning and the company's overall interests can grow at the same time. The company's personnel unit is responsible for the implementation of employee education and training. It coordinates the preparation of annual education and training plans for all departments. It is divided into internal training and external training to be responsible for the implementation of training plans. According to the functional needs of employees, the scope includes new recruits. Pre-training, on-the-job education and training, professional training and management communication courses to enhance the knowledge and skills required by employees.The company's recent training and

training for external training in 2023 are summarized as follows：

| Course name content | Training hours | Training cost (NT$) |
|---|---|---|
| Refresher courses for first-time auditors | 18 hours | 10,500 |
| Refresher courses for first-time auditors | 18 hours | 8,100 |
| Continuing Education Course for Accounting Supervisors of Issuing Issuers and Stock Exchanges | 12 hours | 8,000 |
| Continuing Education Course for Accounting Supervisors of Issuing Issuers and Stock Exchanges | 12 hours | 8,000 |
| ISO 14064-1:2018<br>Organize training courses for internal greenhouse gas verification personnel | 12 hours | 9,500 |

3、Retirement system

In accordance with the Labor Standards Act, in order to continue to select employees who are subject to the old pension system, and to retain the part of the old system for the old employees who choose the new pension system, the company has established a labor retirement reserve supervision committee to provide employees according to the law every month 4% "retirement reserve" of the total taxable salary and deposited in the special account of the Trust Department of the Bank of Taiwan, The accumulated amount of the labor retirement reserve as of December 2023 is NT$23,088,167, and the seniority under the old system has been settled with employees in 2022 and starting from July 1, 2005, according to the Labor Retirement Ordinance (New Labor Retirement System), a monthly payment of 6% of the salary of the "Labor Retirement" The funds will be transferred to the employee personal account of the Bureau of Labor Insurance. In 2023, a total of NT$2,530,435 will be allocated. When employees meet the retirement conditions stipulated by laws and the company, they can retire in accordance with the company's "Retirement Management Regulations".

The company's employee retirement system

A. Self-retire

Workers of our company who have one of the following circumstances can request their retirement：

(1) Those who have worked for more than 15 years and are over 55 years old.

(2) Those who have worked for more than 25 years.

(3) Those who have worked for more than 10 years and are over 60 years old.

B. Mandatory retirement

The company may force employees to retire if they have one of the following situations：

(1) Those who are over 65 years old.

(2) Loss of mind or physical disability is incapable of being a qualified worker.

C. Standards for pensions

(1) For years of service before 1 July 2005, the pension is calculated as follows.

a. Two base figures are given for each full year according to their working years. However, for working years of more than 15 years (30 bases), one base is given for every full year, and the maximum total is limited to 45 bases. Those who are less than half a year will be counted as half a year; those who have completed half a year will be counted as one year. The standard of the pension base refers to the average salary of one month at the time of approved retirement, and the pension calculated in accordance with the regulations, the maximum total is limited to 45 bases.

b. For workers who are forced to retire in accordance with the provisions of Article 40, if their loss of mind or physical disability is caused by the performance of their duties, 20% shall be added in accordance with the provisions of the preceding paragraph.

c. The average wage referred to in the preceding paragraph (a.): refers to the total wages earned in the six months prior to the day when the cause of calculation occurs divided by the total number of days in the period. For those who have worked for less than six months, it is the total wages earned during the working period divided by the total number of days in the working period.

d. Pension benefits shall be paid from the Company's Labor Retirement Reserve Account within one month from the date of retirement. If the Company's retirement reserve cannot be paid, the Company shall raise additional funds to pay for it.

e. When the company’s legally appropriated retirement reserve fund is insufficient to pay and the business’s operation and finances are indeed in difficulties, the company may report to the competent authority for approval of the installment payment.

(2) Since July 1, 2005, in accordance with the Labor Pension Regulations, the "Labor Standards Act" has been selected to continue to apply the pension provisions of the "Labor Standards Law". The working years and the working years of the preceding paragraph 1 are combined and the pension is calculated according to the preceding paragraph 1.

(3) Since July 1, 2005 (inclusive), for those who are employed or who choose the Labor Pension Regulations, the method of receiving and calculating the pension is as follows：

a. For employees who are subject to the pension provisions of the Labor Pension Regulations, the company pays 6% of their insured salary monthly to the individual pension account of the employee according to the standard of the monthly wage grading table.

b. The insured salary referred to in the preceding paragraph (a.) refers to the salary declared by the company to the Labor Insurance Bureau based on the total monthly salary of the insured and in accordance with the insured salary grading table.

(4) The right of workers to claim pensions will be extinguished due to failure to exercise them for 5 years from the month following their retirement.

(5) For other relevant regulations on retirement, please refer to the Company's Retirement Management Measures.

4、Agreements between labor and management and various employee rights protection measures

(1) In order to let all employees understand the ethical concepts, rights, obligations and codes of conduct, the company has formulated relevant methods and regulations so that all employees can follow.

(2) In order to strengthen internal communication channels, the company has established an "internal communication system", an "employee grievance system", a labor suggestion mailbox, and regular labor coordination meetings to provide labor suggestions and exchange opinions between labor and management to strengthen labor-employment relations coordination.

(3) Labor safety and hygiene follow the regulations of the competent authority and formulate safety and hygiene work rules for employees to comply with safety and hygiene work matters.

5、Whether the company has a workplace diversity or gender equality policy and discloses its implementation

(1) Workplace Diversity and Gender Equality Policy

The company has long been paying attention to diversity in the workplace and attaches great importance to gender equality among employees. It is committed to providing employees with a dignified and safe working environment, and implementing fairness in employment diversity, remuneration and promotion opportunities. Ensure that employees do not suffer discrimination, harassment or unequal treatment on the basis of race, gender, religion, age, political affiliation and any other status protected by applicable regulations, Therefore, there has never been any violation of work rights and human rights.

(2) Implementation situation

A. Female Diversity Indicator

| Index | (%) |
|---|---|
| Women account for total employees（%） | 41.67% |
| Women account for all managers（%） | 22.00% |

| | |
|---|---|
| Women account for lower-level managers（%） | 30.00% |
| Women account for higher-level managers（%） | 15.00% |

B. Other diversification indicators

| Category | | Proportion of full-time equivalent employees（%） |
|---|---|---|
| Persons with physical and mental disabilities | | 1.67% |
| All employees | Group by age: <30 years old | 3.33% |
| | Group by age: <30～50 years old | 43.33% |
| | Group by age: >50 years old | 53.34% |
| | Total | 100 |

C. Pay equity

The company has a "Remuneration Committee" to provide employees with competitive remuneration and use transparent and equal remuneration policies to feedback corporate operating performance to employees. In terms of employee remuneration policy, for junior specialists in the same position, all employees will receive the same treatment. For personnel with relevant professional and work experience, the salary will be determined based on the applicant's academic experience, expertise, certificates, etc., and will not be based on Differences according to gender or ethnic group.

| Pay equity indicator | Gap（%） |
|---|---|
| The gap between the "average" wages of men and women | 36.72% |
| The gap between the "median" salaries of men and women | 19.96% |
| The gap between men's and women's "Variable Bonus Average" | 42.55% |
| The gap between men's and women's "median variable bonuses" | 35.65% |

6、Work environment and protection measures for employees' personal safety

In order to maintain the working environment and the personal safety of employees, the company formulates relevant protective measures according to their importance. For major environmental risk control, the ISO 14001 management system is adopted, and the objectives and program management are used to prioritize improvements; and lower risks It uses operational control methods to control, including various management procedures and methods such as "Safety and Health Work Code", "Environmental Management Program Procedures", "Emergency Response and Preparation Management Procedures" and "Occupational Disease Prevention and Control Management Measures" , Require all

colleagues to perform thoroughly. The ISO 14001 management system and related operations control are described as follows：

（1）The major goals and management plan of the ISO 14001 management system

| Item | Target | Program | Status description | Implementation status |
|---|---|---|---|---|
| 1 | Compliance with EU chemical registration, evaluation, authorization and restriction regulations | Products comply with REACH regulations | In order to meet the requirements of EU chemical registration, evaluation, authorization and restriction laws and regulations, the current raw materials used in products have been investigated for substances of high concern, and the status of the list of substances of high concern has been continuously understood. | 1. Continue to collect the increase in the list of substances of high concern.<br>2.In January 2023, ECHA, the Directorate General of Chemicals of the European Union, announced the addition of 9 new candidate lists of substances of very high concern (SVHC) under the REACH Directive that require authorization. In June, two new candidate lists of substances requiring authorization will be announced. By the end of 2023, the official list of substances requiring authorization has a total of 59 items; the candidate list of substances requiring authorization has a total of 235 items. |
| 2 | Continue to collect customer HSF product requirements and regulations | Product harmless introduction plan | 1. Some customers will gradually introduce halogen-free products in 2010.<br>2. The raw materials required for production have fully met the halogen-free requirements.<br>3. Continue to track customer requirements for hazardous substances. | 1. Started production of halogen-free products at the end of May 2010.<br>2. Currently, we continue to collect information on the client's requirements for HSF products. |

（2）Other environmental promotion activities

① Promotion of halogen-free products

In the past ten years, many experts have reminded that some chemical substances with similar biological hormone effects may cause harm to human health and ecology. These substances are collectively referred to as environmental hormones or endocrine disruptors. Among them, halogen compounds account for a lot. Internationally, non-governmental organizations also attach great importance to non-halogen issues. For example, the greening policy promoted by Green peace at this stage requires all manufacturers to completely eliminate polyvinyl chloride and brominated flame retardants in their electronic products in order to comply with both lead-free and halogen-free green electronics. Therefore, under the requirements of regulations and the promotion of international environmental protection organizations, the introduction of halogen-free materials has become an important environmental goal of major international companies. The company also actively promotes green production and procurement, and has fully introduced the production of halogen-free products in 2011.

② Promote waste reduction production technology

The company actively makes full and effective use of resources to reduce waste and reduce production costs, in addition to improving manufacturing processes and operation management to increase recycling and reuse, and reduce waste production. On the other hand, the development and selection of pollution-free and low-polluting processes to reduce waste.

③ Field operating environment measurement

When the company implements the work environment measurement, all contain the determination of the working environment of sampling strategy plan, from the basic data collection, raw materials, process flow, hazards inventory to begin, and through observation, interview, survey, planning of similar exposure group, and then, for the greatest possible exposure to implement project of sampling, measurement, emissions, noise, organic solvents, lead (Pb)... etc.

（3）Related operation and control

① Insured labor insurance, health insurance and group insurance for employees.

② It has formulated the"Occupational Disease Prevention and Control Management Measures". All employees are arranged for general health inspections every two years, and employees engaged in lead operations and ionizing radiation inspections are arranged to conduct health inspections for special operations once a year to ensure employees The personal safety.

③ It has formulated the "Safety and Hygiene Work Code", which regulates and teaches employees how to safely and correctly operate machinery and equipment (including tools) to protect their work safety.

④ According to the ISO 9001 quality management system, regular maintenance and testing of machines and instruments are carried out to maintain their normal operation and avoid machine equipment failures and industrial safety incidents.

⑤ According to the ISO 14001 environmental management system, the quality of the environment, air, and water quality is monitored and managed to maintain a good working environment.

⑥ According to IECQ QC-080000 Hazardous Substances Process Management System, the international hazardous substance laws and customer requirements are controlled to comply with the regulations of green products.

⑦ The quality of drinking water is inspected every three months to ensure healthy drinking water for employees.

⑧ In response to emergency events such as earthquakes, floods, chemical tank rupture and leakage, exhaust gas treatment equipment failure, X-ray radiation leakage, etc., an emergency response team was established to conduct regular training and drills every year to avoid or reduce the damage to employees during disasters.

⑨ Set up a self-defense fire brigade formation, set up command classes, notification classes, fire fighting classes, evacuation guidance classes, safety protection classes and ambulance classes, and organize fire safety seminars and escape drills regularly once a year or in cooperation with the building management committee to ensure the working environment And the personal safety of employees.

**5.5.2 Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), And disclose the estimated amount and corresponding measures that may occur currently and in the future.**

Since its establishment, the company has been adhering to the management philosophy of "labor-management harmony". Over the years, it has established a good and stable corporate culture and working environment. It has not suffered losses due to labor disputes in the most recent year and as of the publication date of the annual report. , The labor-management relationship is harmonious. In the future, the company will continue to work hard to expand various management regulations, benefits, systems, etc., to seek more and better rights and obligations for all colleagues, and to create better performance and profits for the company.

## 5.6 Information communication security management

**5.6.1 Describe the information communication security risk management framework, the**

**information security policy, the specific management plan and the resources invested in the information security management, etc.**

1. Information communication security Risk Management Framework

In view of the fact that the possible losses caused by the information communication risks may be difficult to estimate, in order to effectively implement the information communication security policies and related management plans, the general manager convened and established an inter-departmental "information security management team". The information department is responsible for leading and planning, and other Relevant units cooperate with the implementation, through the division of responsibilities and task grouping of the organization, systematic and organized implementation and operation of the information security management system, in order to respond to and establish the policies and preventive measures required for information security. The organizational structure and division of responsibilities of the group are as follows：

(1) convener：Is the top manager of the team, the President is responsible for it is responsible for approving information security policies, providing resources and reviewing critical information security measures.

(2) Head of Information Security：Headed by the Deputy General Managers of the Information Department, responsible for developing information security policies, planning, coordinating, implementing, reviewing and improving information security management systems.

(3) Information Asset Manager：By the information asset managers of each business group, responsible for planning and implementing various information security control measures to protect the security of information assets, including risk assessment, risk processing and implementation of information security control measures.

2. Information communication Security Policy

In order to ensure the goal of information communication security, and to implement the awareness and action principles of information communication security, the company can establish and maintain its information security management system. The policy objectives for establishing information communication security are as follows：

(1) Provide a safe and stable information environment to ensure the continuous operation of the company's business operations.

(2) Improve the confidentiality and security of the company's operating assets and information to control and prevent information communication security risks.

3. Specific management plan

(1) Regularly review the company's information hardware and environment to ensure the prevention of possible information communication security management risks.

(2) Regularly assess the risks of internal man-made and external environment changes that

may endanger the security of the company's information and communication to ensure the stable operation of the company's operations.

(3) Establish and enhance the information communication security risk awareness of the company's employees, so as to ensure that all colleagues actually follow information security-related regulations and prevent possible information communication security risks.

(4) Strengthen the legal protection of information security through the perennial legal counsel appointed by the company.

4. Invest resources in information communication security management

(1) In order to ensure the security of the company's information system, there are relevant security measures for the company's information system and network and other information equipment, and the information security director and the information asset manager are responsible for paying attention to changes in the information environment. Formulate relevant information security and security management plans, and implement education and publicity to enhance the company's colleagues' awareness and resilience of information security risks.

(2) As a first-line professional manufacturer that provides customers with integrated solutions and technical support, our company is well aware of the importance and impact of information system security on corporate operations. Unifosa Corp. has systematically established an information security protection mechanism. Obtained ISO/IEC 27001 information security management system certification. The current certification certificate is valid from June 2, 2022 to June 1, 2025.

**5.6.2 List the losses, possible impacts and countermeasures suffered due to major information communication security incidents in the most recent year and as of the publication date of the annual report. If it is impossible to estimate reasonably, the fact that it cannot be reasonably estimated shall be stated.**

In the most recent (2022) year and as of the date of publication of the annual report, the Company has not experienced any major information communication security incidents, and therefore has not suffered any related losses.

## 5.7 Important Contracts

| Agreement | Counterparty | Period | Major Contents | Restrictions |
|---|---|---|---|---|
| short-term loan contract | Mega International Commercial Bank Neihu Branch | 2023/07/01 ~ 2024/06/30 | The short-term loan amount is NT$70 million, but when using this amount, 30% of the pledged time deposit under NT$30,000 thousand and 50% of the pledged time deposit of NT$30,000 thousand to 50,000 thousand, more than NT$50,000 thousand is pledged 100%. | None |
| short-term loan contract | Taiwan Cooperative Bank Baoqiao Branch | 2023/02/24 ~ 2024/02/24 | The building on the 6F., No. 2, Aly. 1, Ln. 235, Baoqiao Rd., Xindian Dist., is mortgaged with a short-term loan amount of NT$60 million. | None |

# VI. Financial Information

## 6.1 Five-Year Financial Summary

### A. Consolidated Condensed Balance Sheet – Based on IFRS

**Condensed Balance Sheet (Consolidated)**

Unit: NT$ thousands

| Item \ Year | | Financial Summary for The Last Five Years (Note:1) | | | | | As of 03/31/2024 (Note:3) |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Current assets | | 416,681 | 481,229 | 398,714 | 365,628 | 305,913 | 292,249 |
| Property, Plant and Equipment (Note:2) | | 302,237 | 300,942 | 293,837 | 283,682 | 274,832 | 272,839 |
| Intangible assets | | - | 8,664 | 7,701 | 6,737 | 5,773 | 5,534 |
| Other assets (Note:2) | | 95,160 | 75,382 | 56,573 | 51,490 | 126,701 | 122,657 |
| Total assets | | 814,078 | 866,217 | 756,825 | 707,537 | 713,219 | 693,279 |
| Current liabilities | Before distribution | 47,080 | 76,293 | 59,008 | 54,890 | 63,091 | 64,860 |
| | After distribution | 47,080 | 76,293 | 59,008 | 54,890 | (Note 4) | (Note 4) |
| Non-current liabilities | | 7,576 | 42,540 | 32,809 | 49,012 | 84,480 | 83,276 |
| Total liabilities | Before distribution | 54,656 | 118,833 | 91,817 | 103,902 | 147,571 | 148,136 |
| | After distribution | 54,656 | 118,833 | 91,817 | 103,902 | (Note 4) | (Note 4) |
| Equity attributable to owners of the parent company | | 758,009 | 686,088 | 622,532 | 559,588 | 545,949 | 531,452 |
| Capital | | 916,288 | 916,288 | 916,288 | 916,288 | 916,288 | 916,288 |
| Additional paid-in capital | | - | - | 6,998 | 6,998 | 60,849 | 60,849 |
| Retained earnings | Before distribution | (154,873) | (219,865) | (291,184) | (353,273) | (420,494) | (434,715) |
| | After distribution | (154,873) | (219,865) | (291,184) | (353,273) | (Note 4) | (Note 4) |
| Other equity | | (3,406) | (10,335) | (9,570) | (10,425) | (10,694) | (10,970) |
| Treasury stock | | - | - | - | - | - | - |
| Non-controlling equity | | 1,413 | 61,296 | 42,476 | 44,047 | 19,699 | 13,691 |
| Total equity | Before distribution | 759,422 | 747,384 | 665,008 | 603,635 | 565,648 | 545,143 |
| | After distribution | 759,422 | 747,384 | 665,008 | 603,635 | (Note 4) | (Note 4) |

Note 1：The consolidated financial statements of the company from 2019 to 2023 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company did not perform asset revaluation in the current year.

Note 3：The Company's consolidated financial statements as of March 31, 2024 were self-prepared in accordance with International Financial Reporting Standards and have not yet been reviewed by an accountant.

Note 4：The 2023 earnings distribution proposal has not yet been resolved by the shareholders meeting.

Note 5：The company has no financial information for the current year that has been notified by the competent authority and should be corrected or rewritten by itself.

## Consolidated Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousands

| Year / Item | Financial Summary for The Last Five Years (Note:1) | | | | | As of 03/31/2024 (Note:2) |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Operating revenue | 999,137 | 438,846 | 328,990 | 353,677 | 267,153 | 67,272 |
| Gross profit | 12,072 | 51,167 | 61,273 | 62,657 | 44,131 | 15,224 |
| Operating profit and loss | (88,971) | (67,045) | (69,144) | (71,402) | (86,632) | (18,702) |
| Non-Operating Income and Expenses | 4,608 | 1,742 | (7,606) | 1,508 | (6,166) | (1,474) |
| Income before tax | (84,363) | (65,303) | (76,750) | (69,894) | (92,798) | (20,176) |
| continuing operating income | (84,363) | (65,303) | (76,750) | (69,894) | (92,798) | (20,176) |
| discontinued operation income | - | - | - | | - | - |
| Net Income (Loss) | (95,521) | (76,692) | (90,004) | (69,799) | (92,910) | (20,229) |
| Other comprehensive income (income after tax) | (1,738) | (4,478) | 630 | 4,239 | (64) | (276) |
| Total comprehensive income | (97,259) | (81,170) | (89,374) | (65,560) | (92,974) | (20,505) |
| Net income attributable to shareholders of the parent | (95,169) | (63,620) | (71,184) | (56,055) | (67,426) | (14,221) |
| Net income attributable to non-controlling interest | (352) | (13,072) | (18,820) | (13,744) | (25,484) | (6,008) |
| Comprehensive income attributable to Shareholders of the parent | (96,907) | (68,098) | (70,554) | (51,816) | (67,490) | (14,497) |
| Comprehensive income attributable to non-controlling interest | (352) | (13,072) | (18,820) | (13,744) | (25,484) | (6,008) |
| Earning Per Share(NT$) | (1.04) | (0.69) | (0.78) | (0.61) | (0.74) | (0.16) |

Note 1：The consolidated financial statements of the company from 2019 to 2023 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The Company's consolidated financial statements as of March 31, 2024 were self-prepared in accordance with International Financial Reporting Standards and have not yet been reviewed by an accountant.

## Condensed Balance Sheet (Individual)

Unit: NT$ thousands

| Item \ Year | | Financial Summary for The Last Five Years（Note:1） | | | | | As of 03/31/2024（Note:3） |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Current assets | | 324,860 | 284,885 | 262,461 | 218,097 | 167,322 | - |
| Property, Plant and Equipment（Note:2） | | 272,602 | 269,968 | 267,860 | 265,054 | 262,386 | - |
| Intangible assets | | - | - | - | - | - | - |
| Other assets（Note:2） | | 204,249 | 184,269 | 137,777 | 125,152 | 167,390 | - |
| Total assets | | 801,711 | 739,122 | 668,098 | 608,444 | 597,098 | - |
| Current liabilities | Before distribution | 42,782 | 52,179 | 43,092 | 41,344 | 42,054 | - |
| | After distribution | 42,782 | 52,179 | 43,092 | 41,344 | (Note 4) | - |
| Non-current liabilities | | 920 | 855 | 2,474 | 7,512 | 9,095 | - |
| Total liabilities | Before distribution | 43,702 | 53,034 | 45,566 | 48,856 | 51,149 | - |
| | After distribution | 43,702 | 53,034 | 45,566 | 48,856 | (Note 4) | - |
| Equity attributable to owners of the parent company | | 758,009 | 686,088 | 622,532 | 559,588 | 545,949 | - |
| Capital | | 916,288 | 916,288 | 916,288 | 916,288 | 916,288 | - |
| Additional paid-in capital | | - | - | 6,998 | 6,998 | 60,849 | - |
| Retained earnings | Before distribution | (154,873) | (219,865) | (291,184) | (353,273) | (420,494) | - |
| | After distribution | (154,873) | (219,865) | (291,184) | (353,273) | (Note 4) | - |
| Other equity | | (3,406) | (10,335) | (9,570) | (10,425) | (10,694) | - |
| Treasury stock | | - | - | - | - | - | - |
| Non-controlling equity | | - | - | - | - | - | - |
| Total equity | Before distribution | 758,009 | 686,088 | 622,532 | 559,588 | 545,949 | - |
| | After distribution | 758,009 | 686,088 | 622,532 | 559,588 | (Note 4) | - |

Note 1：The consolidated financial statements of the company from 2019 to 2023 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company did not perform asset revaluation in the current year.

Note 3：The company's consolidated financial statements as of March 31, 2024 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

Note 4：The 2023 earnings distribution proposal has not yet been resolved by the shareholders meeting.

Note 5：The company has no financial information for the current year that has been notified by the competent authority and should be corrected or rewritten by itself.

## Consolidated Condensed Statement of Comprehensive Income (Individual)

Unit: NT$ thousands

| Year / Item | Financial Summary for The Last Five Years（Note:1） | | | | | As of 03/31/2024（Note:2） |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Operating revenue | 999,137 | 423,402 | 277,308 | 302,089 | 194,599 | - |
| Gross profit | 12,033 | 43,172 | 43,943 | 39,413 | 41,951 | - |
| Operating profit and loss | (67,469) | (26,710) | (25,528) | (33,485) | (28,831) | - |
| Non-Operating Income and Expenses | (16,542) | (25,494) | (32,448) | (22,669) | (38,465) | - |
| Income before tax | (84,011) | (52,204) | (57,976) | (56,154) | (67,296) | - |
| continuing operating income | (84,011) | (52,204) | (57,976) | (56,154) | (67,296) | - |
| discontinued operation income | - | - | - | - | - | - |
| Net Income (Loss) | (95,169) | (63,620) | (71,184) | (56,055) | (67,426) | - |
| Other comprehensive income (income after tax) | (1,738) | (4,478) | 630 | 4,239 | (64) | - |
| Total comprehensive income | (96,907) | (68,098) | (70,554) | (51,816) | (67,490) | - |
| Net income attributable to shareholders of the parent | - | - | - | - | - | - |
| Net income attributable to non-controlling interest | - | - | - | - | - | - |
| Comprehensive income attributable to Shareholders of the parent | - | - | - | - | - | - |
| Comprehensive income attributable to non-controlling interest | - | - | - | - | - | - |
| Earning Per Share(NT$) | (1.04) | (0.69) | (0.78) | (0.61) | (0.74) | - |

Note 1：The consolidated financial statements of the company from 2019 to 2023 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company's consolidated financial statements as of March 31, 2024 were prepared in accordance with International Financial Reporting Standards and reviewed by accountants.

**B. The name of the certified accountant in the last five years and their review opinions**

| Year | Accounting Firm | CPA | Audit Opinion |
|---|---|---|---|
| 2019 | Crowe Horwath | Lin, Chun-Lhih、Chang,Ya-Chuan | Unqualified opinion |
| 2020 | Crowe Horwath | Lin, Chun-Lhih、Lin, Chin- Feng | Unqualified opinion |
| 2021 | Crowe Horwath | Lin, Chun-Lhih、Lin, Chin- Feng | Unqualified opinion |
| 2022 | Crowe Horwath | Chang,Ya-Chuan、Lin, Chin- Feng | Unqualified opinion |
| 2023 | Crowe Horwath | Chang,Ya-Chuan、Lin, Chin- Feng | Unqualified opinion |

## 6.2 Five-Year Financial Analysis

### A. Consolidated Financial Analysis(Consolidated) – Based on IFRS

| Year（Note:1） / Item（Note:3） | | Financial Analysis for the Last Five Years | | | | | As of 03/31/2024（Note:2） |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Financial structure (%) | Debt Ratio | 6.71 | 13.72 | 12.13 | 14.67 | 20.69 | 21.37 |
| | Ratio of long-term capital to property, plant and equipment | 253.77 | 262.48 | 237.48 | 230.01 | 236.55 | 230.33 |
| Solvency (%) | Current ratio | 885.06 | 630.76 | 675.69 | 666.11 | 484.88 | 450.59 |
| | Quick ratio | 821.15 | 488.61 | 500.56 | 465.17 | 342.27 | 255.39 |
| | Interest earned ratio (times) | (22594.98) | (8621.00) | (8078.06) | (7083.03) | (4111.02) | (2880.12) |
| Operating performance | Accounts receivable turnover (times) | 23.69 | 9.49 | 6.61 | 8.64 | 6.38 | 6.64 |
| | Average collection period | 15.40 | 38.46 | 55.21 | 42.24 | 57.21 | 54.96 |
| | Inventory turnover (times) | 18.10 | 5.95 | 2.66 | 2.84 | 2.35 | 2.08 |
| | Accounts payable turnover (times) | 39.87 | 12.07 | 8.34 | 12.34 | 8.89 | 6.21 |
| | Average days in sales | 20.16 | 61.34 | 137.21 | 128.52 | 155.31 | 175.48 |
| | Property, plant and equipment turnover (times) | 3.26 | 1.46 | 1.11 | 1.22 | 0.96 | 0.98 |
| | Total assets turnover (times) | 1.16 | 0.52 | 0.41 | 0.48 | 0.38 | 0.38 |
| Profitability | Return on total assets (%) | (11.09) | (9.06) | (11.00) | (9.43) | (12.83) | (11.20) |
| | Return on stockholders' equity (%) | (11.81) | (10.18) | (12.74) | (11.00) | (15.89) | (14.57) |
| | Pre-tax income to paid-in capital (%) | (9.21) | (7.13) | (8.38) | (7.63) | (10.13) | (8.81) |
| | Profit ratio (%) | (9.56) | (17.48) | (27.36) | (19.74) | (34.78) | (30.07) |
| | Earnings per share (NT$) | (1.04) | (0.69) | (0.78) | (0.61) | (0.74) | (0.16) |
| Cash flow | Cash flow ratio (%) | - | - | - | - | - | - |
| | Cash flow adequacy ratio (%) | 163.27 | 74.98 | 72.68 | 55.66 | - | - |
| | Cash reinvestment ratio (%) | - | - | - | - | - | - |
| Leverage | Operating leverage | 0.66 | 0.53 | 0.50 | 0.62 | 0.71 | 0.68 |
| | Financial leverage | 1.00 | 0.99 | 0.99 | 0.99 | 0.98 | 0.97 |

Note 1：The consolidated financial statements of the company from 2019 to 2023 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The Company's consolidated financial statements as of March 31, 2024 were self-prepared in accordance with International Financial Reporting Standards and have not yet been reviewed by an accountant.

Note 3：Analysis project calculation formula：

1. Financial structure
   (1) Debt Ratio＝Total liabilities／Total assets
   (2) Ratio of long-term capital to property, plant and equipment＝（Total equity＋Non-current liabilities）／ Property, Plant and Equipment

2. Solvency
   (1) Current ratio＝Current assets／Current liabilities
   (2) Quick ratio＝（Current assets－inventories－prepaid expenses）／Current liabilities
   (3) Interest earned ratio＝Earnings Before Interest／Interest Expense

3. Operating performance
   (1) Accounts receivable turnover＝ Net sales／Average balance of accounts receivable in each period
   (2) Average collection period＝365／Accounts receivable turnover
   (3) Inventory turnover＝Cost of goods sold／Average inventory
   (4) Accounts payable turnover＝ Cost of goods sold／Average balance of accounts payable in each period
   (5) Average days in sales＝365／Inventory turnover
   (6) Property, plant and equipment turnover＝Net sales／Average net real property, plant and equipment
   (7) Total assets turnover＝Net sales／Average total assets

4. Profitability
   (1) Return on total assets＝〔After-tax profit and loss＋Interest expense×（１－tax rate）〕／Average total assets
   (2) Return on stockholders' equity＝After-tax profit and loss／Average total equity
   (3) Profit ratio＝After-tax profit and loss／Net sales
   (4) Earnings per share＝（Profit and loss, attributable to owners of the Company－Preferred stock dividend）／Weighted average number of outstanding shares

5. Cash flow
   (1) Cash flow ratio＝Net cash flow from operating activities／Current liabilities
   (2) Cash flow adequacy ratio＝Net cash flow from operating activities in the last five years／The last five years (Capital expenditures＋Increase in inventory＋Cash dividend)
   (3) Cash reinvestment ratio＝(Net cash flow from operating activities－Cash dividend)／(gross book value,Property, Plant and Equipment ＋ Long-term investment ＋ other non-current assets＋operating income)

6. Leverage
   (1) Operating leverage＝(Net operating income－Variable operating costs and expenses) ／ Operating interest
   (2) Financial leverage＝Operating interest ／ (Operating interest－Interest expense)

## B. Consolidated Financial Analysis(Individual) – Based on IFRS

| Item（Note:3） \ Year（Note:1） | | Financial Analysis for the Last Five Years | | | | | As of 03/31/2024（Note:2） |
|---|---|---|---|---|---|---|---|
| | | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Financial structure (%) | Debt Ratio | 5.45 | 7.18 | 6.82 | 8.01 | 8.57 | - |
| | Ratio of long-term capital to property, plant and equipment | 278.40 | 254.45 | 233.33 | 213.90 | 211.54 | - |
| Solvency (%) | Current ratio | 759.34 | 545.98 | 609.06 | 527.52 | 397.87 | - |
| | Quick ratio | 691.51 | 498.41 | 542.74 | 430.80 | 335.72 | - |
| | Interest earned ratio (times) | (155239.06) | (185636.84) | (162480.51) | (166548.03) | (40136.62) | - |
| Operating performance | Accounts receivable turnover (times) | 23.69 | 10.50 | 6.86 | 9.94 | 6.37 | - |
| | Average collection period | 15.40 | 34.76 | 53.20 | 36.72 | 57.29 | - |
| | Inventory turnover (times) | 18.10 | 14.66 | 9.01 | 7.82 | 4.77 | - |
| | Accounts payable turnover (times) | 39.87 | 12.63 | 7.86 | 11.59 | 7.26 | - |
| | Average days in sales | 20.16 | 24.89 | 40.51 | 46.67 | 76.51 | - |
| | Property, plant and equipment turnover (times) | 3.64 | 1.56 | 1.03 | 1.13 | 0.74 | - |
| | Total assets turnover (times) | 1.17 | 0.55 | 0.39 | 0.47 | 0.32 | - |
| Profitability | Return on total assets (%) | (11.18) | (8.25) | (10.11) | (8.78) | (11.17) | - |
| | Return on stockholders' equity (%) | (11.79) | (8.81) | (10.88) | (9.48) | (12.20) | - |
| | Pre-tax income to paid-in capital (%) | (9.17) | (5.70) | (6.33) | (6.13) | (7.34) | - |
| | Profit ratio (%) | (9.53) | (15.03) | (25.67) | (18.56) | (34.65) | - |
| | Earnings per share (NT$) | (1.04) | (0.69) | (0.78) | (0.61) | (0.74) | - |
| Cash flow | Cash flow ratio (%) | 20.61 | - | - | - | - | - |
| | Cash flow adequacy ratio (%) | 530.87 | 6219.69 | 1798.16 | 494.38 | 53.47 | - |
| | Cash reinvestment ratio (%) | 1.21 | - | - | - | - | - |
| Leverage | Operating leverage | 0.84 | 0.62 | 0.61 | 0.69 | 0.64 | - |
| | Financial leverage | 1.00 | 1.00 | 1.00 | 1.00 | 0.99 | - |

Note 1：The Individual financial statements of the company from 2019 to 2023 are prepared in accordance with International Financial Reporting Standards and all have been verified by accountants.

Note 2：The company did not prepare individual financial statements on March 31, 2024, so it is not applicable.

Note 3：Analysis project calculation formula：

1. Financial structure

(1) Debt Ratio＝Total liabilities／Total assets

(2) Ratio of long-term capital to property, plant and equipment＝（Total equity＋Non-current liabilities）／ Property, Plant and Equipment

2. Solvency

(1) Current ratio＝Current assets／Current liabilities

(2) Quick ratio＝（Current assets－inventories－prepaid expenses）／Current liabilities

(3) Interest earned ratio＝Earnings Before Interest／Interest Expense

3. Operating performance

(1) Accounts receivable turnover＝ Net sales／Average balance of accounts receivable in each period

(2) Average collection period＝365／Accounts receivable turnover

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

(4)Accounts payable turnover＝ Cost of goods sold／Average balance of accounts payable in each period

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

(6) Property, plant and equipment turnover＝Net sales／Average net real property, plant and equipment

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

4. Profitability

(1) Return on total assets＝〔After-tax profit and loss＋Interest expense×（１－tax rate）〕／Average total assets

(2) Return on stockholders' equity＝After-tax profit and loss／Average total equity

(3) Profit ratio＝After-tax profit and loss／Net sales

(4) Earnings per share＝（Profit and loss, attributable to owners of the Company－Preferred stock dividend）／Weighted average number of outstanding shares

5. Cash flow

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

(2) Cash flow adequacy ratio＝Net cash flow from operating activities in the last five years／The last five years (Capital expenditures＋Increase in inventory＋Cash dividend)

(3) Cash reinvestment ratio＝(Net cash flow from operating activities－Cash dividend)／(gross book value,Property, Plant and Equipment＋Long-term investment＋other non-current assets＋operating income)

6. Leverage

(1) Operating leverage＝(Net operating income－Variable operating costs and expenses)／ Operating interest

(2) Financial leverage＝Operating interest ／ (Operating interest－Interest expense)

Analysis of financial ratio differences for the last two years.~ (Consolidated) – Based on IFRS

| Item | Analysis Project \Year | 2023 | 2022 | Ratio difference % | Description |
|---|---|---|---|---|---|
| Financial structure | Debt Ratio (%) | 20.69 | 14.67 | 41.04 | The debt Ratio in 2023 increased by 41.04% compared with 2022, mainly because the total assets in 2023 increased by NT$5,682 thousand compared with 2022, and the total liabilities increased by NT$43,669 thousand compared with 2022. Among them, the consolidated individual financial report Morelink Technology Corporation Company's shareholder transactions increased by NT$30,000 thousand compared with 2022. |
| | Ratio of long-term capital to property, plant and equipment (%) | 236.55 | 230.01 | 2.84 | The increase or decrease did not reach 20%. |
| Solvency | Current ratio (%) | 484.88 | 666.11 | (27.21) | The current ratio in 2023 decreased by 27.21% compared with 2022, mainly because the current assets in 2023 decreased by NT$59,715 thousand compared with 2022, while the current liabilities increased by NT$8,201 thousand compared with 2022. Current assets include cash, equivalent cash and net inventory, which decreased by NT$52,740 thousand and NT$22,537 thousand respectively compared with 2022. |
| | Quick ratio (%) | 342.27 | 465.17 | (26.42) | The quick ratio in 2023 decreased by 26.42% compared with 2022, mainly because the current assets in the numerator of the quick ratio in 2023 decreased by NT$39,387 thousand compared with 2022, while the denominator current liabilities increased by NT$8,201 thousand compared with 2022. |
| | Interest earned ratio (times) | (4111.02) | (7083.03) | (41.96) | The interest earned ratio in 2023 decreased by 41.96% compared with 2022, mainly because the net loss before income tax and interest expenses in 2023 increased by NT$21,673 thousand compared with 2022, and the denominator debt increased by NT$8,201 thousand compared with 2022. |
| Operating performance | Accounts receivable turnover (times) | 6.38 | 8.64 | (26.16) | The accounts receivable turnover (times) in 2023 decreased by 26.16% compared with 2022, mainly because the net sales in 2023 decreased by NT$86,524 thousand compared with 2022, and the average accounts receivable increased by NT$929 thousand compared with 2022. |
| | Average collection period | 57.21 | 42.24 | 35.44 | The average collection period in 2023 will increase by 35.44% compared with 2022, mainly due to the 26.16% decrease in the accounts receivable turnover (times) in 2023 compared with 2022. |
| | Inventory turnover (times) | 2.35 | 2.84 | (17.25) | The increase or decrease did not reach 20%. |
| | Accounts payable turnover (times) | 8.89 | 12.34 | (27.96) | The accounts payable turnover (times) in 2023 decreased by 27.96% compared with 2022, mainly due to the decrease of NT$67,998 thousand in cost of goods sold in 2023 compared with 2022, and the average payables increase by NT$1,508 thousand compared with 2022. |
| | Average days in sales | 155.31 | 128.52 | 20.84 | The average days in sales in 2023 increased by 20.84% compared with 2022, mainly due to the cost of goods sold in 2023 decreasing by NT$67,998 thousand compared with 2022, and the inventory turnover rate (times) decreasing by 17.25% compared with 2022. |

| Item | Analysis Project \Year | 2023 | 2022 | Ratio difference % | Description |
|---|---|---|---|---|---|
| | Turnover rate of fixed assets (times) | 0.96 | 1.22 | (21.31) | The turnover rate of fixed assets (times) in 2023 decreased by 21.31% compared with 2022, mainly because the net sales in 2023 decreased by NT$86,524 thousand compared with 2022, and the average net real estate, plant and equipment decreased by NT$9,503 compared with 2022. |
| | Total assets turnover (times) | 0.38 | 0.48 | (20.83) | The total asset turnover rate (times) in 2023 decreased by 20.83% compared with 2022, mainly due to the decrease in net sales in 2023 by NT$86,524 thousand compared with 2022, and the average total assets decreasing by NT$21,803 thousand compared with 2022. |
| Profitability | Return on total assets (%) | (12.83) | (9.43) | 36.06 | The return on total assets in 2023 increased by 36.06% compared to 2022, mainly due to the increase in net loss after tax in 2023 by NT$23,111 thousand compared with 2022, and the decrease in average total assets by NT$21,803 thousand compared with 2022. |
| | Return on stockholders' equity (%) | (15.89) | (11.00) | 44.45 | The negative return on shareholders' equity in 2023 will increase by 44.45% compared to 2022, mainly due to the increase in net loss after tax in 2023 by NT$23,111 thousand compared with 2022, and the decrease in average total equity by NT$49,680 thousand compared with 2022. |
| | Ratio of operating profit to paid-up capital (%) | (9.45) | (7.79) | 21.31 | The negative ratio of operating profit to paid-in capital in 2023 will increase by 21.31% compared with 2022, mainly due to the increase in operating losses of NT$15,230 thousand yuan in 2023 compared with 2022. |
| | Pre-tax income to paid-in capital (%) | (10.13) | (7.63) | 32.77 | The negative Pre-tax income to paid-in capital in 2023 increased by 32.77% compared with 2022, mainly due to the increase in net loss before tax in 2023 by NT$22,904 thousand compared with 2022. |
| | Profit ratio (%) | (34.78) | (19.74) | 76.19 | The profit ratio in 2023 decreased by 76.19% compared with 2022, mainly due to the increase in after-tax net loss in 2023 by NT$23,111,000 compared with 2022 and the decrease in net sales in 2023 by NT$86,524,000 compared with 2022. |
| | Earnings per share (NT$) | (0.74) | (0.61) | 21.31 | The earnings per share in 2023 will decrease by 21.31% compared with 2022, mainly because the after-tax net loss in 2023 will increase by NT$23,111 thousand compared with 2022. |
| Cash flow | Cash flow ratio (%) | - | - | - | The cash flow adequacy ratio in 2023 decreased by 100% compared with 2022, mainly due to the decrease of NT$72,889 thousand in net cash flow from operating activities in the last five years in 2023 compared with 2022. |
| | Cash flow adequacy ratio (%) | - | 55.66 | (100.00) | |
| | Cash reinvestment ratio (%) | - | - | - | |
| Leverage | Operating leverage | 0.71 | 0.62 | 14.52 | The increase or decrease did not reach 20%. |
| | Financial leverage | 0.98 | 0.99 | (1.01) | |

Analysis of financial ratio differences for the last two years.~ (Individual) – Based on IFRS

| Item | Analysis Project \Year | 2023 | 2022 | Ratio difference % | Description |
|---|---|---|---|---|---|
| Financial structure | Debt Ratio (%) | 8.57 | 8.01 | 6.99 | The increase or decrease did not reach 20%. |
| | Ratio of long-term capital to property, plant and equipment (%) | 211.54 | 213.90 | (1.10) | The increase or decrease did not reach 20%. |
| Solvency | Current ratio (%) | 397.87 | 527.52 | 24.58 | The current ratio in 2023 decreased by 24.58% compared with 2022, mainly because the current assets in 2023 decreased by NT$50,775 thousand compared with 2022, This is due to the decrease in cash and equivalent cash and net inventory by NT$43,713 thousand and NT$14,426 thousand respectively compared with 2022. |
| | Quick ratio (%) | 335.72 | 430.80 | (22.07) | The quick ratio in 2023 decreased by 22.07% compared with 2022, This is mainly due to the fact that current assets and net inventories in 2023 will decrease by NT$50,775 thousand and NT$14,426 thousand respectively compared with 2022, while current liabilities will increase by NT$710 thousand compared with 2022. |
| | Interest earned ratio (times) | (40136.62) | (166548.03) | (75.90) | The interest earned ratio in 2023 decreased by 75.90% compared with 2022, mainly because the net loss before income tax and interest expenses in 2023 increased by NT$11,009 thousand compared with 2022. |
| Operating performance | Accounts receivable turnover (times) | 6.37 | 9.94 | (35.92) | The accounts receivable turnover (times) in 2023 decreased by 35.92% compared with 2022, mainly because the net sales in 2023 decreased by NT$107,490 thousand compared with 2022, and the average accounts receivable increased by NT$160 thousand compared with 2022. |
| | Average collection period | 57.29 | 36.72 | 56.02 | The average collection period in 2023 will increase by 56.02% compared with 2022, mainly due to the 35.92% decrease in the accounts receivable turnover (times) in 2023 compared with 2022. |
| | Inventory turnover (times) | 4.77 | 7.82 | (39.00) | The inventory turnover rate (times) in 2023 decreased by 39.00% compared to 2022, mainly due to the decrease in cost of goods sold in 2023 by NT$109,869 thousand compared with 2022, and the average inventory amount decreasing by NT$1,524 thousand compared with 2022. |
| | Accounts payable turnover (times) | 7.26 | 11.59 | (37.36) | The accounts payable turnover (times) in 2023 decreased by 37.36% compared with 2022, mainly due to the decrease of NT$109,869 thousand in cost of goods sold in 2023 compared with 2022, and the average payables decreasing by NT$1,625 thousand compared with 2022. |
| | Average days in sales | 76.51 | 46.47 | 64.64 | The average days in sales in 2023 increased by 64.64% compared with 2022, mainly due to the cost of goods sold in 2023 decreasing by NT$109,869 thousand compared with 2022, and the inventory turnover rate (times) decreasing by 39.00% compared with 2022. |
| | Turnover rate of fixed assets (times) | 0.74 | 1.13 | 34.51 | The turnover rate of fixed assets (times) in 2023 decreased by 34.51% compared with 2022, mainly because the net sales in 2023 decreased by NT$107,490 thousand compared with 2022, and the average net real estate, plant and equipment decreased by NT$2,737 thousand compared with 2022. |

| Item | Analysis Project \Year | 2023 | 2022 | Ratio difference % | Description |
|---|---|---|---|---|---|
| | Total assets turnover (times) | 0.32 | 0.47 | (31.91) | The total asset turnover rate (times) in 2023 decreased by 31.91% compared with 2022, mainly due to the decrease in net sales in 2023 by NT$107,490 thousand compared with 2022, and the average total assets decreasing by NT$35,500 thousand compared with 2022. |
| Profitability | Return on total assets (%) | (11.17) | (8.78) | 27.22 | The return on total assets in 2023 increased by 27.22% compared to 2022, mainly due to the increase in net loss after tax in 2023 by NT$11,371 thousand compared with 2022, and the decrease in average total assets by NT$35,500 thousand compared with 2022. |
| | Return on stockholders' equity (%) | (12.20) | (9.48) | 28.69 | The negative return on shareholders' equity in 2023 will increase by 28.69% compared to 2022, mainly due to the increase in net loss after tax in 2023 by NT$11,371 thousand compared with 2022, and the decrease in average total equity by NT$38,291 thousand compared with 2022. |
| | Ratio of operating profit to paid-up capital (%) | (3.15) | (3.65) | 13.70 | The increase or decrease did not reach 20%. |
| | Pre-tax income to paid-in capital (%) | (7.34) | (6.13) | 19.74 | The increase or decrease did not reach 20%. |
| | Profit ratio (%) | (34.65) | (18.56) | 86.69 | The profit ratio in 2023 decreased by 86.69% compared with 2022, mainly due to the increase in after-tax net loss in 2023 by NT$11,371 thousand compared with 2022 and the decrease in net sales in 2023 by NT$107,490 thousand compared with 2022. |
| | Earnings per share (NT$) | (0.74) | (0.61) | 21.31 | The earnings per share in 2023 will decrease by 21.31% compared with 2022, mainly because the after-tax net loss in 2023 will increase by NT$11,371 thousand compared with 2022. |
| Cash flow | Cash flow ratio (%) | - | - | - | The cash flow adequacy ratio in 2023 decreased by 89.18% compared with 2022, mainly due to the decrease of NT$72,889 thousand in net cash flow from operating activities in the last five years in 2023 compared with 2022. |
| | Cash flow adequacy ratio (%) | 53.47 | 494.38 | (89.18) | |
| | Cash reinvestment ratio (%) | - | - | - | |
| Leverage | Operating leverage | 0.64 | 0.69 | (7.25) | The increase or decrease did not reach 20%. |
| | Financial leverage | 0.99 | 1.00 | (1.00) | |

## 6.3 Audit Committee's Report for the Most Recent Year

### Audit Committee' s Review Report

It is hereby approved that the board of directors sends the company's 2023 annual business report, financial report (including consolidated and individual financial reports), and loss appropriation proposals and other forms, of which the financial report has been audited by CPA Chang Ya Chuan and Lin Chin Feng of Crowe Horwath United Certified Public Accountants. completed and an audit report was issued. All forms submitted by the board of directors shall, upon examination by the Audit Committee, be found not to be inconsistent, and should be submitted for review in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Unifosa Corp.

Chairman of the Audit Committee：Chen, Chih-Ling

March 08, 2024

## 6.4 The most recent annual financial report

# DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF ASSOCIATES

The entities that are required to be included in the consolidated financial statements of associates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Associates" for the year ended December 31, 2023 (starting from 1 January till 31 December, 2023) are all the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Unifosa Corp. and its subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

Unifosa Corp.

By

Ching-Jong, Chen

Chairman

March 8, 2024

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Unifosa Corp.

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

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

Recognition of Sales Revenue

Taiwan's Standards on Auditing (TWSA) presupposes that there is a higher innate risk of fraud that revenue recognition carries, and there may be pressure on management to achieve expected financial goals, resulting in a higher risk of congenital fraud in revenue recognition. In 2023, the sales revenue of the top ten sales customers of the Group accounted for 53.57% of the annual net operating income, which has a relatively significant impact on the consolidated financial statements, therefore, we consider it a key audit matter.

We address the above mentioned matter by taking main audit procedures as follows.

1. Understand the internal control systems related to such sales transactions, and evaluate the effectiveness of its design and implementation.

2. Understand the customer's background and obtain basic information to assess whether the transaction amount and credit limit are reasonable with the size of the Group.

3. Conduct audit tests on customers' purchasing orders and shipping orders, at the same time, check and verify with external shipping documents, receivables write-off records and certificates of receipts and other relevant information to assess whether they meet the conditions for revenue recognition.

The Evaluation of Impairment for Intangible Assets (including goodwill)

The Group acquired the control of MORELINK TECHNOLOGY CORPORATION in 2020. As of December 31, 2023, the balance of the goodwill and other intangible assets of this merger and acquisition the Group has is NT$19,800 thousand and 5,773 thousand.

When the management assesses whether these assets are impaired, they must comprehensively consider the assessment of the recoverable amount apportioned to the cash-generating units to which these assets belong. The important assumptions and values involve the subjective judgment of the management and may be affected by the future industry and economic outlooks, and are highly uncertain, the impairment assessment of intangible assets (including goodwill) is hence listed as a key audit matter. For details of investments using the equity method, please refer to Notes 4, 5 and 6 (9) to the Consolidated Financial Statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Understand and assess management's procedures for identifying signs of impairment of such assets.

2. Assess the professional competence, competency and objectivity of external evaluation experts commissioned by management. Discuss with management the terms of reference of the evaluation expert and review the terms of his appointment to confirm that there are no matters affecting his objectivity or limiting his scope of work, and that the methodology used by the evaluation expert is consistent with International Accounting Standards and its industry norms.

3. Understand the process and basis for management's estimation of the financial data forecast of the cash generating units belonging to such assets from the future operating outlook.

Assessment for Allowance for Inventory Valuation and Obsolescence Losses

The inventory business content of the Group is divided into memory business group, storage business group, wireless communication business group, etc. Their inventories are mainly integrated circuits, memory modules, Redundant Array of Independent Disks (RAID) and wireless communication machinery and equipment etc. Due to fluctuations in market demands and rapid technological changes, management's estimation of net realization value and judgment of inventory obsolescence may be affected, this is hence listed as a key audit matter. For the valuation of inventory allowances against price declines and obsolete losses, please refer to notes 4, 5 and 6 (5) to the consolidated financial statements.

We address the above mentioned matter by taking main audit procedures as follows:

1. Assess whether the provision policy adopted by management to provide for the allowance for the loss for market price decline and obsolete and slow-moving inventories is reasonable and appropriate.
2. Obtain the breakdown of inventory price declines prepared by management, verify whether it is measured by cost and net realizable value whichever is lower, through sampling, and assess the reasonableness of the net realizable value basis used.
3. Obtain inventory aging analysis reports, evaluate inventory status through sample selection, testing of relevant certificates and by participating in and observing year-end inventory takes, so as to assess the adequacy of the allowance for inventory obsolesce loss.

**Other Matter**

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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 members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the disclosures), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 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 (including related safeguard measures).

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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Chuan Chang and Gin-Fong Lin.
FSC approval number: Financial Management Certificate Examination No.1050001113

Crowe (TW) CPAs

Taipei, Taiwan
Republic of China

March 8, 2024

*Notice to Readers*

*The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

**UNIFOSA CORP.**

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

| | | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|---|
| **ASSETS** | | **Amount** | **%** | **Amount** | **%** |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | Note 6(1) | $ 148,282 | 21 | $ 201,022 | 28 |
| Financial assets measured at amortized cost | Note 6(3) | 12,000 | 2 | 12,912 | 2 |
| Contract assets | Note 6(15) | 13,013 | 2 | - | - |
| Notes receivable from unrelated parties, net | Note 6(4) | 480 | - | 797 | - |
| Accounts receivable from unrelated parties, net | Note 6(4) | 41,843 | 6 | 40,581 | 6 |
| Other accounts receivable | Note 6(4) | 226 | - | - | - |
| Current tax assets | Note 6(18) | 88 | - | 16 | - |
| Inventories, net | Note 6(5) | 83,790 | 11 | 106,327 | 16 |
| Prepayments | | 6,180 | 1 | 3,971 | - |
| Other current assets | | 11 | - | 2 | - |
| Total current assets | | 305,913 | 43 | 365,628 | 52 |
| NON-CURRENT ASSETS | | | | | |
| Financial assets at fair value through other comprehensive income | Note 6(2) | 4,350 | - | 4,575 | - |
| Investments accounted for using the equity method | Note 6(6) | 60,715 | 8 | - | - |
| Property, plant, and equipment | Note 6(7) and 8 | 274,832 | 39 | 283,682 | 40 |
| Right-of-use assets | Note 6(8) | 14,203 | 2 | 6,207 | 1 |
| Goodwill | Note 6(9) | 19,800 | 3 | 19,800 | 3 |
| Other intangible assets | Note 6(9) | 5,773 | - | 6,737 | 1 |
| Deferred tax assets | Note 6(18) | 35 | - | 147 | - |
| Net defined benefit assets | Note 6(12) | 12,288 | 2 | 11,730 | 2 |
| Other non-current assets | | 15,310 | 3 | 9,031 | 1 |
| Total non-current assets | | 407,306 | 57 | 341,909 | 48 |
| TOTAL ASSETS | | $ 713,219 | 100 | $ 707,537 | 100 |
| **LIABILITIES AND EQUITY** | | | | | |
| CURRENT LIABILITIES | | | | | |
| Contract liabilities | Note 6(15) | $ 3,431 | - | $ 3,225 | - |
| Notes payable to unrelated parties | | - | - | 315 | - |
| Accounts payable to unrelated parties | | 27,475 | 4 | 22,380 | 4 |
| Other payables | Note 6(11) | 26,751 | 4 | 26,271 | 4 |
| Lease liabilities | Note 6(8) | 4,822 | - | 2,157 | - |
| Other current liabilities | | 612 | - | 542 | - |
| Total current liabilities | | 63,091 | 8 | 54,890 | 8 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred tax liabilities | Note 6(18) | 2,728 | - | 2,677 | - |
| Lease liabilities | Note 6(8) | 9,514 | 2 | 4,097 | - |
| Deposits received | | 238 | - | 238 | - |
| Stockholders' current account | Note 7 | 72,000 | 11 | 42,000 | 6 |
| Total non-current liabilities | | 84,480 | 13 | 49,012 | 6 |
| Total liabilities | | 147,571 | 21 | 103,902 | 14 |
| EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT GROUP | | | | | |
| Share capital | Note 6(13) | 916,288 | 128 | 916,288 | 129 |
| Additional paid-in capital | Note 6(13) | 60,849 | 8 | 6,998 | 1 |
| Retained earnings | Note 6(13) | | | | |
| Legal reserve | | 7,306 | 1 | 7,306 | 1 |
| Accumulated deficit | | (427,800) | (59) | (360,579) | (51) |
| Total retained earnings | | (420,494) | (58) | (353,273) | (50) |
| Other equity interest | Note 6(13) | (10,694) | (2) | (10,425) | (1) |
| Total equity attributable to the owners of the parent Group | | 545,949 | 76 | 559,588 | 79 |
| NON-CONTROLLING INTERESTS | Note 6(13) | 19,699 | 3 | 44,047 | 7 |
| Total equity | | 565,648 | 79 | 603,635 | 86 |
| TOTAL LIABILITIES AND EQUITY | | $ 713,219 | 100 | $ 707,537 | 100 |

**UNIFOSA CORP.**

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

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| OPERATING REVENUE | Note 6(15) | $ 267,153 | 100 | $ 353,677 | 100 |
| OPERATING COSTS | Note 6(5&16) | (223,022) | (84) | (291,020) | (82) |
| Gross profit from operations | | 44,131 | 16 | 62,657 | 18 |
| OPERATING EXPENSES | Note 6(16) & 7 | | | | |
| Selling and marketing expenses | | (25,060) | (10) | (26,428) | (7) |
| General and administrative expenses | | (59,658) | (22) | (62,578) | (18) |
| Research and development expenses | | (46,045) | (17) | (45,053) | (13) |
| Total operating expenses | | (130,763) | (49) | (134,059) | (38) |
| LOSS FROM OPERATIONS | | (86,632) | (33) | (71,402) | (20) |
| NON-OPERATING INCOME AND EXPENSES | | | | | |
| Interest income | | 1,509 | 1 | 790 | - |
| Other gains and losses | Note 6(17) | 2,957 | 1 | 7,002 | 1 |
| Finance costs | Note 7 | (2,204) | (1) | (973) | - |
| Share of loss of associates and joint ventures accounted for using the equity method | Note 6(6) | (8,428) | (3) | (5,311) | (1) |
| Total non-operating income and expenses | | (6,166) | (2) | 1,508 | - |
| LOSS BEFORE INCOME TAX | | (92,798) | (35) | (69,894) | (20) |
| INCOME TAX (EXPENSE) BENEFIT | Note 6(18) | (112) | - | 95 | - |
| NET LOSS | | (92,910) | (35) | (69,799) | (20) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | Note 6(12) | 256 | - | 6,367 | 1 |
| Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | Note 6(13) | (225) | - | (855) | - |
| Income tax relating to items that will not be reclassified to profit or loss | Note 6(18) | (51) | - | (1,273) | - |
| | | (20) | - | 4,239 | 1 |
| Items that will be reclassified to profit or loss: | | | | | |
| Share of other comprehensive income or loss of associates and joint ventures accounted for using the equity method | Note 6(13) | (44) | - | - | - |
| Income tax relating to items that will be reclassified to profit or loss | Note 6(18) | - | - | - | - |
| | | (44) | - | - | - |
| Other comprehensive income for the year (net of income tax) | | (64) | - | 4,239 | 1 |
| TOTAL COMPREHENSIVE INCOME | | $ (92,974) | (35) | $ (65,560) | (19) |
| Net loss attributable to: | | | | | |
| Owners of the parent Group | | $ (67,426) | (25) | $ (56,055) | (16) |
| Non-controlling interests | | (25,484) | (10) | (13,744) | (4) |
| | | $ (92,910) | (35) | $ (69,799) | (20) |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent Group | | $ (67,490) | (25) | $ (51,816) | (15) |
| Non-controlling interests | | (25,484) | (10) | (13,744) | (4) |
| | | $ (92,974) | (35) | $ (65,560) | (19) |
| EARNINGS PER SHARE | Note 6(19) | | | | |
| Basic earnings per share | | $ (0.74) | | $ (0.61) | |
| Diluted earnings per share | | $ (0.74) | | $ (0.61) | |

**UNIFOSA TECHNOLOGY CO., LTD.**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| | Equity Attributable to the Owners of the Parent Group | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Retained Earnings | | Other Equity Items | | | | |
| | Share Capital | Additional Paid-In Capital | Legal Reserve | Accumulated Deficit | Foreign exchange differences on translation of financial statements from Foreign Operations | Unrealized Losses on Financial Assets Measured at Fair Value Through Other Comprehensive Income | Total Equity Attributable to the Owners of the Parent Group | Non-Controlling Interests | Total Equity |
| BALANCE, JANUARY 1, 2022 | $ 916,288 | $ 6,998 | $ 7,306 | $ (298,490) | $ - | $ (9,570) | $ 622,532 | $ 42,476 | $ 665,008 |
| Net loss for the year ended December 31, 2022 | - | - | - | (56,055) | - | - | (56,055) | (13,744) | (69,799) |
| Other comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | 5,094 | - | (855) | 4,239 | - | 4,239 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | (50,961) | - | (855) | (51,816) | (13,744) | (65,560) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | - | (11,128) | - | - | (11,128) | - | (11,128) |
| Increase or decrease in non-controlling interests | - | - | - | - | - | - | - | 15,315 | 15,315 |
| BALANCE, DECEMBER 31, 2022 | 916,288 | 6,998 | 7,306 | (360,579) | - | (10,425) | 559,588 | 44,047 | 603,635 |
| Changes in equity of associates and joint ventures accounted for using the equity method | - | 53,587 | - | - | - | - | 53,587 | - | 53,587 |
| Net loss for the year ended December 31, 2023 | - | - | - | (67,426) | - | - | (67,426) | (25,484) | (92,910) |
| Other comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | 205 | (44) | (225) | (64) | - | (64) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | (67,221) | (44) | (225) | (67,490) | (25,484) | (92,974) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | (216) | - | - | - | - | (216) | - | (216) |
| Changes in ownership interests in subsidiaries | - | 480 | - | - | - | - | 480 | - | 480 |
| Increase or decrease in non-controlling interests | - | - | - | - | - | - | - | 1,136 | 1,136 |
| BALANCE, DECEMBER 31, 2023 | $ 916,288 | $ 60,849 | $ 7,306 | $ (427,800) | $ (44) | $ (10,650) | $ 545,949 | $ 19,699 | $ 565,648 |

**UNIFOSA TECHNOLOGY CO., LTD.**

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

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before income tax | $ (92,798) | $ (69,894) |
| Adjustments for: | | |
| Depreciation expenses | 15,027 | 16,650 |
| Amortization expenses | 964 | 964 |
| Interest expenses | 2,204 | 973 |
| Interest income | (1,509) | (790) |
| Share of loss of associates and joint ventures accounted for using the equity method | 8,428 | 5,311 |
| Net movement in operating assets | | |
| Increase in contract assets | (13,013) | - |
| Decrease (increase) in notes receivable from unrelated parties, net | 317 | (453) |
| Increase in accounts receivable from unrelated parties, net | (1,262) | (460) |
| Decrease (increase) in other accounts receivable | (156) | 25 |
| Decrease (increase) in inventories, net | 22,420 | (7,398) |
| Decrease (increase) in prepayments | (2,209) | 438 |
| Decrease (increase) in other current assets | (9) | 14 |
| Decrease (increase) in other operating assets | (302) | 3,370 |
| Net movement in operating liabilities | | |
| Increase in contract liabilities | 206 | 1,419 |
| Increase (decrease) in notes payable to unrelated parties | (315) | 315 |
| Increase (decrease) in accounts payable to unrelated parties | 5,095 | (2,079) |
| Increase (decrease) in other payable | 277 | (1,463) |
| Increase in other current liabilities | 70 | 17 |
| Cash Outflows in operations | (56,565) | (53,041) |
| Interest received | 1,439 | 790 |
| Interest paid | (2,001) | (850) |
| Income tax refund paid | (72) | 22 |
| Net cash outflows used in operating activities | (57,199) | (53,079) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposal of financial assets measured at amortized cost | 912 | 17,940 |
| Acquisition of investments accounted for using equity method | (15,600) | - |
| Payments for property, plant and equipment | (1,241) | (1,975) |
| Increase in other non-current assets | (6,279) | - |
| Decrease in other non-current assets | - | 2,528 |
| Net cash flows used in investing activities | (22,208) | 18,493 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in deposits received | - | 52 |
| Repayment of principal portion of lease liabilities | (4,733) | (4,611) |
| Changes in non-controlling interests | 1,400 | 4,187 |
| Other financing activities | 30,000 | 12,000 |
| Net cash flows generated from (used in) financing activities | 26,667 | 11,628 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (52,740) | (22,958) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 201,022 | 223,980 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 148,282 | $ 201,022 |

UNIFOSA CORP.

NOTES TO CONSOLIDATEDFINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Unifosa Corp. (the "Group") was incorporated as a Group limited by shares under the provisions of the Group Law of the Republic of China on May 16, 1994, which engages mainly in the manufacture of office machinery, data storage and processing equipment, electronic components, etc. and the wholesale, retail and international trade of office machinery and equipment. On December 27, 2004, Unifosa Corp.'s shares were listed in the over-the-counter market on Taipei Exchange (TPEX) for trading.

The Group merged with Proware Technology Co., Ltd. (hereinafter referred to as Proware Technology) on January 1, 2013, which is the reference date specified for the merger/consolidation; and the Group became the surviving Group after the merger.

2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors and issued on March 8, 2024.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

The new/revised/amended IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023 :

| New / Revised / Amended Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IAS 1 Disclosure of Accounting Policies" | January 1, 2023 (Note 1) |
| Amendments to IAS 8 Definition of Accounting Estimates | January 1, 2023 (Note 2) |
| Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 1, 2023 (Note 3) |
| Amendments to IAS 12 International Tax Reform Pillar Two Module Rules | January 1, 2023 (Note 4) |

Note 1: This amendment will apply to annual reporting periods beginning on or after January 1, 2023.

Note 2: This modification applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning on or after January 1, 2023.

Note 3: Subject to additional provisions regarding temporary differences related to leases and decommissioning obligations, this modification applies to transactions occurring after the earliest expressed comparative period start date (January 1, 2022).

Note 4: Amended by International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12). The amendments introduce an exception to the requirements in the standard that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes; an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

(2) The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

| New / Revised / Amended Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IAS 16 "Lease Liability in a Sale and Leaseback" | January 1, 2024 (Note 1) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements | January 1, 2024 (Note 2) |

Note 1: The seller and lessee shall apply the contents of this amendment retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16 in accordance with the provisions of IAS 8.

Note 2: This amendment provides certain amount of transitional reliefs, upon first application, entities are not required to disclose comparative information and interim period information, as well as the initial indicative information as required by paragraph 44H(b)(ii)-(iii).

As of the date the accompanying consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC:

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

As of the date the Group's financial statements were authorized for issue, the Group is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Group's significant accounting policies are as follows:

### (1) Statement of compliance

These consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and issued IFRSs.

### (2) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

### (3) Basis of Consolidation

1. Principles for the Preparation of Consolidated Statements

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e., its subsidiaries including structural-type entities). The consolidated comprehensive income statement has included the operating profit and loss of the acquired or disposed subsidiary in the current year from the date of acquisition or to the date of disposal. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the merging Group loses control over the subsidiary, the profit or loss on disposal is the difference between: (1) the fair value of the consideration received and the total fair value of the remaining investment in the former subsidiary at the date of loss of control, and (2) The assets (including goodwill) and liabilities and non-controlling interests of the former subsidiary are calculated based on the total book value on the date of loss of control. The accounting treatment of the consolidated Group for all amounts recognized in other comprehensive income related to the subsidiary is the same as the basis that the consolidated Group must follow for directly disposing of related assets or liabilities.

The remaining investment in the former subsidiary is based on the fair value on the day when control is lost, and is used as the cost of the original recognized investment in associates.

2. Entities Included in the Consolidated Statements

| Investor Group | Subsidiary | Main Businesses | Ownership Percentage December 31, 2023 | Ownership Percentage December 31, 2022 |
|---|---|---|---|---|
| Unifosa Corp. | Phoenix Innovative Materials Inc. (hereinafter called as Phoenix Materials) | Plastic film and other high-tech chemical materials manufacturing | 98.75% (Note 1) | 98.57% |
| Unifosa Corp. | Morelink Technology Corporation (hereinafter called as Morelink Technology | Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc. | 47.61% (Note 2) | 47.95% |

Note 1: Equity acquired through participation in cash capital increase for this period.

Note 2: The subsidiary – Morelink Technology applied for a cash capital increase in June 2023, and after this capital increase, the shareholding ratio that the Group holds decreased from 47.95% to 47.61%. This transaction does not change the Group's control over its subsidiary, Morelink Technology, and is

still treated as an equity transaction.

3. Subsidiaries that are not included in the consolidated statements : None.

4. Different adjustments and treatment used by subsidiaries for the accounting period : None.

5. Subsidiaries holding securities issued by the parent Group : None.

6. Significant Restrictions : None. Information on subsidiaries with material non-controlling interests :

The significant non-controlling interests of subsidiaries in the consolidated Group are as follows:

| Subsidiary | Main Location | Percentage of Ownership And Voting Rights of Non-Controlling Interests | |
|---|---|---|---|
| | | December 31, 2023 | December 31, 2022 |
| Morelink Technology Corporation | Taiwan | 52.39% | 52.05% |

| Subsidiary | Profit or Loss Attributable to Non-Controlling Interests | | Non-Controlling Interests | |
|---|---|---|---|---|
| | 2023 | 2022 | December 31, 2023 | December 31, 2022 |
| Morelink Technology Corporation | $ (25,232) | $ (13,401) | $ 19,301 | $ 43,613 |
| Others | (252) | (343) | 398 | 434 |
| | $ (25,484) | $ (13,744) | $ 19,699 | $ 44,047 |

Financial information for subsidiary companies is compiled based on amounts before elimination of intercompany transactions:

Balance Sheet

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Current Assets | $ 116,037 | $ 130,387 |
| Non-current Assets | 11,542 | 11,010 |
| Current Liabilities | (18,738) | (13,954) |
| Non-current Liabilities | (72,000) | (43,651) |
| Equity | $ 36,841 | $ 83,792 |
| Equity Attributable to: | | |
| Parent Group | $ 17,540 | $ 40,179 |
| Non-controlling Interests | 19,301 | 43,613 |
| | $ 36,841 | $ 83,792 |

Income Statement

| | 2023 | 2022 |
|---|---|---|
| Operating Revenue | $ 71,696 | $ 49,762 |
| Net loss for the period | $ (48,350) | $ (21,770) |
| Other comprehensive income | — | — |
| Total comprehensive income for the period | $ (48,350) | $ (21,770) |
| Net loss attributable to: | | |
| Parent Group | $ (23,118) | $ (8,369) |
| Non-controlling Interests | (25,232) | (13,401) |
| | $ (48,350) | $ (21,770) |
| Total comprehensive income attributable to: | | |
| Parent Group | $ (23,118) | $ (8,369) |
| Non-controlling Interests | (25,232) | (13,401) |
| | $ (48,350) | $ (21,770) |
| Dividends paid to non-controlling interests | $ — | $ — |

Cash Flow Statement

| | 2023 | 2022 |
|---|---|---|
| Net cash outflow from operating activities | $ (38,408) | $ (17,390) |
| Net cash outflow from investing activities | (14,353) | (1,908) |
| Net cash inflow from financing activities | 28,628 | 47,215 |
| Net increase (decrease) in cash and cash equivalents | $ (24,133) | $ 27,917 |

(4) Business Combinations

Business combinations are handled by the acquisition method. Acquisition-related costs are listed as expenses in the period in which the costs are incurred and the services are obtained.

Goodwill refers to and is measured by the total amount of the fair value of the transfer consideration, the amount of non-controlling interests in the acquiree, and the fair value of the acquiree's equity previously held by the acquirer on the date of acquisition , in excess to the net identifiable assets and assumed liabilities on the date of acquisition.

For a business combination achieved in stages, the fair value on the date of acquisition is used to measure the equity of the acquiree previously held by the merging Group, and any profit or loss arising therefrom shall be recognized as profit or loss. Amounts recognized in other comprehensive profit or loss prior to the acquisition date as a result of a previously held interest in the acquiree are recognized on the same basis as if the merging Group had directly disposed of its previously held interest.

(5) Foreign currencies

The financial statements of each consolidated entity are prepared in the currency (functional currency) of the primary economic environment in which the entity operates. The functional currency of the consolidated Group and the expression currency of the consolidated statements are New Taiwan Dollars.

In preparing each entity's financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the re-translation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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

When preparing consolidated financial statements, the assets and liabilities of the Group's foreign operating institutions are converted into NT dollars at the exchange rate at the end of each reporting period; income and expense items are converted at the current average exchange rate, the resulting in exchange differences are recognized in other comprehensive profit or loss and properly attributed to the owners and non-controlling interests of the Group.

(6) Classification of Current and Non-Current Assets and Liabilities

Current assets include cash and cash equivalents, and are held primarily for the purpose of trading, and due to be settled within twelve months after the reporting period, excluding those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are held primarily for the purpose of trading, including those due to be settled within twelve months after the reporting period, and those which do have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are non-current assents and liabilities, respectively.

(7) Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term and highly liquid investments (including time deposits with an original maturity date of three months) that can be converted into fixed cash at any time with little risk of change in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized on parent Group only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss and included in the original recognized amount of financial assets and financial liabilities.

(9) Financial Assets

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

1.Measurement category

The Group’s financial assets are classified into the following categories:

(1) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable designate investments in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and

losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(2) Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, .notes and trade receivables and other financial assets are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

2.Impairment of financial and contractual assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investment on debt instrument measured through other comprehensive profit or loss at fair value, lease and receivables and contractual assets.

The Group always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month ECL.

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. However, the allowance loss on investments in debt instruments measured at fair value through other comprehensive gains and losses is recognized in other comprehensive gains and losses and does not reduce their carrying amount.

3.De-recognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(10) Financial Liability and Equity Instruments

The obligations and equity instruments issued by the Group are classified as financial liabilities based on the substance of the joint agreement and the definition of financial liabilities and equity instruments.

1. Equity Instruments

An equity instrument is any contract that recognizes the Group's residual interest in assets less all liabilities. The equity instruments issued by the Group are recognized at the proceeds obtained after deducting the direct issuance costs.

The reacquired equity instruments of the Group are recognized and deducted under equity items. The purchase, sale, issuance or write-down of the Group's own equity instruments are not recognized in profit or loss.

2. Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss arising from the remeasurement is recognized in profit or loss.

Financial liabilities other than held-for-trading and designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

3. Derecognition of Financial Liabilities

The Group derecognizes financial liabilities only when the obligation is released, canceled or expires. When derecognizing a financial liability, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(11) Inventories

The Group's inventory includes raw materials, work-in-progress, semi-finished products, finished products and commodities, etc., which are recorded on the basis of actual purchase costs, and the weighted average method is used for cost calculation.

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

(12) Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized in the parent Group only balance sheet at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate and the distribution received. The Group also recognizes the changes in the equity of associates attributable to the Group.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the associate issues new shares, and the Group subscribes at a percentage different from its

existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to additional paid-in capital, but the additional paid-in capital recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. If the investment of associates becomes the investment of joint ventures, or vice versa, the Group will continue to evaluate investment accounted for by the equity method, other than remeasuring retained equities. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses, resulting from upstream, downstream, and side stream transactions between the Group and associates, are recognized on the consolidated financial statements in the scope of the Group's equities that are not relevant to its associates.

(13) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. The cost includes incremental costs that are directly attributable to the acquisition or construction of assets.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Upon completion and in their intended state of use, the assets are classified into the appropriate categories of real estate, plant and equipment and depreciation commences.

There is no provision for depreciation on owned land.

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(14) Leases

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

For contracts consisting of leased and non-leased components, the Group apportioned the consideration in the contract on a relative price basis and treated it separately.

A. The Group as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any

lease incentives received, any initial direct costs incurred and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

B. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

(15) Goodwill

The goodwill acquired in a business combination is the cost of the goodwill recognized on the date of acquisition, and subsequently measured by the amount after deducting accumulated impairment losses from the cost.

For the purposes of impairment testing, goodwill is allocated to each cash-generating unit or group of cash-generating units of the Group that is expected to benefit from the synergies of the merger (referred to as "cash-generating units").

A cash-generating unit subject to goodwill is tested annually for impairment (and whenever there is an indication that the unit may be impaired) by comparing the carrying amount of the unit containing the goodwill with its recoverable amount. If the goodwill apportioned to a cash-generating unit is obtained from a business combination in the current year, the unit shall undergo an impairment test before the end of the current year. If the recoverable amount of the cash-generating unit apportioned to goodwill is lower than its book value, the impairment loss is to first reduce the book amount of the cash-generating unit's apportioned goodwill, and then reduce the book value of other assets in the unit in proportion to each carrying amount of the asset. Any impairment losses are recognized directly as current losses. Goodwill impairment losses are not reversed in subsequent periods.

(16) Intangible Assets

A. Acquired Separately
Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis with the useful life. The estimated useful life, residual value, and amortization method are reviewed at least at the end of each reporting period by the Group, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

B. Incurred Internally – R & D Expense
The Group's expenditures in the research stage are recognized as expenses when incurred, and only when meeting the specified conditions will the expenses be recognized as intangible assets in the

stage of the internal plan development.

The cost of internally incurred intangible assets is recognized as the sum of expenditures incurred since the date when the specified conditions are met and is subsequently measured by the amount after deducting accumulated amortization and accumulated impairment losses from the cost.

C. Acquired through Business Combination

Intangible assets acquired through business combination are recognized at fair value on the date of acquisition and recognized separately from goodwill, and the subsequent measurement method is the same as that of intangible assets acquired separately.

D. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of such asset is recognized in profit or loss for the current period.

(17) Impairment of tangible and intangible assets

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

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is adjusted to the revised recoverable amount provided that the increased carrying amount does not exceed the carrying amount determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. The reversal of impairment losses is recognized in profit or loss.

(18) Liability Provision

The Group recognizes a liability provision when it has present obligations due to past events and is likely to have to discharge such obligations and the amount of such obligations can be reliably estimated.

The amount recognized as a liability provision is a best estimate of the expenditure required to liquidate the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flows to meet the present obligation, the carrying amount is the present value of such cash flows.

(19) Employee benefit

A. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other

comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Net defined benefit assets may not exceed the present value of contributions refunded from the scheme or reduced in future contributions.

The cost of retirement benefits for the interim period is calculated on an actuarial basis from the beginning of the year to the end of the current period, using the actuarial cost rate determined by the end of the previous year, and adjusted for major market fluctuations in the current period, major plan amendments, liquidations or other major one-off events.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as for determining a benefit retirement plan, except that the relevant remeasures are recognized in profit and loss.

D. Termination benefits

The Group recognizes the liability for separation benefits when it is no longer able to withdraw the offer of separation benefits or recognize the related restructuring costs (whichever is earlier).

## (20) Revenue recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The transaction price shall not be adjusted for the material financial component of a contract for which the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year.

A. Revenue from sale of goods

The Group outsourced the manufacture and sale of goods and recognizes revenue when the promised goods are delivered to the client and the customer obtains its control (i.e., the customer's ability to control the use of the goods and obtain almost all of the residual benefits of the goods). The main products are memory modules, flash memory cards, random access memory and RAID products, and revenue is recognized on the basis of the price stated in the contract.

At the time of dematerialization, the control of the ownership of the processed products is not transferred, and the income is not recognized at the time of dematerialization.

The warranty provided by the Group is based on the guarantee that the goods provided will operate as expected by the customer and are handled in accordance with the provisions of IAS37.

The credit period of the Group's sales commodity transaction is 30~90 days, and most contracts recognize accounts receivable when the commodity transfer control and the right to receive consideration unconditionally, such accounts receivable are usually short in period and do not have a material financial component; However, in some contracts, part of the consideration is charged to the customer before the transfer of the goods, and the Group is required to bear the obligation to transfer the commodities subsequently, it is hence recognized as a contractual liability.

B. Service Revenue

The services provided by the Group are mainly recognized as income according to the progress of the completion of the contract.

The Group's contractual agreement price is received in accordance with the payment period specified in the contract, and when it has the right to transfer the services to the customer but has not yet unconditionally received the consideration, the contract assets are recognized, and the contract assets are also subject to allowance impairment measured by the amount of expected credit loss during the existence period in accordance with IFRS9. However, in some contracts, part of the consideration is charged to the customer at the time of signing, and the Group assumes the obligation to provide services in the future, it is hence recognized as a contractual liability.

The period for which the Group's aforesaid contractual liabilities are converted to revenue normally does not exceed one year and does not result in the creation of material financial components.

(21) Share-based Payment

The share-based payment agreement for equity delivery is based on the fair value of the goods to which the equity is granted, and the employee services obtained are recognized as compensation costs during the vested period and adjusted to equity relative to the vested period. The fair value of the equity commodity should reflect the impact of the acquired and non-vested conditions of the market price. The cost of compensation recognized is adjusted according to the amount of compensation that is expected to meet the conditions of service and non-market vested conditions, until the final recognition amount is recognized on the vested date.

Share-based payment agreements settled in cash are recognized as compensation costs and liabilities during vested periods based on the fair value of the liabilities assumed, and measured at the fair value of the commodities to which the equity is given at each balance sheet date and delivery date, and any changes are recognized as profit or loss for the current period.

(22) Taxation

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

A. Current tax

Current income tax is calculated based on the country in which the Group operates and generates its chargeable income, using the rate that has been legislated or substantially legislated at the end of the reporting period.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to Taiwan’s Income Tax Act.

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

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

C. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

The Group has taken into account the economic impact of the Covid epidemic into its material accounting estimates, and the estimates and underlying assumptions are reviewed on an ongoing basis by the management. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group's critical accounting judgments and key sources of estimation and uncertainty are as follows:

(1) Impairment Assessment of tangible and intangible assets (excluding goodwill)
In the process of assessing asset impairment, the Group needs to rely on subjective judgments and determine the independent cash flow of specific asset groups, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates brought about by changes or corporate strategies may result in material impairments or reversals of recognized impairment losses in the future.

(2) Valuation of Inventory
As inventories must be valued at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid changes in technology, the Group evaluates the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period, and writes down the inventory cost to the net realizable value. This inventory valuation is mainly based on the estimated demand for products in a specific period in the future, therefore, there may be material changes.

(3) Impairment Assessment for Goodwill
When determining whether goodwill is impaired, the value in use of the cash-generating units to which goodwill is allocated must be estimated. To calculate value in use, management should estimate the future cash flows expected to be generated from the cash-generating unit and determine the appropriate discount rate to use in calculating the present value. If the actual cash flow is less than expected, a material impairment loss may arise.

## 6. Explanation of Significant Accounts

### 1. Cash and Cash Equivalents

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and revolving funds | $ 160 | $ 160 |
| Demand deposits | 90,122 | 150,862 |
| Time deposits | 58,000 | 50,000 |
| | $ 148,282 | $ 201,022 |

As of December 31, 2023 and 2022, the above mentioned bank deposits were not used as pledged assets and/or under any other circumstances of restricted uses.

2. Financial Assets at Fair Value Through Other Comprehensive Income

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investments in equity instruments, non-current | | |
| Domestic unlisted shares | $ 4,350 | $ 4,575 |

A. The Group invests in the ordinary shares of the companies listed above for medium and long-term strategic purposes and expects to make profits through long-term investment. The Group's management believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, therefore, these investments are designated to be measured at fair value through other comprehensive income by choice.

B. As of December 31, 2023 and 2022, the above-mentioned financial assets measured at fair value through other comprehensive profit and loss were not used as pledged assets and/or under any other circumstances of restricted uses.

3. Financial Assets Measured at Amortized Cost, Current

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Time deposit with an original maturity of more than three months | $ 12,000 | $ 12,912 |
| Interest rate range | 1.34% | 0.935%～1.21% |

As of December 31, 2023 and 2022, the above-mentioned financial assets measured at amortized cost, current, were not used as pledged assets and/or under any other circumstances of restricted uses.

4. Notes Receivable, Accounts Receivable and Other Receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable | | |
| Notes receivable from operating activities | $ 480 | $ 797 |
| Notes receivable not from operating activities | — | — |
| Less: Allowance for bad debts | — | — |
| | $ 480 | $ 797 |
| Accounts receivable | | |
| Accounts receivable | $ 41,843 | $ 40,581 |
| Less: Allowance for bad debts | — | — |
| | $ 41,843 | $ 40,581 |

| | | |
|---|---|---|
| Other receivable, current | | |
| Tax refund receivable, etc. | $ 226 | $ — |
| Less: Allowance for bad debts | — | — |
| | $ 226 | $ — |

A. The Group adopts the simplified method of IFRS 9 to recognize the allowance loss of trade receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic situation. As the Group's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that trade receivables are overdue.

B. The Group's loss allowance for trade and other receivables based on provision matrix.

| | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Not overdue | Overdue 1~90 days | Overdue 91~180 days | Overdue 181~270 days | Overdue more than 270 days | Total |
| Total book value | $ 41,991 | $ 78 | $ — | $ — | $ — | $ 42,069 |
| Expected credit loss rate | 0% | 0% | 0% | 0% | 100% | |
| Loss Allowance (lifetime expected credit losses) | — | — | — | — | — | — |
| Amortized cost | $ 41,991 | $ 78 | $ — | $ — | $ — | $ 42,069 |

| | December 31, 2022 | | | | | |
|---|---|---|---|---|---|---|
| Total book value | Not overdue | Overdue 1~90 days | Overdue 91~180 days | Overdue 181~270 days | Overdue more than 270 days | Total |
| Expected credit loss rate | $ 40,499 | $ 82 | $ — | $ — | $ — | $ 40,581 |
| Loss Allowance (lifetime expected credit losses) | 0% | 0% | 0% | 0% | 100% | |
| Amortized cost | — | — | — | — | — | — |
| Total book value | $ 40,499 | $ 82 | $ — | $ — | $ — | $ 40,581 |

C. As of December 31, 2023 and 2022, the above-mentioned notes and accounts receivables were not used as pledged assets and/or under any other circumstances of restricted uses.

5. Inventory

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Merchandise | $ 4,517 | $ 16,564 |
| Finished goods | 3,613 | 5,832 |
| Semi-finished goods | 19,620 | 23,443 |
| Work-in-process | 2,368 | 2,732 |
| Raw Material | 53,672 | 57,756 |
| | $ 83,790 | $ 106,327 |

A. Inventory-related profits and losses recognized as cost of sales in the current period are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cost of inventory sales | $ 208,632 | $ 283,324 |
| Inventory write-down and impairment loss | 10,170 | 2,436 |
| Others | 4,220 | 5,260 |
| | $ 223,022 | $ 291,020 |

B. As of December 31, 2023 and 2022, the above-mentioned inventory net value were not used as pledged assets and/or under any other circumstances of restricted uses.

6. Investments using Equity Method

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Investments in Associates | $ 60,715 | $ - |

Associates of the Group are listed as follows:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| Investee | Amount | Ownership Stake | Amount | Ownership Stake |
| Foresight Energy Technology Co., Ltd. | $ 60,715 | 9.04% | $ - | 16.39% |

a. As of December 31, 2023, the Group's shareholding ratio in Foresight Energy Technology Co., Ltd. (hereinafter referred to as Foresight Energy) decreased from 16.39% to 9.04% as it did not participate in Foresight Energy's cash capital increase in 2023. Although the Group's shareholding ratio in Foresight Energy did not reach 20%, the Group, however, has significant influence on Foresight Energy, hence the equity method is adopted for evaluation.

b. The consolidated financial information of the associates of the Group is as follows:

| | Jan, to Dec. 2023 | Jan, to Dec. 2022 |
|---|---|---|
| Total assets | $ 782,503 | $ 95,065 |
| Total liabilities | $ 110,872 | $ 113,981 |

| | 2023 | 2022 |
|---|---|---|
| Operating revenue | $ 118,792 | $ 84,816 |
| Net loss | $ (45,370) | $ (51,314) |
| Other comprehensive income | $ (484) | $ — |

c. The associates' profit and loss and other comprehensive profit and loss shares recognized using the equity method in 2023 and 2022 were recognized based on the financial statements of each associate that had been audited by accountants for the same period.

d. As of 31 December 2023 and 2022, the above mentioned investments using equity method were not used as pledged assets and/or under any other circumstances of restricted uses.

## 7. Property, Plant and Equipment

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Self-use | $ 256,784 | $ 269,573 |
| Operating lease | 18,048 | 14,109 |
| | $ 274,832 | $ 283,682 |

### 1. Self-use

| | Land | Building | Machinery and equipment | Leasehold improvement costs | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|---|
| Costs and revaluation reserve | | | | | | | |
| Jan. 1, 2023 balance | $ 201,602 | $ 89,788 | $ 23,390 | $ 14,275 | $ 2,831 | $ 12,983 | $ 344,869 |
| Increase | — | — | — | — | — | 1,358 | 1,358 |
| Disposal | — | — | — | — | (111) | — | (111) |
| Assets reclassified as held for operating lease | (2,905) | (1,251) | — | — | — | — | (4,156) |
| Dec. 31, 2023 balance | $ 198,697 | $ 88,537 | $ 23,390 | $ 14,275 | $ 2,720 | $ 14,341 | $ 341,960 |
| Jan. 1, 2022 balance | $ 201,602 | $ 89,973 | $ 23,390 | $ 14,275 | $ 2,831 | $ 11,008 | $ 343,079 |
| Increase | — | — | — | — | — | 1,975 | 1,975 |
| Disposal | — | (185) | — | — | — | — | (185) |
| Dec. 31, 2022 balance | $ 201,602 | $ 89,788 | $ 23,390 | $ 14,275 | $ 2,831 | $ 12,983 | $ 344,869 |

| | Land | Building | Machinery and equipment | Leasehold improvement costs | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|---|---|
| Accumulated depreciation / impairment | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Jan. 1, 2023 balance | $ — | $ 41,209 | $ 11,593 | $ 1,789 | $ 2,067 | $ 8,638 | $ 75,296 |
| Depreciation | — | 2,322 | 2,904 | 1,400 | 333 | 3,131 | 10,090 |
| Disposal | — | — | — | — | (111) | — | (111) |
| Assets reclassified as held for operating lease | — | (99) | — | — | — | — | (99) |
| Dec. 31, 2023 balance | $ — | $ 43,432 | $ 14,497 | $ 13,189 | $ 2,289 | $ 11,769 | $ 85,176 |
| | | | | | | | |
| Jan. 1, 2022 balance | $ — | $ 39,025 | $ 8,689 | $ 8,998 | $ 1,707 | $ 5,009 | $ 63,428 |
| Depreciation | — | 2,369 | 2,904 | 2,791 | 360 | 3,629 | 12,053 |
| Disposal | — | (185) | — | — | — | — | (185) |
| Dec. 31, 2022 balance | $ — | $ 41,209 | $ 11,593 | $ 11,789 | $ 2,067 | $ 8,638 | $ 75,296 |

2. Operating Lease

| | Land | Building | Total |
|---|---|---|---|
| Costs and Revaluation reserve | | | |
| Jan. 1, 2023 balance | $ 11,940 | $ 3,931 | $ 15,871 |
| Increase | — | — | — |
| Disposal | — | — | — |
| From self-use assets | 2,905 | 1,251 | 4,156 |
| Dec. 31, 2023 balance | $ 14,845 | $ 5,182 | $ 20,027 |
| | | | |
| Jan. 1, 2022 balance | $ 11,940 | $ 3,931 | $ 15,871 |
| Increase | — | — | — |
| Disposal | — | — | — |
| Dec. 31, 2022 balance | $ 11,940 | $ 3,931 | $ 15,871 |
| Accumulated depreciation / impairment | | | |
| Jan. 1, 2023 balance | $ — | $ 1,762 | $ 1,762 |
| Depreciation | — | 118 | 118 |
| Disposal | — | — | — |
| From self-use assets | — | 99 | 99 |
| Dec. 31, 2023 balance | $ — | $ 1,979 | $ 1,979 |
| | | | |
| Jan. 1, 2022 balance | $ — | $ 1,685 | $ 1,685 |
| Depreciation | — | 77 | 77 |
| Disposal | — | — | — |
| Dec. 31, 2022 balance | $ — | $ 1,762 | $ 1,762 |

der operating leases, and the lease period is 2 to 3 years. At the end of the lease period, the lessee has no preferential purchase of such assets.

The total amount of lease payments to be received in the future for leasing out self-owned real estate, plant and equipment under operating leases is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| 1st year | $ 986 | $ 1,150 |
| 2nd year | 78 | 674 |
| | $ 1,064 | $ 1,824 |

3. The Group's property, plant and equipment are depreciated on a straight-line basis over the following useful years:

| | |
|---|---|
| Buildings | 35～50 years |
| Machinery and equipment | 5～10 years |
| Leasehold improvement costs | 5 years |
| Office equipment | 5～10 years |
| Other equipment | 2～5 years |

4. Please refer to Notes 6 (10) and 8 for details of the Group's provision of land and buildings as collateral for loans as of December 31, 2023 and 2022.

## 8. Right-of-Use Assets

1. Right-of-Use Assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Book value of right-of-use-assets | | |
| Buildings | $ 6,447 | $ 708 |
| Transportation equipment | 7,756 | 5,499 |
| | $ 14,203 | $ 6,207 |

| | Buildings | Transportation equipment | Total |
|---|---|---|---|
| Costs and Revaluation reserve | | | |
| Jan. 1, 2023 balance | $ 12,048 | $ 9,483 | $ 21,531 |
| Increase | 8,596 | 4,219 | 12,815 |

| | | | |
|---|---|---|---|
| Disposal | (12,048) | (4,199) | (16,247) |
| Dec. 31, 2023 balance | $ 8,596 | $ 9,503 | $ 18,099 |
| | | | |
| Jan. 1, 2022 balance | $ 12,048 | $ 6,347 | $ 18,395 |
| Increase | — | 5,284 | 5,284 |
| Disposal | — | (2,148) | (2,148) |
| Dec. 31, 2022 balance | $ 12,048 | $ 9,483 | $ 21,531 |
| Accumulated depreciation / impairment | | | |
| Jan. 1, 2023 balance | | | |
| Depreciation | $ 11,340 | $ 3,984 | $ 15,324 |
| Disposal | 2,857 | 1,962 | 4,819 |
| Dec. 31, 2023 balance | (12,048) | (4,199) | (16,247) |
| | $ 2,149 | $ 1,747 | $ 3,896 |
| Jan. 1, 2022 balance | | | |
| Depreciation | $ 8,505 | $ 4,150 | $ 12,655 |
| Disposal | 2,835 | 1,685 | 4,520 |
| Dec. 31, 2022 balance | — | (1,851) | (1,851) |
| | $ 11,340 | $ 3,984 | $ 15,324 |

2.Lease obligations

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Book value of lease obligation | | |
| Current | $ 4,822 | $ 2,157 |
| Non-current | 9,514 | 4,097 |
| | $ 14,336 | $ 6,254 |

Range of discount rate for lease obligation

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Buildings | 2.99% | 2.62% |
| Transportation equipment | 1.62%～3.12% | 1.62%～2.37% |

3.Important Leasing Activities and Terms

The Group leases some buildings and transportation equipment for plant and office use, and the lease period is 2 to 5 years. At the end of the lease period, the Group has no preferential right to purchase the leased transportation equipment.

4.Information on other leases

| | 2023 | 2022 |
|---|---|---|
| Rental expenses for low-value assets | $ 735 | $ 545 |
| Cash outflow for lease payments | $ (5,468) | $ (5,156) |

The Group chooses to apply the recognition exemption for leases that match short-term leases and low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

9. Intangible Assets

| | Goodwill | Customer Relationship | Total |
|---|---|---|---|
| Cost | | | |
| Jan. 1, 2023 balance | $ 19,800 | $ 9,106 | $ 28,906 |
| Increase | — | — | — |
| Disposal and reclassification | — | — | — |
| Dec. 31, 2023 balance | $ 19,800 | $ 9,106 | $ 28,906 |
| Jan. 1, 2022 balance | $ 19,800 | $ 9,106 | $ 28,906 |
| Increase | — | — | — |
| Disposal and reclassification | — | — | — |
| Dec. 31, 2022 balance | $ 19,800 | $ 9,106 | $ 28,906 |

| | Goodwill | Customer Relationship | Total |
|---|---|---|---|
| Accumulated amortization and impairment | | | |
| Jan. 1, 2023 balance | $ — | $ 2,369 | $ 2,369 |
| Amortization | — | 964 | 964 |
| Disposal and reclassification | — | — | — |
| Dec. 31, 2023 balance | $ — | $ 3,333 | $ 3,333 |
| Jan. 1, 2022 balance | $ — | $ 1,405 | $ 1,405 |
| Amortization | — | 964 | 964 |
| Disposal and reclassification | — | — | — |
| Dec. 31, 2022 balance | $ — | $ 2,369 | $ 2,369 |

1. The amortization period of intangible assets of the Group is as follows: customer relationship is 9.45 years.

2. The Group evaluates the recoverable amount of goodwill on the closing date of the annual financial report, and uses the value in use as the basis for calculating the recoverable amount. The calculation of the value in use is that the management level measures the recoverable amount based on the future cash flow and uses an appropriate discount rate as the basis for assessing whether the impairment is valid, and regularly conducts an impairment test on the cash-generating unit to which the goodwill belongs every year.

## 10. Short-term Debt

A. Please refer to Note 6(7) and 8 for details of the Group's provision of assets as collateral for loans as of December 31, 2023 and 2022.

B. As of December 31, 2023 and 2022, the undrawn loan facilities granted to the Group by financial institutions were both at 130,000 thousand.

## 11. Other Payables

| | Dec. 31, 2023 | Dec. 31, 2022 |
|---|---|---|
| Payroll & bonus payable | $ 17,583 | $ 16,717 |
| Professional service fees payable | 3,912 | 3,894 |
| Interest Payable | 640 | 437 |
| Others | 4,616 | 5,223 |
| | $ 26,751 | $ 26,271 |

## 12. Retirement Benefits Plans

### (1) Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

The amount that should be allocated in accordance with the specified proportion in the defined contribution plan has been recognized in the profit and loss statement of the Group in 2023 and 2022.

The total recognized expenses are 4,073 thousand and 3,998 thousand respectively. As of December 31, 2023 and 2022, the due appropriations that have not yet been paid to the contribution plan are 1,030 thousand and 975 thousand respectively, and these amounts have been paid after the balance sheet date.

### (2) Defined benefits plans

The Group has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Group contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Group assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by

designated government bureau, the Group does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans in the consolidated balance sheets were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 11,058 | $ 11,058 |
| Fair value of plan assets | (23,346) | (22,788) |
| Defined benefit assets, net | $ (12,288) | $ (11,730) |

Changes in the present value of defined benefit obligation are as follows：

| | 2023 | | |
|---|---|---|---|
| | Present value of defined benefit obligation | Fair value of plan assets | Defined benefit assets, net |
| Jan. 1, 2023 balance | $ 11,058 | $ (22,788 ) | $ (11,730 ) |
| Service costs | | | |
| Service costs for current year | — | — | — |
| Interest expenses (income) | 97 | (399) | (302) |
| Recognized in profit or loss | 97 | (399) | (302) |
| Remeasurements | | | |
| Return on plan assets | — | (159) | (159) |
| Actuarial loss (gain) | | | |
| Changes in demographic assumptions | — | — | — |
| Changes in financial assumptions | — | — | — |
| Experience adjustments | (97) | — | (97) |
| Recognized in other comprehensive income | (97) | (159) | (256) |
| Participant contributions to the plan | — | — | — |
| Benefit payments | — | — | — |
| Dec. 31, 2023 balance | $ 11,058 | $ (23,346 ) | $ (12,288 ) |

| | 2022 | | |
|---|---|---|---|
| | Present value of defined benefit obligation | Fair value of plan assets | Defined benefit assets, net |
| Jan. 1, 2022 balance | $ 37,381 | $ (46,114 ) | $ (8,733 ) |
| Service costs | | | |
| Service costs for current year | — | — | — |

| | | | |
|---|---|---|---|
| Interest expenses (income) | 211 | (266) | (55) |
| Settlement loss (income) | (23,667) | 27,092 | 3,425 |
| Recognized in profit or loss | (23,456) | 26,826 | 3,370 |
| Remeasurements | | | |
| Return on plan assets | — | (3,500) | (3,500) |
| Actuarial loss (gain) | | | |
| Changes in demographic assumptions | — | — | — |
| Changes in financial assumptions | (2,808) | — | (2,808) |
| Experience adjustments | (59) | — | (59) |
| Recognized in other comprehensive income | (2,867) | (3,500) | (6,367) |
| Participant contributions to the plan | — | — | — |
| Benefit payments | — | — | — |
| Dec. 31, 2022 balance | $ 11,058 | $ (22,788) | $ (11,730) |

The above defined benefit plans recognized in the gain or loss of pension are listed in the individual items below:

| | 2023 | 2022 |
|---|---|---|
| Operating costs | $ (49) | $ 549 |
| Selling and marketing expenses | (47) | 526 |
| General and administrative expenses | (125) | 1,391 |
| Research & development expenses | (81) | 904 |
| Total | $ (302) | $ 3,370 |

Through the defined benefit plans under the R.O.C. Labor Standards Act, the Group is exposed to the following risks:

A. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Act, the rate of return on the Group's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

B. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

C. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by

qualified actuaries. The principal assumptions at the measurement date were as follows:

| | Measurement date | |
|---|---|---|
| | December 31, 2023 | December 31, 2022 |
| Discount rate | 1.75% | 1.75% |
| Rate of salary increase | 1.00% | 1.00% |
| Expected duration of defined benefit obligation | 1 year | 1 year |

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases (decreases) shall be as follows:

| | Measurement date | |
|---|---|---|
| | December 31, 2023 | December 31, 2022 |
| Discount rate | | |
| Increase 0.25% | $ – | $ – |
| Decrease 0.25% | $ – | $ – |
| Rate of salary increase | | |
| Increase 0.25% | $ – | $ – |
| Decrease 0.25% | $ – | $ – |

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of the present value of defined benefit obligation.

In addition, in the aforementioned sensitivity analysis, the present value of the determined benefit obligation at the end of the reporting period was calculated using the estimated unit benefit method and measured on the same basis as the determination of benefit liability.

The Group expects to allocate 0 thousand to the determined benefit plan within one year after December 31, 2023.

## 13. Equity

### 1. Capital-common stock

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Shares (in thousands) | 200,000 | 200,000 |
| Share capital | $ 2,000,000 | $ 2,000,000 |
| Issued and fully paid-in shares (in thousands) | 91,628.8 | 91,628.8 |
| Issued capital | $ 916,288 | $ 916,288 |

The issued ordinary shares are with a par value of $10 per share, and each share is entitled to one

voting right and the right to receive dividends

2. Additional paid-in capital

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Only to be used to offset losses | | |
| Recognition of changes in equity interests in subsidiaries | $ 264 | $ – |
| Changes in equity in associates and joint ventures accounted for using the equity method | $ 60,585 | $ 6,998 |
| | $ 60,849 | $ 6,998 |

Such capital reserve refers to the impact of equity transactions recognized by changes in the equity of the Group and its subsidiaries and associates when the Group has not actually acquired or disposed of the equity of subsidiaries and associates, or the adjustment of the capital reserve of subsidiaries and associates recognized by the Group using the equity method.

3. Retained earnings and dividend policy

In accordance with the Group's Articles of Incorporation, when allocating the net profits for each fiscal year, the Group shall first pay taxes and offset its losses in previous years and then set aside the legal capital reserve at 10% of the profits left over, and allocate or reverse special reserves when necessary. However, if the legal reserves have reached the Group's paid-in capital, then the abovementioned does not apply. Any balance left over shall be added with the accumulated undistributed earnings of the previous year and be allocated according to the resolution provided from the board meeting based on the proposal of the dividends policy and the allocation of retained earnings. If the planned execution is to be carried out in the form of issuing new shares, the proposal should be submitted and approved by the Shareholders' meeting before execution.

If the Group distributes dividends and bonuses or all or part of legal reserves and paid-in capital reserve by issuing cash, it shall be reported to the shareholders meeting after authorizing the Board of which the quorum reaches two-third of the directors and obtaining the approvals from more than half of the attending directors.

Considering the environment and the growth period the Group is in, and in response to future capital needs and long-term financial planning, as well as to satisfy the needs of the shareholders' expectations of cash inflows, the Group appropriates more than 50% of the retained earnings to stockholders' dividends, of which the cash dividends should not be lower than twenty (20) percent of the sum of total dividends.

Since June 13, 2007, the Group no longer has supervisors, and the original supervisor's duties were performed by the Audit Committee.

The appropriation for legal reserve shall be made until the reserve equals to the paid-in capital. The legal reserve may be used to offset a deficit, or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if the Group incurs no loss.

When distributing earnings, the Group must deduct the net amount of other equity items in accordance with laws and regulations (such as exchange differences in the translation of financial statements of foreign operating institutions, unrealized gains and losses of financial assets available for sale, and the cumulated balance of effective hedging tool benefits and losses in cash flow hedging) is set aside as a special reserve. If there is a subsequent reduction in the deduction amount of other equity items, the reduction amount can be transferred back to the undistributed earnings from special reserve.

The Group was in a state of accumulated losses in 2023 and 2022, hence there is no need to disclose dividend information per share.

With regards to the allocation of earnings approved by the Group's board of directors and resolved at the shareholders' meeting, please visit the websites such as the Market Observation Post System (MOPS) for further details.

4. Other Equity Items

a. Exchange differences on translation of foreign financial statements.

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ — | $ — |
| Share of other comprehensive income of associates and joint ventures accounted for using the equity method | (44) | — |
| Ending balance | $ (44) | $ — |

The exchange difference arising from the conversion of the net assets of the foreign operating entity from the functional currency to the express currency of the consolidated Group is the exchange difference directly recognized as the translation of the financial statements of the foreign operating entity under other comprehensive profit or loss. Exchange differences previously accumulated in the financial statements of foreign operators are reclassified to profit or loss when disposing of foreign operators.

b. Unrealized gain (loss) from financial assets at fair value through other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ (10,425) | $ (9,570) |
| Unrealized gain (loss) from financial assets at fair value through other comprehensive income | (225) | (855) |
| Ending balance | $ (10,650) | $ (10,425) |

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profit and loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

5. Non-controlling interests

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ 44,047 | $ 42,476 |
| Increase in non-controlling interests | 1,136 | 15,315 |

| | | |
|---|---|---|
| Share attributed to non-controlling interests : | | |
| Net loss for the current year | (25,484) | (13,744) |
| Ending balance | $ 19,699 | $ 44,047 |

14. Share-Based Payment Plan

1.Share Option Plan for Employees of the Subsidiary

The Group's subsidiary, Morelink Technology, granted 2,400 share options to its employees on December 28, 2023. Each of which can subscribe for 1,000 common stocks. The recipients of the grant include employees of the subsidiary, Morelink Technology, who meet certain conditions. The duration of the share options is 5 years, and the holder of the options may exercise the options at the following time and in proportion from the date of expiration of 2 years from the date of issuance.

| Vesting Period | Cumulative Maximum Exercise Ratio |
|---|---|
| After 2 years | 50% |
| After 3 years | 100% |

The exercise price of the share option is NT$10 dollars, and the exercise price of the share option will not be adjusted when there is a change in the common stocks of the subsidiary, Morelink Technology, after the issuance of the share options.

2.Relevant information regarding employee share options in 2023 is as follows：

| | 2023 | |
|---|---|---|
| | Quantity (Units) | Weighted Average Exercise Price |
| | | $ — |
| Outstanding at Beginning of Period | — | |
| Granted in the Period | 2,400.00 | $ 10 |
| Exercised in the Period | — | $ — |
| Forfeited in the Period | — | $ — |
| Outstanding at End of Period | 2,400.00 | $ — |
| Employee Stock Options Exercisable at End of Period | — | $ — |

3. As of December 31, 2023, the relevant information of employee share warrants in circulation is as follows：

| | 2023 |
|---|---|
| Range of Exercise Prices | $ 1 0 |
| Weighted Average Remaining Contractual Term (years) | 5.00 |

4. The fair value of the share options of the employees of the subsidiary - Morelink Technology, is estimated using the Black-Scholes model of option pricing, and the assumptions are as follows:

| | 2023 |
|---|---|
| Grant Date Stock Price | $ 4.25 |
| Exercise Price | $ 10 |
| Expected Volatility (%) | 38.22% |
| Option Life (years) | 5 years |
| Risk-Free Rate (%) | 1.31% |

Expected volatility is based on the average annualized standard deviation of the simulated daily returns of peer companies.

5. The recognized compensation cost in 2023 is 0 thousand.

15. Operating Revenue

| | 2023 | 2022 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from sale of goods | $ 261,393 | $ 346,051 |
| Revenue from rendering services | 5,760 | 7,626 |
| | $ 267,153 | $ 353,677 |

The relevant information on customers' contractual revenue in 2023 and 2022 are as follows:

A. Further definition of revenue :

The Group's revenue is further defined based on the categories of main products and regions, please refer to Note 14 for relevant information. The details of the revenue recognition timing are further defined as follows:

| | 2023 | 2022 |
|---|---|---|
| Revenue recognition timing | | |
| at a point in time | $ 61,393 | $ 46,051 |
| Over time as progress is made | 5,760 | 7,626 |
| | $ 267,153 | $ 353,677 |

B. Contract balance

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts receivable (note 6(4)) | $ 41,843 | $ 40,581 |
| Contract assets, current | | |
| Sales of goods | $ 13,013 | $ — |
| Contract liability, current | | |
| Sales of goods | $ 3,431 | $ 3,225 |

Changes in contractual liabilities are mainly due to differences between the time of satisfaction of the performance obligation and the point of payment by the customer.

The amount of contract liabilities recognized as income from the beginning of the year was 2,937 thousand and 1,468 thousand in 2023 and 2022 respectively.

C. Transaction price allocated to unfulfilled obligations:

As of December 31, 2023 and 2022, the Group's customer contracts for sales of goods and provision of services are all shorter than one year, hence there is no need to provide information about unfulfilled contractual obligations.

D. Assets recognized from the cost of self-acquiring or fulfilling customer contracts: None

16. Additional information for Expenses

The number of employees of the Group in 2023 and 2022 was 102 and 99 respectively, of which the number of directors who were not concurrently employees was 6 and 5.

The Group's current net loss includes the following items :

| Nature | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Classified as Operating Cost | Classified as Operating Expenses | Total | Classified as Operating Cost | Classified as Operating Expenses | Total |
| Employee benefit expenses | | | | | | |
| Salary | $ 11,065 | $ 69,973 | $ 81,038 | $ 9,317 | $ 70,524 | $ 79,841 |
| Labor and health insurance | 1,293 | 6,491 | 7,784 | 1,143 | 6,358 | 7,501 |
| Post-Retirement Benefits | | | | | | |
| Defined contribution plans | 594 | 3,479 | 4,073 | 527 | 3,471 | 3,998 |
| Defined benefit plans | (49) | (253) | (302) | 549 | 2,821 | 3,370 |
| Directors' compensation | — | 525 | 525 | — | 630 | 630 |
| Other personnel expenses | 555 | 2,179 | 2,734 | 502 | 2,243 | 2,745 |
| | $ 13,458 | $ 82,394 | $ 95,852 | $ 12,038 | $ 86,047 | $ 98,085 |
| Depreciation | $ 1,628 | $ 13,399 | $ 15,027 | $ 1,200 | $ 15,450 | $ 16,650 |
| Amortization | $ — | $ 964 | $ 964 | $ — | $ 964 | $ 964 |

According to the Group Act and the Group's Articles of Association, if the Group makes a profit in the year, it should allocate 5% to 15% for employee compensation and not more than 2% for directors' compensation; employee compensation may be paid to employees of controlled or affiliated companies who meet certain conditions, which are determined by the Board of Directors. However, if the Group still has accumulated losses, it should retain the amount of compensation in advance, and then allocate employee compensation and directors' compensation according to the proportion of the aforementioned item.

The Group was in a deficit state in 2023 and 2022 and has yet to rectify, so the compensation of employees and directors is not assessed.

If there is a significant change in the amount approved ed by the board of directors before the date of the adoption of the parent Group only financial statements, the change will be adjusted to the expenses of the original financial period, and if the amount remains changed after the date of the adoption of the annual parent Group only financial statements, it will be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

Information on employee and directors' compensation approved by the Board of Directors of the Group and resolved by the shareholders' meeting can be found on websites such as the Market Observation Post System (MOPS).

17. Other Gains and Losses

| | 2023 | 2022 |
|---|---|---|
| Other gains | | |
| Rental income | $ 1,489 | $ 1,409 |
| Net exchange gain | 686 | 5,311 |
| Other income | 784 | 282 |
| | 2,959 | 7,002 |
| Other loss | | |
| Other expenditure | (2) | — |
| | (2) | — |
| | $ 2,957 | $ 7,002 |

18. Income Tax

A. Income tax expense (benefit) recognized in profit or loss

a. Main components of income tax expense (benefit) are as follows:

| | 2023 | 2022 |
|---|---|---|
| Deferred income tax | | |
| Generation and reversal of temporary differences | $ 112 | $ (95) |
| Income tax offset and loss carryforward | — | — |
| Income tax expense (benefit) recognized in profit or loss | $ 112 | $ (95) |

b. Income tax recognized in other comprehensive income:

| | 2023 | 2022 |
|---|---|---|
| Deferred income tax | | |
| Remeasurement of defined benefit plans | $ 51 | $ 1,273 |

B.The adjustment of net loss before tax and income tax expense recognized in profit or loss:

| | 2023 | 2022 |
|---|---|---|
| Income tax expense based on pre-tax income | $ (26,790) | $ (20,383) |
| Permanent differences in income tax effect | 1 | — |
| Loss carryforward | 14,759 | 12,109 |
| Investment loss recognized through equity method | 10,108 | 7,692 |
| Inventory write-down and impairment loss | 2,034 | 487 |
| Income tax expense (benefit) recognized in profit or loss | $ 112 | $ (95) |

C.Income tax assets and liabilities：

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Income tax assets | | |
| Tax refund receivable | $ 88 | $ 16 |

D.Deferred income tax：

The Group offsets certain deferred income tax assets and liabilities that meet the offsettingconditions. The analysis of deferred income tax assets and liabilities in the consolidated balance

sheet is as follows:

| January to December of the year 2023 | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|
| Deferred income tax assets | | | | |
| Unrealized exchange losses | $ 53 | $ (18) | $ — | $ 35 |
| Unrealized sales returns | 94 | (94) | — | — |
| Subtotal | $ 147 | $ (112) | $ — | $ 35 |
| Deferred income tax liabilities | | | | |

| | | | | |
|---|---|---|---|---|
| Defined benefit actuarial gains and losses | $ 2,677 | $ — | $ 51 | $ 2,728 |

| January to December of the year 2022 | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|
| Deferred income tax assets | | | | |
| Unrealized exchange losses | $ 52 | $ 1 | $ — | $ 53 |
| Unrealized sales returns | — | 94 | — | 94 |
| Subtotal | $ 52 | $ 95 | $ — | $ 147 |
| Deferred income tax liabilities | | | | |
| Defined benefit actuarial gains and losses | $ 1,404 | $ — | $ 1,273 | $ 2,677 |

E. Relevant Information for investment tax credits, deficits offset and tax exemption:

As of December 31, 2023, the Group has no usable tax investment credits.
Relevant information for deficit offsets:

| | Remaining balance of carryforwards | Last year for which carryforwards can be utilized |
|---|---|---|
| Parent Group | $ 508,625 | 2033 |
| Subsidiary, Phoenix Materials | 127,034 | 2033 |
| Subsidiary, Morelink Technology | 162,727 | 2033 |
| | $ 798,386 | |

F.Income Tax Assessment

As of December 31, 2023, tax returns of the Group, subsidiary-Phoenix Materials and Morelink Tech. through 2021 had been approved by the tax authorities.

19. Earnings per Share

| | 2023 | 2022 |
|---|---|---|
| Basic Earnings Per Share | $ (0.74) | $ (0.61) |
| Diluted Earnings Per Share | $ (0.74) | $ (0.61) |

Earnings and weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share:

| | 2023 | 2022 |
|---|---|---|
| Net loss attributable to the owners of the parent Group | $ (67,426) | $ (56,055) |
| Weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share. | 91,629 | 91,629 |

20. Cash Flows Information

A. Non-cash transactions:

| | 2023 | 2022 |
|---|---|---|
| Increase in property, plant, and equipment | $ 1,358 | $ 1,975 |
| Inventory transferred to real estate, plant, and equipment | (117) | — |
| Cash paid for acquisition of property, plant, and equipment | $ 1,241 | $ 1,975 |

B. Liability adjustments from financing activities：

| January to December of the year 2023 | Beginning balance | Cash flow | Non-cash changes Others | Ending balance |
|---|---|---|---|---|
| Lease obligation (current and non-current) | $ 6,254 | $ (4,733) | $ 12,815 | $ 14,336 |
| Deposits received | 238 | — | — | 238 |
| Stockholders' current account | 42,000 | 30,000 | — | 72,000 |
| Total liability from financing activities | $ 48,492 | $ 25,267 | $ 12,815 | $ 86,574 |

| January to December of the year 2022 | Beginning balance | Cash flow | Non-cash changes Others | Ending balance |
|---|---|---|---|---|
| Lease obligation (current and non-current) | $ 5,878 | $ (4,611) | $ 4,987 | $ 6,254 |
| Deposits received | 186 | 52 | — | 238 |
| Stockholders' current account | 30,000 | 12,000 | — | 42,000 |

| | | | | |
|---|---|---|---|---|
| Total liability from financing activities | $ 36,064 | $ 7,441 | $ 4,987 | $ 48,492 |

## 7. RELATED PARTY TRANSACTION

The balance and transaction amount between Unifosa and its subsidiaries (related parties of the Unifosa) have been eliminated when preparing the consolidated financial statements and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed as follows.

### (1) Name and relationship of the related parties

| Name of the related parties | Relationship with the Group |
|---|---|
| Yao-Li Investment Co. Ltd. (hereinafter called Yao-Li Investment) | The director of the Group |
| Rich System Corporation (hereinafter called Rich System) | Minority shareholders |
| Foresight Energy Technology Co., Ltd. (hereinafter called Foresight Energy) | Associates |
| Board of directors, supervisors, general manager, deputy general manager | Management team |

### (2) Loans from related parties

| Related party types | December 31, 2023 | December 31, 2022 |
|---|---|---|
| The directors of the Group | $ 30,000 | $ 30,000 |
| Minority shareholders | $ 42,000 | $ 12,000 |

| Related party types | Accounting item | 2023 | 2022 |
|---|---|---|---|
| The directors of the Group | Finance costs | $ 956 | $ 750 |
| Minority shareholders | Finance costs | $ 898 | $ 122 |

The borrowing interest rate of the Group's borrowing from related parties is equivalent to the market interest rate, and it is an unsecured loan.

(3) Others

Information of the Group's participation in the cash capital increase of related parties and increased investment are as follows:

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Increase in Investment | | Shareholding Ratio | | Increase in Investment | | Shareholding Ratio | |
| Names of Related party | Number of Shares (in thousands) | Amount | Before Capital Increase | After Capital Increase | Number of Shares (in thousands) | Amount | Before Capital Increase | After Capital Increase |
| Foresight Energy | 600 | $15,600 | 16.39% | 9.04% | — | $ — | — | — |

(4) Compensation for main management team

The sum of compensation for directors and other members of the management team are as follows:

| | 2023 | 2022 |
|---|---|---|
| Short-term benefits | $ 9,944 | $ 11,447 |
| post-employment benefits | 205 | 205 |
| | $ 10,149 | $ 11,652 |

Please refer to the content of the Annual Report of the Shareholders' Meeting for the detailed information related to the above payroll and compensation for directors and management team.

8. PLEDGED ASSETS

As of December 31, 2023 and 2022, the details of the book value for the Group's assets used as collateral for loans to financial institutions are as follows:

| Item | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | $ 62,862 | $ 62,862 |
| Buildings | 14,271 | 15,174 |
| | $ 77,133 | $ 78,036 |

9. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS : None.

10. SINGIFICANT DISASTER LOSS : None.

11. SINGIFICANT EVENTS after the Balance Sheet Date : None.

12. Other Matters

(1) Capital Risk Management

The Group conducts capital management to ensure that the companies within the Group are able to maximize shareholder returns by optimizing debt and equity balances before going forward.

The Group's key management reviews the Group's capital structure on a quarterly basis, including consideration of the costs and associated risks of each type of capital. Based on the recommendations of key management, the Group will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new bonds or repaying old debts.

(2) Financial Instruments

1. Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial Assets | | |
| Financial assets at fair value through other comprehensive income | | |
| Equity investments | $ 4,350 | $ 4,575 |
| Financial assets measured at amortized cost (Note 1) | 218,141 | 264,343 |
| Total | $ 222,491 | $ 268,918 |
| Financial Liabilities | | |
| Financial liabilities measured at amortized cost (Note 2) | $ 126,464 | $ 91,204 |

Note 1: Cash and cash equivalents, financial assets measured at amortized cost, net accounts and notes receivable, other receivables, and deposits.

Note 2: Accounts and notes payable, other payables, long-term borrowings, and deposits received measured at amortized cost.

2. Fair Value Information

(1) The definition of the three levels of fair value measurements:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

(2) Financial instruments that are not measured at fair value

The Group's management considers that the carrying amount of financial assets and financial liabilities not measured at fair value in the consolidated financial statements is approaching their fair value.

(3) Financial instruments that are measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition:

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | |
| Unlisted shares | $ — | $ — | $ 4,350 | $ 4,350 |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | |
| Unlisted shares | $ — | $ — | $ 4,575 | $ 4,575 |

There are no transfers of fair value measurements between Level 1 and Level 2 in 2023 and 2022 respectively.

(4) Valuation techniques and assumptions used to measure fair value

The fair value of the Group's financial assets and financial liabilities is determined using the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in the active market is determined by reference to market quotations (including listed corporate bonds, government agency bonds, stocks of listed (OTC) companies and government bonds).

The fair value of unlisted (over-the-counter) stocks without active markets is estimated using the market method and asset method, and its judgment is based on recent fundraising activities, evaluation of companies of the same type, technological development of the Group, market conditions and other economic indicators.

(5) Repetitive Changes in Level 3 of the Fair Value Hierarchy

The repetitive changes in the assets and liabilities of the Group's repetitive fair value measurement that fall into Level 3 of the fair value hierarchy are listed below:

| | 2023 | 2022 |
|---|---|---|
| **Equity investments at fair value through other comprehensive income:** | | |
| Beginning balance | $ 4,575 | $ 5,430 |
| Recognized in other comprehensive income | (225) | (855) |

| | | |
|---|---|---|
| (unrealized gains or losses on financial assets at fair value through other comprehensive income) | | |
| Ending balance | $ 4,350 | $ 4,575 |

(6)Information for Significant Fair Value Level 3 Unobservable Inputs

The assets of the Group's fair value level 3 repetitive fair value measurement, and the significant unobservable input values used for fair value measurement are listed as follows:

December 31, 2023：

Financial assets

Financial assets at fair value through other comprehensive income

| | Valuation Techniques | Significant Unobservable Input Value | Quantitative Information | Relationship between Input Value and Fair Value | The value and relationship of the sensitivity analysis between input values and fair values |
|---|---|---|---|---|---|
| Stocks | Asset-based approach | Lack of market liquidity and similar Group stock P/B ratio | 2.69-38.36 | The higher the degree of illiquidity, the lower the fair value estimates | When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the Group will increase/decrease by 435 thousand dollars. |

December 31, 2022：

Financial assets

Financial assets at fair value through other comprehensive income

| | Valuation Techniques | Significant Unobservable Input Value | Quantitative Information | Relationship between Input Value and Fair Value | The value and relationship of the sensitivity analysis between input values and fair values |
|---|---|---|---|---|---|
| Stocks | Asset-based approach | Lack of market liquidity and similar Group stock P/B ratio | 0.55-39.06 | The higher the degree of illiquidity, the lower the fair value estimates | When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the Group will increase/decrease by 458 thousand dollars. |

(7)The valuation process of Fair Value Level 3

The Group's finance department is responsible for conducting fair value verification, keeping evaluation results close to market conditions through independent source data, confirming that the sources are independent, reliable and consistent with other sources and representing executable prices, and analyzing changes in the value of assets and liabilities that are subject to remeasurement or revaluation at the end of each reporting period in accordance with the Group's accounting policies to ensure that the results are reasonable.

3. Financial risk management objectives and policies

The Group is committed to ensuring that the Group has sufficient and cost-effective working capital when necessary. The Group actively manages foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to its operating activities to reduce the potential adverse impact of market uncertainty on the Group's financial performance.

The Group's significant financial plans have been reviewed by the Audit Committee and the Board of Directors in accordance with relevant norms and internal control systems. In implementing the financial plan, the financial department of the Group adheres to the relevant financial operating procedures regarding overall financial risk management and the division of rights and responsibilities.

4. Market Risk

The Group's market risk is the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices, and market risks mainly include exchange rate risk and interest rate risk.

(1) Foreign Exchange Rates Risk

The Group's operating activities and net investments in foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risk arises. The foreign currency receivables of the Group are in the same currency as some of the foreign currency payments payable, and certain parts will have a natural hedging effect; In addition, the net investment of foreign operating institutions is a strategic investment, so the Group has not hedged the foreign exchange rate risk.

The information of foreign currency assets and liabilities which have significant influence to the Group is as follows:

In thousands

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Foreign currency | Exchange rate | Foreign currency | Exchange rate |
| **(Foreign currency: functional currency)** | | | | |
| Financial Assets | | | | |
| Monetary items | | | | |
| US dollars: NT dollars | $ 456 | 30.705 | $ 2,057 | 30.71 |
| Financial Liabilities | | | | |
| Monetary items | | | | |
| US dollars: NT dollars | $ 112 | 30.705 | $ 156 | 30.71 |

Note: The exchange rate is the amount per unit of foreign currency converted into New Taiwan Dollars

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on the assets and liabilities of foreign currency risk management at the end of the reporting period. When NTD appreciates/depreciates against foreign currencies by 1%, the net loss of the Group in the 2023 and 2022 will increase/decrease by 106 thousand and 584 thousand respectively.

(2) Interest Rate Risk

The Group's short-term borrowings are volatile rate debts, and changes in market interest rates will cause changes in the effective interest rate of short-term borrowings, which in turn will cause future cash flows to fluctuate. As of December 31, 2023 and 2022, the Group had no short-term borrowings in its accounts.

5. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The credit risk of the Group is mainly derived from receivables arising from operating activities, bank deposits, fixed income investments and other financial instruments arising from investment activities. Operational-related credit risk and financial credit risk are managed separately.

(1)Operational related credit risk

In order to maintain the quality of accounts receivable, the Group has established procedures for credit risk management related to operations.

The risk assessment of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, credit rating of credit rating agencies, the Group's internal credit rating, historical transaction records and current economic conditions. The Group may also use certain credit enhancement tools, such as prepayment and credit insurance, at appropriate times to reduce the credit risk of specific customers.

The Group's customer base is large and unrelated, so the concentration of credit risk is limited. As of December 31, 2023 and 2022, the total accounts receivable of the top ten customers accounted for 67% and 71% of the total accounts receivable of the Group, respectively.

(2)Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Group's finance department. Since the Group's transaction partners and performing parties are banks with good credit and financial institutions with investment grade and above, there are no major performance doubts, so there is no material credit risk.

6. Liquidity Risk

The Group's objective in managing liquidity risk is to maintain cash and cash equivalents, highly liquid marketable securities and sufficient bank financing facilities to ensure that the Group has sufficient financial flexibility.

The following table summarizes the analysis of the Group's financial liabilities for the agreed repayment period by maturity date and undiscounted maturity amount:

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | 1 year or less | 2-3 years | 4-5 years | Over 5 years | Total |
| Non-derivative financial liabilities | | | | | |
| Accounts payable | $ 27,475 | $ — | $ — | $ — | $ 27,475 |
| Other payables | 26,751 | — | — | — | 26,751 |
| Lease obligation | 4,822 | 7,496 | 2,018 | — | 14,336 |
| Stockholders' current account | — | 72,000 | — | — | 72,000 |
| | $ 59,048 | $ 79,496 | $ 2,018 | $ — | $ 140,562 |

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | 1 year or less | 2-3 years | 4-5 years | Over 5 years | Total |
| Non-derivative financial liabilities | | | | | |
| Accounts payable | $ 22,380 | $ — | $ — | $ — | $ 22,380 |
| Other payables | 26,271 | — | — | — | 26,271 |
| Lease obligation | 2,157 | 2,236 | 1,861 | — | 6,254 |
| Stockholders' current account | — | 42,000 | — | — | 42,000 |
| | $ 50,808 | $ 44,236 | $ 1,861 | $ — | $ 96,905 |

(3) Reclassification

Certain accounts of the Group's financial statements as at December 31, 2023 have been appropriately reclassified in conjunction with the financial statements of December 31, 2022, and the results have no material impact on the presentation of the financial statements.

## 13. SEPARATELY DISCLOSED ITEMS

(1) Significant Transactional Items

A. Financing provided to others: None.

B. Endorsements/guarantees provided: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Table 1.

D. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
H. Trade receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
I. Trading in derivative instruments: None.
J. Other Matters: Intercompany relationships and significant intercompany transactions : Table 2.

(2) Information on investees: Table 3.

(3) Information on investment in Mainland China：None.

(4) Information on major shareholder：List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 4.

## 14. SEGMENT INFORMATION

The information provided by the Group's main decision maker for allocating resources and evaluating segmental performance focuses on categories of each type of product or service delivered or provided.

The reportable segments of the Group in 2023 are as follows:

Memory business group: mainly engaged in the manufacturing and trading of memory modules, flash memory cards and random access memory.

Storage business group: mainly engaged in the research, development, manufacture and sale of RAIDs.

Wireless communication business group: mainly engaged in the manufacture and sale of wireless communication machinery and electronic components.

Other business groups: mainly engaged in the research, development, manufacture and trading of plastic films and high-tech chemical materials.

### (1) Segment Revenue and Result

The analysis of the Group's segment revenue and operational results based on reportable segments are as follows:

| | Memory Biz. Group | Storage Biz. Group | Wireless Com. Biz. Group | Other Biz. Groups | Reconciliation & Elimination | Total |
|---|---|---|---|---|---|---|
| Revenue from external customers | $ 9,563 | $ 185,036 | $ 71,696 | $ 4,245 | $ (3,387 ) | $ 267,153 |
| Interest income | 693 | 388 | 77 | 351 | — | 1,509 |
| Depreciation and amortization | 3,187 | 2,371 | 5,781 | 7,431 | (2,779) | 15,991 |
| Equity in net loss of associates accounted for under the equity method | (8,428) | — | — | — | — | (8,428) |
| Reportable segment net loss (profit) before tax | (21,796) | 4,074 | (48,368) | (18,286) | 6 | (84,370) |
| Investment accounted for under equity method | 60,715 | — | — | — | — | 60,715 |
| Reportable segment assets | 215,038 | 272,268 | 125,915 | 39,797 | (637) | 652,381 |
| Reportable segment liabilities | 12,230 | 36,191 | 89,087 | 7,963 | (628) | 144,843 |

The above-mentioned amount measurement information is based on the purpose of supervising

segmental performance and resources allocation resources to each segment, as explained below:

1. The net loss of a segment refers to the profit earned by each segment, excluding the profit and loss share of associates using the equity method and income tax expenses that should be apportioned.
2. All assets and liabilities other than investments using the equity method, current income tax assets, and deferred income tax assets are apportioned to reportable segments

(2) Main products and Service Information

Information related to the main merchandise and service revenue of the Group in 2023 and 2022 is listed as follows:

| Item | 2023 | 2022 |
|---|---|---|
| ICs | $ 9,563 | $ 22,287 |
| Memory Modules | — | 69 |
| Merchandise | — | 76,074 |
| Total sales revenue for memory biz. group | 9,563 | 98,430 |
| RAID | 37,236 | 34,403 |
| Merchandise | 80,968 | 108,897 |
| Raw materials, Components | 57,761 | 57,442 |
| Others | 5,684 | 2,917 |
| Total sales revenue for storage biz. group | 181,649 | 203,659 |
| Wireless Com. & digital electronic products | 70,111 | 34,491 |
| Raw materials, Components | 1,086 | 10,562 |
| Others | 499 | 4,709 |
| Total sales revenue for Wireless Com.biz. group | 71,696 | 49,762 |
| Microporous PE Film | 2,730 | 1,826 |
| Functional Fabric | 1,470 | — |
| Others | 45 | — |
| Total sales revenue for other biz. groups | 4,245 | 1,826 |
| Net operating revenue | $ 267,153 | $ 353,677 |

(3) Financial information by region: Financial information of the Group by region in 2023 and 2022 are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Region | Revenue | Non-current assets | Revenue | Non-current assets |
| Mainland China | $ 6,453 | $ — | $ 17,452 | $ — |

| | | | | |
|---|---|---|---|---|
| (including Hong Kong) | | | | |
| Taiwan | 232,113 | 390,633 | 307,670 | 325,457 |
| Americas | 4,891 | — | 9,600 | — |
| Asia, others | 19,002 | — | 15,605 | — |
| Europe | 3,742 | — | 3,350 | — |
| Others | 952 | — | — | — |
| | $ 267,153 | $ 390,633 | $ 353,677 | $ 325,457 |

(4) Financial information of major clients: The list of details of the Group's sales to a single customer which accounted for more than 10% of the total sales revenue in 2023 and 2022 are as follows:

| | 2023 | | 2022 | |
|---|---|---|---|---|
| Customer name | Amount | Revenue percentage | Amount | Revenue percentage |
| C－121 | $ 43,378 | 16.22 | $ — | — |
| C－73 | 25,038 | 9.36 | 22,324 | 6.30 |
| C－74 | 9,563 | 3.58 | 34,894 | 9.87 |
| C－47 | — | — | 36,108 | 10.20 |
| | $ 77,979 | 29.16 | $ 93,326 | 26.37 |

# UNIFOSA CORP. AND SUBSIDIARIES
# MARKETABLE SECURITIES HELD
# FOR THE YEAR ENDED DECEMBER 31, 2023

**Table 1**

Unit : Thousand Shares /In Thousands of New Taiwan Dollars

| Security type | Security name | Relationship between the issuer of the securities and the Group | Accounting item | End of period | | | |
|---|---|---|---|---|---|---|---|
| | | | | Shares | Book value | Percentage | Fair value |
| Stock | Innorich Venture Capital Corp. | — | Financial assets at fair value through other comprehensive income | 1,500 | 4,350 | 2.80% | 4,350 |

# UNIFOSA CORP. AND SUBSIDIARIES
# INTERGROUP RELATIONSHIPS AND
# SIGNIFICANT INTERGROUP TRANSACTIONS

Table 2

Unit : In Thousands of New Taiwan Dollars

| Transaction party name | Counterparty name | Relationship with counterparty | Transaction Details | | | |
|---|---|---|---|---|---|---|
| | | | Item | Amount | Transaction terms | Percentage of total consolidated revenue or total assets |
| Unifosa Corp. | Phoenix Innovative Materials Inc. | 1 | Rental income | 34 | No material difference | 0.01% |
| Unifosa Corp. | Phoenix Innovative Materials Inc. | 1 | Other income | 3,841 | No material difference | 1.44% |
| Unifosa Corp. | Morelink Technology Corporation | 1 | Processing fees Income | 3,387 | No material difference | 1.27% |
| Unifosa Corp. | Morelink Technology Corporation | 1 | Rental income | 2,931 | No material difference | 1.10% |
| Unifosa Corp. | Morelink Technology Corporation | 1 | Other income | 1,250 | No material difference | 0.47% |
| Unifosa Corp. | Morelink Technology Corporation | 1 | Other receivables | 128 | No material difference | 0.02% |
| Unifosa Corp. | Morelink Technology Corporation | 1 | Deposits received | 500 | No material difference | 0.07% |

Note 1 : 2 types of relationship between parties is numbered as follows:

1. Parent to subsidiary.
2. Between subsidiaries

Note 2：For calculation of the percentage of transaction amounts to consolidated operating revenues or consolidated total assets, if the account is a balance sheet account, it shall be calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it shall be calculated by dividing the yearly cumulative balance into consolidated operating revenues.

# UNIFOSA CORP. AND SUBSIDIARIES

## INFORMATION ON INVESTEES

## FOR THE YEAR ENDED DECEMBER 31, 2023

**Table 3**

| Investor Group | Investee Group | Location | Main Businesses | Investment Amount | | As of December 31, 2023 | | | Net Income (Loss) of the Investee | Investment Income/(Loss) Recognized in Current Period |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Number of Ownership (thousand shares) | Percentage | Carrying Values | | |
| Unifosa Corp. | Foresight Energy Technology Co., Ltd. | Taiwan | Electronic components manufacturing, battery manufacturing, electrical appliance wholesale, electronic materials wholesale and retail | 56,586 | 40,986 | 4,699 | 9.04% | 60,715 | (45,370) | (8,428) |
| Unifosa Corp. | Phoenix Innovative Materials Inc. | Taiwan | Plastic film and other high-tech chemical materials manufacturing | 157,800 | 138,000 | 15,780 | 98.75% | 31,440 | (18,286) | (18,034) |
| Unifosa Corp. | Morelink Technology Corporation | Taiwan | Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc. | 105,643 | 105,643 | 9,556 | 47.61% | 43,134 | (48,350) | (24,076) |

# UNIFOSA CORP. AND SUBSIDIARIES
## INFORMATION ON MAJOR SHAREHOLDERS
## FOR THE YEAR ENDED DECEMBER 31, 2023

**Table 4**

Unit : Thousand Shares

| Number of shares / Name of the major shareholder | Number of Shares Holding | Shareholding Ratio |
|---|---|---|
| Yao-Li Investment Co. Ltd. | 10,026 | 10.94% |

Note 1: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the Group with a total of more than 5%. The share capital recorded in the Group's consolidated financial reports and the actual number of shares delivered without physical registration may differ depending on the basis of preparation and calculation.

## 6.5 The company's individual financial report that has been audited and certified by an accountant in the most recent year

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Unifosa Corp.

**Opinion**

We have audited the accompanying parent company only financial statements of Unifosa Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial 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 status of the Company as of December 31, 2023 and 2022, and its parent company only financial performance and its cash flow for the years ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

**Basis for Opinion**

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

**Key Audit Matters**

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

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

The Recognition of Sales Revenue

Taiwan's Standards on Auditing (TWSA) presupposes that there is a higher innate risk of fraud that revenue recognition carries, and there may be pressure on management to achieve expected financial goals, resulting in a higher risk of congenital fraud in revenue recognition. In 2023, the sales revenue of the top ten sales customers of Unifosa Corp. accounted for 50.77% of the annual net operating income, which has a relatively significant impact on the parent company only financial statements, therefore, we consider it a key audit matter.

We address the above-mentioned matter by taking main audit procedures as follows:

1. Understand the internal control systems related to such sales transactions, and evaluate the effectiveness of its design and implementation.

2. Understand the customer's background and obtain basic information to assess whether the transaction amount and credit limit are reasonable with the size of the company.

3. Conduct audit tests on customers' purchasing orders and shipping orders, at the same time, check and verify with external shipping documents, receivables write-off records and certificates of receipts and other relevant information to assess whether they meet the conditions for revenue recognition.

The Evaluation of Impairment for Investment Using Equity Method (including goodwill and intangible assets)

Unifosa Corp. acquired the control of MORELINK TECHNOLOGY CORPORATION in 2020. As of December 31, 2023, the balance of the investment using equity method of this merger and acquisition the Company has is NT$43,134 thousand (including goodwill at $19,800 thousand and intangible assets of 5,773 thousand).

For Unifosa Corp., Morelink Technology Corporation is an independent cash generating unit, and the recoverable amount of investments (including goodwill and intangible assets) using the equity method is measured according to its future operating cash flows. As these assumptions involve management's subjective judgment and may be affected by future industrial and economic outlooks, and are highly uncertain, the Evaluation of impairment of investments using the equity method is listed as a key audit matter. For details of investments using the equity method, please refer to Notes 4, 5 and 6 (5) to the Parent Company Only Financial Statements.

We address the above-mentioned matter by taking main audit procedures as follows:

1. Understand and assess management's procedures for identifying signs of impairment of such assets.

2. Assess the professional competence, competency and objectivity of external evaluation experts commissioned by management. Discuss with management the terms of reference of the evaluation expert and review the terms of his appointment to confirm that there are no matters affecting his objectivity or limiting his scope of work, and that the methodology used by the evaluation expert is consistent with International Accounting Standards and its industry norms.

3. Understand the process and basis for management's estimation of the financial data forecast of the cash generating units belonging to such assets from the future operating outlook.

Evaluation for Allowance for Inventory Valuation and Obsolescence Losses

The inventory business content of Unifosa Corp. is divided into memory business group and storage business group, which may affect management's estimation of net realization value and judgment of inventory obsolescence due to fluctuations in market demands and rapid technological changes, so it is listed as a key audit matter. For the valuation of inventory allowances against price declines and obsolete losses, please refer to notes 4, 5 and 6 (4) to the Parent Company Only Financial Statements.

We address the above-mentioned matter by taking main audit procedures as follows:

4. Assess whether the provision policy adopted by management to provide for the allowance for the loss for market price decline and obsolete and slow-moving inventories is reasonable and appropriate.
5. Obtain the breakdown of inventory price declines prepared by management, verify whether it is measured by cost and net realizable value whichever is lower, through sampling, and assess the reasonableness of the net realizable value basis used.

6. Obtain inventory aging analysis reports, evaluate inventory status through sample selection, testing of relevant certificates and by participating in and observing year-end inventory takes, so as to assess the adequacy of the allowance for inventory obsolesce loss.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Chuan Chang and Chin-Feng Lin. FSC approval number: Financial Management Certificate Examination No.1050001113

Crowe (TW) CPAs

Taipei, Taiwan
Republic of China

March 8, 2024

*Notice to Readers*

*The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.*

## UNIFOSA CORP.

### PARENT COMPANY ONLY BALANCE SHEETS
### DECEMBER 31, 2023 AND 2022
### (In Thousands of New Taiwan Dollars)

| ASSETS | | December 31, 2023 Amount | % | December 31, 2022 Amount | % |
|---|---|---|---|---|---|
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | Note 6(1) | $ 107,084 | 18 | $ 150,797 | 25 |
| Notes receivable from unrelated parties, net | Note 6(3) and (12) | 480 | - | 772 | - |
| Accounts receivable from unrelated parties, net | Note 6(3) | 33,415 | 6 | 26,417 | 4 |
| Other accounts receivable | Note 6(3) and 7 | 132 | - | 105 | - |
| Current tax assets | Note 6(15) | 65 | - | 16 | - |
| Inventories, net | Note 6(4) | 24,821 | 4 | 39,247 | 7 |
| Prepayments | | 1,314 | - | 741 | - |
| Other current assets | | 11 | - | 2 | - |
| Total current assets | | 167,322 | 28 | 218,097 | 36 |
| NON-CURRENT ASSETS | | | | | |
| Financial assets at fair value through other comprehensive income | Note 6(2) | 4,350 | - | 4,575 | 1 |
| Investments accounted for using the equity method | Note 6(5) | 135,289 | 24 | 96,620 | 16 |
| Property, plant and equipment | Note 6(6) and 8 | 262,386 | 44 | 265,054 | 43 |
| Right-of-use assets | Note 6(7) | 7,403 | 1 | 5,402 | 1 |
| Deferred tax assets | Note 6(15) | 11 | - | 141 | - |
| Net defined benefit assets | Note 6(10) | 12,288 | 2 | 11,730 | 2 |
| Other non-current assets | | 8,049 | 1 | 6,825 | 1 |
| Total non-current assets | | 429,776 | 72 | 390,347 | 64 |
| TOTAL ASSETS | | $ 597,098 | 100 | $ 608,444 | 100 |
| **LIABILITIES AND EQUITY** | | | | | |
| CURRENT LIABILITIES | | | | | |
| Contract liabilities | Note 6(12) | $ 2,530 | - | $ 2,047 | - |
| Accounts payable to unrelated parties | | 20,437 | 4 | 21,629 | 4 |
| Other payables | Note 6(9) | 16,861 | 3 | 15,982 | 3 |
| Lease liabilities | Note 6(7) | 1,845 | - | 1,312 | - |
| Other current liabilities | | 381 | - | 374 | - |
| Total current liabilities | | 42,054 | 7 | 41,344 | 7 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred tax liabilities | Note 6(15) | 2,728 | - | 2,677 | - |
| Lease liabilities | Note 6(7) | 5,629 | 1 | 4,097 | 1 |
| Deposits received | | 738 | - | 738 | - |
| Total non-current liabilities | | 9,095 | 1 | 7,512 | 1 |
| Total liabilities | | 51,149 | 8 | 48,856 | 8 |
| EQUITY | | | | | |
| Share capital | Note 6(11) | 916,288 | 154 | 916,288 | 151 |
| Additional paid-in capital | Note 6(11) | 60,849 | 10 | 6,998 | 1 |
| Retained earnings | Note 6(11) | | | | |
| Legal reserve | | 7,306 | 1 | 7,306 | 1 |
| Accumulated deficit | | (427,800) | (71) | (360,579) | (59) |
| Total retained earnings | | (420,494) | (70) | (353,273) | (58) |
| Other equity interest | Note 6(11) | (10,694) | (2) | (10,425) | (2) |
| Total equity | | 545,949 | 92 | 559,588 | 92 |
| TOTAL LIABILITIES AND EQUITY | | $ 597,098 | 100 | $ 608,444 | 100 |

# UNIFOSA CORP.

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

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| OPERATING REVENUE | Note 6(12) and 7 | $ 194,599 | 100 | $ 302,089 | 100 |
| OPERATING COSTS | Note 6(4 and 13) | (152,648) | (79) | (262,517) | (87) |
| Gross profit from operations | | 41,951 | 21 | 39,572 | 13 |
| Unrealized gain (loss) from sale | Note 6(5) | (9) | - | (9) | - |
| Realized loss from sale | Note 6(5) | 9 | - | (150) | - |
| GROSS PROFIT, NET | | 41,951 | 21 | 39,413 | 13 |
| OPERATING EXPENSES | Note 6(13) and 7 | | | | |
| Selling and marketing expenses | | (18,522) | (9) | (20,113) | (7) |
| General and administrative expenses | | (37,441) | (19) | (38,272) | (12) |
| Research and development expenses | | (14,819) | (8) | (14,513) | (5) |
| Total operating expenses | | (70,782) | (36) | (72,898) | (24) |
| LOSS FROM OPERATIONS | | (28,831) | (15) | (33,485) | (11) |
| NON-OPERATING INCOME AND EXPENSES | | | | | |
| Interest income | | 1,081 | - | 611 | - |
| Other gains and losses | Note 6(14) and 7 | 11,159 | 6 | 15,053 | 5 |
| Finance costs | | (167) | - | (34) | - |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using the equity method | Note 6(5) | (50,538) | (26) | (38,299) | (13) |
| Total non-operating income and expenses | | (38,465) | (20) | (22,669) | (8) |
| LOSS BEFORE INCOME TAX | | (67,296) | (35) | (56,154) | (19) |
| INCOME TAX (EXPENSE) BENEFIT | Note 6(15) | (130) | - | 99 | - |
| NET LOSS | | (67,426) | (35) | (56,055) | (19) |

(Continued)

| | | 2023 | | 2022 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | | |
| Remeasurement of defined benefit plans | Note 6(10) | 256 | - | 6,367 | 2 |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | Note 6(11) | (225) | - | (855) | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss | Note 6(15) | (51) | - | (1,273) | - |
| | | (20) | | 4,239 | 2 |
| Items that will be reclassified subsequently to profit or loss: | | | | | |
| Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method | Note 6(11) | (44) | - | - | - |
| Income tax relating to items that will be reclassified subsequently to profit or loss | Note 6(15) | - | - | - | - |
| | | (44) | - | - | - |
| Other comprehensive income for the year (net of income tax) | | (64) | - | 4,239 | 2 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | $ (67,490) | (35) | $ (51,816) | (17) |
| EARNINGS PER SHARE | Note 6(16) | | | | |
| Basic earnings per share | | $ (0.74) | | $ (0.61) | |
| Diluted earnings per share | | $ (0.74) | | $ (0.61) | |

**UNIFOSA CORP.**

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

| | | | Retained Earnings | | Other Equity Items | | |
|---|---|---|---|---|---|---|---|
| | Share Capital | Additional paid-in capital | Legal Reserve | Accumulated deficit | Exchange differences on translation of foreign financial statements | Unrealized losses on financial assets measured at fair value through other comprehensive income | Total Equity |
| BALANCE, JANUARY 1, 2022 | $ 916,288 | $ 6,998 | $ 7,306 | $ (298,490) | $ - | $ (9,570) | $ 622,532 |
| Net loss for the year ended December 31, 2022 | - | - | - | (56,055) | - | - | (56,055) |
| Other comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | 5,094 | - | (855) | 4,239 |
| Total comprehensive income (loss) for the year ended December 31, 2022 | - | - | - | (50,961) | - | (855) | (51,816) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | - | - | (11,128) | - | - | (11,128) |
| BALANCE, DECEMBER 31, 2022 | 916,288 | 6,998 | 7,306 | (360,579) | - | (10,425) | 559,588 |
| Changes in equity of associates and joint ventures accounted for using the equity method | - | 53,587 | - | - | - | - | 53,587 |
| Net loss for the year ended December 31, 2023 | - | - | - | (67,426) | - | - | (67,426) |
| Other comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | 205 | (44) | (225) | (64) |
| Total comprehensive income (loss) for the year ended December 31, 2023 | - | - | - | (67,221) | (44) | (225) | (67,490) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 264 | - | - | - | - | 264 |
| BALANCE, DECEMBER 31, 2023 | $ 916,288 | $ 60,849 | $ 7,306 | $ (427,800) | $ (44) | $ (10,650) | $ 545,949 |

# UNIFOSA CORP.

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

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before income tax | $ (67,296) | $ (56,154) |
| Adjustments for: | | |
| Depreciation expenses | 4,594 | 4,325 |
| Interest expenses | 167 | 34 |
| Interest income | (1,081) | (611) |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method | 50,538 | 38,299 |
| Unrealized gain from sale | 9 | 9 |
| Realized loss (gain) from sale | (9) | 150 |
| Net movements in operating assets | | |
| Decrease (increase) in notes receivable from unrelated parties, net | 292 | (428) |
| Decrease (increase) in accounts receivable from unrelated parties, net | (6,998) | 5,894 |
| Decrease in accounts receivable from related parties, net | - | 920 |
| Decrease (increase) in other accounts receivable | (27) | 26 |
| Decrease (increase) in inventory, net | 14,309 | (11,379) |
| Increase in prepayments | (573) | (26) |
| Decrease (increase) in other current assets | (9) | 14 |
| Decrease (increase) in other operating assets | (302) | 3,370 |
| Net movements in operating liabilities | | |
| Increase in contract liabilities | 483 | 1,847 |
| Decrease in accounts payable to unrelated parties | (1,192) | (2,057) |
| Decrease (increase) in other payable | 879 | (1,396) |
| Increase in other current liabilities | 7 | 50 |
| Cash outflow from operations | (6,209) | (17,113) |
| Interest received | 1,081 | 611 |
| Interest paid | (167) | (34) |
| Income tax refund (paid) | (49) | 22 |
| Net cash outflows in operating activities | (5,344) | (16,514) |

(Continued)

| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of investments accounted for using equity method | (35,400) | (33,813) |
| Increase in other non-current assets | (1,224) | - |
| Decrease in other non-current assets | - | 2,462 |
| Net cash outflows in investing activities | (36,624) | (31,351) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in deposits received | - | 52 |
| Repayment of principal portion of lease liabilities | (1,745) | (1,508) |
| Net cash outflows in financing activities | (1,745) | (1,456) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (43,713) | (49,321) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 150,797 | 200,118 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | $ 107,084 | $ 150,797 |

UNIFOSA CORP.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

## 1. GENERAL

Unifosa Corp. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China on May 16, 1994, which engages mainly in the manufacture of office machinery, data storage and processing equipment, electronic components, etc. and the wholesale, retail and international trade of office machinery and equipment. On December 27, 2004, Unifosa Corp.'s shares were listed in the over-the-counter market on Taipei Exchange (TPEX) for trading.

The Company merged with Proware Technology Co., Ltd. (hereinafter referred to as Proware Technology) on January 1, 2013, which is the reference date specified for the merger/consolidation; and the Company became the surviving company after the merger.

## 2. THE DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved by the Board of Directors and issued on March 8, 2024.

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

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

The new/revised/amended IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023 :

| New / Revised / Amended Standards and Interpretations | Effective Date Announced by IASB (Note 1) |
|---|---|
| Amendments to IAS 1 Disclosure of Accounting Policies" | January 1, 2023 (Note 1) |
| Amendments to IAS 8 Definition of Accounting Estimates | January 1, 2023 (Note 2) |
| Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 1, 2023 (Note 3) |
| Amendments to IAS 12 International Tax Reform Pillar Two Module Rules | January 1, 2023 (Note 4) |

Note 1: This amendment will apply to annual reporting periods beginning on or after January 1, 2023.

Note 2: This modification applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning on or after January 1, 2023.

Note 3: Subject to additional provisions regarding temporary differences related to leases and decommissioning obligations, this modification applies to transactions occurring after the earliest expressed comparative period start date (January 1, 2022).

Note 4: Amended by International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12). The amendments introduce an exception to the requirements in the standard that an entity does not recognize and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes; an entity applies the exception and the requirement to disclose that it has applied the exception immediately upon issuance of the amendments; the remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

Application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

(2) The IFRSs announced by IASB and endorsed by the Financial Supervisory Commission (FSC) for application starting from 2024.

| New / Revised / Amended Standards and Interpretations | Effective Date Announced by IASB |
|---|---|
| Amendments to IAS 16 "Lease Liability in a Sale and Leaseback" | January 1, 2024 (Note 1) |
| Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" | January 1, 2024 |
| Amendments to IAS 1 "Non-current Liabilities with Covenants" | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 "Supplier finance arrangements | January 1, 2024 (Note 2) |

Note 1: The seller and lessee shall apply the contents of this amendment retrospectively to the sale and leaseback transactions signed after the date of initial application of IFRS 16 in accordance with the provisions of IAS 8.

Note 2: This amendment provides certain amount of transitional reliefs, upon first application, entities are not required to disclose comparative information and interim period information, as well as the initial indicative information as required by paragraph 44H(b)(ii)-(iii).

As of the date the accompanying parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the Evaluation is completed.

(3) New IFRSs in issue by the IASB but not yet endorsed and issued into effect by the FSC

| New / Revised / Amended Standards and Interpretations | Effective Date Announced by the IASB |
|---|---|
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB |
| IFRS 17 “Insurance Contracts” | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” | January 1, 2023 |
| Amendments to IAS 21 “Lack of Exchangeability” | January 1, 2025 |

As of the date the parent company only financial statements were authorized for issue, the Company is continuously evaluating the possible impact that the application of above standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the evaluation is completed.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Company’s significant accounting policies are as follows:

### (1) Statement of compliance

These parent company only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### (2) Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the parent company only financial statements, the Company account for subsidiaries and associates by using the equity method. The current profit and loss, other comprehensive profit and loss and equity in the parent company only report are the same as the current profit and loss, other comprehensive profit and loss and equity attributable to the owner of the company in the company's consolidated financial report. There is no difference in the basis of accounting treatment between the parent company only and the consolidated reports.

### (3) Foreign Currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which the arise.

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

When preparing parent company only financial statements, the assets and liabilities of the Company's foreign operating institutions are converted into NT dollars at the exchange rate at the end of each reporting period; income and expense items are converted at the current average exchange rate, the resulting in exchange differences are recognized in other comprehensive profit or loss and properly attributed to the owners and non-controlling interests of the Company.

When disposing of a foreign operating institution constitutes a loss of control, joint control or significant influence on the foreign operating institution, all interests attributable to the owner of the Company related to the foreign operating institution will be reclassified as profit or loss.

When part of the disposal of a subsidiary included in a foreign operating institution does not constitute a loss of control over the subsidiary, the accumulated exchange difference recognized in other comprehensive profit or loss is re-attributed to the non-controlling interest of the subsidiary in proportion and is not recognized as profit or loss. In the case of any other partial disposal of foreign operating institutions, the Company's ownership interests in associates or jointly controlled entities have decreased but no significant influence or joint control has been lost. Accumulated exchange differences recognized in other comprehensive profit or loss are reclassified to profit or loss in proportion to the disposal.

(4) Classification of Current and Non-Current Assets and Liabilities

Current assets include cash and cash equivalents, and are held primarily for the purpose of trading, and due to be settled within twelve months after the reporting period, excluding those restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are held primarily for the purpose of trading, including those due to be settled within twelve months after the reporting period, and those which do have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

(5) Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term and highly liquid investments (including time deposits with an original maturity date of three months) that can be converted into fixed cash at any time with little risk of change in value.

(6) Financial Instruments

Financial assets and financial liabilities are recognized on parent company only balance sheets when a group entity becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss and included in the original recognized amount of financial assets and financial liabilities.

(7) Financial Assets

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

a. Measurement category

The Company's financial assets are classified into the following categories:

(a) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable designate investment in equity instruments that is not held for trading as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(b) Financial assets at amortized cost

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

a). The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b). The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and

cash equivalents, notes and trade receivables and other financial assets are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

b. Impairment of financial and contractual assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investment on debt instrument measured through other comprehensive profit or loss at fair value, lease and receivables and contractual assets.

The Company always recognizes the loss allowance by lifetime Expected Credit Loss (i.e. ECL) for notes and accounts receivable. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month ECL.

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c. De-recognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

(8) Financial Liability and Equity Instruments

The obligations and equity instruments issued by the company are classified as financial liabilities based on the substance of the joint agreement and the definition of financial liabilities and equity instruments.

1. Equity Instruments

An equity instrument is any contract that recognizes the Company's residual interest in assets less allliabilities. The equity instruments issued by the Company are recognized at the proceeds obtained after deducting the direct issuance costs.

The reacquired equity instruments of the Company are recognized and deducted under equity items. The purchase, sale, issuance or write-down of the Company's own equity instruments are not recognized in profit or loss.

2. Financial Liabilities

Financial liabilities are measured subsequently at amortized cost using the effective interest method or at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value and any gain or loss arising from the remeasurement is recognized in profit or loss.

Financial liabilities other than held-for-trading and designated at fair value through profit or loss are measured at amortized cost using the effective interest method.

3. Derecognition of Financial Liabilities

The Company derecognizes financial liabilities only when the obligation is released, canceled or expires. When derecognizing a financial liability, the difference between its carrying amount and the consideration paid is recognized in profit or loss.

(9) Inventories

The Company's inventory includes raw materials, work-in-progress, semi-finished products, finished products and commodities, etc., which are recorded on the basis of actual purchase costs, and the weighted average method is used for cost calculation.

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriated to group similar or related items. The net realizable value is the estimated selling price of inventories less the estimated costs necessary to make the sale under normal situations.

(10) Investment accounted for using the Equity Method

The Company uses the equity method to account for its investments in subsidiaries and associates.

Investments in Subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the

Company’s share of the change in other equity of the subsidiary.

When the Company's share of losses to a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), losses continue to be recognized on a pro rata basis.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the control of a subsidiary is lost, the Company measures its remaining investments in the former subsidiary at the fair value of the date of loss of control, and the difference between the fair value of the remaining investments and the price of any disposition and the carrying amount of the investments at the date of loss of control is included in profit or loss for the year. In addition, all amounts recognized in other comprehensive gains and losses relating to the subsidiary are accounted for on the same basis as the Company must follow for the direct disposition of the relevant assets or liabilities.

The remaining investment in the former subsidiary is the cost of the original recognized investment in the associate at the fair value at the date of loss of control.

Unrealized gains and losses on downstream transactions between the Company and its subsidiaries are eliminated in the parent company only financial statements. Profits and losses arising from countercurrent and side stream transactions between the Company and its subsidiaries are recognized in the parent company only financial statements to the extent unrelated to the Company's interests in subsidiaries.

Investments in Associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized in the parent company only balance sheet at cost and adjusted thereafter to recognize the company’s share of the profit or loss and other comprehensive income of the associate and the distribution received. The Company also recognizes the changes in the equity of associates attributable to the Company.

When the Company’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company’s net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized

as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after re-evaluation, is recognized immediately in profit or loss.

When the associate issues new shares, and the Company subscribes at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to additional paid-in capital. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to additional paid-in capital, but the additional paid-in capital recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. If the investment of associates becomes the investment of joint ventures, or vice versa, the Company will continue to evaluate investment accounted for by the equity method, other than remeasuring retained equities. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Profits and losses, resulting from upstream, downstream, and side stream transactions between the Company and associates, are recognized on parent company only financial statements in the scope of the Company's equities that are not relevant to its associates.

(11) Property, Plant and Equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. The cost includes incremental costs that are directly attributable to the acquisition or construction of assets.

Real estate, plant and equipment under construction are recognized at cost less accumulated impairment losses. Upon completion and in their intended state of use, the assets are classified into the appropriate categories of real estate, plant and equipment and depreciation commences.

There is no mention of depreciation on owned land.

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(12) Leases

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

For contracts consisting of leased and non-leased components, the Company apportioned the consideration in the contract on a relative price basis and treated it separately.

A. The Company as lessee

Except for payments for low-value asset leases and short-term leases which are recognized as expenses on a straight-line basis, the Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, and less any lease incentives received, any initial direct costs incurred, and an estimate of costs needed to restore the underlying assets. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. If ownership of the underlying asset will be acquired at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is provided from the lease commencement date to the end of the useful life of the underlying asset.

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented

on a separate line in the parent company only balance sheets.

B. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

(13) Intangible Assets

A. Acquired Separately

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

B. Incurred Internally – R & D Expense

The company's expenditures in the research stage are recognized as expenses when incurred, and only when meeting the specified conditions will the expenses be recognized as intangible assets in the stage of the internal plan development:

The cost of internally incurred intangible assets is recognized as the sum of expenditures incurred since the date when the specified conditions are met and is subsequently measured by the amount after deducting accumulated amortization and accumulated impairment losses from the cost.

C. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of such asset is recognized in profit or loss for the current period.

(14) Impairment of tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right of use assets and intangible assets (excluding goodwill), to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are also allocated to individual cash-generating units or otherwise they are

allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is adjusted to the revised recoverable amount provided that the increased carrying amount does not exceed the carrying amount determined if the asset or cash generating unit had not recognized the impairment loss in the previous year. The reversal of impairment losses is recognized in profit or loss.

(15) Provision

The Company recognizes a liability provision when it has present obligations due to past events and is likely to have to discharge such obligations and the amount of such obligations can be reliably estimated.

The amount recognized as a liability provision is a best estimate of the expenditure required to liquidate the obligation at the end of the reporting period, taking into account the risk and uncertainty of the obligation. If the provision for liabilities is measured by the estimated cash flows to meet the present obligation, the carrying amount is the present value of such cash flows.

(16) Employee Benefit

A. Short-term employee benefits.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for service rendered by employees.

B. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost as well as previous service cost, and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, or when the plan amendment or curtailment occurs/when the settlement occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit assets may not exceed the present value of contributions refunded from the scheme or reduced in future contributions.

The cost of retirement benefits for the interim period is calculated on an actuarial basis from the beginning of the year to the end of the current period, using the actuarial cost rate determined by the end of the previous year, and adjusted for major market fluctuations in the current period, major plan amendments, liquidations or other major one-off events.

C. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as for determining a benefit retirement plan, except that the relevant remeasures are recognized in profit and loss.

D. Termination benefits

The Company recognizes the liability for separation benefits when it is no longer able to withdraw the offer of separation benefits or recognize the related restructuring costs, whichever occurs first.

(17) Revenue Recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

The transaction price shall not be adjusted for the material financial component of a contract for which the time interval between the transfer of goods or services and the receipt of consideration is less than 1 year.

A. Revenue from sale of goods

The Company outsourced the manufacture and sale of goods and recognizes revenue when the promised goods are delivered to the client and the customer obtains its control (i.e., the customer's ability to control the use of the goods and obtain almost all of the residual benefits of the goods). The main products are memory modules, flash memory cards, random access memory and RAID products, and revenue is recognized on the basis of the price stated in the contract.

At the time of dematerialization, the control of the ownership of the processed products is not transferred, and the income is not recognized at the time of dematerialization.

The warranty provided by the company is based on the guarantee that the goods provided will operate as expected by the customer and are handled in accordance with the provisions of IAS37.

The credit period of the company's sales commodity transaction is 30~90 days, and most contracts recognize accounts receivable when the commodity transfer control and the right to receive consideration unconditionally, such accounts receivable are usually short in period and do not have a material financial component; However, in some contracts, part of the consideration is charged to the customer before the transfer of the goods, and the Company is required to bear the obligation to transfer the commodities subsequently, it is hence recognized as a contractual liability.

B. Service Revenue

The services provided by the Company are mainly recognized as income according to the progress of the completion of the contract.

The Company's contractual agreement price is received in accordance with the payment period specified in the contract, and when it has the right to transfer the services to the customer but has not yet unconditionally received the consideration, the contract assets are recognized, and the contract assets are also subject to allowance impairment measured by the amount of expected credit loss during the existence period in accordance with IFRS9. However, in some contracts, part of the consideration is charged to the customer at the time of signing, and the Company assumes the obligation to provide services in the future, it is hence recognized as a contractual liability.

The period for which the Company's aforesaid contractual liabilities are converted to revenue normally does not exceed one year and does not result in the creation of material financial components.

(18) Share-based Payment

The share-based payment agreement for equity delivery is based on the fair value of the goods to which the equity is granted, and the employee services obtained are recognized as compensation costs during the vested period and adjusted to equity relative to the vested period. The fair value of the equity commodity should reflect the impact of the acquired and non-vested conditions of the market price. The cost of compensation recognized is adjusted according to the amount of compensation that is expected to meet the conditions of service and non-market vested conditions, until the final recognition amount is recognized on the vested date.

Share-based payment agreements settled in cash are recognized as compensation costs and liabilities during vested periods based on the fair value of the liabilities assumed, and measured at the fair value of the commodities to which the equity is given at each balance sheet date and delivery date, and any changes are recognized as profit or loss for the current period.

(19) Taxation

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

A. Current tax

Current income tax is calculated based on the country in which the Company operates and generates its chargeable income, using the rate that has been legislated or substantially legislated at the end of the reporting period.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated according to Taiwan’s Income Tax Act.

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

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

C. Current and deferred tax for the year

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

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

In the application of the Company's accounting policies, the Company is required to make judgments,

estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has taken into account the economic impact of the Covid epidemic into its material accounting estimates, and the estimates and underlying assumptions are reviewed on an ongoing basis by the management. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The critical accounting judgments and key sources of estimation and uncertainty are as follows:

(1) Impairment Evaluation of tangible and intangible assets (excluding goodwill)

In the process of assessing asset impairment, the Company needs to rely on subjective judgments and determine the independent cash flow of specific asset groups, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates brought about by changes or corporate strategies may result in material impairments or reversals of recognized impairment losses in the future.

(2) Valuation of Inventory

As inventories must be valued at the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of inventories at the end of the financial reporting period.

Due to the rapid changes in technology, the Company evaluates the amount of inventory due to normal wear and tear, obsolescence, or no market sales value at the end of the financial reporting period, and writes down the inventory cost to the net realizable value. This inventory valuation is mainly based on the estimated demand for products in a specific period in the future, therefore, there may be material changes.

(3) Impairment Evaluation for Investments Using Equity Method (including goodwill and other intangible assets)

The management of the Company evaluates the impairment based on the future cash flow forecast of the investee company, including the operating cash flow estimated by the internal management team of the investee company that may be generated in the future, and determines the appropriate discount rate used to calculate the present value. The Company also considers the current conditions of relevant markets and industries to determine the rationality of its relevant assumptions.

## 6. Explanation of Significant Accounts

### (1) Cash and cash equivalents

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Cash on hand and revolving funds | $ 100 | $ 100 |
| Demand deposits | 56,984 | 100,697 |

| | | |
|---|---|---|
| Time deposits | 50,000 | 50,000 |
| | $ 107,084 | $ 150,797 |

As of December 31, 2023 and 2022, the above mentioned bank deposits were not used as pledged assets and/or under any other circumstances of restricted uses.

(2) Financial Assets at Fair value through other comprehensive income

| | 31 December, 2023 | 31 December, 2022 |
|---|---|---|
| Investments in equity instruments - non-current | | |
| Domestic unlisted shares | $ 4,350 | $ 4,575 |

A. The Company invests in the ordinary shares of the companies listed above for medium and long-term strategic purposes, and expects to make profits through long-term investment. The Company's management believes that if the short-term fair value fluctuations of these investments are included in profit or loss, it is not consistent with the aforementioned long-term investment plan, therefore, these investments are designated to be measured at fair value through other comprehensive income by choice.

B. As of December 31, 2023 and 2022, the above-mentioned financial assets measured at fair value through other comprehensive profit and loss were not used as pledged assets and/or under any other circumstances of restricted uses.

(3) Notes Receivable, Trade Receivable and Other Receivables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Notes receivable | | |
| Notes receivable from operating activities | $ 480 | $ 772 |
| Notes receivable not from operating activities | — | — |
| Less: Allowance for bad debts | | |
| | $ 480 | $ 772 |
| Trade receivable | | |
| Trade receivable | $ 33,415 | $ 26,417 |
| Less: Allowance for bad debts | — | — |
| | $ 33,415 | $ 26,417 |
| Other receivable, current | | |

| | | |
|---|---|---|
| Service Fee receivable | $ 132 | $ 105 |
| Less: Allowance for bad debts | — | — |
| | $ 132 | $ 105 |

A. The Company adopts the simplified method of IFRS 9 to recognize the allowance loss of trade receivable based on the expected credit loss during the duration. The expected credit loss during the duration is calculated using a provision matrix, which takes into account the customer's past default history, current financial situation and industry economic situation. As the company's credit loss historical experience shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further distinguish customer groups, and only determines the expected credit loss rate based on the number of days that trade receivables are overdue.

B. The Company's loss allowance for trade and other receivables based on provision matrix.

| | 31 December, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Not overdue | Overdue 1~90 days | Overdue 91~180 days | Overdue 181~270 days | Overdue more than 270 days | Total |
| Total book value | $ 33,469 | $ 78 | $ — | $ — | $ — | $ 33,547 |
| Expected credit loss rate | 0% | 0% | 0% | 0% | 100% | |
| Loss Allowance (lifetime expected credit losses) | — | — | — | — | — | — |
| Amortized cost | $ 33,469 | $ 78 | $ — | $ — | $ — | $ 33,547 |

| | 31 December, 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Not overdue | Overdue 1~90 days | Overdue 91~180 days | Overdue 181~270 days | Overdue more than 270 days | Total |
| Total book value | $ 26,440 | $ 82 | $ — | $ — | $ — | $ 26,522 |
| Expected credit loss rate | 0% | 0% | 0% | 0% | 100% | |
| Loss Allowance (lifetime expected credit losses) | — | — | — | — | — | — |
| Amortized cost | $ 26,440 | $ 82 | $ — | $ — | $ — | $ 26,522 |

C. As of December 31, 2023 and 2022, the above-mentioned notes and accounts receivables were not used as pledged assets and/or under any other circumstances of restricted uses.

(4) Inventory

| | 31 December, 2023 | 31 December, 2022 |
|---|---|---|
| Merchandise | $ 4,517 | $ 16,564 |
| Finished goods | 1,494 | 3,917 |
| Semi-finished goods | 11,306 | 10,360 |
| Work-in-process | 2,368 | 1,886 |
| Raw Material | 5,136 | 6,520 |
| | $ 24,821 | $ 39,247 |

A. Inventory-related profits and losses recognized as cost of sales in the current period are as follows:

| | 2023 | 2022 |
|---|---|---|
| Cost of inventory sales | $ 144,427 | $ 257,500 |
| Loss for market price decline and obsolete and slow-moving inventory (Gain from price recovery of inventory) | 4,001 | (243 ) |
| Others | 4,220 | 5,260 |
| | $ 152,648 | $ 262,517 |

B. As of December 31, 2023 and 2022, the above-mentioned inventory net value were not used as pledged assets and/or under any other circumstances of restricted uses.

(5) Investments using Equity Method

| | 31 December, 2023 | 31 December, 2022 |
|---|---|---|
| Subsidiaries | $ 74,574 | $ 96,620 |
| Associates | 60,715 | — |
| | $ 135,289 | $ 96,620 |

A. Subsidiary

a. The subsidiaries of the Company are as follows:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| Investee | Amount | Ownership Stake | Amount | Ownership Stake |
| Morelink Technology Corporation (hereinafter as Morelink Tech.) | $ 43,134 | 47.61% | $ 66,730 | 47.95% |
| Phoenix Innovative Materials Inc. (hereinafter as Phoenix Materials) | $ 31,440 | 98.75% | $ 29,890 | 98.57% |
| | $ 74,574 | | $ 96,620 | |

In October, 2023, the Company participated in the cash capital increase of Phoenix Materials with 19,800 thousands. As of December 31, 2023, the Company's shareholding ratio was 98.75%.

b. For relevant information about the Company's subsidiaries, please refer to the 2023 consolidated financial report.

B. Associates

a. The associates of the Company are listed as follows:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| Investee | Amount | Ownership Stake | Amount | Ownership Stake |
| Foresight Energy Technology Co., Ltd. | $ 60,715 | 9.04% | $ — | 16.39% |

As of December 31, 2023, the Company's shareholding ratio in Foresight Energy Technology Co., Ltd. (hereinafter referred to as Foresight Energy) was 9.04%. Although the Company's shareholding ratio in Foresight Energy did not reach 20%, the Company, however, has significant influence on Foresight Energy, hence the equity method is adopted for evaluation.

b. The consolidated financial information of the associates of the Company is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Total assets | $ 782,503 | $ 95,065 |
| Total liabilities | $ 110,873 | $ 113,981 |

| | 2023 | 2022 |
|---|---|---|
| Operating revenue | $ 118,792 | $ 84,816 |
| Net loss | $ (45,370) | $ (51,314) |
| other comprehensive income | $ (484) | $ — |

c. The associates' profit and loss and other comprehensive profit and loss shares recognized using the equity method in 2023 and 2022 were recognized based on the financial statements of each associate that had been audited by accountants for the same period.

C. As of 31 December 2023 and 2022, the above mentioned investments using equity method were not used as pledged assets and/or under any other circumstances of restricted uses.

(6) Property, Plant and Equipment

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Self-use | $ 201,784 | $ 208,180 |
| Operating lease | 60,602 | 56,874 |
| | $ 262,386 | $ 265,054 |

A. Self-use

| | Land | Building | Office equipment | Other equipment | Total |
|---|---|---|---|---|---|
| Costs and revaluation reserve | | | | | |
| Jan. 1, 2023 balance | $ 168,990 | $ 79,052 | $ 2,831 | $ — | $ 250,873 |
| Increase | — | — | — | 117 | 117 |
| Disposal | — | — | (111) | — | (111) |
| Assets reclassified as held for operating lease | (2,905) | (1,251) | — | — | (4,156) |
| Dec. 31, 2023 balance | $ 166,085 | $ 77,801 | $ 2,720 | $ 117 | $ 246,723 |
| | | | | | |
| Jan. 1, 2022 balance | $ 168,990 | $ 79,237 | $ 2,831 | $ — | $ 251,058 |
| Increase | — | — | — | — | — |
| Disposal | — | (185) | — | — | (185) |
| Dec. 31, 2022 balance | $ 168,990 | $ 79,052 | $ 2,831 | $ — | $ 250,873 |
| Accumulated depreciation / impairment | | | | | |
| Jan. 1, 2023 balance | $ — | $ 40,626 | $ 2,067 | $ — | $ 42,693 |
| Depreciation | — | 2,111 | 333 | 12 | 2,456 |
| Disposal | — | — | (111) | — | (111) |
| Assets reclassified as held for operating lease | — | (99) | — | — | (99) |
| Dec. 31, 2023 balance | $ — | $ 42,638 | $ 2,289 | $ 12 | $ 44,939 |
| | | | | | |
| Jan. 1, 2022 balance | $ — | $ 38,653 | $ 1,707 | $ — | $ 40,360 |
| Depreciation | — | 2,158 | 360 | — | 2,518 |
| Disposal | — | (185) | — | — | (185) |
| Dec. 31, 2022 balance | $ — | $ 40,626 | $ 2,067 | $ — | $ 42,693 |

B. Operating lease

| | Land | Building | Total |
|---|---|---|---|
| Costs and revaluation reserve | | | |
| Jan. 1, 2023 balance | $ 44,552 | $ 14,667 | $ 59,219 |
| Increase | — | — | — |
| Disposal | — | — | — |
| From self-use assets | 2,905 | 1,251 | 4,156 |
| Dec. 31, 2023 balance | $ 47,457 | $ 15,918 | $ 63,375 |
| | | | |
| Jan. 1, 2022 balance | $ 44,552 | $ 14,667 | $ 59,219 |
| Increase | — | — | — |
| Disposal | — | — | — |
| Dec. 31, 2022 balance | $ 44,552 | $ 14,667 | $ 59,219 |
| Accumulated depreciation / impairment | | | |
| Jan. 1, 2023 balance | $ — | $ 2,345 | $ 2,345 |
| Depreciation | — | 329 | 329 |
| Disposal | — | — | — |
| From self-use assets | — | 99 | 99 |
| Dec. 31, 2023 balance | $ — | $ 2,773 | $ 2,773 |
| Jan. 1, 2022 balance | $ — | $ 2,057 | $ 2,057 |
| Depreciation | — | 288 | 288 |
| Disposal | — | — | — |
| Dec. 31, 2022 balance | $ — | $ 2,345 | $ 2,345 |

leases land and buildings under operating leases, and the lease period is 2 to 3 years. At the end of the lease period, the lessee has no preferential purchase of such assets.

The total amount of lease payments to be received in the future for leasing out self-owned real estate, plant and equipment under operating leases is as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| 1st year | $ 2,686 | $ 4,040 |
| 2nd year | 112 | 2,374 |
| 3rd year | — | 34 |
| | $ 2,798 | $ 6,448 |

C. The company's property, plant and equipment are depreciated on a straight-line basis over the following useful years：

| | |
|---|---|
| Buildings | 35～50 years |
| Office equipment | 5～10 years |
| Other equipment | 2 years |

D. Please refer to Notes 6 (8) and 8 for details of the company's provision of land and buildings as collateral for loans as of December 31, 2023 and 2022.

(7) Right-of-Use Assets

A. Right-of-Use Assets

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Book value of right-of-use-assets | | |
| Transportation equipment | $ 7,403 | $ 5,402 |

| | Transportation equipment |
|---|---|
| Costs and revaluation reserve | |
| Jan. 1, 2023 balance | $ 6,134 |
| Increase | 3,810 |
| Disposal | (850) |
| Dec. 31, 2023 balance | $ 9,094 |
| | |
| Jan. 1, 2022 balance | $ 2,998 |
| Increase | 5,284 |
| Disposal | (2,148) |
| Dec. 31, 2022 balance | $ 6,134 |
| Accumulated depreciation / impairment | |
| Jan. 1, 2023 balance | |
| Depreciation | $ 732 |
| Disposal | 1,809 |
| Dec. 31, 2023 balance | (850) |
| | $ 1,691 |
| Jan. 1, 2022 balance | $ 1,064 |

| | | |
|---|---|---|
| Depreciation | $ | 1,519 |
| Disposal | | (1,851) |
| Dec. 31, 2022 balance | $ | 732 |

B. Lease Liabilities

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Book value of lease liabilities | | |
| current | $ l,845 | $ l,312 |
| Non-current | 5,629 | 4,097 |
| | $ 7,474 | $ 5,409 |

Range of discount rate for book value of lease liabilities are as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Transportation equipment | 1.62%～3.12% | 1.62% |

C. Important Leasing Activities and Terms

The Company leases some transportation equipment for office use, and the lease period is 2 to 5 years. At the end of the lease period, the Company has no preferential right to purchase the leased transportation equipment.

D. Information on other leases

| | 2023 | 2022 |
|---|---|---|
| Rental expenses for low-value assets | $ 242 | $ 228 |
| Cash outflow for lease payments | $ (1,987 ) | $ (1,736 ) |

The Company chooses to apply the recognition exemption for leases that match short-term leases and low-value asset leases, and does not recognize the relevant right-of-use assets and lease liabilities for these leases.

(8) Short-term Debt

A. Please refer to Note 6(6) and 8 for details of the Company's provision of assets as collateral for loans as of December 31, 2023 and 2022

B. As of December 31, 2023 and 2022, the undrawn loan facilities granted to the Company by financial institutions were both at 130,000 thousand.

(9) Other Payables

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accrued payroll & bonus | $ 10,707 | $ 9,891 |
| Accrued professional service fees | 3,285 | 3,372 |
| Others | 2,869 | 2,719 |
| | $ 16,861 | $ 15,982 |

(10)Retirement Benefits Plans

A. Defined contribution plans

The plan under the R.O.C. Labor Pension Act (the "Act") is deemed a defined contribution plan.

Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly payroll to employees' pension accounts.

The amount that should be allocated in accordance with the specified proportion in the defined contribution plan has been recognized in the profit and loss statement of the parent company only report in 2023 and 2022. The total recognized expenses are 2,531 thousand and 2,587 thousand respectively. As of December 31, 2023 and 2022, the due appropriations that have not yet been paid to the contribution plan are 636 thousand and 628 thousand respectively, and these amounts have been paid after the balance sheet date.

B. Defined benefits plans

Unifosa Corp. has defined benefit plans under the R.O.C. Labor Standards Act that provide benefits based on an employee's length of service and average monthly payroll for the six-month period prior to retirement. The Company contributes an amount equal to 4% of salaries paid each month to their respective pension funds (the Funds), which are administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by designated government bureau, the Company does not have any right to intervene in the investments of the Funds.

Amounts recognized in respect of these defined benefit plans in the parent company only balance sheets were as follows:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Present value of defined benefit obligation | $ 11,058 | $ 11,058 |
| Fair value of plan assets | (23,346 ) | (22,788 ) |
| Defined benefit assets, net | $ (12,288 ) | $ (11,730 ) |

Changes in the present value of defined benefit obligation are as follows:

| | 2023 | | |
|---|---|---|---|
| | Present value of defined benefit obligation | Fair value of plan assets | Defined benefit assets, net |
| Jan. 1, 2023 balance | $ 11,058 | $ (22,788 ) | $ (11,730 ) |
| Service costs | | | |

| | | | |
|---|---|---|---|
| Service costs for current year | — | — | — |
| Interest expenses (income) | 97 | (399) | (302) |
| Recognized in income statement | 97 | (399) | (302) |
| Remeasurements | | | |
| Return on plan assets | — | (159) | (159) |
| Actuarial loss (gain) | | | |
| Changes in demographic assumptions | — | — | — |
| Changes in financial assumptions | — | — | —) |
| Experience adjustments | (97) | — | (97) |
| Recognized in other comprehensive income | (97) | (159) | (256) |
| Participant contributions to the plan | — | — | — |
| Benefit payments | — | — | — |
| Dec. 31, 2023 balance | $ 11,058 | $ (23,346) | $ (12,288) |

| | 2022 | | |
|---|---|---|---|
| | Present value of defined benefit obligation | Fair value of plan assets | Defined benefit assets, net |
| Jan. 1, 2022 balance | $ 37,381 | $ (46,114) | $ (8,733) |
| Service costs | | | |
| Service costs for current year | — | — | — |
| Interest expenses (income) | 211 | (266) | (55) |
| Settlement loss (income) | (23,667) | 27,092 | 3,425 |
| Recognized in income statement | (23,456) | 26,826 | 3,370 |
| Remeasurements | | | |
| Return on plan assets | — | (3,500) | (3,500) |
| Actuarial loss (gain) | | | |
| Changes in demographic assumptions | — | — | — |
| Changes in financial assumptions | (2,808) | — | (2,808) |

| | | | |
|---|---|---|---|
| Experience adjustments | (59) | — | (59) |
| Recognized in other comprehensive income | (2,867) | (3,500) | (6,367) |
| Participant contributions to the plan | — | — | — |
| Benefit payments | — | — | — |
| Dec. 31, 2022 balance | $ 11,058 | $ (22,788) | $ (11,730) |

The above defined benefit plans recognized in the gain or loss of pension are listed in the individual items below:

| | 2023 | 2022 |
|---|---|---|
| Operating costs | $ (49) | $ 549 |
| Selling and marketing expenses | (47) | 526 |
| General and administrative expenses | (125) | 1,391 |
| Research & development expenses | (81) | 904 |
| Total | $ (302) | $ 3,370 |

Through the pension system under the R.O.C. Labor Standards Act, the Company is exposed to the following risks:

a. Investment risk: The pension funds are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the R.O.C. Labor Standards Act, the rate of return on the Company's assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

c. Payroll risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the payroll of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried outby qualified actuaries. The principal assumptions at the measurement date were as follows:

| Measurement date | |
|---|---|
| December 31, 2023 | December 31, 2022 |

| | | |
|---|---|---|
| Discount rate | 1.75% | 1.75% |
| Rate of payroll increase | 1.00% | 1.00% |
| Expected duration of defined benefit obligation | 1 year | 1 year |

If main actuarial assumptions vary within a reasonable extent, as for other assumption remaining unchanged, the present value of defined benefit obligation increases (decreases) shall be as follows:

| | Measurement date | |
|---|---|---|
| | December 31, 2023 | December 31, 2022 |
| Discount rate | | |
| Increase 0.25% | $ — | $ — |
| Decrease 0.25% | $ — | $ — |
| Rate of payroll increase | | |
| Increase 0.25% | $ — | $ — |
| Decrease 0.25% | $ — | $ — |

As actuarial assumptions may be correlative with one another, it is less likely that only one single assumption will be changed, the above sensitive analysis cannot indicate actual changes of thepresent value of defined benefit obligation.

In addition, in the aforementioned sensitivity analysis, the present value of the determined benefit obligation at the end of the reporting period was calculated using the estimated unit benefit method and measured on the same basis as the determination of benefit liability.

The Company expects to allocate 0 thousand to the defined benefit plan within one year after December 31, 2023.

(11) Equity

A. Capital- ordinary shares

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Shares (in thousands) | 200,000 | 200,000 |
| Share capital | $ 2,000,000 | $ 2,000,000 |
| Issued and fully paid-in shares (in thousands) | 91,628.8 | 91,628.8 |
| Issued capital | $ 916,288 | $ 916,288 |

The issued ordinary shares are with a par value of $10 per share, and each share is entitled to one voting right and the right to receive dividends.

B. Additional paid-in capital

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Only to be used to offset losses | | |
| Recognition of changes in equity interests in subsidiaries | $ 264 | $ — |
| Changes in equity in associates and joint ventures accounted for using the equity method | $ 60,585 | $ 6,998 |
| | $ 60,849 | $ 6,998 |

Such additional paid-in capital refers to the impact of equity transactions recognized by changes in the equity of the company and its associates when the Company has not actually acquired or disposed of the equity of subsidiaries and associates, or the adjustment of the additional paid-in capital of subsidiaries and associates recognized by the Company using the equity method.

C. Retained earnings and dividend policy

In accordance with Unifosa's Articles of Incorporation, when allocating the net profits for each fiscal year, Unifosa shall first pay taxes and offset its losses in previous years and then set aside the legal capital reserve at 10% of the profits left over and allocate or reverse special reserves when necessary. However, if the legal reserves have reached the Company's paid-in capital, then the abovementioned does not apply. Any balance left over shall be added with the accumulated undistributed earnings of the previous year and be allocated according to the resolution provided from the board meeting based on the proposal of the dividends policy and the allocation of retained earnings. If the planned execution is to be carried out in the form of issuing new shares, the proposal should be submitted and approved by the Shareholders' meeting before execution.

If the company distributes dividends and bonuses or all or part of legal reserves and paid-in capital reserve by issuing cash, it shall be reported to the shareholders meeting after authorizing the Board of which the quorum reaches two-third of the directors and obtaining the approvals from more than half of the attending directors.

Considering the environment and the growth period the Company is in, and in response to future capital needs and long-term financial planning, as well as to satisfy the needs of the shareholders' expectations of cash inflows, the Company appropriates more than 50% of the retained earnings to stockholders' dividends, of which the cash dividends should not be lower than twenty (20) percent of the sum of total dividends.

Since June 13, 2007, the Company no longer has supervisors, and the original supervisor's duties were performed by the Audit Committee.

The appropriation for legal reserve shall be made until the reserve equals to Unifosa's paid-in capital. The legal reserve may be used to offset a deficit or be distributed as dividends in cash for the portion in excess of 25% of the paid-in capital if Unifosa incurs no loss.

When distributing earnings, the Company must deduct the net amount of other equity items in accordance with laws and regulations (such as exchange differences in the translation of financial statements of foreign operating institutions, unrealized gains and losses of financial assets available for sale, and the cumulated balance of effective hedging tool benefits and losses in cash flow hedging) is set aside as a special reserve. If there is a subsequent reduction in the deduction amount of other equity items, the reduction amount can be transferred back to the undistributed earnings from special reserve.

The Company was in a state of accumulated losses in 2023 and 2022, hence there is no need to disclose dividend information per share.

With regards to the allocation of earnings approved by the Company's board of directors and resolved at the shareholders' meeting, please visit the websites such as the Market Observation Post System (MOPS) for further details.

D. Other Equity Items

a. Foreign exchange differences on translation of financial statements from Foreign Operations

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ — | $ — |
| Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for using the equity method | (44) | — |
| Ending balance | $ (44) | $ — |

The foreign exchange difference arising from the conversion of the net assets of the foreign operations from the functional currency to the presentation currency of the consolidated company is the exchange difference recognized directly as profit or loss of the translation of the financial statements of the foreign operations under other comprehensive income. Exchange differences previously accumulated in the financial statements of foreign operations are reclassified to profit or loss when disposing of foreign operations.

b. Unrealized gain (loss) from financial assets at fair value through other comprehensive income

| | 2023 | 2022 |
|---|---|---|
| Beginning balance | $ (10,425) | $ (9,570) |
| Unrealized gain (loss) from financial assets | (225) | (855) |

| | | |
|---|---|---|
| at fair value through other comprehensive income | | |
| Ending balance | $ (10,650) | $ (10,425) |

Investments in equity instruments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profit and loss is directly transferred to the retained earnings and is not reclassified as profit or loss.

(12) Operating Revenue

| | 2023 | 2022 |
|---|---|---|
| Customer contractual revenue | | |
| Revenue from goods sold | $ 185,995 | $ 299,172 |
| Revenue from service provided | 8,604 | 2,917 |
| | $ 194,599 | $ 302,089 |

The relevant information on customers' contractual revenue in 2023 and 2022 are as follows:

A. Further definition of revenue :

The Company's revenue is further defined based on the categories of main products and regions, please refer to Note 14 for relevant information. The details of the revenue recognition timing are further defined as follows:

| | 2023 | 2022 |
|---|---|---|
| Revenue recognition timing | | |
| at a point in time | $ 185,995 | $ 299,172 |
| Over time as progress is made | 8,604 | 2,917 |
| | $ 194,599 | $ 302,089 |

B. Contract balance：

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Accounts receivable (note 6(3)) | $ 33,415 | $ 26,417 |
| Contract liability, current | | |
| Sales of goods | $ 2,530 | $ 2,047 |

Changes in contractual liabilities are mainly due to differences between the time of satisfaction of the performance obligation and the point of payment by the customer.

The amount of contract liabilities recognized as income from the beginning of the year was 1,935 thousand and 71 thousand in 2023 and 2022 respectively.

C. Transaction price allocated to unfulfilled obligations：

As of December 31, 2023 and 2022, the Company's customer contracts for sales of goods and provision of services are all shorter than one year, hence there is no need to provide information about unfulfilled contractual obligations.

D. Assets recognized from the cost of self-acquiring or fulfilling customer contracts: None

(13) Additional information for Expenses

The number of employees of the Company in 2023 and 2022 was 66 and 65 respectively, of which the number of directors who were not concurrently employees were 6 and 5.

The company's current net loss includes the following items：

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| Nature | Classified as Operating Cost | Classified as Operating Expenses | Total | Classified as Operating Cost | Classified as Operating Expenses | Total |
| Employee benefit expenses | | | | | | |
| Payroll and bonus | $ 7,935 | $ 41,958 | $ 49,893 | $ 7,398 | $ 41,855 | $ 49,253 |
| Labor and health insurance | 927 | 3,837 | 4,764 | 902 | 3,775 | 4,677 |
| Pension | | | | | | |
| Defined contribution plans | 425 | 2,106 | 2,531 | 420 | 2,167 | 2,587 |
| Defined benefit plans | (49) | (253) | (302) | 549 | 2,821 | 3,370 |
| Directors' compensation | — | 525 | 525 | — | 630 | 630 |
| Others | 355 | 1,194 | 1,549 | 371 | 1,277 | 1,648 |
| | $ 9,593 | $ 49,367 | $ 58,960 | $ 9,640 | $ 52,525 | $ 62,165 |
| Depreciation | $ 781 | $ 3,813 | $ 4,594 | $ 782 | $ 3,543 | $ 4,325 |

According to the provisions of the Company Law and the Articles of Association, if the company makes a profit in the year, it should allocate 5% to 15% for employee compensation and not more than 2% for directors' compensation; employee compensation may be paid to employees of controlled or affiliated companies who meet certain conditions, which are determined by the Board of Directors. However, if the Company still has accumulated losses, it should retain the amount of compensation in advance, and then allocate employee compensation and directors' compensation according to the proportion of the aforementioned item.

The Company was in a deficit state in 2023 and 2022 and has yet to rectify, so the compensation of employees and directors is not assessed.

If there is a significant change in the amount approved ed by the board of directors before the date of the adoption of the parent company only financial statements, the change will be adjusted to the expenses of the original financial period, and if the amount remains changed after the date of the adoption of the annual parent company only financial statements, it will be treated according to the changes in accounting estimates and adjusted and recorded in the following year.

Information on employee and directors' compensation approved by the Board of Directors of the Company and resolved by the shareholders' meeting can be found on websites such as the Market Observation Post System (MOPS).

(14) Other Gains and Losses

| | 2023 | 2022 |
|---|---|---|
| Other gains | | |
| Rental income | $ 4,454 | $ 4,371 |
| Net exchange gain | 884 | 4,554 |
| Other income | 5,823 | 6,128 |
| | 11,161 | 15,053 |
| Other loss | | |
| Other expenditure | (2) | — |
| | (2) | — |
| | $ 11,159 | $ 15,053 |

(15) Income Tax

A. Main components of income tax expense (benefit)

a. Income tax recognized in profit or loss:

| | 2023 | 2022 |
|---|---|---|
| Current year income tax | | |
| Current period incurred | $ — | $ — |
| Deferred income tax | | |
| Generation and reversal of temporary differences | $ 130 | $ (99) |
| Income tax expense (benefit) recognized in profit or loss | $ 130 | $ (99) |

c. Income tax recognized in other comprehensive income:

| | 2023 | 2022 |
|---|---|---|

| | | |
|---|---|---|
| Deferred income tax | | |
| Remeasurement of defined benefit plans | $ 51 | $ 1,273 |

B. The adjustment of net loss before tax and income tax expense (benefit) recognized in profit or loss:

| | 2023 | 2022 |
|---|---|---|
| Income tax expense based on pre-tax net loss | $ (13,459) | $ (11,231) |
| Loss carryforward | 2,681 | 3,489 |
| Investment loss recognized through equity method | 10,108 | 7,692 |
| Loss for market price decline and obsolete and slow-moving inventory | 800 | (49) |
| (Gain from price recovery of inventory) | | |
| Income tax expense (benefit) recognized in profit or loss | $ 130 | $ (99) |

C. Income tax assets and liabilities：

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Income tax assets | | |
| Tax refund receivable | $ 65 | $ 16 |

D. Deferred income tax：

The Company offsets certain deferred income tax assets and liabilities that meet the offsetting conditions. The analysis of deferred income tax assets and liabilities in the parent company only balance sheet is as follows:

| Jan. to Dec. 2023 | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|
| Deferred income tax asset | | | | |
| Unrealized exchange losses | $ 47 | $ (36) | $ — | $ 11 |
| Unrealized sales returns | 94 | (94) | — | — |
| subtotal | $ 141 | $ (130) | $ — | $ 11 |
| Deferred income tax liability | | | | |

| | | | | |
|---|---|---|---|---|
| Defined benefit actuarial gains and losses | $ 2,677 | $ — | $ 51 | $ 2,728 |

| Jan. to Dec. 2022 | Beginning balance | Recognized in profit or loss | Recognized in other comprehensive income | Ending balance |
|---|---|---|---|---|
| Deferred income tax asset | | | | |
| Unrealized exchange losses | $ 42 | $ 5 | $ — | $ 47 |
| Unrealized sales returns | — | 94 | — | 94 |
| subtotal | $ 42 | $ 99 | $ — | $ 141 |
| Deferred income tax liability | | | | |
| Defined benefit actuarial gains and losses | $ 1,404 | $ — | $ 1,273 | $ 2,677 |

E. Relevant Information for investment tax credits, deficits offset and tax exemption:

As of December 31, 2023, the Company has no usable tax investment credits.

As of December 31, 2023, the amount of the Company's usable deficits offset was 508,625 thousand, and the last applicable year of offset period is in 2033.

F. Income Tax Evaluation

As of December 31, 2023, the Company's tax returns through 2021 had been approved by the tax authorities.

(16) Earnings per share

| | 2023 | 2022 |
|---|---|---|
| Basic Earnings Per Share | $ (0.74) | $ (0.61) |
| Diluted Earnings Per Share | $ (0.74) | $ (0.61) |

Earnings and weighted average number of ordinary shares used to calculate basic earnings per share:

| | 2023 | 2022 |
|---|---|---|
| Net loss attributable to the owners of the parent company | $ (67,426) | $ (56,055) |
| Weighted average number of ordinary shares (in thousands) used to calculate basic earnings per share. | 91,629 | 91,629 |

(17) Cash Flows Information

A. Non-cash transactions:

| | 2023 | 2022 |
|---|---|---|
| Increase in property, plant, and equipment | $ 117 | $ — |
| Change in advance payments for equipment | (117) | — |
| Cash paid for acquisition of property, plant, and equipment | $ — | $ — |

B. Liability adjustments from financing activities：

| Jan. to Dec. 2023 | Beginning balance | Cash flow | Non-cash changes Other | Ending balance |
|---|---|---|---|---|
| Book value of lease obligation (current and non-current) | $ 5,409 | $ (1,745) | $ 3,810 | $ 7,474 |
| Deposits received | 738 | — | — | 738 |
| Total liability from financing activities | $ 6,147 | $ (1,745) | $ 3,810 | $ 8,212 |

| Jan. to Dec. 2022 | Beginning balance | Cash flow | Non-cash changes Other | Ending balance |
|---|---|---|---|---|
| Book value of lease obligation (current and non-current) | $ 1,930 | $ (1,508) | $ 4,987 | $ 5,409 |
| Deposits received | 686 | 52 | — | 738 |
| Total liability adjustments from financing activities | $ 2,616 | $ (1,456) | $ 4,987 | $ 6,147 |

## 7. RELATED PARTY TRANSACTION

Details of transactions between the Company and related parties are disclosed as follows:

(1) The names and relationships of the related parties

| Name of the related parties | Relationship with the Company |
|---|---|
| Yao-Li Investment Co. Ltd. (hereinafter called as YL Investment) | Director of the Company |
| Foresight Energy Technologies Co., Ltd (hereinafter called as Foresight Energy) | Associates |
| Board of Directors, Supervisors, General Manager, Deputy general manager | Management team |

(2) Sales revenue

| | 2023 | 2022 |
|---|---|---|
| Subsidiaries | | |
| Morelink Tech. | $ 3,388 | $ — |

(3) Others

| | Item | 2023 | 2022 |
|---|---|---|---|
| Subsidiaries | | | |
| Phoenix Materials | Rental income | $ 34 | $ 34 |
| Morelink Tech. | Rental income | $ 2,931 | $ 2,928 |
| Phoenix Materials | Other income | $ 3,841 | $ 4,690 |
| Morelink Tech. | Other income | $ 1,250 | $ 1,250 |

(4) Accounts Receivable and Accounts Payable

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Other receivables: | | |
| Subsidiaries | | |
| Morelink Tech. | $ 128 | $ 105 |

(5) Increase in Equity

The Company's participation in the capital injection and increase in investments of the related parties is as follows:

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Investment Increase | | Ownership Stake | | Investment Increase | | Ownership Stake | |
| Name of the related parties | Number of Shares (in thousands) | Amount | Before Capital Increase | After Capital Increase | Number of Shares (in thousands) | Amount | Before Capital Increase | After Capital Increase |
| Phoenix Materials | 1,980 | $ 19,800 | 98.57% | 98.75% | — | $ — | — | — |
| Foresight | 600 | 15,600 | 16.39% | 9.04% | — | — | — | — |

| | 2023 | | | | 2022 | | | |
|---|---|---|---|---|---|---|---|---|
| | Investment Increase | | Ownership Stake | | Investment Increase | | Ownership Stake | |
| Name of the related parties | Number of Shares (in thousands) | Amount | Before Capital Increase | After Capital Increase | Number of Shares (in thousands) | Amount | Before Capital Increase | After Capital Increase |
| Energy Morelink Tech. | — | — | — | — | 3,381 | 33,813 | 38.28% | 47.97% |
| | | $ 35,400 | | | | $ 33,813 | | |

(6) Compensation for main management team

The sum of the payroll and compensation for directors and other main management team are as follows:

| | 2023 | 2022 |
|---|---|---|
| Short-term benefits | $ 7,748 | $ 7,570 |
| post-employment benefits | 205 | 205 |
| | $ 7,953 | $ 7,775 |

Please refer to the content of the Annual Report of the Shareholders' Meeting for the detailed information related to the above payroll and compensation for directors and management team.

## 8. PLEDGED ASSETS

As of December 31, 2023 and 2022, the details of the book value for the Company's assets used as collateral for loans to financial institutions are as follows:

| Item | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Land | $ 62,862 | $ 62,862 |
| Buildings | 14,271 | 15,174 |
| | $ 77,133 | $ 78,036 |

## 9. MATERIAL CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS : None.

## 10. SINGIFICANT DISASTER LOSS : None.

## 11. SINGIFICANT EVENTS after the Balance Sheet Date : None.

## 12. Other Matters

(1) Capital Risk Management

The Company conducts capital management to ensure that the companies within the Group are able to maximize shareholder returns by optimizing debt and equity balances before going forward.

The Company's key management reviews the Group's capital structure on a quarterly basis, including consideration of the costs and associated risks of each type of capital. Based on the recommendations of key management, the Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new bonds or repaying old debts.

(2) Financial Instruments

A. Categories of financial instruments

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Financial Assets | | |
| Financial assets at fair value through other comprehensive income | | |
| Equity investments | $ 4,350 | $ 4,575 |
| Financial assets measured at amortized cost (Note 1) | 149,160 | 184,916 |
| Total | $ 153,510 | $ 189,491 |
| Financial Liabilities | | |
| Financial liabilities measured at amortized cost (Note 2) | $ 38,036 | $ 38,349 |

Note 1: Cash and cash equivalents, financial assets measured at amortized cost, net accounts and notes receivable, other receivables, and deposits.

Note 2: Accounts and notes payable, other payables, long-term borrowings, and deposits received measured at amortized cost.

B. Fair Value Information

a. The definition of the three levels of fair value measurements:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities, which can be acquired during measurement date;

(b) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

b. Financial instruments that are not measured at fair value

The Company's management considers that the carrying amount of financial assets and financial liabilities not measured at fair value in the parent company only financial statements is approaching their fair value.

c. Financial instruments that are measured at fair value

The following table provides relevant analysis of financial instruments measured at fair value after original recognition:

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | |
| Unlisted shares | $ — | $ — | $ 4,350 | $ 4,350 |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | |
| Unlisted shares | $ — | $ — | $ 4,575 | $ 4,575 |

There are no transfers of fair value measurements between Level 1 and Level 2 in 2023 and 2022 respectively.

d. Valuation Techniques and Assumptions Used to Measure Fair Values

The fair value of the Company's financial assets and financial liabilities is determined using the following methods and assumptions:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded in the active market is determined by reference to market quotations (including listed corporate bonds, government agency bonds, stocks of listed (OTC) companies and government bonds).

The fair value of unlisted (over-the-counter) stocks without active markets is estimated using the market method and asset-based method, and its judgment is based on recent fundraising activities, evaluation of companies of the same type, technological development of the company, market conditions and other economic indicators.

e. Repetitive Changes in Level 3 of the Fair Value Hierarchy

The repetitive changes in the assets and liabilities of the company's repetitive fair value measurement that fall into Level 3 of the fair value hierarchy are listed below:

| | 2023 | 2022 |
|---|---|---|
| **Equity investments at fair value through other comprehensive income:** | | |
| Beginning balance | $ 4,575 | $ 5,430 |
| Recognized in other comprehensive income (unrealized gains or losses on financial assets at fair value through other comprehensive income) | (225) | (855) |
| Ending balance | $ 4,350 | $ 4,575 |

f. Information for Significant Fair Value Level 3 Unobservable Inputs

The assets of the company's fair value level 3 repetitive fair value measurement, and the significant unobservable input values used for fair value measurement are listed as follows:

December 31, 2023：

Financial assets

Financial assets at fair value through other comprehensive income

| | Valuation Techniques | Significant Unobservable Input Value | Quantitative Information | Relationship between Input Value and Fair Value | The value and relationship of the sensitivity analysis between input values and fair values |
|---|---|---|---|---|---|
| Stocks | Asset-based approach | Lack of market liquidity and similar company stock P/B ratio | 2.69-38.36 | The higher the degree of illiquidity, the lower the fair value estimates | When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of the company will increase/decrease by 435 thousand dollars. |

December 31, 2022：

Financial assets

Financial assets at fair value through other comprehensive income

| | Valuation Techniques | Significant Unobservable Input Value | Quantitative Information | Relationship between Input Value and Fair Value | The value and relationship of the sensitivity analysis between input values and fair values |
|---|---|---|---|---|---|
| Stocks | Asset-based approach | Lack of market liquidity and similar company stock | 0.55-39.06 | The higher the degree of illiquidity, the lower the fair | When the net value ratio of illiquid stocks increases (decreases) by 10%, the equity of |

| | | | |
|---|---|---|---|
| | P/B ratio | value estimates | the company will increase/decrease by 458 thousand dollars. |

g. The Valuation process of Fair Value Level 3

The Company's finance department is responsible for conducting fair value verification, keeping evaluation results close to market conditions through independent source data, confirming that the sources are independent, reliable and consistent with other sources and representing executable prices, and analyzing changes in the value of assets and liabilities that are subject to remeasurement or revaluation at the end of each reporting period in accordance with the Group's accounting policies to ensure that the results are reasonable.

C. Financial Risk Management Objectives and Policies

The Company is committed to ensuring that the Company has sufficient and cost-effective working capital when necessary. The Company actively manages foreign currency exchange rate risk, interest rate risk, equity instrument price risk, credit risk and liquidity risk related to its operating activities to reduce the potential adverse impact of market uncertainty on the Company's financial performance.

The Company's significant financial plans have been reviewed by the Audit Committee and the Board of Directors in accordance with relevant norms and internal control systems. In implementing the financial plan, the financial department of the Company adheres to the relevant financial operating procedures regarding overall financial risk management and the division of rights and responsibilities.

D. Market Risk

The company's market risk is the risk of fluctuations in the fair value or cash flow of financial instruments due to changes in market prices, and market risks mainly include exchange rate risk and interest rate risk.

a. Foreign Exchange Rates Risk

The Company's operating activities and net investments in foreign operating institutions are mainly traded in foreign currencies, so foreign currency exchange rate risk arises. The foreign currency receivables of the Company are in the same currency as some of the foreign currency payments payable, and certain parts will have a natural hedging effect; In addition, the net investment of foreign operating institutions is a strategic investment, so the Company has not hedged the foreign exchange rate risk.

The information of foreign currency assets and liabilities which have significant influence to the Company is as follows:

In thousands

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Foreign currency | Exchange rate | Foreign currency | Exchange rate |
| **(Foreign currency: functional currency)** | | | | |
| Financial Assets | | | | |
| Monetary items | | | | |
| US dollars: NT dollars | $ 179 | 30.705 | $ 1,575 | 30.710 |
| Financial Liabilities | | | | |
| Monetary items | | | | |
| US dollars: NT dollars | $ 71 | 30.705 | $ 142 | 30.710 |

Note: The exchange rate is the amount per unit of foreign currency converted into New Taiwan Dollars

The sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on the assets and liabilities of foreign currency risk management at the end of the reporting period. When NTD appreciates/depreciates against foreign currencies by 1%, the net loss of the Company in 2023 and 2022 will increase/decrease by 33 thousand and 440 thousand respectively.

b. Interest Rate Risk

The Company's short-term borrowings are volatile rate debts, and changes in market interest rates will cause changes in the effective interest rate of short-term borrowings, which in turn will cause future cash flows to fluctuate. As of December 31, 2023 and 2022, the Company had no short-term borrowings in its accounts.

E. Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The credit risk of the Company is mainly derived from receivables arising from operating activities, bank deposits, fixed income investments and other financial instruments arising from investment activities. Operational-related credit risk and financial credit risk are managed separately.

a. Operational related credit risk

In order to maintain the quality of accounts receivable, the Company has established procedures for credit risk management related to operations.

The risk Evaluation of individual customers takes into account a number of factors that may affect the customer's ability to pay, including the customer's financial status, credit rating of credit rating agencies, the Company's internal credit rating, historical transaction records and current economic conditions. The Company may also use certain credit enhancement tools, such as prepayment and credit insurance, at appropriate times to reduce the credit risk of specific customers.

The Company's customer base is large and unrelated, so the concentration of credit risk is limited. As of December 31, 2023 and 2022, the total accounts receivable of the top ten customers accounted for 63% and 70% of the total accounts receivable of the Company, respectively.

b. Financial credit risk

The credit risk of bank deposits, fixed income investments and other financial instruments is measured and monitored by the Company's finance department. Since the company's transaction partners and performing parties are banks with good credit and financial institutions with investment grade and above, there are no major performance doubts, so there is no material credit risk.

F. Liquidity Risk

The Company's objective in managing liquidity risk is to maintain cash and cash equivalents, highly liquid marketable securities and sufficient bank financing facilities to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of the Company's financial liabilities for the agreed repayment period by maturity date and undiscounted maturity amount:

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | 1 year or less | 2-3 years | 4-5 years | Over 5 years | Total |
| Non-derivative financial liabilities | | | | | |
| Accounts payable | $ 20,437 | $ — | $ — | $ — | $ 20,437 |
| Other payables | 16,861 | — | — | — | 16,861 |
| Book value of lease obligation | 1,845 | 3,611 | 2,018 | — | 7,474 |
| | $ 39,143 | $ 3,611 | $ 2,018 | $ — | $ 44,772 |

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | 1 year or less | 2-3 years | 4-5 years | Over 5 years | Total |
| Non-derivative financial liabilities | | | | | |
| Accounts payable | $ 21,629 | $ — | $ — | $ — | $ 21,629 |
| Other payables | 15,982 | — | — | — | 15,982 |
| Book value of lease obligation | 1,312 | 2,236 | 1,861 | — | 5,409 |
| | $ 38,923 | $ 2,236 | $ 1,861 | $ — | $ 43,020 |

(3) Reclassification

Certain accounts of the Company's financial statements as at December 31, 2022 have been appropriately reclassified in conjunction with the financial statements of December 31, 2023, and the results have no material impact on the presentation of the financial statements.

## 13. SEPARATELY DISCLOSED ITEMS

(1) Significant Transactional Items

A. Financing provided to others: None.

B. Endorsements/guarantees provided: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital: None.

E. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None.

F. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None.

G. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

H. Trade receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

I. Trading in derivative instruments: None.

(2) Information on investees: Please refer to Table 2.

(3) Information on investment in Mainland China：None.

(4) Information on major shareholder：List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: Table 3.

## 14. SEGMENT INFORMATION

The Company has disclosed relevant segment information in the consolidated financial statements in accordance with the requirements..

# UNIFOSA CORP.
# MARKETABLE SECURITIES HELD
# FOR THE YEAR ENDED DECEMBER 31, 2023
# (NOT INCLUDING SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)

Table 1

Unit : Thousand Shares /In Thousands of New Taiwan Dollars

| Marketable Securities | Name of the Marketable Securities | The relationship between the issuer of securities and the company | Financial Statement Account | December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|
| | | | | Shares/ Units | Carrying Values | Percentage of Ownership (%) | Fair Value |
| Stock | Innorich Venture Capital Corp. | — | Financial assets at fair value through other comprehensive income | 1,500 | 4,350 | 2.80% | 4,350 |

# UNIFOSA CORP.
# INFORMATION ON INVESTEES
# FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

Unit : In Thousands of New Taiwan Dollars

| Investor Company | Investee Company | Location | Main Businesses | Investment Amount | | As of December 31, 2023 | | | Net Income (Loss) of the Investee | Share of Profits/Losses of Investee |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2023 | December 31, 2022 | Number of Ownership (thousand shares) | Percentage | Carrying Values | | |
| Unifosa Corp. | Foresight Energy Technologies Co., Ltd. | Taiwan | Electronic components manufacturing, battery manufacturing, electrical appliance wholesale, electronic materials wholesale and retail | 56,586 | 40,986 | 4,699 | 9.04% | 60,715 | (45,370) | (8,428) |
| Unifosa Corp. | Phoenix Innovative Materials Inc. | Taiwan | Plastic film and other high-tech chemical materials manufacturing | 157,800 | 138,000 | 15,780 | 98.75% | 31,440 | (18,286) | (18,034) |
| Unifosa Corp. | Morelink Technology Corporation | Taiwan | Wireless communication machinery and equipment manufacturing, electronic components manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc. | 105,643 | 105,643 | 9,556 | 47.61% | 43,134 | (48,350) | (24,076) |

UNIFOSA CORP.

INFORMATION ON MAJOR SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

Unit : Thousand Shares

| Number of shares / Major name of the shareholder | Number of Shares Holding | Shareholding Ratio |
|---|---|---|
| Yao-Li Investment Co. Ltd. | 10,026 | 10.94% |

Note 1: The information on major shareholders in this table is calculated by CHEP on the last business day at the end of the quarter as the total number of ordinary shares and special shares held by shareholders who have completed the non-physical registration delivery (including treasury shares) of the company with a total of more than 5%. The share capital recorded in the Company's parent company only financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of preparation and calculation.

**6.6 In the most recent year and as of the publication date of the annual report of the company and its affiliated companies, if there is a financial turnover difficulty, the impact on the company's financial position shall be stated：there is no such event, so it is not applicable.**

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT$ thousands

| Item \ Year | 2023 | 2022 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 305,913 | 365,628 | (59,715) | (16.33) |
| Investment using the equity method | 60,715 | - | 60,715 | 100.00 |
| Property, Plant and Equipment | 274,832 | 283,682 | (8,850) | (3.12) |
| Intangible assets | 5,773 | 6,737 | (964) | (14.31) |
| Other assets | 65,986 | 51,490 | 14,496 | 28.15 |
| **Total Assets** | 713,219 | 707,537 | 5,682 | 0.80 |
| Current liabilities | 63,091 | 54,890 | 8,201 | 14.94 |
| Non-current liabilities | 84,480 | 49,012 | 35,468 | 72.37 |
| Other liabilities | - | - | - | - |
| **Total Liabilities** | 147,571 | 103,902 | 43,669 | 42.03 |
| Capital stock | 916,288 | 916,288 | - | - |
| Capital surplus | 60,849 | 6,998 | 53,851 | 769.52 |
| Retained Earnings | (420,494) | (353,273) | 67,221 | 19.03 |
| **Total Stockholders' Equity** | 565,648 | 603,635 | (37,987) | (6.29) |

Analysis of changes in financial ratios ：

1. Total Assets：
   The total assets at the end of 2023 increase by NT$5,682 thousand compared to 2022, mainly due to an increase in equity method investments of NT$60,715 thousand in 2023 compared with 2022. Current assets and real estate, plant and equipment decreased by NT$59,715 thousand and NT$8,850 thousand respectively compared with 2022, which is the main reason for the increase in total assets compared with 2022.
2. Total Liabilities：
   The total liabilities at the end of 2023 increase by NT$43,669 thousand compared with 2022, mainly due to the increase of NT$30,000 thousand in shareholder transactions of consolidated subsidiaries compared with 2022.
3. Total Stockholders' Equity：
   The total shareholders' equity at the end of 2023 decrease by NT$37,987 thousand compared with the end of 2022, mainly due to the increase of NT$67,221 thousand in losses to be made up in 2023 compared to 2022.

## 7.2 Analysis of Financial Performance

### 7.2.1 Comparative analysis of business results

Unit: NT$ thousands

| Item \ Year | 2023 | 2022 | Increase (decrease) amount | Change ratio % |
|---|---|---|---|---|
| Net Sales | 267,153 | 353,677 | (86,524) | (24.46) |
| Cost of Sales | 223,022 | 291,020 | (67,998) | (23.37) |
| Gross Profit | 44,131 | 62,657 | (18,526) | (29.57) |
| Operating Expenses | 130,763 | 134,059 | (3,296) | (2.46) |
| Operating net profit (loss) | (86,632) | (71,402) | 15,230 | 21.33 |
| Total non-operating income and expenses | (6,166) | 1,508 | (7,674) | (508.89) |
| Net profit (loss) before tax | (92,798) | (69,894) | 22,904 | 32.77 |
| Income tax benefits (expenses) | (112) | 95 | (207) | (217.89) |
| Net profit (loss) for the period | (92,910) | (69,799) | 23,111 | 33.11 |

Analysis and explanation of changes in the increase or decrease ratio in the last two years：

1. Net Sales：
   The sales revenue in 2023 will decrease by NT$86,524 thousand , the decrease was 24.46%, compared with 2022. This is mainly due to the fact that the inventory of the global semiconductor industry in 2023 is too high and the depletion speed is not as fast as expected. DRAM prices have fallen quarter by quarter, and the overall market has adopted With a wait-and-see attitude, replenishment efforts in channel and spot markets have slowed down, and they are unwilling to increase prices for purchasing materials. Under the above-mentioned market constraints, the sales revenue in 2023 will decrease by NT$86,524 thousand compared with the same period last year.
2. Cost of Sales：
   Cost of Sales in 2023 will decrease by NT$67,998 thousand compared to 2022, a decrease of 23.37%. The decrease in operating costs is mainly due to the decrease in revenue.
3. Operating Expenses：
   Operating expenses in 2023 will decrease by NT$3,296 thousand compared to 2022, mainly due to the decrease in management and marketing expenses by NT$2,920 thousand and NT$1,368 thousand respectively.
4. Operating net profit (loss)：
   The net operating loss in 2023 increased by NT$15,230 thousand compared to 2022, mainly due to the decrease in operating gross profit in 2023 by NT$18,526 thousand compared with 2022.
5. Non-operating income and expenses：
   Non-operating income and expenses in 2023 decreased by NT$7,674 thousand compared to 2022, mainly due to an decrease in net exchange benefits of NT$4,625 thousand in 2023, and a increase of NT$3,117 thousand in the loss share of related companies recognized under the equity method compared to 2022 , which is the main reason for the decrease of NT$7,674 thousand in non-operating income and expenses compared with 2022.

### 7.2.2 Expected sales volume and its basis

The company's expected sales volume for 2024 is compiled based on reasonable assumptions such as the company's business strategy, operating goals and budgets of each unit, and taking into account the overall industry prospects and development trends and operating performance over the years. The estimated sales volume is as follows：

Memory Business Group：

Unit：Thousands Strip/Thousands piece

| Main products | Estimated sales volume in 2024 |
|---|---|
| Memory module | 26,000 |
| Integrated circuits | 388,800 |
| Total | 414,800 |

Storage Business Group：

Unit：Station

| Main products | Estimated sales volume in 2024 |
|---|---|
| Disk array －EP series | 855 |
| Commodity | 3,500 |
| Total | 4,355 |

### 7.2.3 The possible impact of the company's future financial business and the corresponding plan

Looking forward to the memory market situation in 2024, although the increase in memory prices is still volatile, both supply and demand have reached an industry consensus on price bottoming in the second half of 2023. As each memory original factory will gradually resume production in 2024 The increase will still be carefully controlled. The effect of production capacity is expected to begin to appear in the second half of the year, but the overall increase in supply will be lower than demand. Therefore, overall, the Company's financial structure is sound under the policy of low debt operation, which is sufficient to meet the Company's future business needs.

## 7.3 Analysis of Cash Flow

### 7.3.1 Analysis of recent annual cash flow changes

Unit: NT$ thousands

| Item | 2023 | 2022 | Increase (decrease) percentage |
|---|---|---|---|
| Cash flow from operating activities | (57,199) | (53,079) | 7.76% |
| Cash flow from investing activities | (22,208) | 18,493 | (220.09)% |

| | | | |
|---|---|---|---|
| Cash flow from financing activities | 26,667 | 11,628 | 129.33% |

1. Operating activities：
   The net cash outflow from operating activities in 2023 increased by NT$4,120 thousand compared to 2022, mainly due to the increase in accounts payable in 2023 by NT$7,174 thousand compared with 2022.
2. Investing activities：
   The cash outflow from investing activities in 2023 increased by NT$40,701 thousand compared to 2022, mainly due to the increase in equity method investments (investment Foresight Energy Technologies) in 2023 by NT$15,600 thousand compared with 2022.
3. Financing activities：
   The net cash inflow from financing activities in 2023 was NT$26,667 thousand, an increase of NT$15,039 thousand compared to 2022, mainly due to the increase in shareholders' transactions of NT$30,000 thousand in Morelink Technology Corporation in 2023.

### 7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

| Estimated Cash and Cash Equivalents, Beginning of Year (1) | Estimated Net Cash Flow from Operating Activities (2) | Estimated Cash Outflow (Inflow) (3) | Cash Surplus (Deficit) (1)+(2)-(3) | Leverage of Cash Deficit | |
|---|---|---|---|---|---|
| | | | | Investment Plans | Financing Plans |
| 148,282 | (15,000) | (35,000) | 98,282 | — | — |

Analysis of cash liquidity in the coming year：
Looking forward to 2024, although the global semiconductor market faced adverse effects such as talent shortages, geopolitical risks, and rising interest rates in the past, resulting in the semiconductor industry confidence index in 2023 becoming the lowest index in five years, due to the sharp increase in demand for automotive chips, and the semiconductor shortage problem of most products is expected to be alleviated, so we are still optimistic about the growth of semiconductor revenue, so we are optimistic that the DRAM industry will have a chance to recover in the second half of the year. In addition, the storage business group also showed a trend of slow recovery. Therefore, the initial cash of NT$148,282 thousand plus the estimated net cash outflow from operating activities of NT$15,000 thousand will be sufficient to cover the estimated annual cash outflow of NT$35,000 thousand.

## 7.4 Effect of significant capital expenditures on financial operations in the most recent year

The company has no plans for major capital expenditures for 2023 and the next year, so it has no major impact on the financial business.

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

The company has no plans for major capital expenditures for 2023 and the next year, and the

amount of profit or loss of reinvestment is small, so no improvement plan is applicable.

## 7.6 Analysis of Risk Management

### 7.6.1 The most recent year and as of the printing date of the annual report, effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

**A. Interest rate changes**

Unit: NT$ thousands

| Item | 2023 | 2024 Q1 |
|---|---|---|
| Interest income | 1,509 | 193 |
| Interest expense | 2,204 | 677 |
| Net profit (loss) after tax | (92,910) | (20,229) |
| (Interest expense - Interest income)/ Net profit after tax | 0.75% | 2.39% |

(1) The impact of interest rate changes

As can be seen from the above table, the ratio of net interest expense deducting interest income to net profit after tax in 2023 and up to the first quarter of 2024 is 0.75% and 2.39%, respectively, indicating that changes in interest rates pose a lower risk to the company, As the Company has no short-term borrowings at the end of 2023 and the end of the first quarter of 2024, there is no cash flow risk arising from changes in interest rates.

(2) Response measures to changes in interest rates

In terms of measures in response to changes in interest rates, the Company has dedicated staff to maintain close interaction with banks, and will use various financial instruments (such as the issuance of convertible corporate bonds or cash capital increase) at appropriate times to reduce the risk of interest rate changes.

**B. Exchange rate changes**

Unit: NT$ thousands

| Item | 2023 | 2024 Q1 |
|---|---|---|
| Net conversion benefit (loss) | 686 | 424 |
| Net profit (loss) after tax | (92,910) | (20,229) |
| Net Sales | 267,153 | 67,272 |
| Net conversion benefit (loss)/ Net profit (loss) after tax | 0.74% | 2.10% |
| Net conversion benefit (loss)/ Net Sales | 0.26% | 0.63% |

(1) The impact of exchange rate changes

As can be seen from the above table, the Company in 2023 and up to the first quarter of 2024, Net foreign exchange gains (losses) accounted for 0.74%, 0.26% and 2.10%, and

0.63% of net profit (loss) after tax and net operating income, respectively, indicating that changes in foreign exchange rates pose certain risks to the company's profits and losses; However, the company does not hold derivative financial products with exchange rate risk, and the company also has capital transactions for import and sales business denominated in foreign currencies, so the impact of market exchange rate changes on the company is still limited.

(2) Measures to respond to exchange rate changes

In response to exchange rate changes, the following specific measures are mainly adopted：

① As current sales customers mainly pay in U.S. dollars, the company also uses U.S. dollars as the payment currency for major purchasers. The natural hedging effect is achieved by offsetting receipts and payments. The remittance of sales depends on actual capital needs and exchange rates. In case of changes, it is decided to convert to NTD or deposit in a foreign exchange deposit account. Purchase payment will consider foreign currency derived from foreign sales or choose the opportunity to pre-purchase foreign currency to pay for imported raw materials according to exchange rate changes to reduce the impact of exchange rate changes.

② In accordance with the " Procedure for the Acquisition and Disposal of Assets" set by the company, depending on market conditions, it is possible to sell forward foreign exchange or establish options and adjust the hedging ratio flexibly, and strive to control the exchange rate risk within a certain range to reduce exchange rate changes influences.

**C. Inflation**

(1) The impact of inflation

In accordance with the "Procedure for the Acquisition and Disposal of Assets" established by the Company, depending on market conditions, the Company sells forwards or establishes option positions and adjusts hedging ratios on an opportunistic basis to minimize the impacts of exchange rate fluctuations by controlling foreign exchange rate risks to a certain level.

(2) Countermeasures against inflation

In addition to paying attention to market price fluctuations at all times, and maintaining good interaction with suppliers and customers, the company has not had a major impact due to inflation in recent years, and the interest rate on deposits is still maintained at a relatively low level. , The short-term will not pose a serious risk of inflation, so it has no significant impact on the company’s profit and loss.

**7.6.2 The most recent year and as of the printing date of the annual report, Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives**

**Transactions**

The company does not engage in high-risk, high-leverage investments, fund loans to others, endorsements, and derivatives transactions; in addition, the company has established " Procedure for the Acquisition and Disposal of Assets" to regulate the risks of derivatives transactions The management system has no impact on the company's profit and loss.

### 7.6.3 Future R&D plans and estimated R&D expenses for the most recent year and up to the date of publication of the annual report

Memory Business Group：

Unit: NT$ thousands

| Research Projects | Current progress | Expected Research Expenditure | Expected Completion Schedule | Major Risk Factors |
|---|---|---|---|---|
| PC5-6200 UnBuffer DIMM series module | Product specification definition stage | 2,000 | 2024/08 | The launch schedule of the new platform |

Storage Business Group：

Unit: NT$ thousands

| Research Projects | Current progress | Expected Research Expenditure | Expected Completion Schedule | Major Risk Factors |
|---|---|---|---|---|
| Intel Raptor Lake chipset platformiSCSI/NAS Server Storage Network storage server | Product specification definition stage | 1,500 | 2024/Q4 | New chipset platform CPU & MB |

### 7.6.4 The most recent year and as of the printing date of the annual report, Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The company's most recent year and as of the publication date of the annual report have not been affected by changes in important domestic and foreign policies and laws that have an impact on the company's financial business.

### 7.6.5 The most recent year and as of the printing date of the annual report, Effects of and Response to Changes in Technology (including information communication security risks) and the Industry Relating to Corporate Finance and Sales

In order to respond to industrial changes in market demand due to technological changes, the company not only adjusts its product mix dynamically according to market demand, but also uses a diversified and cross-industry business model to diversify risks. In addition, in terms of information communication security risks, the information security policy and specific management plan have also been formulated to respond (please refer to the information

communication security management on page 150), Therefore, technological changes and industrial changes should have no significant adverse impact on the company's financial business.

### 7.6.6 The most recent year and as of the printing date of the annual report, the Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company has always adhered to the concept of stable operation and the first emphasis on integrity. Regardless of internal management or external transactions, it abides by laws and regulations and treats fairly. There has been no incident that could affect the corporate image, so there is no corporate image change to corporate crisis management risk Doubts.

### 7.6.7 The most recent year and as of the printing date of the annual report, Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The company has not engaged in mergers and acquisitions in the most recent year and as of the publication date of the annual report, so there is no expected benefit and possible risks of this.

### 7.6.8 The most recent year and as of the printing date of the annual report, Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

As of the date of publication of the annual report, the company has no plans to expand the plant, so there is no expected benefit and possible risks of this.

### 7.6.9 The most recent year and as of the printing date of the annual report, Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) In order to avoid the risk of concentration of sales and increase profitability, in addition to long-term commitment to the balanced layout of the market to diversify risks, the company is still committed to developing other distributors in new markets. At the same time, after merging with Proware Technology, the market and customers Adjust and diversify to reduce the concentration of sales, so the company should have no risk of concentration of sales.

(2) In order to ensure a competitive advantage and avoid the risk of over-concentration of purchases, the company is committed to establishing stable cooperative relations with various domestic and foreign semiconductor manufacturers, semiconductor distributors and computer system manufacturers. The procurement strategy is based on the principle of decentralizing purchase sources. To ensure the stability of the source of supply, the company's current source of supply is still stable, and the risk of concentrated purchases should be limited.

### 7.6.10 The most recent year and as of the printing date of the annual report, Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

As of the date of publication of the annual report, directors or major shareholders holding more than 10% of the company's shares, only Trump Gain Investments Ltd has transferred its 4,000,000 shares due to capital utilization planning, and there has been no large-scale transfer or replacement of equity. Therefore, there are no possible risks arising from this.

### 7.6.11 The most recent year and as of the printing date of the annual report, Effects of, Risks Relating to and Response to the Changes in Management Rights

The company has no circumstances under which the management rights have changed, so there is no such possible risk.

### 7.6.12 The most recent year and as of the printing date of the annual report, Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

### 7.6.13 Other Major Risks

(1) Organizational structure of risk management

In order to correctly apply risk management to the company's units and operations, and ensure that the development of various businesses can be based on risk thinking for the purpose of execution, supervision and improvement, the company has specially formulated risk management policies and procedures to standardize The standard procedures for risk identification, assessment, decision-making, and effect monitoring and improvement serve as the company's risk management principles and ensure that the company's operational goals are achieved. In addition, the audit unit is responsible for monitoring and prevention. Various existing or potential operational risks are reviewed, evaluated, and suggested improvements and preventive measures are put forward. The second line of defense for risk management is implemented. In the annual audit review report, the audit report and the conclusions of the internal control system self-inspection are comprehensively considered, and the risk The results of the evaluation are included in the audit report on the agenda of the board of directors, based on which the annual audit plan is formulated and implemented "risk-oriented". The risk management structure and responsibilities are as follows：

(1) Risk management supervision unit：The risk management team is composed of the audit committee, which is responsible for supervising risk management. Through the participation of the audit committee and senior management, it connects risk

management with the company's strategies and goals, determines the company's major risk projects, and improves The risk identification results are comprehensive, forward-looking and complete, and the corresponding risk control and response are promoted and implemented to ensure the achievement of the company's strategic goals.

(2) General Manager's Office：Responsible for planning, executing and supervising matters related to risk management, introducing and promoting risk management technology within the company, so as to prevent or reduce undesirable effects by managing risks, and achieve the company's expected results and continuous improvement. the goal of.

(3) Quality control related units：Responsible for applying risk management thinking and technology to their operations, responsible for the department's risk and opportunity assessment, and formulating corresponding contingency measures to reduce risks and implement and track them.

(4) Risk review meeting：The management representative convenes the heads of each department to form a risk review meeting to define policies for determining risk acceptance, regularly review risk management activities and ensure the appropriateness and effectiveness of the risk management process.

(2) Information security risk assessment analysis and specific management plan

The company has established a complete network and computer security protection system to control or maintain the company’s manufacturing operations and accounting and other important corporate operations, but it cannot guarantee that its computer system can completely avoid any third-party paralysis. Internet attacks, such as DDos (Distributed Denial of Service) attacks, ransomware, social engineering attacks, counterfeit websites, etc.These cyber attacks illegally invade the company's internal network system, disrupt the company's operations and damage the company's goodwill and other activities. In the event of a severe cyber attack, the company’s system may lose important company data, and the production line may also be shut down due to the unresolved problem of the attack. The company annually reviews and evaluates its cyber security regulations and procedures to ensure their appropriateness and effectiveness. However, it cannot guarantee that the company will not be affected by innovative risks and attacks in the ever-changing cyber security threats. Cyber attacks may also attempt to steal the company’s business secrets, other intellectual property, and confidential information, such as the proprietary information of customers or other interested parties, and the personal information of employees. Malicious hackers can also try to introduce computer viruses, destructive software or ransomware into the company's network system, disrupt the company's operations, regain control of the computer system, and extort the company, or snoop on confidential information. These attacks may cause the company to compensate customers for losses due to delays or interruption of orders; or

need to bear huge costs to implement remedial and improvement measures to strengthen the company's network security system, and may also cause the company to have confidentiality obligations due to involvement. Related legal cases or regulatory investigations caused by the leakage of information from customers or third parties of the company, and assume major legal liabilities.

In 2023 and as of the publication date of the annual report, the company has not discovered any major cyber attacks or incidents, which have or may have a significant adverse impact on the company's business and operations, and have not been involved in any legal cases or regulatory investigations related to this.

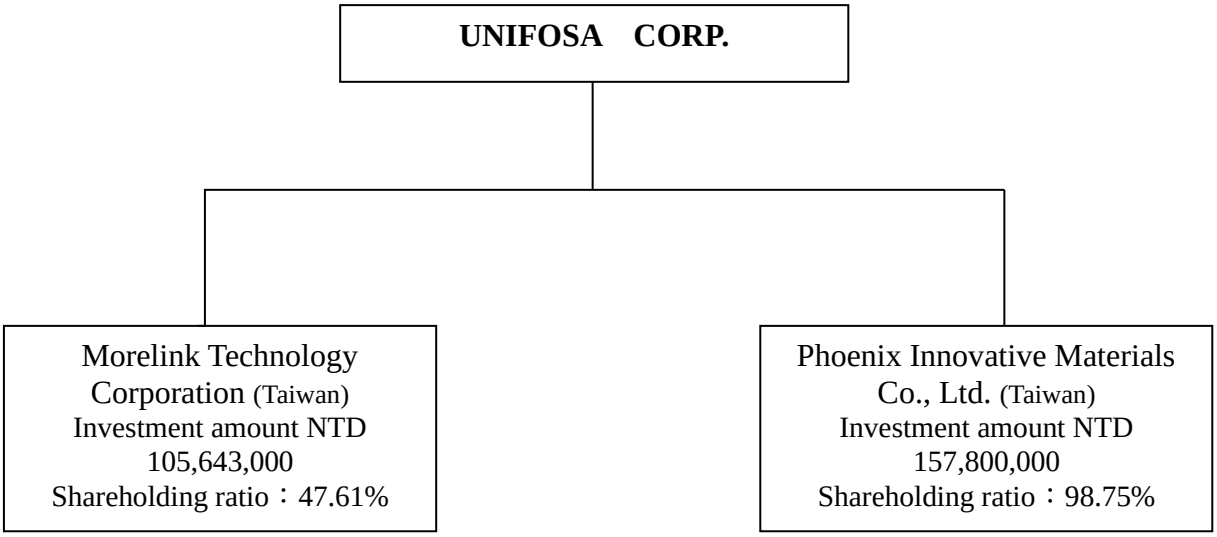
In addition, in order to improve the management of information security, the company's internal audit has formulated the "Control of Information Communication Security Inspection", and carried out the management of information security accordingly. At the same time, it has established the "Management of Personal Data Protection" to strictly manage the use and security maintenance of data. , To build firewalls and electronic file encryption systems to control and audit the use rights and records of relevant personnel to reduce the company's information security risks. The follow-up goal is to complete information security regulations, regular information security assessments, and obtain international information security certifications. In the future, we will continue to strengthen information security protection and establish a joint defense mechanism.

**7.7 Other important matters：None.**

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

### 8.1.l Organization Chart of Affiliated Enterprises



### 8.1.2 Basic information of each affiliated company

Unit: NT$ thousands

| Company Name | Date of establishment | address | Paid-in capital | Main business or production items |
|---|---|---|---|---|
| Phoenix Innovative Materials Co., Ltd. | 2018.01.05 | 3F,No.5,Alley 22,Lane 513,Jui Kuang Rd.,Nei-Hu, Taipei, Taiwan,R.O.C. | 159,800 | Plastic film and other high-tech chemical materials manufacturing |
| Morelink Technology Corporation | 2010.09.27 | 3F,No.5,Alley 22,Lane 513,Jui Kuang Rd.,Nei-Hu, Taipei, Taiwan,R.O.C. | 200,700 | Wireless communication machinery and equipment manufacturing, electronic component manufacturing, telecommunications equipment wholesale and retail, electronic materials wholesale and retail, telecommunications control radio frequency equipment input and international trade, etc. |

### 8.1.3 Those who are presumed to have control and subordination in accordance with Article 369ter of the Company Law: None.

### 8.1.4 Information on directors, supervisors and general managers of related companies

Unit：share;%

| Company Name | Title | Name or Representative | Holding shares | |
|---|---|---|---|---|
| | | | Number of shares | Shareholding ratio |
| Phoenix Innovative Materials Co., Ltd. | Chairman | Legal person director representative of Unifosa Corp.：Chen, Ching-jong | 15,780,000 | 98.75% |
| | General manager | Johnson Wu | 0 | 0% |
| | Director | Legal person director representative of Unifosa Corp.： | 15,780,000 | 98.75% |

| | | | | |
|---|---|---|---|---|
| | | Chiang, Tsang-An | | |
| | Director | Simon Guei | 30,000 | 0.21% |
| | Supervisors | Angel Lee | 0 | 0% |
| Morelink Technology Corporation | Chairman | Chiang, Tsang-An | 815,000 | 4.06% |
| | General manager | Lee, Yung-Ting | 632,100 | 3.15% |
| | Director | Legal person director representative of Unifosa Corp.：Chen, Ching-jong | 9,556,310 | 47.61% |
| | Director | Legal person director representative of Unifosa Corp.：Hsiao, Wu-Hsing | 9,556,310 | 47.61% |
| | Director | Legal person director representative of Unifosa Corp.：Hsieh, Da-Wei | 9,556,310 | 47.61% |
| | Director | Lee, Yung-Ting | 632,100 | 3.15% |
| | Supervisors | Jade Hu | 0 | 0% |

### 8.1.5 Overview of operations of related companies

December 31, 2023
Unit：NT$ thousands

| Company Name | Capital | Total assets | Total liabilities | net worth | Operating income | Business interest | Current profit and loss (After tax) | Earnings per share (After tax) (NTD) |
|---|---|---|---|---|---|---|---|---|
| Phoenix Innovative Materials Co., Ltd. | 159,800 | 39,801 | 7,963 | 31,838 | 4,246 | (18,240) | (18,286) | (1.28) |
| Morelink Technology Corporation | 200,700 | 127,579 | 90,738 | 36,841 | 71,697 | (46,578) | (48,350) | (2.42) |

**8.1.6 Circumstances in which affiliated companies endorse guarantees, lend funds to others, and engage in derivative commodity transactions: None.**

**8.1.7 Transaction status of related parties of each affiliated company: Please refer to pages 221 and 281.**

**8.1.8 Consolidated business reports of related companies, consolidated financial statements of related companies, and relationship reports: Not applicable.**

**8.2 The most recent year and as of the printing date of the annual report, Circumstances for**

**handling privately placed securities: there is no such circumstance, so it is not applicable.**

**8.3 The most recent year and as of the printing date of the annual report, Circumstances in which subsidiaries hold or dispose of the company's stocks: there is no such circumstance, so it is not applicable.**

**8.4 Other necessary supplementary explanations: this is not the case, so it does not apply.**

**IX. The most recent year and as of the printing date of the annual report, In the event of a matter that has a significant impact on shareholders' equity or securities prices as prescribed in Article 36, Paragraph 2, Subparagraph 2, of the Securities Exchange Act: this is not the case, so it does not apply.**

# Declaration of Internal Control System

March 08, 2024

The company's internal control system for 2023, based on the results of self-inspection, hereby declare as follows：

A、The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility of the company’s board of directors and managers, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profitability, performance and asset safety protection, etc.), reporting reliability, timeliness, transparency, and compliance with relevant regulations and compliance with relevant laws and regulations, and provide reasonable To ensure.

B、The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.

C、The company judges whether the design and implementation of the internal control system are effective based on the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as " Handling Guidelines "). The judgment items of the internal control system adopted in this " Handling Guidelines " are based on the process of management control, which divides the internal control system into five components：1. Control environment、2. Risk assessment、3. Control activities、4. Information and communications、5. Monitoring activities. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".

D、The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

E、Based on the evaluation results of the preceding paragraph, the company believes that the company’s internal control system (including supervision and management of subsidiaries) as of December 31, 2023, includes understanding the effectiveness of operations and the extent to which efficiency goals are achieved, and the reporting system The design and implementation of the internal control system that is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.

F、This declaration will become the main content of the company's annual report and public brochure, and will be made public. If there are false or concealed content in the above disclosure, it will involve legal liabilities under Article 20, Article 32, Article 171, and Article

174 of the Securities and Exchange Act.

G、This declaration was approved by the company's board of directors on March 08, 2024. Among the eight directors present, all of them agreed with the content of this declaration and made a declaration.

Unifosa Corp.

Chairman：Chen, Ching-jong

General Manager：Chen, Ching-jong

# Unifosa Corp.

Chairman：Chen, Ching-jong