

SolidWizard Technology Co.,Ltd.

2023

Annual Report

Annual report inquiry website

Market Observation Post System: <http://mops.twse.com.tw>

Website of the Company: <http://www.swtc.com>

Printed on April 30, 2024

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V. Names of overseas exchanges where the Company's securities are traded, and methods for inquiring the information of the overseas securities: None.

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One. Letter to Shareholders

In 2023, in addition to continuously optimizing the SOLIDWORKS DESKTOP, cloud-based 3DEXPERIENCE, advanced simulation analysis SIMULIA, and product lifecycle management (PLM) ENOVIA solutions, SolidWizard continued to expand its footprint in 3D printing, scanning, and UR collaborative robots, including the introduction of the globally leading Formlabs 3D printer in SLA market share, to meet the needs of customers for digital transformation and cloud solutions. SolidWizard sets the goal of becoming a consulting company of 3D R&D, design and manufacturing solutions for enterprises in Greater China, and continues to increase the human resources of engineering and consulting. In 2023, there were more than 155 senior engineering consultants in Greater China for SolidWizard. Under the level six 3D enterprise model plan approved by the American National Standards Committee, after providing project health examinations for different customers, the SolidWizard industry consulting team proposed a multi-year customized technology transfer plan and optimization of overall customer competition. SolidWizard wins the recognition of most customers, and grows together with customers to make it a world-class leading company!

Hereby, I would like to report to all shareholders the business results of the Company in the past year and future prospects.

I. 2023 Annual business results

The Company's 2023 accumulated annual consolidated revenue was NTD 1,447,163 thousand, an increase of 3.79%, NTD 52,798 thousand from NTD 1,394,365 thousand in 2022; gross profit was NTD 756,570 thousand, an increase of 1.17%, NTD 8,760 thousand compared to 2022; net profit after tax was NTD 288,608 thousand, a decrease of 5.71%, NTD 17,486 thousand compared to 2022.

(I) Business plan implementation results

Unit: NTD thousand

Year \ Category	Operating revenue	Net profit after tax	Net profit margin	Adjusted earnings per share (NTD)
2022	1,394,365	306,094	21.95	10.85
2023	1,447,163	288,608	19.94	10.23
Increase/decrease	52,798	(17,486)	(2.01)	

(II) Budget execution: The Company did not disclose the financial forecast for 2023, so there is no need to disclose the budget status.

(III) Analysis of financial income, expenditure and profitability

Year		2023 (%)	2022 (%)	
Item				
Financial structure	Total liabilities/assets	21.58	20.40	
	Long-term capital/fixed assets	666.77	643.81	
Solvency capability	Current ratio	430.30	462.09	
	Quick ratio	380.25	432.55	
Profitability	Return on assets (%)	16.35	18.26	
	Return on shareholders' equity (%)	20.70	23.21	
	As a percentage of paid-up capital %	Operating profit	120.66	131.12
		Net profit before tax	129.24	140.90
	Net profit margin (%)	19.94	21.95	
After-tax earnings per share (NTD)	10.23	10.85		

(IV) Research and development

After the three-year global pandemic gradually subsided, the industry has also been driven by the changes in the environment to establish a new type of work style. This

pandemic has accelerated the pace of digital transformation. In the past three years, the goal of Global Industry 4.0 is to gradually build the R&D and manufacturing system of various industries in the next decade through digital means. While the traditional mass production manufacturing industry is pushed towards the trend of intelligent, customized production, Taiwan's promotion of Productivity 4.0 is in the direction of strengthening the implementation of the digital economy infrastructure and innovative work methods counteracting the impact of the natural environment changes and production challenges of safe work in the future. Realizing the trend of digital twin and data management, SolidWizard will combine the existing customer base with 3D Experience, the 3D Experience platform of Dassault Systèmes, that drives the global manufacturing industry for the solution from design to manufacturing. It has gradually shifted its related products from personal desktop design verification to manufacturing management tools to global cloud-based collaborative design applications. This unstoppable trend has gradually been realized in major software applications and operating environments. For the digital transformation of existing customers, SolidWizard has established solutions spanning design, validation, manufacturing, and management—four critical domains in the industry upgrade strategy. The aim is to provide customers with collaborative design, transformation guidance, and change of design tools and methods, offering customers the design, manufacturing, and production solutions that best meet world trends and regulations.

1. Cloud-based design system - the 3DEXPERIENCE Platform

Design software has evolved from workstations to personal computers, from tools to platforms, from sales to rentals, and from desktops to clouds. With the changes in the enterprise environment and the trend of supply chain reorganization, the need for collaborative design has become ever more important. During the pandemic, SolidWizard started to promote the cloud-based design system. In addition to providing various services to the existing customers who use the desktop design system, the 3DEXPERIENCE cloud-based design platform products have been added to the demands of new customers and start-ups, so that new customers have more diversified choices of design tools. The 3DEXPERIENCE design platform is a new system built by Dassault Systeme for the next industrial generation, and it is different from the current digital design platforms that only meet the single demand of designers or manufacturers. 3DEXPERIENCE provides a collaborative design environment through the cloud. Its functionality encompasses design, validation, management, manufacturing, production, marketing, and sales, serving a broader range of enterprises. Until 2023, SolidWizard has transferred more than 80% of its technical manpower to 3DEXPERIENCE cloud products. It has assisted customers in gradually transferring desktop products to the cloud platform to establish the SAAS marketing model. Therefore, pre-sale product display, after-sale user guidance, and data conversion are critical tasks in the digital transformation of customers. Due to the system providing tools beyond just 3D modeling, including design review processes and data management, the biggest challenge for SolidWizard in product promotion lies in educating customers to trust and use cloud-based systems. Customers can categorize personnel into different roles based on job nature and authorize the use of applications accordingly. Therefore, regarding product marketing in the market and technical training for customers, the emphasis will be on establishing concepts and experiential environments. Additionally, the training courses will be digitalized, and the teaching and use of the system can be conducted through the Internet. This revolutionary design platform usage will be gradually popularized in the new year, and a borderless cloud digital design environment will be built in the form of a community, allowing the domestic industry to keep up with the worlds trends.

2. Digital verification and virtual simulation

Following the widespread adoption of 3D design, the global manufacturing trend has also shifted from relying on traditional 2D engineering drawings to adopting Model Based Definition for production. The focus of 3D design is no longer solely on creating precise 2D engineering drawings but rather on simulating the actual product in 3D. Therefore, the digitalization of analysis/verification and virtual simulation has become the primary goal of 3D design. SolidWizard has an independent CAE department dedicated to analysis and validation, staffed with professionals holding masters and doctoral degrees. Using SOLIDWORKS Simulation as a tool, the department is able to conduct digital analysis on various aspects of product performance including structural, material, and motion behaviors. The field covers the analysis and verification of static and dynamic structure, linear and non-linear material mechanics, fluid dynamics, mold flow, forging and casting, and high-frequency and low-frequency electromagnetic fields. In the above areas, in addition to the SOLIDWORKS analysis product line, it also includes Dassault Systèmes 3DEXPERIENCE Simulia and Abaqus Simulations advanced analysis software, which can provide all customers with options in analysis and verification.

3. Expand from desktop product data management to the DS 3DExperience Enovia system that focuses on product life cycle management

For the digitalization of design data using traditional desktop products, the continued promotion of using the SOLIDWORKS PDM/Manage system is encouraged. Besides facilitating collaborative design data transmission, editing, and reuse, the digital design data of traditional desktop products can also carry more design-to-manufacture (PMI) information. Through the establishment of desktop platforms and the preservation and sharing of data in databases, this facilitates the flow of design and production processes. A large amount of product data will be managed and controlled by SOLIDWORKS PDM and provided to all departments of the enterprise for review, sharing, and application. Under this R&D platform, product design data can be controlled and connected to the material management-oriented ERP system, supply chain management system, process planning, and flexible manufacturing systems to achieve true product life cycle management system. At the same time, SOLIDWORKS also provides Manage products to address the four major requirements of project management, BOMs and records, process management, and business dashboards to integrate customers' existing desktop SOLIDWORKS PDM system applying product design data on enterprises more precisely.

For the product life cycle management requirements of medium and large customers, the Company acquired the agency rights for Dassault Systèmes Enovia PLM product. It will provide customers with a more complete data management system. Since Enovia is also built on the 3DEXPERIENCE platform, it further assists customers in using the cloud-based interfaces, allowing a single source of data to permeate all business processes within the enterprise and making it not just the system used by the personnel of the R&D department.

4. Collaborative integration of electromechanical design

At present, the integration of collaborative design tools with the highest maturity and the most valued by the industry is the integration of electromechanical design and manufacturing. Mechatronics combines mechanical design (ME) and electrical design (EE) to present the 3D effect of mechanical design in the electrical and electronic circuit design, which can enhance the effect of visual design and truly integrate the generation method of the Bill of Materials (BOM) which needs to be controlled most in terms of the

cost of manufacturing end. Therefore, the integration of electromechanical design will be brought into the electrical design department to increase the group of products designed with 3D tools.

The process from design to manufacturing also has rich diversification and reversibility. From the manufacturing-oriented design process to the actual manufacturing needs, it has become a world trend to combine the quality management tool Inspection with the Modeling Base Definition (MBD) format for 3D design dimensions, tolerances, and other manufacturing information allows 3D models to be directly imported for processing and manufacturing, and integrates the CAM tools for automatic generation of processing paths to lay a perfect foundation for connecting the last mile of design and development to manufacturing. Currently, SOLIDWORKS CAM is used in the selection of integration tools for professional processing path production, and accurate processing information is obtained through software, which can effectively speed up the process, improve quality, and reduce the failure rate, which is the perfect combination of design and automatic processing.

5. ERP/MES for manufacturing enterprises

In line with the continuous development of design automation, customers will focus on the two major automation areas of data management and cost calculation for manufacturing. Existing customers are increasingly demanding production costing systems and manufacturing execution systems (factory operation control systems), which has led to the development of Modelling Base for defining product manufacturing information. By using ERP, enterprises can utilize automated management of the human, material, and financial resources of the enterprise. SolidWizard has also acquired the agency rights for Dassault Systèmes production management system. The Company aims to integrate product data with manufacturing data within the SolidWorks customer base, allowing existing manufacturing industry customers to continue benefiting and aligning with the goals of intelligent and flexible production defined by Industry 4.0.

6. 3D scanning and printing equipment

SolidWizard has set smart manufacturing as the product target of the equipment sales department since 2023. Within its existing base of 3D design customers, the Company is developing a market for 3D reverse design and validation. This approach enables customers to achieve comprehensive solutions for model reconstruction, dimension collection, and comparative testing needs. Especially in quality inspection and process improvement, the application of reverse scanning is becoming increasingly widespread. Apart from industrial-grade fixed scanners with up to 6 million pixels, there are also portable high-precision scanners equipped with white light and blue light. These scanners can meet industry demands for precision inspection, ranging from large product designs to tiny components. In addition, the OEM service of reverse data scanning has been launched. For manufacturers without engineering technical departments, SolidWizard can also provide 3D product digitization services. For example, AR/VR is more popular in the application of cultural creativity and e-sports industries.

In the realm of 3D printing equipment, Markforged stands out with its carbon fiber composite materials and ADAM (Atomic Diffusion Additive Manufacturing) technology featured in the Metal X metal 3D printer. In addition to this, Markforged has introduced the FX 20, a large-format 3D printer that supports Ultem 9085 material. This model is suitable for industries such as automotive and aerospace that require high strength and printing speed. It is poised to develop solutions that meet the requirements of the defense industry

autonomous military market. In addition, in 2023, the Company has also become an authorized distributor of Formlabs, a brand known for its high-value laser-based SLA/SLS 3D printers. This addition comes after the Company investment in the large-format laser-based SLA 3D printer, the UnionTech Lite 600, and further expands our portfolio to include a light-curing machine suitable for office use. Formlabs also launched the SLS powder laser sintering printer Fuse 1 +30w. This is a 3D printer that uses nylon powder to sinter parts with higher strength and offers high strength, precision, and speed. It can also provide customers with a more cost-effective supply of consumable supply, aiming to bring more applications to the large-scale consumer product design market. After introducing the SLA 3D laser printing machine, SolidWizard will have a more complete product line of powder, resin, plastic, composite materials, and metal materials.

7. Automated and intelligent production equipment

In the production automation solution, SolidWizard is the product agent of Universal Robot, a world-renowned robotic arm manufacturer, and integrates sales with On Robot, a gripper manufacturer of the same level. Collaborative robots have played an important role in automation and intelligence in the industrial upgrade of Industry 4.0. In the production line adjustment and customization production variation, users can quickly change production and manufacturing through simple settings and learning methods, while replacing expensive labor costs, and resolve working hours and delivery pressures. In the realm of robotic vision systems, SolidWizard also acts as the agent of MechMinds 3D industrial camera. This device features AI learning capabilities, enabling it to discern the 3D forms of objects in order to adjust the grip and position of robotic arms, enhancing the systems intelligence. Even if the MechMind 3D camera is used alone, with the softwares computing capabilities, it can quickly perform 3D inspection and quantity calculation, reducing time-consuming manual operations. Serving as the solution for assisting robots, SolidWizard has customized system integration and manufacturing capabilities. With the 3D reverse and forward tools, as well as processing path planning tools in manufacturing, through 3D printing, there is both the advantage of in-house production of highly customized 3D jig components. It is believed we can provide automated system integration equipment to existing manufacturing customers.

8. The higher the level of digitization, the increase in demand for digital transformation consultants

The trend of digital transformation in the post-pandemic era is already on the rise. However, digitalization does not mean digital transformation. In the process, in addition to updating tools and equipment, there is still a need to establish a system platform to facilitate large amounts of data. As the industry upgrades, it is necessary to upgrade the personnel. Therefore, how to train personnel to use the tools and establish professionalism in the design and production processes is an essential task in digital transformation. SolidWizard has over 25 years of industry service experience and has accumulated transformational expertise alongside its clients. Therefore, it possesses the foundational consultancy services required by the industry, providing business consulting and planning.

Based on Taiwan's market experience, the development of the CAD market in Taiwan, China, Hong Kong and Macau is particularly noteworthy. The demand for CAD software in China has tended to mature. In addition, the incubation period required for non-Cad market maturity, as compared to the time axis of Taiwan, the overall incubation time curve is short. It is expected to reach a

considerable level of demand faster. Therefore, the Company will accelerate the deployment of sales and technical teams in China, lock in a strategic market position, and expand to provide a complete product line and outstanding service. We aim to establish excellent relationship with customers from all walks of life. For the mature market in Taiwan, we will increase the R&D of software plug-ins for customized needs based on the diversified needs of customers, the Company's rich experience in customer guidance and R&D, and move towards the innovative market development of independent software R&D.

II. Summary of the 2024 business plan

(I) Business policy

1. The goal is to become a McKinsey & Company consulting firm that provides 3D R&D, design, manufacturing, and sales solutions for enterprises in the Greater China region.
2. Dassault Systèmes is a global leader in 3D solutions. In recent years, Dassault Systèmes has been actively transforming its SOLIDWORKS Desktop package products into 3D EXPERIENCE WORKS - a Platform as a Service (PaaS) and a Software as a Service (SaaS). According to the PwC research report, Dassault Systèmes ranked third among the fastest growing companies in the global cloud market.

PwC 25 Fastest Growing Cloud Companies

No. of Top 50 companies also on the Fastest Growing Cloud list: 6

Ranking	Fastest Growing Cloud	Top 50
OpenText	1	31
Dassault Systèmes	3	15
Microsoft	8	1
BMC	13	26
Apple	14	22
Eeri	22	48

“Perhaps most surprising, at #3, Dassault Systèmes, the industrial giant that could be accurately described as France's counterpart to General Electric. The takeaway? There are no tactical requirements to thriving in the cloud, only the need to execute well.”

PwC's SaaS Revenue of Top 50 Software Companies with data from IDC

<http://www.pwc.com/us/en/industry/technology/publications/global-100-software-leaders/25-fastest-growing-cloud-companies.html>

3. According to the research report of Business Advantage, the development trend of CAD is as follows:
 - (1) The future growth potential of CAD can be divided into the following directions.
 - Cloud-based CAD
 - CAD for use with mobile devices
 - Productive design
 - Collaborative design
 - AI/ML
 - (2) Single R&D and design team
 - Add depth and breadth
 - (3) Unparalleled solutions and scalability



- 3DEXPERIENCE WORKS is a complete cloud-based platform solution; solutions from design, analysis, collaborative communication, procurement, manufacturing enterprise resource planning (MES/ERP), project management, marketing to sales.



- In order to accelerate the provision of hardware and software solutions for Industry 4.0 smart manufacturing to customers, various global leading brand manufacturers have been actively introduced into the Greater China market to enhance the industrial competitiveness of customers.

3D printing vendors:

- 3DSYSTEMS, MARKFORGED, UNIONTECH

3D scanning vendors:

- SOLUTIONIX, ARTEC, SCANTECH

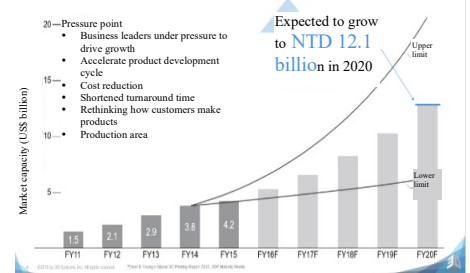
Collaborative robots and peripheral manufacturers:

Universal Robot, OnRobot

Industry 4.0 Smart Manufacturing - Complete UR



Opportunities in the global 3D printing market



- Provide customers with different collaborative robot automation integration solutions based on customer needs, including applications such as loading and unloading, welding, visual identification, glue dispense, and grinding to improve customer productivity and reduce costs.
- Actively develop more diversified potential needs of customers, strengthen the connection between the Company and customers, increase customer renewal rates for a variety of products and contract renewals, improve customer satisfaction and sales market share, and actively manage large and multinational

groups Customers.

8. Cultivating old customers and expanding the needs of old customers. From the initial introduction of one product line to 3D R&D design, manufacturing, sales, and manufacturing enterprise resource planning, MES/ERP software and hardware integration ecosystem platform needs to be introduced, and strengthen long-term partnerships through customer maintenance contracts and assist enterprises to achieve the goal of a level-6 3D model enterprise, enhance industrial competitiveness and create win-win business growth!

(II) Expected sales volume

The sales volume of the Company's products in 2024 is expected to grow by 10% compared to that in 2023.

III. Future development strategies of the Company

The focus of marketing is to help customers understand the value of the SolidWizard brand, and to increase online response rate and link the SolidWizard brand with the newly added sales products. It has made "assisting the manufacturing industry to establish its own brand" as the core point of its brand value promotion, publicizing and assisting customers in digital transformation of manufacturing consulting services, and how to combine with related software products and platform services of its largest partner, Dassault Systèmes, to assist customers increase the efficiency and reduce the cost based on the goals of "AI learning", "smart manufacturing", and "cloud collaboration". The main content of promotion will be through the current diversified digital marketing and social media marketing, from innovative ideation, design and development, verification and analysis, quality control, manufacturing, data management to product marketing, and even customer interaction through the cloud. Together with the most direct-effects of exhibitions, seminars, large-scale user activities, and high-level customer activities, we can achieve the effect of face-to-face promotion with customers of SolidWizard. The following is a list of key sales strategies.

1. The rendering power of video content is incomparable. For the content and use cases of Dassault Group and 3D printing, reverse scanning, and collaborative robots, the use and production of videos should be strengthened. Leveraging YouTube as the primary media platform through the Official SolidWizard, well also disseminate content on platforms like Facebook and Instagram to promote SolidWizards actual achievements in consulting service transformation.
2. Work closely with the technical team to conduct software and hardware product application and actual machine operation videos and promote online live broadcast courses to achieve the effect of assisting customers in nurturing talents, and thereby marketing the profound value of SolidWizard services.
3. Expand the promotion and contact with new customers, combine social media promotion and advertising, use Google search, keyword advertising, and SEO to optimize the effect of multiple touches in marketing, and enhance the brand and service value of SolidWizard.
4. Cooperate with industry associations to provide members with relevant industry knowledge, software applications, case studies, and courses to achieve direct and word-of-mouth benefits.
5. The latest AI generative tools are used to assist in marketing content and improve the efficiency of content marketing.

IV. Impacts of the external competitive environment, regulatory environment and overall business environment

The business environment that the Company is facing can be said to be changing rapidly, and the competitive pressure is also increasing day by day. The Company will adopt a

more effective operating approach to lay the foundation for future growth. Under the pressure of competition and bidding in the same industry, the Company actively develops new customers and seeks to resell other products to strive for better performance; the sales bases in Mainland China is constantly raising wages with the rapid economic development over there, which is the most important challenge of the external environment. The Company will also increase its vigilance and focus on future changes and respond flexibly.

With its solid professional foundation and years of in-depth cultivation in the field of industrial services, SolidWizard has become a professional consulting team for the digital transformation of enterprises, and it is also the preferred partner of the manufacturing industry in smart manufacturing solutions. Many companies are entering a new stage of business development. With the development of high-speed Internet, SolidWizard cooperates with the introduction of cloud technology, and the rise of AI technology and machine learning to establish collaborative operations on innovative technology and data security for customers. The environment is not restricted by time and space, so that enterprises can expand their business anytime and anywhere. Focusing on the rapid development of AI artificial intelligence, SolidWizard and Dassault Systèmes are integrating AI functionality into their product services to enhance design efficiency. By leveraging AI and machine learning integration, they facilitate intelligent linkage between 2D engineering drawings and 3D models, enabling high-performance and integrated simulation tools. This integration forms the driving force for enterprises to pursue sustainable product development and business advancement. SolidWizard is committed to dynamic innovation, always staying abreast of new technological applications, analyzing industry trends across the Taiwan Strait and beyond, and continuously enhancing our capacity for professional consulting and service optimization. Starting from the customers current business needs, we deploy our employees based on future growth and profit goals, as the co-creation of win-win results with customers and the core of the Companys sustainable growth.

Chairman: Chien-Hsing Lee

Manager: Tai-Yuan Hsu

Accounting Supervisor: Yue-Mei Chen

Two. Company Profile

I. Date of establishment: July 7, 2005

II. Company history:

2005	<ul style="list-style-type: none"> • Established Meng Wei Technology Co., Ltd. with a capital of NTD 10 million.
2008	<ul style="list-style-type: none"> • Changed the name to SOLIDWIZARD TECHNOLOGY CO., LTD. • Processed capital increase in cash by NTD 50 million, with the paid-in capital amounting to NTD 60 million. • Processed capital increase in cash by NTD 100 million, with the paid-in capital amounting to NTD 160 million. • Approved the motion for the investment in the subsidiary in Mainland China. • Formulated written internal control system. • Formulated the Company's self-assessment of the internal control system.
2009	<ul style="list-style-type: none"> • NTD 18,400,000 of surplus was transferred to the Company's capital, and the paid-in capital amounted to NTD 178,400,000. • Established Shanghai UnitedWizard Technology International Tradibheng Limited.
2010	<ul style="list-style-type: none"> • Supplement public offering. • The Company transferred surplus of NTD 17,840,000 to capital and the paid-in capital amounted to NTD 196,240,000. • Issued employee stock warrants for NTD 15,470,000, and the paid-in capital amounted to NTD 211,710,000.
2011	<ul style="list-style-type: none"> • Registered for trading of emerging stocks on the TPEX. • The Company's surplus was transferred to the capital for NTD 21,171,000, and the paid-in capital amounted to NTD 232,801,000.
2012	<ul style="list-style-type: none"> • The Company passed the listing application of TPEX, and the Company's shares were listed for trading on TPEX on September 19, 2012.
2013	<ul style="list-style-type: none"> • Formally established the 3D printing department.
2014	<ul style="list-style-type: none"> • Established the investor section on the website.
2017	<ul style="list-style-type: none"> • Established the Line@ official account to activate mobile services.
2018	<ul style="list-style-type: none"> • Customer-exclusive quarterly publication: The Company changed its technology reports into e-books with digital content services.
2019	<ul style="list-style-type: none"> • Established the official Youtube channel of SolidWizard to provide streaming customer service. • Introduced the Metal X high-quality metal 3D printing machine patented and manufactured by Markforged. • Added IQMS software product, named DELMIA WORKS, and officially provided ERP enterprise resource management services. • SOLIDWORKS officially became a member of Dassault Systèmes 3DEXPERIENCE.WORKS. • The Company's surplus was transferred to capital for NTD 25,646,100, and the paid-in capital amounted to NTD 282,107,100.

2020	<ul style="list-style-type: none"> • Established a new version of the online learning platform to strengthen and provide better customer service • Revision and production of the official website of SolidWizard to highlight the professional strength of manufacturing consulting services. • The exclusive Line@ marketing platform for large customers provides immediate customer service and improves customer experience. • Planned and introduced the 3D printer patented by UnionTech to provide more precise and detailed finished products and meet the diversified needs of customers. • Planned and introduced the KSCAN 20 composite 3D scanner patented and manufactured by SCANTECH. • Sold the Universal Robots to help customers build smart production lines. • Sold Onrobot's complete robotic arm gripper products, which can meet various applications of robotic arms on the production line. • Practical promotion of 3DEXPERIENCE PLATFORM and establishment of exclusive successful cases.
2021	<ul style="list-style-type: none"> • Official sale of the cloud 3DEXPERIENCE platform to enhance R&D and design into a new field of comprehensive collaboration and cooperation. • Established the TECC cloud CAE verification analysis and sharing community to provide customers with exclusive online expert inquiry service. • Sold SIMULIA and other high-end CAE verification and analysis software to provide customers with better pre-product analysis results. • Sold the 3D printing machine patented by UnionTech to satisfy the diverse needs of customers with higher precision and finer 3D printing products. • Launched 3D printing OEM services to expand the professional OEM service in the manufacturing industry for prototyping and manufacturing to meet the last mile needs of customers.

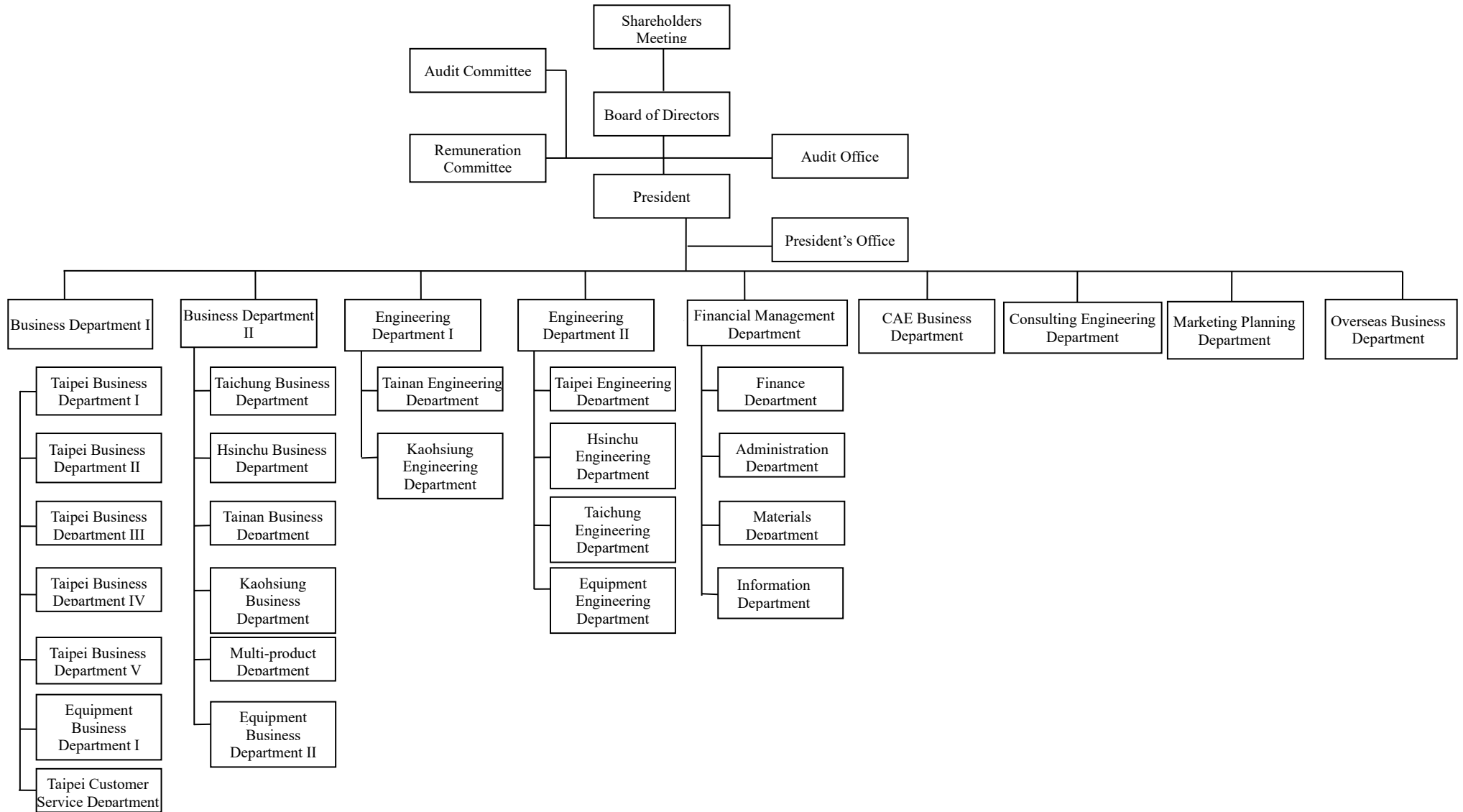
2022	<ul style="list-style-type: none"> • Expanded the sales market of the cloud-based 3DEXPERIENCE platform and create a single collaborative solution that provides an exclusive platform for the complete R&D to manufacturing life cycle. • Increased the sales of SIMULIA and other high-end CAE verification and analysis software to provide customers with more comprehensive analysis and verification results for products. • DELMIA Works for sale is most suitable for the MES needs of Taiwanese industries. It satisfies customers' needs for digital management from work order issuance to product completion, avoiding unnecessary costs and accelerating production. • For sales of ENOVIA products, we provide customers with the entire process from product development, production, to automation. Together with cloud technology, the upstream and downstream enterprises can collaborate to create, develop, and manage products throughout the product life cycle. • Sold the latest FX 20 3D printer from Markforged, which meets the needs of customers for large sizes, high strength, and finesse with larger printing space and high-precision and fine-grained 3D printed products. • Sold Precise PLA, the latest 3D printing material from Markforged, which gives customers the best choice for product proofing and verification. There are 8 different colors for marking and printing different parts and components, which effectively accelerates the adoption of 3D printing in the overall manufacturing process of high-performance applications. • Worked closely with Universal Robots to expand the sales of collaborative robots, assisted the manufacturing industry in establishing smart production processes and production lines, and build a digital smart factory. • Introduced more diversified robotic arm gripper solutions from Onrobot to meet the needs of various production lines in the manufacturing industry, such as gripping, suction, welding, testing, and so on. Fully integrated with Universal Robots to quickly build smart production lines that can adapt to various needs for customers.
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2023	<ul style="list-style-type: none"> • Accelerated the market coverage of the cloud 3DEXPERIENCE platform and provide customers with one-stop collaboration solutions from R&D to manufacturing life cycle. • Strengthened the sales of SIMULIA and other high-end CAE verification and analysis software modules, and expanded the professional analysis consultant team to bring customers more comprehensive product analysis and verification effects from multiple angles. • Expanded the sales of ENOVIA products, emphasizing the combination of product life cycle management (PLM) and cloud technology for enterprises to achieve collaborative innovation, development, and management in the process of product development, production, and automation. • Opened up the market for the latest FX 20 3D printer from Markforged with larger printing space and high-precision, detailed 3D printing products, it becomes the mainstream in the market demand. Based on the current sales, we will increase sales efforts. • Selling a Diverse Range of Formlabs 3D Printers, Formlabs products include 3D printing systems utilizing both stereolithography (SLA) and selective laser sintering (SLS) technologies, which are widely adopted by global engineers, designers, manufacturers, dental and medical professionals, and other users. • Sales of SCANTECH's high-speed and high-precision Trackscan wireless 3D scanning equipment can meet the diverse needs of quality control, product development, reverse engineering, and automated measurement in the aerospace, automobile manufacturing, rail transit, mold manufacturing and other industries. • Sold the latest UR20 collaborative robot from Universal Robots. It has an arm length of 1,750mm and a maximum load of 20kg. Besides being particularly suitable for packaging and stacking, it can also flexibly handle various large parts, including cutting and stamping, drilling, machining, and molding to help customers accelerate the construction of digital smart factories. • Introduced Mech-Mind, which is a leading brand of AI+3D vision robots. When used with automated manufacturing or collaborative robot production lines, high-intelligence visual judgments can be performed to automatically perform disorderly picking, loading and unloading, and vision-guided positioning/assembly, defect detection, high-precision measurement, robotic spraying/gluing and so on.
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Three. Corporate Governance Report

I. Organizational system

(I) Organizational structure of the Company



(II) Businesses of main departments

Department	Main duties and responsibilities
President's Office	<ul style="list-style-type: none"> (1) Establishment, planning, and supervision of the Company's business management guidelines and quality policy goals. (2) Formulation of the Company's staged or overall business strategy and revision of business performance. (3) Planning and implementation of the resolutions of the Board of Directors.
Audit Office	<ul style="list-style-type: none"> (1) Establish, investigate, and evaluate the soundness, rationality, effectiveness and implementation of the internal control system of each department, and issue relevant reports. (2) Formulate the annual audit plan and execution. (3) Follow-up improvement and report on the deficiencies of internal control. (4) Audits conducted by each department on its own.
Business Department I	<ul style="list-style-type: none"> (1) Overall business strategy planning. (2) Development and establishment of business objectives. (3) Product and market planning and development.
Business Department II	<ul style="list-style-type: none"> (1) Overall business strategy planning. (2) Development and establishment of business objectives. (3) Product and market planning and development.
Engineering Department I	<ul style="list-style-type: none"> (1) R&D plans for the functions and technologies of each product. (2) The training system and training plan for the professional skills of the relevant personnel. (3) Collaborate with business units to provide customers with comprehensive product services and support.
Engineering Department II	<ul style="list-style-type: none"> (1) R&D plans for the functions and technologies of each product. (2) The training system and training plan for the professional skills of the relevant personnel. (3) Collaborate with business units to provide customers with comprehensive product services and support.
Financial Management Department	<ul style="list-style-type: none"> (1) Planning and management of financial and accounting-related policy affairs. (2) Planning and management of administrative policy affairs related to personnel and general affairs. (3) Domestic and foreign procurement. (4) Control and analysis of the cost and inventory of various products .
Overseas Business Department	<ul style="list-style-type: none"> (1) Strategic planning for overseas business operations. (2) Studying, setting and executing business objectives.

Department	Main duties and responsibilities
CAE Business Department	<ul style="list-style-type: none"> (1) Pre-sale demonstrations, after-sale support, education and training, and exhibitions for CAE products. (2) Establishment of marketing strategies for CAE products, analysis of competitors, and professional business training. (3) Provide project counseling and consultant evaluation for relevant industry analysis. (4) Supervising, tracking and assisting the sales unit of CAE products.
Consulting Engineering Department	<ul style="list-style-type: none"> (1) Integrated consulting and introduction services for various products. (2) The training system and training plan for the professional skills of the relevant personnel. (3) Collaborate with business units to provide customers with comprehensive product services and support.
Marketing Planning Department	<ul style="list-style-type: none"> (1) Cooperation in external activities. (2) Planning and implementation of various activities. (3) Media and publicity. (4) Publishing of books. (5) Website and electronic newsletters.

II. Information of Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Managers of various departments and branches

(I) Information of directors

1. Directors' name, experience (education), shareholding and nature

April 1, 2024; unit: shares; %

Job Title (Note 1)	Nationality or place of registration	Name	Gender and Age (Note 2)	Date of election (Inauguration)	Term of office	Date of initial election (Note 3)	Shares held at the time of election		Current shareholding		Shares held by spouse and underage children		Shares held in the name of others		Main experience (education) (Note 4)	Concurrent positions in the Company and other companies at present	Other managerial officers, directors or supervisors with relations such as spouses or within two degrees of kinship			Note (Note 5)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Chairman	Republic of China	Chien- Hsing Lee	Male 61 - 70 years old	2021.07.15	3 years	2005.06.24	3,067,468	11.96	3,374,214	11.96	2,820,704	9.99	0	0	Education background: Department of Mechanical Engineering, Feng Chia University Experience: General manager of CASYS ENGINEERING TECHNOLOGY CO., LTD. Special Assistant of Information Department, SOLIDWIZARD TECHNOLOGY CO., LTD. Chairman of SOLIDWIZARD TECHNOLOGY CO., LTD.	Chairman of SOLIDWIZARD TECHNOLOGY CO., LTD. Responsible person of Li Hsing Investment Co., Ltd. Responsible person of Shanghai UnitedWizard Technology International Trading Limited.	None	None	None	None
Director	Republic of China	Tai- Yuan Hsu	Male 61 - 70 years old	2021.07.15	3 years	2008.03.21	2,152,503	8.39	2,367,753	8.39	1,446,770	5.13	0	0	Education background: Graduate Institute of Management, National Taiwan University of Science and Technology Experience: Sales Specialist of First International Computer, INC. Sales Manager of Leica Geosystems Chairman and President, Future Trend Micro Corporation Chairman and General Manager of SOLIDWIZARD TECHNOLOGY CO., LTD. Chairman and President of SOLIDWIZARD TECHNOLOGY CO., LTD.	President of SOLIDWIZARD TECHNOLOGY CO., LTD. Responsible Person of SolidWizard Technology Holding Co.,Ltd. Responsible Person of UnitedWizard Technology Co.,Ltd. Responsible Person of Unisource Investment Co., Ltd.	None	None	None	None

Job Title (Note 1)	Nationality or place of registration	Name	Gender and Age (Note 2)	Date of election (Inauguration)	Term of office	Date of initial election (Note 3)	Shares held at the time of election		Current shareholding		Shares held by spouse and underage children		Shares held in the name of others		Main experience (education) (Note 4)	Concurrent positions in the Company and other companies at present	Other managerial officers, directors or supervisors with relations such as spouses or within two degrees of kinship			Note (Note 5)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job Title	Name	Relationship	
Job Title (Note 1)	Nationality or place of registration	Name	Gender and Age (Note 2)	Elected (inauguration) Date	Term of office	Date of initial election (Note 3)	Number of shares held at the time of election		Current shareholding		Shares held by spouse and underage children		Shares held in the name of others		Main experience (education) (Note 4)	Concurrent positions in the Company and other companies at present	Other managerial officers, directors or supervisors with relations such as spouses or within two degrees of kinship			Note (Note 5)
							Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares				Job Title	Name	Relation	
Independent Director	Republic of China	Yu- Chun Chu	Male 61 - 70 years old	2021.07.15	3 years	2010.08.16	0	0	0	0	0	0	0	0	Education background: Department of Mechanical Engineering, National Tsing Hua University Experience: Manager of development department of TRANS LINK INTERNATIONAL CO., LTD. President of TRANS LINK INTERNATIONAL CO., LTD.	President of TRANS LINK INTERNATIONAL CO., LTD. Director of TRANS LINK INTERNATIONAL CO., LTD. Supervisor of Z-CAM INTL CO., LTD.	None	None	None	None
Independent Director	Republic of China	Tsung- Hsien, Liao	Male 61 - 70 years old	2021.07.15	3 years	2014.6.10	15,000	0.06	0	0	0	0	0	0	Education background: Graduate Institute of Management, National Taiwan University of Science and Technology Experience: Head of Electronic Component Business Department, Aurora Corporation Chairman and President of SHARP (TAIWAN) ELECTRONICS CORPORATION	President of MITSUTECH INTERNATIONAL CORP. Director of MITSUTECH INTERNATIONAL CORP.	None	None	None	None
Independent Director	Republic of China	Shun- Fa Chen	Male 51 - 60 years old	2020.05.28	3 years	2020.5.28	0	0	0	0	0	0	0	0	Education background: Department of Accounting, College of Business and Law, National Chung Hsing University Experience: 21 years at PwC Taiwan (in the role of a partner for 10 years).	Responsible Person of Lucheng Management Consulting Co., Ltd. Independent Director of YEM CHIO CO., LTD. Independent Director of XIN CHIO GLOBAL CO., LTD.	None	None	None	None

Note 1: Institutional shareholders shall list the names of the institutional shareholders and their representatives (representatives of institutional shareholders shall indicate the name of the institutional shareholder) and fill in the following Table 1.

Note 2: Please state the actual age and express in intervals, such as 41 - 50 years old or 51 - 60 years old.

Note 3: Fill in the time when first serving as a director or supervisor of the Company; if there is any interruption, it should be explained in the notes.

Note 4: Regarding the experience related to the current position, if the employee has worked in the audited CPA firm or in an affiliated enterprise during the aforementioned period, the job title and responsibilities should be detailed.

Note 5: If the chairperson and the president or equivalent (the highest level manager) of the company are the same person, spouses or relatives within the first degree of kinship, provide information on the reason, reasonableness, necessity, and countermeasures (e.g. increasing the number of independent directors, and more than half of the directors do not serve as employees or managers concurrently).

2. Major shareholders of corporate shareholders:

April 1, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders	Shareholding ratio (%)
Unisource Investment Co., Ltd.	Tai-Yuan Hsu	16.67
	Hui-Yu Sun	16.67
	Rui-Ting Hsu	66.66
Li Hsing Investment Co., Ltd.	Chien-Hsing Lee	16.67
	Li-Hsiang Wei	16.67
	Yun-Han Lee	66.66

3. Major shareholders of major corporate shareholders: None.

4. Disclosure of professional qualifications of directors and independence of independent directors

Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Number of other publicly issued company in which the person is concurrently serving as an independent director
Chien-Hsing Lee	<p>At present, he is the Chairman of the Company, the Responsible Person of Li Hsing Investment Co., Ltd., and the Responsible Person of Shanghai United Wizard Technology International Trading Limited.</p> <p>Previously served as the General Manager of CASYS ENGINEERING TECHNOLOGY CO., LTD., and Special Assistant of Information Department of SOLIDWIZARD TECHNOLOGY CO., LTD.</p> <p>Possesses experience in operational judgment and business management.</p>	Non-independent directors: Not applicable.	None
Tai-Yuan Hsu	<p>At present, he is the President of the Company, Responsible Person of Unisource Investment Co., Ltd., Responsible Person of SolidWizard Technology Holding Co.,Ltd., and the Responsible Person of UnitedWizard Technology Co.,Ltd.</p> <p>Previously served as the Sales Specialist of First International Computer, INC., Business Manager of Leica Geosystems, Chairman and President of Future Trend Micro Corporation; Chairman and President of the Company.</p> <p>Possesses experience in operational judgment and business management.</p> <p>Is not under any of the following circumstances specified in Article 30 of the Company Act.</p>	Non-independent directors: Not applicable.	None
Yu-Chun Chu	<p>Current President of TRANS LINK INTERNATIONAL CO., LTD.</p> <p>Former Manager of R&D Department of TRANS LINK INTERNATIONAL CO., LTD.</p> <p>Possesses experience in operational judgment and business management.</p> <p>Is not under any of the following circumstances specified in Article 30 of the Company Act.</p>	Is an independent director, and meets the criteria of independence. Neither the independent director nor their spouse or second-degree relatives serve as directors, supervisors, or employees of the Company or any of its affiliated companies; do not hold shares in the Company; not a director, supervisor, or employee of the companies with certain relationships with the Company. No remuneration was received from the Company or its affiliates for providing commercial, legal, financial or accounting services in the last two years.	None
Tsun-Hsien, Liao	<p>Current President of MITSUTECH INTERNATIONAL CORP.</p> <p>Previously served as the Head of Electronic Component Business Department of Aurora Corporation and Chairman and President of SHARP (TAIWAN) ELECTRONICS CORPORATION.</p> <p>Possesses experience in operational judgment and business management.</p> <p>Is not under any of the following circumstances specified in Article 30 of the Company Act.</p>	Is an independent director, and meets the criteria of independence. Neither the independent director nor their spouse or second-degree relatives serve as directors, supervisors, or employees of the Company or any of its affiliated companies; do not hold shares in the Company; not a director, supervisor, or employee of the companies with certain relationships with the Company. No remuneration was received from the Company or its affiliates for providing commercial, legal, financial or accounting services in the last two years.	None
Shun-Fa Chen	<p>At present, he is the Responsible Person of Lucheng Management Consulting Co., Ltd., independent director of YEM CHIO CO., LTD., and independent director of XIN CHIO GLOBAL CO., LTD.</p> <p>Previously served for 21 years at PwC Taiwan (in the role of a partner for 10 years).</p> <p>Possesses experience in financial analysis and business management.</p> <p>Is not under any of the following circumstances specified in Article 30 of the Company Act.</p>	Is an independent director, and meets the criteria of independence. Neither the independent director nor their spouse or second-degree relatives serve as directors, supervisors, or employees of the Company or any of its affiliated companies; do not hold shares in the Company; not a director, supervisor, or employee of the companies with certain relationships with the Company. No remuneration was received from the Company or its affiliates for providing commercial, legal, financial or accounting services in the last two years.	2

Note 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors shall be stated. If a member of the Audit Committee has

accounting or financial expertise, the accounting or financial background and work experience shall be stated, and state whether he/she is under any of the circumstances as specified in Article 30 of the Company Act.

Note 2: Independent directors shall specify their independence, including but not limited to whether themselves, their spouse, relatives within 2nd degree of kinship serve as directors, supervisors, or employees of the Company or its affiliated companies; the number and weight of shares held by relatives (or in the name of others); whether the person holds the position in a company that has a specific relationship with the Company's (refer to Subparagraphs 5 - 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) directors, supervisors, or employees; and the amount of remuneration for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years.

5. Board diversity and independence:

(1) Professionalism of the Board of Directors:

Under the spirit of the diversity policy with the goal to strengthen corporate governance and promote the development of the Board of Directors with a sound composition and structure, the nomination of all director candidates adopts the candidate nomination system adhering to the Articles of Incorporation. Information relating to the candidates' professional background, integrity or relevant professional qualifications shall be evaluated and submitted to the shareholders meeting for election after approval by the board resolution. Pursuant to Article 20 of the Company's "Corporate Governance Best Practice Principles," directors are advised to possess the knowledge, skills, and literacy necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors as a whole shall have the following capabilities:

Names of directors	Gender	Basic composition					Diversified professionalism and industry experience						
		Age		Length of tenure as independent director			Operational judgment	Operation and management ability	Leadership and decision-making ability	Industry knowledge	Accounting and financial analysis ability	Crisis management	International market view
		51 - 60 years old	61 - 70 years old	Less than 3 years	3 to 9 years	More than 9 years							
Director Chien-Hsing Lee	Male		✓				✓	✓	✓	✓		✓	✓
Director Tai-Yuan Hsu	Male		✓				✓	✓	✓	✓		✓	✓
Independent Director Yu-Chun Chu	Male		✓			✓	✓	✓	✓		✓	✓	
Independent Director Tsung-Hsien, Liao	Male		✓			✓	✓	✓	✓		✓	✓	
Independent Director Shun-Fa Chen	Male	✓		✓				✓		✓	✓	✓	✓

(2) Diversity of the Board of Directors:

To strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, Article 20 of the Company's "Corporate Governance Best Practice Principles" states that the composition of the Board of Directors should consider the company's operational structure, business development direction, and future development trends, and should evaluate various diversity aspects, such as: basic composition (e.g., gender, age, etc.), professional experience (e.g., technology, computer information industry, manufacturing, and service industries, etc.), and professional knowledge and skills (e.g., legal practice, financial accounting, etc.).

The Company's current Board of Directors has a total of 5 members, including 3 independent directors and 2 non-independent directors (accounting for 60% and 40% of the total board members), and independent directors account for more than half of the seats. The Company emphasizes gender equality in the composition of the Board of Directors. Currently, all members of the Board of Directors are male. In the future, the Company will make every effort to increase the number of female directors in order to achieve this goal.

(3) Implementation of diversity among board members:

The current Board of Directors of the Company is composed of 5 directors. The directors have practical experience in the management and operation of TWSE/TPEX listed companies and companies in the industry, and they all possess the capabilities of leadership, decision-making, crisis management, and global market perspective. Among the two non-independent directors, Chairman Chien-Hsing Lee and Director Tai-Yuan Hsu have served as the Chairman and President of TWSE/TPEX listed companies and other key management positions. They have experience and expertise in operations management, extensive industry knowledge, and a grasp of the industry operation and development context. Among the other 3 independent directors, independent director Chu You-Jun is the President of TRANS LINK INTERNATIONAL CO., LTD., and independent director Tsung-Hsien, Liao is the President of MITSUTECH INTERNATIONAL CORP. All of them have industry knowledge, and management position experience of business management, operational judgment and international market outlook. Another independent director, Chen Shun-Fa, was a financial accounting professional from PricewaterhouseCoopers.

(4) Independence of the Board of Directors:

The Company's current Board of Directors has a total of 5 members, including 3 independent directors and 2 directors (accounting for 60% and 40% of the total board members), and independent directors account for more than half of the seats. None of the directors is a spouse or a relative within the second degree of kinship, nor is there any circumstance specified in Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act.

The Company has established a performance evaluation system for the Board of Directors. Internal self-evaluation of the Board of Directors and self-evaluation of directors are conducted once a year. The evaluation results are submitted to the Board of Directors and disclosed in the Company's annual report and website.

(II) Information on the President, Vice Presidents, Assistant Vice Presidents, and the heads of various departments and branches

April 1, 2024; unit: shares; %

Job Title (Note 1)	Nationality	Name	Gender	Date of election (Inauguration)	of election		Shares held by spouse and underage children		Shares held in the name of others		Main experience/education (Note 2)	Concurrent positions in other companies	Managerial officer who is the spouse or a relative within second degree of kinship			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio			Job Title	Name	Relationship	
President	Republic of China	Tai- Yuan Hsu	Male	2008.03.21	2,367,753	8.39	1,446,770	5.13	0	0	Education background: Graduate Institute of Management, National Taiwan University of Science and Technology Experience: Sales Specialist of First International Computer, INC. Sales Manager of Leica Geosystems Chairman and President, Future Trend Micro Corporation Chairman and General Manager of SOLIDWIZARD TECHNOLOGY CO., LTD. Chairman and President of SOLIDWIZARD TECHNOLOGY CO., LTD.	Responsible Person of SolidWizard Technology Holding Co., Ltd. Responsible Person of UnitedWizard Technology Co.,Ltd. Responsible Person of Unisource Investment Co., Ltd.	None	None	None	None
Vice President, Business Department I	Republic of China	An-Li Chen	Male	2008.10.01	0	0.00	0	0	0	0	Education background: Department of Mechanical Engineering, Tamkang University Experience: Engineer, Future Trend Micro Corporation Vice President of Overseas Department, SOLIDWIZARD TECHNOLOGY CO., LTD. Vice President of Business Department	None	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date of election (Inauguration)	of election		Shares held by spouse and underage children		Shares held in the name of others		Main experience/education (Note 2)	Concurrent positions in other companies	Managerial officer who is the spouse or a relative within second degree of kinship			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio			Job Title	Name	Relationship	
											I, SOLIDWIZARD TECHNOLOGY CO., LTD.					
Vice President, Engineering Department I	Republic of China	Sheng-Jie Peng	Male	2012.01.01	800	0.00	1,000	0	0	0	Education background: Department of Mechanical Engineering, National Taiwan University of Science and Technology Experience: Manufacturing Engineer of STANDTECH CO., LTD. Technical Manager, Helper Technology Co., Ltd. Engineer, Future Trend Micro Corporation Assistant Vice President of Engineering Department, SOLIDWIZARD TECHNOLOGY CO., LTD. Vice President of Engineering Department, SOLIDWIZARD TECHNOLOGY CO., LTD.	None	None	None	None	None
Vice President, Multi-Product Department	Republic of China	Chu-Jih, Yang	Male	2021.01.01	30,000	0.11	0	0	0	0	Education background: Graduate Institute of Management, Chang Gung University Experience: Manager of Sales, Marketing and Procurement, Lite-On Semiconductor Corp. Assistant Vice President of Multi-Product	None	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date of election (Inauguration)	of election		Shares held by spouse and underage children		Shares held in the name of others		Main experience/education (Note 2)	Concurrent positions in other companies	Managerial officer who is the spouse or a relative within second degree of kinship			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio			Job Title	Name	Relationship	
											Department, SOLIDWIZARD TECHNOLOGY CO., LTD. Vice President of Multi-Product Department, SOLIDWIZARD TECHNOLOGY CO., LTD.					
Assistant Vice President, Financial Management Division	Republic of China	Yue-Mei Chen	Female	2010.01.01	0	0.00	0	0	0	0	Education background: Graduate Institute of Business Administration, National Chengchi University Experience: Philips Accountant NCR systems Taiwan Financial Planning Analyst Manager of Finance Department, SOLIDWIZARD TECHNOLOGY CO., LTD. Assistant Vice President, Financial Management Department, SOLIDWIZARD TECHNOLOGY CO., LTD.	None	Manager	Shih-Lung Chen	Spouse	None
Assistant Vice President, CAE Business Department	Republic of China	Cheng-Ying Chien	Male	2016.07.01	0	0	0	0	0	0	Education background: Graduate Institute of Engineering Science, National Cheng Kung University PhD, Institute of Mechatronics, National Taipei University of Technology Experience: R&D Engineer,	None	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date of election (Inauguration)	of election		Shares held by spouse and underage children		Shares held in the name of others		Main experience/education (Note 2)	Concurrent positions in other companies	Managerial officer who is the spouse or a relative within second degree of kinship			Note (Note 3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding Ratio			Job Title	Name	Relationship	
											COMPEQ MANUFACTURING COMPANY LIMITED Manager of CAE Business Department, SOLIDWIZARD TECHNOLOGY CO., LTD. Manager of CAE Business Department, SOLIDWIZARD TECHNOLOGY CO., LTD.					
Assistant Vice President, Engineering Division II	Republic of China	Shi-Ro Lee	Female	2021.02.01	6,600	0.02	0	0	0	0	Education background: Department of Industrial Design, Tunghai University Experience: Industrial Architect, UNIVERSAL MICROELECTRONICS CO., LTD. Senior Manager of Engineering Department II, SOLIDWIZARD TECHNOLOGY CO., LTD. Assistant Vice President of Construction Department II, SOLIDWIZARD TECHNOLOGY CO., LTD.	None	None	None	None	None

Note 1: It shall include the President, Vice presidents, Assistant Vice Presidents, and the heads of various departments and branches. Any position that is equivalent to that of the President, Vice President, or Assistant Vice President shall also be disclosed, regardless of their job titles.

Note 2: Regarding the experience related to the current position, if the employee has worked in the audited CPA firm or in an affiliated enterprise during the aforementioned period, the job title and responsibilities shall be detailed.

Note 3: If the president or equivalent (the highest level manager) and the chairman are the same person, spouses or relatives within the first degree of kinship, the related information on the reason, reasonableness, necessity, and countermeasures (e.g. increasing the number of independent directors, and more than half of the directors do not serve as employees or managers concurrently) shall be disclosed.

III. Remuneration paid to directors, supervisors, president and vice presidents in the most recent year 2023.

1. Remuneration to directors (including independent directors)

As of December 31, 2023 Unit: NTD thousands

Job Title	Name	Directors' Remuneration								The sum of A, B, C, and D and the percentage of net income after tax		Remuneration received from concurrently serving as an employee						The sum of A, B, C, D, E, F and G and the percentage of net income after tax		Remuneration from reinvested businesses other than subsidiaries or the parent company				
		Remuneration (A)		Severance pay and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, and special disbursement (E)		Severance pay and pension (F)		Employee remuneration (G)								
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report					
Director	Chien-Hsing Lee	1,320	1,320	0	0	0	0	0	0	1,320	1,320	13,390	13,390	158	158	0	0	0	0	14,868	14,868	5.15%	5.15%	None
	Tai-Yuan Hsu																							
Independent Director	Yu-Chun Chu	1,188	1,188	0	0	0	0	0	0	1,188	1,188	0	0	0	0	0	0	0	0	1,188	1,188	0.41%	0.41%	None
	Tsung-Hsien, Liao																							
	Shun-Fa Chen																							

Table of remuneration range

Remuneration range of payment to each Director of the Company	Names of directors			
	Sum of the above four remunerations (A+B+C+D)		Sum of the above seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements (H)	The Company	All companies included in the financial statements (I)
Less than NTD 1,000,000	Tai-Yuan Hsu Chien-Hsing Lee Yu-Chun Chu Tsong-Hsien, Liao Shun-Fa Chen	Tai-Yuan Hsu Chien-Hsing Lee Yu-Chun Chu Tsong-Hsien, Liao Shun-Fa Chen	Chien-Hsing Lee Yu-Chun Chu Tsong-Hsien, Liao Shun-Fa Chen	Chien-Hsing Lee Yu-Chun Chu Tsong-Hsien, Liao Shun-Fa Chen
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)				
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	-	-	-	-
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)				
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	-	-	-	-
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	-	-	Tai-Yuan Hsu	Tai-Yuan Hsu
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	-	-	-	-
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	-	-	-	-
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	-	-	-	-
Over NTD 100,000,000 (inclusive)	-	-	-	-
Total	5 people	5 people	5 people	5 people

2. Remunerations to supervisors: Not applicable, as the annual shareholders' meeting on June 10, 2014 approved the establishment of the Audit Committee and the abolition of the supervisor system.

3. Remuneration to the President and Vice Presidents

As of December 31, 2023 Unit: NTD thousands

Job Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses, and special disbursement (C)		Amount of remuneration to employees (D)				The sum of A, B, C, and D and the percentage of net income after tax (%)		Remuneration from reinvested businesses other than subsidiaries or the parent company
		The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company	All companies included in the financial report	The Company		All companies included in the financial report		The Company	All companies included in the financial report	
								Cash amount	Amount of shares	Cash amount	Amount of shares			
President	Tai-Yuan Hsu	8,502	8,502	413	413	12,231	12,930	218	0	218	0	21,364 7.40%	22,063 7.64%	None
Vice President	Sheng-Jie Peng													
Vice President	An-Li Chen													
Vice President	Chu-Jih, Yang													

Table of remuneration range

Remuneration range of payment to each President and Vice president of the Company	Name of President and Vice Presidents	
	The Company	All companies included in the financial report (E)
Less than NTD 1,000,000		
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	An-Li Chen	Chen An-Li/Peng Sheng-Jie/Yang Chu-Zhi
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	Sheng-Jie Peng/Chu-Chi Yang	
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)		
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)		
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	Tai-Yuan Hsu	Tai-Yuan Hsu
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	-	-
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	-	-
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	-	-
Over NTD 100,000,000	-	-
Total	4 people	4 people

4. Names of managers receiving employee remuneration in 2023 and distribution

As of December 31, 2023 Unit: NTD thousands

	Job Title	Name	Amount of shares	Cash amount	Total	Total as a percentage of net income after tax (%)
Manager	President	Tai-Yuan Hsu	0	531	531	0.18%
	Vice President	An-Li Chen				
	Vice President	Sheng-Jie Peng				
	Vice President	Chu-Jhih, Yang				
	Assistant Vice President	Yue-Mei Chen				
	Assistant Vice President	Cheng-Ying Chien				
	Assistant Vice President	Shi-Ro Lee				

(IV) Total remuneration paid to directors, supervisors, presidents, and vice presidents in the most recent two years by the Company and all companies included in the consolidated financial statements as a percentage of net income after tax as stated in the parent company only financial statements or individual financial statements, and an explanation of the policies, standards and packages for remuneration payment, the procedure for determining remuneration, and the correlation with operating performance and future risks.

1. Analysis of total remuneration paid to directors, supervisors, presidents, and vice presidents of the Company in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of net income after tax

Unit: NTD thousands

Job Title	2023 total remuneration as a percentage of net income after tax (%)		Total remuneration for 2022 as a percentage of net income after tax (%)	
	The Company	All companies included in the consolidated financial statements	The Company	All companies included in the consolidated financial statements
Director	0.87%	0.87%	0.82%	0.82%
Supervisor	0.00%	0.00%	0.00%	0.00%
President and Vice	7.40%	7.64%	7.55%	7.78%

Presidents				
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Notes:

- (1) The total remuneration to the Company's president and vice presidents in 2022 and 2023 as a percentage of net income after tax were 7.78% and 7.64%, respectively. This is mainly due to the decrease in the 2023 net income after acquiring Zhumu Jinshan by NTD 17,487 thousand compared to 2022, and the total remuneration in 2023 decreased by NTD 1,752 thousand compared to 2022.
 - (2) Remuneration to the Company's directors and supervisors: According to Article 17 of the Company's Articles of Incorporation, the remuneration of all directors is proposed by the Remuneration Committee and submitted to the Board of Directors for approval. The Board of Directors is authorized to determine the remuneration based on their participation in the Company's operations and the value of their contribution. Regardless of operating profit or loss, it is paid according to the industry standard. In addition, according to Article 21 of the Company's Articles of Incorporation, if the Company makes a profit in the year, the Company shall allocate 1% to 10% of the profit as employee's remuneration, and no more than 1% as directors' remuneration. For 2022, remunerations to directors and supervisors amounted to NTD 2,508 thousand and NTD 0 thousand, respectively. For 2023, their remunerations amounted to NTD 2,508 thousand and NTD 0 thousand, respectively.
 - (3) Remuneration to the President and vice Presidents: The remuneration to the President and Vice Presidents includes salaries, bonuses and employee dividend, which are determined based on the positions and responsibilities assumed, the contributions to the Company, and the standards of the industry.
2. The policies, standards, and packages for the payment of remuneration, the procedures for determining remuneration, and the correlation between operating performance and future risks
- (1) Directors and supervisors: Pursuant to Article 17 of the Company's Articles of Incorporation, "The remuneration of all directors shall be proposed by the Remuneration Committee and submitted to the Board of Directors for approval. Regardless of operating profit or loss, it is paid according to the industry standard." If the Company has earnings, remuneration shall be distributed in accordance with Article 21 of the Company's Articles of Incorporation.
 - (2) The President and Vice Presidents: Pursuant to Article 18 of the Company's Articles of Incorporation, "The Company may appoint managerial officers, and the appointment, dismissal and remuneration of these managers shall be handled in accordance with Article 29 of the Company Act."

IV. Corporate governance

(I) Operation of the Board of Directors

1. A total of 6 board meetings were held in 2023 (A). The attendance of directors is shown below:

Job Title	Name	Attendance in person B	By proxy	Attendance rate in person (%) [B/A]	Note
Chairman	Chien-Hsing Lee	6	0	100.00%	Inaugurated after the full re-election by the Shareholders Meeting on July 15, 2021.
Director	Tai-Yuan Hsu	6	0	100.00%	Inaugurated after the full re-election by the Shareholders Meeting on July 15, 2021.
Independent Director	Yu-Chun Chu	6	0	100.00%	Inaugurated after the full re-election by the Shareholders Meeting on July 15, 2021.
Independent Director	Tsung-Hsien, Liao	6	0	100.00%	Inaugurated after the full re-election by the Shareholders Meeting on July 15, 2021.
Independent Director	Shun-Fa Chen	6	0	100.00%	Inaugurated after the full re-election by the Shareholders Meeting on July 15, 2021.

Other matters required to be recorded.

I. If the operation of the Board of Directors meets any of the following circumstances, the date and session of the Board of Directors, the content of the motions, the opinions of all independent directors, and the Companys handling of the opinions of the independent directors shall be stated:

(I) The matters listed in Article 14-3 of the Securities and Exchange Act.

Date of meeting	Proposal Content	Opinions of independent directors
2023.01.18 11th meeting of the 8th term	1. Approved the proposal made by the Remuneration Committee. 2. Approved the amendments to some provisions of the Companys "Rules of Procedure for Board of Directors Meetings".	Passed unanimously by all independent directors.
2023.03.14 12th meeting of the 8th term	1. Approved the 2022 business report, parent company only financial statements and consolidated financial statements. 2. Approved the Companys 2022 earnings distribution. 3. Approved the 2022 statement of the internal control system. 4. Approved the replacement of the CPAs for the Companys financial statements.	Passed unanimously by all independent directors.
August 3, 2013 14th meeting of the 8th term	Approved the proposal made by the Remuneration Committee.	Passed unanimously by all independent directors.
2023.12.22 16th meeting of the 8th term	1. Approved the Companys 2024 audit plan. 2. Approved the Companys 2024 budget proposal.	Passed unanimously by all independent directors.

- (II) Other than the abovementioned, any other objections or reservations expressed by the independent directors to the resolutions of the Board of Directors with record or in a written statement: None.
- II. For the recusal of a director from a proposal because of a conflict of interest, the name of the director, the content of the proposal, the reason for recusal, and the participation in voting shall be stated:

Date of meeting	Names of directors	Proposal Content	Reason for recusal	Participation in voting
2023.01.18 11th meeting of the 8th term	Tai-Yuan Hsu	Remuneration to President and Performance Bonus	Has a stake in the company.	Recused from discussion and voting.
August 3, 2023 14th meeting of the 8th term	Tai-Yuan Hsu	Employee bonus for managerial officers	Has a stake in the company.	Recused from discussion and voting.

- III. TWSE/TPEX listed companies shall disclose the evaluation cycle and duration, scope, method, and content of the evaluation of the Board of Directors self-evaluation (or peer evaluation), and include the implementation of the evaluation of the Board of Directors.

Evaluation Cycle	Evaluation period	Scope of Evaluation	Evaluation Method	Evaluation Content
Annually	2023.01.01 - 2023.12.31	<ol style="list-style-type: none"> Board of Directors Individual board members 	<ol style="list-style-type: none"> Self-evaluation of the Board of Directors Board members self-evaluation 	<ol style="list-style-type: none"> Performance evaluation of the Board of Directors: There are a total of 40 items in the five major aspects: participation in the company's operations, improvement of the quality of the Board of Directors decision-making, composition and structure of the Board of Directors, election and continuing education of directors, and internal control. Performance evaluation of individual directors: There are 20 items in total on six major aspects including: grasping the company's goals and missions, directors awareness of responsibilities, participation in company operations, internal relationship management and communication, directors professionalism and continuing education, and internal control.
Evaluation results	Result of the self-evaluation of the Board of Directors	Standards Conformed	<p>Overall review: The results of the internal performance evaluation of the current Board of Directors indicate that they meet the standards. The Board of Directors has formulated relevant policies and processes for its operations based on the applicable laws and corporate governance indicators, in order to comply with corporate governance requirements and effectively strengthen the functions of the Board of Directors and safeguard shareholders rights and interests.</p>	

	Board members self-evaluation	Better than Standard	<p>Overall review: The Company's Board of Directors is composed of directors with relevant professional capabilities and experience. Based on their diverse expertise and experience, the responsibilities are appropriately allocated among the directors, enabling them to fully exercise their authority and functions. The members of the Board of Directors interact well with the Company's management team, and can fully advise and express the management performance of the management team. The evaluation results are all better than the standard.</p>
<p>IV. Objectives to strengthen the functions of the Board of Directors in the current year and the most recent year (e.g. setting up an Audit Committee, enhancing information transparency) and evaluation of their implementation:</p> <ol style="list-style-type: none"> 1. The Company has established the "Rules of Procedure for Board of Directors Meetings" as the basis for the operation of the Board of Directors. Important resolutions of the Board of Directors will be announced on the Market Observation Post System after each Board meeting, and the Company's important financial and business information will be announced regularly and from time to time. 2. According to the laws and regulations, the operation of the Board of Directors of the Company is included in the annual internal audit items, and the audit unit executes and audits according to the plan. 3. The Company's directors participate in professional development courses or courses on corporate governance topics in accordance with the Guidelines for the Implementation of Continuing Education for Listed Directors and Supervisors in order to maintain their professional strengths and abilities, and have complied with the regulations for the number of hours of continuing education. 4. The Company has established the Audit Committee on June 10, 2014 to assist the Board of Directors in performing its duties. 5. On January 20, 2020, the Board of Directors approved the establishment of the "Rules for Performance Evaluation of Board of Directors" to improve the functions of the Company's Board of Directors and enhance the operating efficiency of the Board of Directors. 6. In 2021, the Company amended the "Rules of Procedure for Shareholder Meetings" and the "Procedures for Election of Directors" and established the "Regulations Governing the Evaluation of the Independence and Suitability of CPAs" in accordance with the letter of the competent authority. 			

2. The continuing education and training of directors in 2023 are as follows:

Job Title	Name	Date of inauguration	Date of continuing education	Organizer	Course name	Duration of continuing education	Compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"
Chairman	Chien-Hsing Lee	2021.07.15	2023.11.17	Securities and Futures Institute	Advanced Practices Seminar on Directors, Supervisors (including Independent Directors) and Corporate Governance Officer "Post-Pandemic Talent Sustainability Challenges"	3	Yes
			2023.11.24	Securities and Futures Institute	Advanced Seminar for Directors, Supervisors (including Independent Directors) and Corporate Governance Officer "Corporate Governance Indicators and Board of Directors Challenges and Responsibilities under Sustainability Action Plans"	3	Yes
Director	Tai-Yuan Hsu	2021.07.15	2023.11.21	Securities and Futures Institute	Advanced Seminar on Directors, Supervisors (including Independent Directors) and Corporate Governance Officers "How should directors and supervisors supervise enterprise risk management and crisis management"	3	Yes
			2023.12.19	Securities and Futures Institute	Advanced Seminar for Directors, Supervisors (including Independent Directors) and Corporate Governance Officers "Discussion on Post-M&A Integration Issues and Establishment of Management Mechanism"	3	Yes
Independent Director	Yu-Chun Chu	2021.07.15	2023.05.23	Taiwan Stock Exchange and Taipei Exchange	"Action Plan for the Sustainable Development of TWSE/TPEX Listed Companies" Seminar	3	Yes
			2023.11.17	Securities and Futures Institute	Advanced Practices Seminar on Directors, Supervisors (including Independent Directors) and Corporate Governance Officer "Post-Pandemic Talent Sustainability Challenges"	3	Yes

Job Title	Name	Date of inauguration	Date of continuing education	Organizer	Course name	Duration of continuing education	Compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"
Independent Director	Tsung-Hsien, Liao	2021.07.15	2023.02.22	Taiwan Institute of Directors	Century-old Corporate Strategy Turning Point Series-2 Innovation Wheel	3	Yes
			2023.12.14	Securities and Futures Institute	Advanced Seminar on Directors, Supervisors (including Independent Directors) and Corporate Governance Officers "Key point analysis of corporate governance evaluation directors and supervisors should notice"	3	Yes
Independent Director	Shun-Fa Chen	2021.07.15	2022.10.19	Taiwan Corporate Governance Association	Talent Development for Sustainability	3	Yes
			2022.11.11	Securities and Futures Institute	2023 Insider Trading Prevention Conference	3	Yes

(II) The operation of the Audit Committee:

1. The Audit Committee held 5 meetings (A) in 2023, and the attendance of independent directors is as follows:

Job Title	Name	Attendance in person (B)	By proxy	Attendance rate in person (%) [B/A]	Note
Independent Director	Yu-Chun Chu	5	0	100.00%	
Independent Director	Tsung-Hsien, Liao	5	0	100.00%	
Independent Director	Shun-Fa Chen	5	0	100.00%	

Other matters required to be recorded.

- I. In the event that the operation of the Audit Committee is under any of the following circumstances, the date, session, content of the motions, the objection, reservation, or material recommendation of the independent directors, the resolution outcomes of the Audit Committee, and the Companys handling of the opinions by the Audit Committee shall be stated.

- (I) The matters listed in Article 14-5 of the Securities and Exchange Act.

Audit Committee	Proposal Content	Audit Committees resolutions and the Companys response
10th meeting of the 4th term 2023.03.14	<ol style="list-style-type: none"> 1. Approved the 2022 business report, parent company only financial statements and consolidated financial statements. 2. Approved the Companys 2022 earnings distribution. 3. Approved the 2022 statement of the internal control system. 4. Passed the evaluation of the independence of the Companys CPAs. 5. Approved the replacement of the CPAs for the Companys financial statements. 	Approved by all attending members as proposed.
11th meeting of the 4th term 2023.05.09	<ol style="list-style-type: none"> 1. Passed the Companys 2023Q1 consolidated financial statements. 2. The provision of non-assurance services by the certified public accountant firm and its related entities to the Company has been pre-approved. 	
12th meeting of the 4th term August 3, 2023	<ol style="list-style-type: none"> 1. Passed the Companys 2023Q2 consolidated financial statements. 	
13th meeting of the 4th term 2023.11.08	<ol style="list-style-type: none"> 1. Passed the Companys 2023Q3 consolidated financial statements. 	
14th meeting of the 4th term 2023.12.22	<ol style="list-style-type: none"> 1. Approved the 2024 annual audit plan. 2. Approved the 2024 budget. 	

- (II) Other than the aforesaid matters, any resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.

- II. For the recusal of an independent director from a proposal because of a conflict of interest, the name of the independent director, the content of the proposal, the reason for recusal, and the participation in voting shall be stated:

- III. Communications between the independent directors and the chief internal auditor and the CPAs (shall include the material matters, methods and results of communication on the Companys financial and business status):

1. The chief auditor and the CPAs may also contact the independent directors directly where necessary, and the communication status is good.
2. In addition to receiving the audit reports on a monthly basis, the independent directors are also informed of the annual internal audit plan and the execution status of internal audit

operations through regular reports presented at the Board of Directors meetings. Therefore, the independent directors have a good understanding of the Companys audit operations and internal control management.

3. The Companys CPA reports on the audited (or reviewed) annual and semi -annual financial statements at the Audit Committee meeting, where the independent directors can have direct and thorough communication with the accountant. The CPAs will also discuss and communicate with the governance unit and independent directors on the key audit matters of the financial statements every year.
4. If there are any significant unusual events, or if the independent directors, chief internal auditor, and accountant deem it necessary to communicate with the independent directors, ad-hoc meetings will also be convened for communication, and the communication has been smooth.

(III) The state of the company's implementation of corporate governance, any deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation.

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
I. Has the Company established and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established the "Corporate Governance Best Practice Principles" in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, which has been approved by the Board of Directors and also disclosed on the Company's website and MOPS.	No significant difference.

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
<p>II. The Company's shareholding structure and shareholders' rights and interests</p> <p>(I) Does the Company have internal operating procedures to handle shareholders' suggestions, concerns, disputes and litigation matters, and implement them in accordance with the procedures?</p> <p>(II) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of such major shareholders?</p> <p>(III) Does the Company establish and implement risk control and firewall mechanisms with its affiliates?</p> <p>(IV) Does the Company establish internal regulations to prohibit insiders from trading securities using undisclosed information in the market?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) In addition to appointing a shares affairs agency to handle related business, the Company also handles shareholders' suggestions or disputes through a spokesperson.</p> <p>(II) The Company and the stock service agent "Share Agent Service Department of Capital Securities Corporation" regularly keep abreast of the list of major shareholders and their controllers.</p> <p>(III) The Company has established an appropriate organizational control structure, and supervises and manages major financial and business operations of subsidiaries from time to time, and regularly checks the relevant operations of subsidiaries, and can effectively implement corporate risk control and firewall mechanisms.</p> <p>(IV) The Company has established regulations such as "Regulations for Prevention of Insider Trading", "Procedures for Handling Material Inside Information", "Corporate Governance Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct" to prohibit insiders from trading securities using disclosed information in the market, and the Company sends irregular reminders to educate insiders to avoid violating the law.</p>	No significant difference.

<p>III. Composition and duties of the Board of Directors (I) Does the Board of Directors formulate a diversity policy, specific management goals, and implement them?</p>	✓		<p>(I) The Company has established the "Corporate Governance Best Practice Principles" to formulate and implement the diversity policy for Board members. The Companys Board of Directors has a total of five members (including three independent directors), all of whom are male. They have industrial practical experience, commerce, finance, accounting and work experience required for the Companys business. They can provide professional opinions from different perspectives which have been helpful to the enhancement of the Companys operating performance and management efficiency.</p>	
<p>(II) In addition to establishing the Remuneration Committee and the Audit Committee in accordance with the law, has the Company established other functional committees voluntarily?</p>	✓		<p>(II) The Company has established the Remuneration Committee and Audit Committee in accordance with the law. The establishment of other functional committees will be evaluated based on the actual needs of the Company in the future.</p>	No material difference except for item (II) not met.
<p>(III) Has the Company established the rules and methods for evaluating the performance of the Board of Directors, and conducted performance evaluations regularly every year, and reported the results of the performance evaluations to the Board of Directors, and used them as a reference for determining the remuneration to individual directors and the nomination for re-election?</p>	✓		<p>(III) The Company has formulated the "Regulations Governing the Performance Evaluation of the Board of Directors" to conduct an internal performance evaluation of the Board of Directors once a year. The results of the performance evaluation of the Company's Board of Directors for 2023: It is in compliance, indicating that the overall operation is still sound. In the future, adjustments will be made according to the actual operation and needs of the Company. Individual board members' performance evaluation results: It is better than the standard, and the companys directors have operated in accordance with the relevant laws and regulations, and exerted their powers and</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			functions. The evaluation results were reported to the Board of Directors on March 8, 2023.	
(IV) Does the Company regularly assess the independence of the CPAs?	✓		(IV)The Company regularly evaluates the independence and suitability of the CPAs in accordance with the Corporate Governance Best Practice Principles, and the independence and suitability are both in line with the principles. This evaluation was approved by the Audit Committee on March 18, 2024 and submitted to the Board of Directors for approval.	No significant difference.
IV. Does the listed company appoint competent and appropriate corporate governance personnel, and appoint a corporate governance officer to be responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for laws, handling matters related to the meetings of the Board of Directors and	✓		In 2023, the Board of Directors approved the appointment of the President as the Corporate Governance Officer, responsible for corporate governance affairs. Corporate governance affairs, such as handling matters related to the Board of Directors and Shareholders Meetings, handling company registration and change of registration, production of Board of Directors and	No significant difference.

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
Shareholders Meetings in accordance with the law, and preparing minutes of the Board of Directors and Shareholders meetings)?			Shareholders meeting minutes, assisting directors with continuing education courses, and investor-related governance affairs are currently handled by the Corporate Governance Officer.	
V. Has the Company established channels for communication with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the Companys website, and appropriately respond to important corporate and social concerns of stakeholders?	✓		The Company has set up a stakeholder section on the Companys website, and disclosed its contact number and contact information to respond to stakeholders.	No significant difference.
VI. Does the Company appoint a professional shareholder service agency to handle shareholders affairs?	✓		The Company entrusts the Shareholders Service Agency Department of CAPITAL SECURITIES CORP. to handle the shareholders meeting related affairs.	No significant difference.
VII. Information Disclosure (I) Has the Company set up a website to disclose financial, business and corporate governance information? (II) Has the Company adopted other means of information disclosure (e.g. setting up an English website, appointing dedicated personnel to collect and disclose the Companys information, implementing the spokesperson system, posting the process of institutional investor conference on the Companys website)?	✓ ✓		(I) The Company has a website and discloses its general situation, financial business and corporate governance information on the website. www.swtc.com (II) The Company has a corporate website with dedicated personnel responsible for the collection and disclosure of material information and updating the information on the website on a regular basis. At present, material information announcements are made in both Chinese and English; a spokesperson and an acting spokesperson are appointed to speak to the public; we participate in securities firms or the	No material difference except for item (III) not met.

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report for the first, second, and third quarters and the operating status of each month before the prescribed deadline?		✓	<p>institutional investor conference organized by the competent authority; and announce the financial statements of each quarter and the operational status of each month within the prescribed time limit. Relevant information reporting operations are conducted through the Market Observation Post System (MOPS) and company website in accordance with the regulations of the competent authority.</p> <p>(III) The financial statements for the first, second and third quarters of 2023 and the operating status of each month were announced and reported within the prescribed deadlines, except for the 2023 financial statements, which were not announced and reported within two months after the end of the fiscal year.</p>	
VIII. Does the Company have other important information that is helpful to understand the implementation of corporate governance (including but not limited to employees rights and interests, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?	✓		<ol style="list-style-type: none"> 1. Employees rights and interests: The Company has established the Employee Welfare Committee in accordance with the law to handle various employee welfare measures, including employee health checkups, employee trips, outdoor activities, and year-end banquets. The Company also allocates and contributes pension funds in accordance with the Labor Standards Act and the Labor Pension Act to protect the rights and interests of employees. 2. Employee care: The Company has established a communication channel for employees, encourages direct communication between employees and the management, and appropriately reflects employees opinions on 	No significant difference.

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			<p>the Companys operating and financial status or major decisions involving employees interests.</p> <p>3. Investor relations: The Company has set up an investor section on its website and publicly discloses the Companys financial, stock affairs, business and other relevant information in accordance with the regulations, and has a dedicated person responsible for replying to shareholders inquiries, and to keep investors up to date on the Companys performance and development of business strategies.</p> <p>4. Supplier relations: All of the Companys suppliers are long-term partners and we maintain good relations with customers, suppliers, financial institutions and shareholders.</p> <p>5. Stakeholders rights: The Company maintains good communication channels with stakeholders and respects and protects their legal rights. There is also a spokesperson and deputy spokesperson to deal with the questions and suggestions raised by shareholders.</p> <p>6. Implementation of risk management policies and risk measurement standards: The Company focuses on its own business and has established various internal regulations and internal control systems in accordance with the law to conduct various risk management and assessments in order to reduce and avoid any possible risks.</p>	

Evaluation Items	Status of Operation			Deviation and causes of deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
			<p>7. Implementation of customer policies: Regarding customer transactions, in addition to complying with relevant laws and regulations, the Company will also establish basic customer information and perform credit approval and signing sales contracts for important transactions. For transactions and cooperation matters that need to be kept confidential, a non-disclosure agreement (NDA) will also be signed to ensure the rights and interests of both parties.</p> <p>8. The Company regularly evaluates the insured limit of the directors liability insurance every year. In July 2023, the Company purchased directors liability insurance for the directors.</p> <p>9. Continuing education for directors and supervisors: The directors and independent directors of the Company have complied with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," and attended securities laws and regulations seminars with required hours of education.</p>	
IX. Please describe the improvements made based on the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose enhancement measures and measures for the areas that have not yet been improved. (Not required for companies not included in the evaluation)	✓		The Company is running the 2023 (10th term) corporate governance evaluation scoring, and will review and improve according to the evaluation results, strengthen the disclosure of financial and corporate governance on the Company's website and annual report, and increase the transparency of the Company's information, in line with the spirit of the Corporate Governance Best Practice Principles for implementation.	No significant difference.

(IV) Composition, duties and operation of the Remuneration Committee:

1. Information on the members of the Remuneration Committee:

Identity (Note 1)	Condition Name	Professional qualifications and experience (Note 2)	Independence (Note 3)	Number of other public companies in which the member also serves as a member of their Remuneration Committee
Convener	Yu-Chun Chu	President of TRANS LINK INTERNATIONAL CO., LTD. Possesses work experience in commerce, legal affairs, finance, and management capabilities required by the Company's operations. Is not under any of the following circumstances specified in Article 30 of the Company Act.	Not under the circumstances referred to in Subparagraphs 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and complies with the independence situation.	None
Committee members	Tsung- Hsien, Liao	President of MITSUTECH INTERNATIONAL CORP. Possesses work experience in commerce, legal affairs, finance, and management capabilities required by the Company's operations. Is not under any of the following circumstances specified in Article 30 of the Company Act.	Not under the circumstances referred to in Subparagraphs 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and complies with the independence situation.	None
Committee members	Shun-Fa Chen	21 years at PwC Taiwan (in the role of a partner for 10 years). Possesses work experience in commerce, legal affairs, finance, and management capabilities required by the Company's operations. Is not under any of the following circumstances specified in Article 30 of the Company Act.	Not under the circumstances referred to in Subparagraphs 1 to 9, Paragraph 1, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and complies with the independence situation.	2

- Note 1: Please specify the seniority, professional qualification and experience, and independence of each Remuneration Committee member in the table. Please fill in the identity as an independent director or others (if the convener, please specify)
- Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of individual Remuneration Committee members.
- Note 3: Independence criteria: Describe the independence criteria of the Remuneration Committee members, including but not limited to whether they themselves, spouses or relatives within 2nd degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by the Companys shares held by themselves, spouse, or relatives within the second degree of kinship (or in the name of a third party); whether or not he/she holds the position as a director, supervisor, or employee in a company that has a specific relationship (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”) with the Company. The amount of remuneration for the business, legal, financial, accounting services provided to the Company or its affiliates in the last 2 years.

2. Duties of the Remuneration Committee:

The function of the Remuneration Committee is to evaluate the remuneration policies and systems of the Company's directors, supervisors and managerial officers from a professional and objective position, and to make recommendations to the Board of Directors for its reference in decision-making.

3. Information on the operation of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office of the current members is from July 15, 2021 to July 14, 2024. In 2023, the Remuneration Committee met 2 times (A), and the qualifications and attendance of members are as follows:

Job Title	Name	Attendance in person (B)	By proxy	Attendance rate in person (%) [B/A]	Note
Convener	Yu-Chun Chu	2	0	100.00%	
Committee members	Tsung-Hsien, Liao	2	0	100.00%	
Committee members	Shun-Fa Chen	2	0	100.00%	

Other matters required to be recorded.

- I. If the Remuneration Committees suggestions are rejected or amended by the Board of Directors, the date and term of the Board meeting, the contents of the motions, the resolutions of the Board of Directors, and the Companys handling of the Remuneration Committees opinion s shall be disclosed (e.g. the reasons for the discrepancies): None.
- II. If a member has a dissenting opinion or qualified opinion on a resolution of the Remuneration Committee and it is on record or stated in a written statement, the date and session of the Remuneration Committee, the content of the motion, the opinions of all members, and the handling of the opinions of the members shall be stated: None.

4. The 2023 proposal content and resolution outcomes by the Remuneration Committee and the handling of the opinions of the Committee by the Company:

Salary and remuneration Committees	Board of Directors	Proposal Content	Resolution Result	The Companys handling of the Remuneration Committees opinions
First time in 2023 2023.01.18	2023.01.18	<ol style="list-style-type: none"> 1. Determining the monthly remunerations to the Companys directors and supervisors. 2. Remuneration of Mr. Tai-Yuan Hsu, the President of the Company. 3. Remuneration to managerial officers at or above the assistant vice president level. 4. 2022 performance bonus for Mr. Tai-Yuan Hsu, President of the Company. 5. 2022 performance bonus for managerial officers at or above the assistant vice president level. 6. Year-end bonus for managerial officers at or above the assistant vice president level. 	Agreed by all attending members	Submitted to the board and passed unanimously by all attending directors.
Second time in 2023 August 3, 2023	August 3, 2023	<ol style="list-style-type: none"> 1. Distribution of bonus to the Companys managerial officers at the assistant vice president level or above. 2. Remuneration to managers at or above the assistant vice president level. 		

- (V) The implementation of sustainable development promotion and the status of deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and the reasons therefor; companies that meet certain criteria shall disclose climate-related information: The Company has not met the criteria to disclose climate-related information.

Promotion Items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
I. Has the Company established a governance structure for the promotion of sustainable development, and set up a dedicated (or part-time) unit to promote sustainable development that is handled by senior management authorized by the Board of Directors, and is under the supervision of the Board of Directors?		✓	The Company for now has not yet set up a full-time (part-time) unit to promote corporate social responsibility, but is planning.	It will be set up in accordance with laws and regulations or actual needs in the future.
II. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to its operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	✓		Regarding risk management policies and the implementation of corporate governance, the Company has formulated relevant regulations and rules such as the "Internal Control System Self-Assessment Procedure," "Management Procedures for Prevention of Insider Trading," and "Procedures for Ethical Management and Guidelines for Conduct".	No significant difference.
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		(I) As a software distributor, the Company is mainly engaged in sales. There is no production and manufacturing, so there are no pollution sources such as special hazardous waste.	No significant difference.

Promotion Items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
(II) Is the company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		(II) The Company is a distributor for graphics software and does not engage in any actual production and manufacturing activities, so there is no special pollution source. The Company uses electronic signature approvals, and promotes waste sorting, recycling, and reduction to employees from time to time. The Company implements the use of second-hand paper, improves the efficiency of resource utilization, thoroughly implements resource recycling and reuse, and strengthens the implementation of energy-saving and electricity-saving policies, advocating for switching off lights as one goes, indoor air-conditioning and so on environmental management measures to reduce the impact on the environment.	No significant difference.
(III) Has the Company assessed the potential risks and opportunities posed by climate change to the Company at present and in the future, and adopted relevant countermeasures?	✓		(III) The Company is committed to the implementation of energy conservation and carbon reduction. The Company internally promotes the 5S movements (<u>S</u> ort, <u>S</u> et (in place), <u>S</u> hine, <u>S</u> tandardize, and <u>S</u> ustain). There are certain standards for the setting and switching on/off of lighting and air-conditioning to achieve the purpose of energy saving and carbon reduction.	No significant difference.

Promotion Items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
(IV) Does the Company collect statistics on the amount of greenhouse gas emissions, water consumption and total weight of waste for the previous two years, and establish policies for greenhouse gas reduction, reduction of water consumption or management of other wastes?		✓	(IV) The Company has established certain standards for the setting and switching on/off of lights and air-conditioners, in order to reduce unnecessary waste of energy, thereby achieving the purpose of energy saving, carbon reduction, and greenhouse gas reduction.	In the future, we will coordinate with the establishment of the system and strengthen the implementation of relevant regulations. This is currently under planning, and progress reports will be made at the board meeting every quarter.
IV. Social Issues (I) Has the Company established relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		(I) The Company has formulated various management regulations in accordance with the Labor Standards Act and related labor laws and regulations, and regularly holds labor meetings to protect the legitimate rights and interests of employees.	No significant difference.
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave and other benefits), and appropriately reflect the operating performance or results in the employee remuneration?	✓		(II) In addition to labor and health insurance, the Company's employees are also covered by group insurance; an Employee Welfare Committee has been established in accordance with the law to organize various travels and gatherings; in addition, various welfare subsidies are provided for employees weddings, funerals, illnesses, and childbirth. The Company has also established the "Employee Performance Appraisal Regulations" to reward employees.	No significant difference.
(III) Does the Company provide employees with a safe and healthy work environment and provide employees with regular safety and health education?	✓		(III) The Company organizes employee health checkups once a year to provide and enforce a safe and healthy working environment for employees. Fire-fighting equipment is inspected regularly, and the 5S healthy and	No significant difference.

Promotion Items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
			safe office environment awareness campaign has been implemented.	
(IV)Has the Company established an effective career and ability development training program for employees?	✓		(IV)The Company cultivates talents through various internal and external general and professional education and training courses, and provides employees with diversified courses to effectively assist colleagues in career development planning.	No significant difference.
(V) Does the Company comply with relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant consumer or customer rights protection policies and grievance procedures?	✓		(V) The Companys products are not sold directly to general consumers. For corporate customers, the Company has a service hotline and a full-time after-sales service unit to provide after-sales service and various consultations.	No significant difference.
(VI)Has the Company established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, and the implementation status thereof?		✓	(VI)In the future, the Company will, depending on the actual situation, strengthen the signing of contracts with major suppliers to include clauses stating that the contract may be terminated or rescinded at any time if the supplier is in violation of its corporate social responsibility policy or if it has a significant negative impact on the environment and society.	In the future, relevant regulations will be formulated depending on the actual situation.
V. Does the Company prepare a sustainability report or other reports that disclose the Companys non-financial information with reference to the international reporting standards or guidelines? Has the said report been verified or guaranteed by a third party? The Company has not yet prepared a "Corporate Social Responsibility Report", and is preparing one according to regulations or actual needs.				

Promotion Items	Status of implementation			Deviation and causes of deviation from the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
VI. If the Company has established its own sustainable development best-practice principles in accordance with the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations from the Sustainable Development Best-Practice Principles: The Company has not yet formulated the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies".				
VII. Other important information helpful to understand the implementation of sustainable development: The relevant information of the Company will be disclosed on the Company's website.				

(VI) Status of ethical corporate management, and deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons therefor

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
<p>I. Establishment of ethical corporate management policies and plans</p> <p>(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and stated in its Articles of Incorporation and external documents, the policies and practices of ethical corporate management, and the commitment of the Board of Directors and senior management to actively implement the operating policies?</p> <p>(II) Whether the Company has established a mechanism to assess the risk of unethical behavior, regularly analyzes and evaluates the business activities with higher risk of unethical behavior within the business scope, and establishes prevention programs based on this, and at least covers the prevention measures under Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles"?</p> <p>(III) Does the Company have the procedures, behavior guidelines, disciplinary punishment and appeal systems clearly defined in the program to prevent dishonest conduct, and is the program regularly reviewed and amended?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to govern the requirement for all employees to be ethical and impartial and to comply with government laws and regulations when carrying out the Company's business, which has been disclosed on the Company's official website and MOPS.</p> <p>(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", which clearly stipulates how to prevent unethical behavior and publishes the information to employees.</p> <p>(III) In accordance with the "Procedures for Ethical Management and Guidelines for Conduct," the Company shall assess the legitimacy of the counterparty, the ethical management policy, and whether there is any record of unethical behavior before establishing a business relationship with others to ensure fair and transparent business practices that do not demand, offer, or accept</p>	<p>No significant difference.</p>

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
			bribes.	
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the Company evaluate the ethical records of its trading counterparts, and specify the ethical conduct clauses in the contracts signed with its trading counterparts?</p> <p>(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management, and has it reported its ethical management policies and programs to prevent unethical conduct and supervision to the Board of Directors on a regular basis (at least once a year)?</p> <p>(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate channels of communication, and implement them?</p> <p>(IV) Whether the Company has established an effective accounting system and internal control system to implement ethical management, and has the internal audit unit formulated relevant audit plans based on the results of the assessment of the risk of unethical conduct, and audit the prevention of unethical conducts according to the program compliance, or appoint a CPA to perform the audit?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company conducts business transactions in a transparent and fair manner in accordance with the provisions of the "Procedures for Ethical Management and Guidelines for Conduct." If any business transactions or cooperation partners are found to be unethical, the Company shall immediately cease business transactions with them, and classify them as the rejected counterparty.</p> <p>(II) The Company has not yet established a dedicated (or part-time) body under the Board of Directors to promote ethical corporate management.</p> <p>(III) For matters related to conflicts of interest, the Company provides channels for whistleblowers. The Company's employees may report directly to the head of the department and they can also report directly to the head of human resources.</p> <p>(IV) The Company has established an effective accounting system and internal control system. The internal auditors have arranged the audit plan according to the level of risk to execute the audit and report to the Board of Directors. No violation of ethical management was found as a result of the audit.</p>	<p>No material difference except for items (II) and (V) not met.</p>

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
(V) Does the Company organize internal and external training on ethical corporate management on a regular basis?		✓	(V) The Company has not regularly organized internal and external training on ethical management.	
<p>III. Implementation of the Companys whistle-blowing system</p> <p>(I) Does the Company establish a specific whistle-blowing and reward system, establish a convenient channel for reporting, and assign appropriate dedicated personnel to handle the reported person?</p> <p>(II) Does the Company establish standard operating procedures for the investigation of reported matters, the follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism?</p> <p>(III) Does the Company take measures to protect the whistleblower from improper treatment due to the report?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct," and employees may file reports or appeals through the Companys reporting and appealing channels, which will be accepted by the human resources department.</p> <p>(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct," and adopted confidentiality measures to protect the identity of the whistleblower and the content of the report, to protect the rights and confidentiality of the whistleblower.</p> <p>(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" to protect whistleblowers from retaliation for reporting and to ensure that the rights and interests of relevant personnel are not damaged.</p>	No significant difference.
<p>IV. Strengthening information disclosure</p> <p>Does the company disclose the content of its ethical corporate management principles and the effectiveness of its implementation on its website and the Market Observation Post System?</p>	✓		(I) The Companys website has a corporate governance section. The disclosure of the Companys information is maintained by dedicated personnel. The relevant regulations are also uploaded to the Market Observation Post System and the Companys official	No significant difference.

Evaluation Items	Status of Operation			Deviation and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Summary Description	
			website.	
<p>V. If the Company has established its own ethical corporate management best-practice principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies," please describe the current practices and any deviations from the Best-Practice Principles: The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", and there is no significant difference between the operation and the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."</p>				
<p>VI. Other important information helpful to understand the Company's ethical corporate management operations (e.g., the Company's reviewing and amending of the Company's ethical corporate management best practice principles): On March 14, 2013, the Board of Directors approved the "Ethical Corporate Management Best Practice Principles" of the Company. On January 30, 2015, the Board of Directors amended certain articles in the "Ethical Corporate Management Best Practice Principles" and uploaded them to the Company's web site and the MOPS for reviewing the status of the Company's ethical management.</p>				

(VII) If the Company has established Corporate Governance Best Practice Principles and related regulations, the inquiry methods shall be disclosed

The Company has established the following relevant regulations and measures in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" to implement and promote corporate governance, and has disclosed the necessary information on the Market Observation Post System and the Company's website. In the future, the Company will strengthen the operation of corporate governance by amending the Management Regulations according to the relevant laws and regulations, as needed.

1. Rules and Procedures of Shareholders' Meeting
2. Rules of Procedure for Board of Directors Meetings
3. Procedures for Election of Directors
4. Corporate Governance Best-Practice Principles
5. Codes of Ethical Conduct
6. Ethical Corporate Management Best Practice Principles
7. Procedures for Ethical Management and Guidelines for Conduct
8. Procedures for the Acquisition and Disposal of Assets
9. Procedures for Loaning of Funds to Others
10. Procedures for Endorsements and Guarantees
11. Rules Governing the Scope of Powers of Independent Directors
12. Charter of the Remuneration Committee
13. Charter of the Audit Committee
14. Internal Control System and Internal Audit System
15. Management Procedures for Prevention of Insider Trading
16. Regulations Governing the Supervision and Management of Subsidiaries
17. Rules for Performance Evaluation of Board of Directors
18. Procedures for Handling Material Inside Information
19. Guidelines for Assessing the Independence and Competency of CPAs

(VIII) Other important information that is sufficient to enhance the understanding of the Company's corporate governance practices may be disclosed together:

1. The Company has established the "Procedures for Handling Material Inside Information" and the "Management Procedures for Prevention of Insider Trading". These procedures are used to handle the announcement of major events and the prevention of insider trading.
2. Information on corporate governance is available on the Company's website: "Investor Area" at <http://www.swtc.com>.
3. The continuing education and training related to corporate governance participated by the Company's managerial officers in 2023 are as follows:

Job Title	Name	Date of continuing education (start)	Date of continuing education (end)	Training Providers	Course name	Duration of continuing education
Chief Audit Officer	Cheng-Chung Chen	2023.11.23	2023.11.23	Computer Audit Association	Various types of financial statement fraud techniques and the forensic data analysis (FDA) examination techniques.	6
		2023.12.08	2023.12.08	Computer Audit Association	Audit Reform in the Digital Era and Sharing of Practical Cases	6
Financial Supervisor	Yue-Mei Chen	2023.12.01	2023.12.01	Accounting Research and Development Foundation	Continuing Education Course for Issuers, Securities Firms, and Stock Exchanges	6
		2023.12.12	2023.12.12	Accounting Research and Development Foundation	Continuing Education Course for Issuers, Securities Firms, and Stock Exchanges	6

(IX) Implementation of the internal control system:

1. Declaration of internal control

<p>SOLIDWIZARD TECHNOLOGY CO., LTD. Declaration of Internal Control System</p> <p style="text-align: right;">Date: March 8, 2024</p> <p>The Company makes the following statement based on its 2023 self-assessment of its internal control system:</p> <p>I. The Company acknowledges that the establishment, implementation and maintenance of the internal control system is the responsibility of the Companys Board of Directors and managerial officers. The Company has established such a system. Its purpose is to provide reasonable assurance on the effect and efficiency of operations (including profitability, performance, and protection of asset security), the reliability, timeliness, and transparency of reporting, and compliance with relevant laws and regulations and the achievement of related goals.</p> <p>II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the efficacy of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.</p> <p>III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "The Governing Principles") to determine whether or not the existing policies continue to be effective. The assessment criteria introduced by "The Governing Principles" consists of five main elements, each representing a different stage of internal control: 1. Control environment; 2. Risk evaluation and response; 3. Procedural control; 4. Information and communication; and 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for further details.</p> <p>IV. The Company has adopted the abovementioned criteria to validate the efficacy of its internal control system design and execution.</p> <p>V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as of December 31, 2023. This system (including the supervision and management of subsidiaries) has provided assurance with regard to the Companys operational results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.</p> <p>VI. This Statement shall form an integral part of the Companys annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.</p> <p>VII. This declaration was passed during the Board of Directors meeting held on March 8, 2024; out of the <u>5</u> Directors present at the meeting, <u>0</u> held objection and the remaining participants all agreed to the content of this declaration.</p> <p style="text-align: center;">SOLIDWIZARD TECHNOLOGY CO., LTD. Chairman: Chien-Hsing Lee Signature/Seal President: Tai-Yuan Hsu Signature/Seal</p>

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

(X) If there has been any legal penalty against the company or its internal personnel, or any

disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

- (XI) Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Material resolutions of the Board of Directors

Date of meeting	Material resolution
11th meeting of the 8th term 2023.01.18	<ol style="list-style-type: none"> 1. Approved the proposal made by the Remuneration Committee on 2023.01.18. 2. Approved the amendments to some provisions of the Companys "Rules of Procedure for Board of Directors Meetings".
12th meeting of the 8th term 2023.03.14	<ol style="list-style-type: none"> 1. Approved the 2022 business report, parent company only financial statements and consolidated financial statements. 2. Approved the distribution of 2022 earnings. 3. Approved the distribution of remuneration to employees and directors for 2022. 4. Approved the statement of internal control system as of 2022. 5. Approved the amendments to some provisions of the "Corporate Governance Best Practice Principles" of the Company. 6. Resolved to pass the evaluation of the independence of the Companys CPAs. 7. Resolved to approve the replacement of the CPAs for the Companys financial statements. 8. Approved the setting of the date, time, venue and motion of the 2023 General Shareholders Meeting. 9. Approved the establishment of the place and time period for accepting proposals from shareholders holding more than 1% of shares.
13th meeting of the 8th term 2023.05.09	<ol style="list-style-type: none"> 1. Approved the Q1 2023 consolidated financial statements. 2. Approved the appointment of a corporate governance officer.
14th meeting of the 8th term August 3, 2023	<ol style="list-style-type: none"> 1. Approved the consolidated financial statements for Q2 2023. 2. GHG inventory and verification schedule planning report. 3. Approved the proposal made by the Remuneration Committee on 2023.08.03. 4. Approved the renewal of directors liability insurance policy.
15th meeting of the 8th term 2023.11.08	<ol style="list-style-type: none"> 1. Report of the consolidated financial statements for Q3 2021. 2. Approval for the Companys appointment of a dedicated information security supervisor and dedicated information security personnel.
16th meeting of the 8th term 2023.12.22	<ol style="list-style-type: none"> 1. Approved the 2024 internal audit plan. 2. Approved the 2024 budget.
17th meeting of the 8th term January 30, 2014	<ol style="list-style-type: none"> 1. Approved the proposal made by the Remuneration Committee on 2024.01.30.
18th meeting of the 8th term 2024.03.08	<ol style="list-style-type: none"> 1. Approved the 2023 business report, parent company only financial statements and consolidated financial statements. 2. Approved the distribution of 2023 earnings. 3. Approved the distribution of remuneration to employees and directors for 2023.

Date of meeting	Material resolution
	<ol style="list-style-type: none"> 4. Approved the statement of the internal control system as of 2023. 5. Approved the partial amendments to some provisions of the Company's "Articles of Incorporation". 6. Approved the amendments to some provisions of the "Corporate Governance Best Practice Principles" of the Company. 7. Resolved to pass the evaluation of the independence of the Company's CPAs. 8. Full re-election of the 9th Board of Directors of the Company (three independent directors included) 9. List of candidates for nominated directors (including independent directors) 10. Lifting of non-competition restrictions for new directors of the Company 11. Approved the setting of the date, time, venue and motion of the 2024 General Shareholders Meeting. 12. Approved the establishment for accepting proposals from shareholders holding more than 1% of shares and the name list, location and period for accepting the nomination of director candidates.

Material Resolutions of the Shareholders Meeting and Implementation

Date of meeting	Material resolution	Resolution Result	Status of implementation
Shareholders' Meeting 2023 May 30, 2023	Ratified the 2022 business report and financial statements (including consolidated financial statements).	The motion was passed without objection after the chairperson consulted all the shareholders present.	Complied with the resolution result.
	Ratified the 2022 earnings distribution proposal.	The motion was passed without objection after the chairperson consulted all the shareholders present.	The ex-dividend date was set on June 21, 2023, and the dividends were fully distributed on July 7, 2023 as resolved by the shareholders meeting. (cash dividend of NTD 8 per share)

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and the said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None.

V. Information on professional fees of CPAs

- (I) The amount of audit and non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and to any affiliated enterprise of the same, and the details of the non-audit services

Units: NTD thousands

Name of CPA Firm	Name of CPA	Audit period	Audit public expenditure	Non-audit fees	Total	Note
PwC Taiwan	Sung-Tse Wang Chun-Yao Lin	2023.01.01 - 2023.12.31	2,280	-	2,280	None

Please specify the content of non-audit services: (e.g. tax certification, assurance or other financial consulting services)

- (II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

VI. Replacement of the Certified Public Accountants:

- (I) About the former CPA

Date of replacement	January 1, 2013		
Reason for replacement and description	The Company's CPAs were Shu-Chiung Chang and Chun-Yao Lin of PricewaterhouseCoopers Taiwan. Due to the internal adjustment of the CPA Firm, the CPAs are Song-Teh Wang and Chun-Yao Lin since Q1, 2023.		
Appointment terminated or unacceptable by the client or the CPA	Party concerned		Certified Public Accountant
	Situation		Principal
	Voluntary termination of appointment		Not applicable
	No longer accepting (continuing) appointment		Not applicable
Audit report opinions and reasons other than unqualified opinions in the last 2 years	Not applicable		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit Scope or Procedure
			Others
	None	V	
	Description		
Other disclosures (Things to be disclosed in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

- (II) About the succeeding CPA

Name of Firm	PwC Taiwan
Name of CPA	CPA WANG SONG-TAE, CPA LIN CHUN-YAO
Date of appointment	From the financial statements of Q1 2023
Consultations on the accounting treatment methods or accounting principles for specific transactions, as well as the results of consultations on potential audit opinions that may be issued on the financial statements, prior to the appointment of the accountant.	Not applicable
Written opinions of the succeeding CPA on matters of disagreement with the former CPA	Not applicable

(III) The reply of the former CPA regarding the matters specified in Article 10, Paragraph 6, Item 1 and Item 2-3 of the Guidelines: None.

VII. The Companys Chairman, President, or any managerial officer in charge of financial or accounting affairs at the accounting firm of the Company or its affiliates in the most recent year: None.

VIII. Transfer of equity interests and/or pledge of equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent in the most recent year and up to the date of publication of the annual report

- (I) Any transfer of shares and/or pledge of shares by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent:

Unit: shares

Job Title	Name	2023		2024 As of April 1	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman (Note 2)	Chien-Hsing Lee	0	0	0	0
Director (Note 1)	Tai-Yuan Hsu	0	0	0	0
Independent Director	Yu-Chun Chu	0	0	0	0
Independent Director	Tsung-Hsien, Liao	0	0	0	0
Independent Director	Shun-Fa Chen	0	0	0	0
Major shareholder	Hua Yuan Investment Co., Ltd. Co., Ltd.	0	0	0	0
Major shareholder	Li Xing Investment Co., Ltd. Co., Ltd.	0	0	0	0
Major shareholder	Li-Hsiang Wei	0	0	0	0
Business Department I Vice President	An-Li Chen	0	0	0	0
Engineering Department I Vice President	Sheng-Jie Peng	0	0	0	0
Multi-product Department Vice President	Chu-Jhih, Yang	13,000	0	0	0
Assistant Vice President, Financial Management Division	Yue-Mei Chen	0	0	0	0
Assistant Vice President, CAE Business Department	Cheng-Ying Chien	0	0	0	0
Assistant Vice President, Engineering Division II	Shi-Ro Lee	0	0	0	0

Note 1: Director Mr. Tai-Yuan Hsu is the President of the Company.

Note 2: Shareholders holding more than 10% of the total shares of the Company shall be designated as major shareholders.

- (II) Information on directors, supervisors, managerial officers and shareholders holding more than 10% of the shares transferred to their related parties in the most recent year and up to the date of publication of the annual report: None.
- (III) Information on directors, supervisors, managerial officers and shareholders holding more than 10% of the shares pledged to related parties in the most recent year and up to the date of publication of the annual report: None.

IX. Disclosure of relationships among the top ten Shareholders including spouses or relatives within the second degree of kinship of another

April 1, 2024; unit: shares

Name	Number of shares held		Shares held by spouse and underage children		Total shares held in the name of others		The names and relationships of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name (or name)	Relationship	
Unisource Investment Co., Ltd. Representative: Tai-Yuan Hsu	7,114,607	25.22	0	0	0	0	Tai-Yuan Hsu Hui-Yu Sun	The responsible person of the company Spouse of the company's responsible person	-
	2,367,753	8.39	1,446,770	5.13	0	0	Hui-Yu Sun Unisource Investment Co., Ltd.	The spouse is the responsible person of the company	-
Li Hsing Investment Co., Ltd. Representative: Chien-Hsing Lee	3,496,456	12.39	0	0	0	0	Chien-Hsing Lee Li-Hsiang Wei Yun-Han Lee	The responsible person of the company Spouse of the company's responsible person Relative within the second degree of kinship to the person-in-charge of the company	-
	3,374,214	11.96	2,820,704	9.99	0	0	Li-Hsiang Wei Yun-Han Lee Li Hsing Investment Co., Ltd.	Spouse Relatives within 2nd degree of kinship The responsible person of the company	-
Chien-Hsing Lee	3,374,214	11.96	2,820,704	9.99	0	0	Li-Hsiang Wei Yun-Han Lee Li Hsing Investment Co., Ltd.	Spouse Relatives within 2nd degree of kinship The responsible person of the company	-

Name	Number of shares held		Shares held by spouse and underage children		Total shares held in the name of others		The names and relationships of the top ten shareholders who are related parties, spouses, or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Name (or name)	Relationship	
Li-Hsiang Wei	2,820,704	9.99	3,374,214	11.96	0	0	Chien-Hsing Lee Yun-Han Lee Li Hsing Investment Co., Ltd.	Spouse Relatives within 2nd degree of kinship Spouse of the company's responsible person	-
Tai-Yuan Hsu	2,367,753	8.39	1,446,770	5.13	0	0	Hui-Yu Sun Unisource Investment Co., Ltd.	Spouse The responsible person of the company	-
Hui-Yu Sun	1,446,770	5.13	2,367,753	8.39	0	0	Tai-Yuan Hsu Unisource Investment Co., Ltd.	Spouse Spouse of the company's responsible person	-
SENTRA INT. CO., LTD. Representative: Ming-Hui Chen	864,200	3.06	0	0	0	0	None	None	-
	0	0.00	0	0	0	0	None	None	-
Ching-Lung Wu	267,501	0.95	0	0	0	0	None	None	-
Chih-Ming Hsieh	265,000	0.94	0	0	0	0	None	None	-
Yun-Han Lee	220,707	0.78	0	0	0	0	Chien-Hsing Lee Li-Hsiang Wei Li Hsing Investment Co., Ltd.	Relatives within 2nd degree of kinship Relatives within 2nd degree of kinship Relative within the second degree of kinship to the person-in-charge of the company	-

- X. The number of shares held by the Company, its Directors, Supervisors, Managerial Officers, and the companies directly or indirectly controlled by the Company in the same investee, and its consolidated shareholding ratio

Unit: Thousand shares; %

December 31, 2023

Reinvested business (Note)	The Companys investment		Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlling Businesses		Comprehensive investment	
	Number of shares	Sharehold ing ratio	Number of shares	Sharehold ing ratio	Number of shares	Sharehold ing ratio
SolidWizard Technology Holding Co., Ltd.	1,000	100%	0	0	1,000	100%
UnitedWizard Technology Co., Ltd.	1,000	100%	0	0	1,000	100%
Shanghai UnitedWizard Technology International Trading Limited	Note	100%	0	0	Note	100%

Note: Shanghai UnitedWizard Technology International Trading Limited is a limited liability company.

The Companys long -term investment under equity method.

Four. Fundraising

I. Capital and shares

(I) Source of share capital

1. Types of shares

March 31, 2024; unit: shares

Types of shares	Authorized share capital			Note
	Outstanding	Unissued shares	Total	
Registered common stock	28,210,710	6,789,290	35,000,000	TWSE/TPEX-listed stocks

2. The formation of share capital

Unit: NTD thousand ; thousand shares

Year/month	Issue price	Authorized share capital		Paid-in capital stock		Note		
		Number of shares	Amount	Number of shares	Amount	Sources of capital stock	Shares paid by property other than cash	Others
2005.07	10	1,000	\$10,000	1,000	\$10,000	Share capital established in cash	-	Approved by Letter Fu-Jian-Shang-Zi No. 09410934210 dated July 07, 2005.
2008.03	10	6,000	\$60,000	6,000	\$60,000	Capital increase in cash NTD 50,000	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 09783382900 dated April 15, 2008.
2008.11	13	25,000	\$250,000	16,000	\$160,000	Capital increase in cash NTD 100,000	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 09792069400 dated December 11, 2008.
2009.07	10	25,000	\$250,000	17,840	\$178,400	Capitalization of earnings NTD 18,400	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 09887769210 dated August 21, 2009.
2009.09	10	25,000	\$250,000	19,624	\$196,240	Capitalization of earnings NTD 17,840	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 09987669800 dated September 16, 2010.
2000.12	17.3	25,000	\$250,000	21,171	\$211,710	Employee share warrants NTD 15,470	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 09990770900 on December 24, 2010.
2011.08	10	25,000	\$250,000	23,288	\$232,881	Capitalization of earnings NTD 21,171	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 10086827000 dated August 23, 2011.
2012.09	10	35,000	\$350,000	25,646	\$256,461	Capital increase in cash of NTD 23,580 before listing on TPEX	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 10187962320 dated October 15, 2012.
2018.09	10	35,000	\$350,000	28,211	\$282,107	Capitalization of earnings NTD 25,646	-	Approved by Letter Fu-Chan-Ye-Shang-Zi No. 10751702310 dated August 10, 2018.

3. Information related to the shelf registration: Not applicable.

(II) Shareholder structure

April 1, 2024; Unit: Person, Share

Shareholder structure Quantity	Government agencies	Financial institutions	Other corporate entities	Individuals	Foreign institutions and foreigners	Total
Number of People	0	0	21	2,300	19	2,340
Number of shares held	0	0	11,574,211	16,384,011	252,488	28,210,710
Shareholding ratio	0%	0%	41.03%	58.08%	0.89%	100.00%

(III) Distribution of shareholdings:

April 1, 2024; Unit: Person, Share

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio %
1 ~ 999	879	114,591	0.41
1,000 ~ 5,000	1,248	2,109,753	7.48
5,001 ~ 10,000	101	733,889	2.60
10,001 ~ 15,000	44	530,906	1.88
15,001 ~ 20,000	19	350,205	1.24
20,001 ~ 30,000	19	494,300	1.75
30,001 ~ 40,000	9	313,800	1.11
40,001 ~ 50,000	1	46,000	0.16
50,001 ~ 100,000	4	348,100	1.23
100,001 ~ 200,000	5	714,000	2.53
200,001 ~ 400,000	4	970,462	3.44
400,001 ~ 600,000	0	0	0
600,001 ~ 800,000	0	0	0
800,001 ~ 1,000,000	1	864,200	3.06
Over 1,000,001	6	20,620,504	73.09
Total	2,340	28,210,710	100.00

Note: The Company did not issue preferred shares.

(IV) List of major shareholders: Names, shareholdings, and percentages of shareholders with a stake of 5% or more or those with the top ten shareholdings.

April 1, 2024; unit: shares

Name of major shareholder	Number of shares held	Shareholding ratio
Unisource Investment Co., Ltd.	7,114,607	25.22%
Li Hsing Investment Co., Ltd.	3,496,456	12.39%
Chien-Hsing Lee	3,374,214	11.96%
Li-Hsiang Wei	2,820,704	9.99%
Tai-Yuan Hsu	2,367,753	8.39%
Hui-Yu Sun	1,446,770	5.13%
SENTRA INT. CO., LTD.	864,200	3.06%
Ching-Lung Wu	267,501	0.95%
Chih-Ming Hsieh	265,000	0.94%
Yun-Han Lee	220,707	0.78%

(V) Information on market price, net worth, earnings and dividends per share for the most recent two years

Unit: NTD thousand ; thousand shares

Item	Year	2022	2023	As of March 31, 2024 (Note 8)	
		Market price per share (Note 1)	The highest	134.50	159.50	149.50
	The lowest	109.50	115.00	140.00	
	Average	122.80	139.98	144.80	
Net Value Per Share (Note 2)	Before distribution	48.35	50.51	-	
	After distribution	30.35	42.51	-	
Earnings per share	Weighted average number of shares	28,211	28,211	28,211	
	Earnings per share (Note 3)	10.85	10.23	2.23	
Dividends per share	Cash dividends	8	Note 9	-	
	Stock dividend	Stock dividend from retained earnings	-	-	-
		Stock dividend from capital reserve	-	-	-
	Accumulated unpaid dividends (Note 4)	-	-	-	
Analysis of investment return	Price earnings ratio (Note 5)	11.32	13.68	-	
	Price dividend ratio (Note 6)	15.35	17.50	-	
	Cash dividend yield (Note 7)	6.51	5.72	-	

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

Note 1: The highest and lowest market prices of common shares in each year are listed. The average market price in each year is calculated based on the transaction value and trading volume in each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in according to the resolution of the Board of Directors or the shareholders meeting of the following year.

- Note 3: Earnings per share before and after adjustments if retrospective adjustment is required due to share grants.
- Note 4: If the unpaid dividends of the current year are accumulated until the earnings are released in the year when the equity securities are issued, the accumulated unpaid dividends as of the current year shall be separately disclosed.
- Note 5: Price earnings ratio = Average closing price per share for the year/earnings per share.
- Note 6: Price dividend ratio = Average closing price per share for the year/cash dividends per share.
- Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the year.
- Note 8: The book value per share and earnings per share shall be filled in with the audited (reviewed) information of the CPA in the most recent quarter up to the publication date of the annual report; the other columns shall be filled with the information in the current year up to the publication date of the annual report.
- Note 9: The 2023 earnings distribution proposal has been approved by the Board of Directors on March 8, 2024, and is planned for submission to the shareholders meeting for resolution on May 30, 2024.

(VI) The Company's dividend policy and implementation

1. Dividend policy stipulated in the Articles of Incorporation:

If the Company has a profit in the annual final account, it shall first pay tax and make up for accumulated losses, and then appropriate 10% as a surplus reserve, except when the legal reserve has reached the same amount as the Company's paid-in capital. In addition, the special reserve may be set aside or reversed depending on the company's operational needs and laws and regulations. For the remaining undistributed earnings at the beginning of the same period, the board of directors will propose an earnings distribution plan and submit it to the shareholders meeting for resolution to distribute shareholders dividends.

The Company's dividend policy: The Company's dividend policy is based on the Company Act and the Company's Articles of Incorporation, and a sound financial structure as the principle. The Company's dividends are distributed in the form of stock dividends, cash dividends, or both. In principle, the distribution of cash dividends shall not be less than 20% of the distributable earnings. If there is any major capital expenditure plan in the future, the percentage of distribution of stock dividends may be increased with the approval of the shareholders meeting for up to the entire amount may be distributed in stock dividends.

2. Dividend distribution proposed at the shareholders meeting:

The 2023 earnings distribution proposal of the Company was passed by the Board of Directors on March 18, 2024 as follows:

SOLIDWIZARD TECHNOLOGY CO., LTD.

Earnings Distribution Table

2023

Unit: NTD

Item	Amount	Note
Undistributed earnings at the beginning of the period	418,356,341	
Add: 2023 retained earnings adjustment	63,811	Actuarial gains and losses
Adjusted undistributed earnings	418,420,152	
Add: 2023 net profit after tax	288,607,254	
Less: Provision of legal reserve	-28,867,107	The amount directly recognized as undistributed earnings without going through the profit or loss item and 10% of net profit
Less: Provision of special reserve	-2,035,977	
Distributable earnings	676,124,322	
Distribution item		
Dividend to shareholders	0	
Bonus to shareholders	225,685,680	NTD 8 per share
Undistributed earnings at the end of the period	450,438,642	

3. Expected material changes in dividend policy: None.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders meeting: Not applicable.

(VIII) Profit-sharing compensation of employees, directors, and supervisors:

1. The percentages or ranges with respect to the remuneration of employees, directors, and supervisors, as set forth in the Company's Articles of Incorporation:

If the Company makes a profit in the year, the Company shall allocate 1% to 10% of the profit as employee's remuneration, and no more than 1% as directors' and supervisors' remuneration. However, if the Company still has accumulated losses, it should first reserve an amount to offset losses.

The recipients of the distribution of employee remuneration in the preceding paragraph may include employees of subsidiaries.

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

According to the "Accounting Research and Development Foundation" Letter No. 052 "Accounting Treatment for Employee Bonuses and Directors' Compensation"

on March 16, 2007, when the Company has a legal obligation or constructive obligation and the amount can be reasonably estimated, it is recognized as an expense or liability. If there is any discrepancy between the actual distributed amount and the estimated amount after the shareholders meeting resolution, it will be treated as a change in accounting estimate.

3. Information on any approval by the board of directors of distribution of profit-sharing compensation:

- (1) Employees remuneration and directors/supervisors remuneration distributed in cash or shares:

Unit: NTD

Date of Board meeting	Cash bonus to employees	Employee stock bonus	Remuneration to directors and supervisors
2024.03.08	5,513,015	0	0

If there is any discrepancy between the estimated amount and the recognized expense, the discrepancy, cause and treatment shall be disclosed: None.

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

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

- (1) Actual distribution of employees', directors' and supervisors' remuneration in 2023:

Item	NTD (in thousand)	Number of shares	Stock price (Note)
Remuneration to employees	5,904	-	Not applicable
Remuneration to directors and supervisors	0	-	Not applicable

- (2) If there is any discrepancy in remuneration to employees, directors, and supervisors, the amount, cause, and treatment of the discrepancy shall be stated: None.

(IX) Status of a company repurchasing its own shares: None.

- II. Issuance of corporate bonds: None.
- III. Preference shares: None.
- IV. Overseas depository receipts: None.
- V. Implementation of employee stock options: None.
- VI. Issuance of restricted employee shares: None.
- VII. Issuance of new shares for merger, acquisition or transfer of shares of other companies: None.
- VIII. Implementation of the Plan for Utilization of Funds: None.

Five. Operational overview

I. Business contents

(I) Business scope

1. Main business contents

- (1) Manufacturing of software and hardware services.
- (2) System integration consulting services for the manufacturing industry.
- (3) Software and hardware education and training services for the manufacturing industry.

2. Distribution of main products

Unit: NTD thousands

Main product categories	2023	
	Consolidated	Weight of business
Information software and	1,364,379	94.28
3D printing machine	76,360	5.28
Certification services and	6,424	0.44
Total	1,447,163	100.00

3. The Company's current products and services

The Company mainly provides 3DEXPERIENCE, CAID, CAD, CAM, CAE, PDM, PLM, MOM, 3D PRINTER, 3D Scanner, CO-ROBOT, 3D CAMERA and other R&D, design and smart manufacturing related software and hardware products for the manufacturing industry, technology application, industry consulting, talent training and other related services. The Company's business covers the following:

(1) Market

A. Commercial market

Machinery, optoelectronics, electronics, semiconductors, medical care, energy, consumer products, molds, transportation, design services, and other related industries.

B. Education market

(A) Colleges and higher engineering departments of machinery, electromechanical engineering, automation engineering, industrial engineering, industrial design, medical engineering, and art design, as well as national vocational training centers, cram schools, and so on.

(B) Software and hardware education and training certification and book publishing.

(2) Services

A. Maintenance service contract

(A) Training courses and seminars: SolidWizard digital academy, actual machine operations, advanced seminars, industry seminars.

(B) Engineering and consulting service team: Provide technical support services and consulting services in Taiwan and on both sides of the strait.

(C) Software update: Obtain software version update.

(D) Technical publications: Complete provision of professional technologies and new knowledge required by the industry.

B. 3D printing and 3D scanning OEM

4. New products planned to be developed

The solution offerings on the 3DEXPERIENCE 3D design collaboration cloud platform include role-based product extensions, UR collaborative robot automation, and 3D vision integration solutions.

(II) Industry overview

1. Current status and development of the industry

According to the latest industrial market forecast for the "Computer and IT Service Industry" of the Department of Statistics, Ministry of Economic Affairs, in 2021, the annual revenue of related IT service industries in Taiwan will reach NTD 453.4 billion, and the average annual growth rate of related industries in the past 10 years was 5.7%, and the annual growth rate in 2021 was 12.4%. In addition, the pandemic has stimulated the demand for the information service industry, making the overall demand for cloud and collaborative design become the normal application item for enterprises in digital transformation. Therefore, the company's software services and consulting services have full prospects.

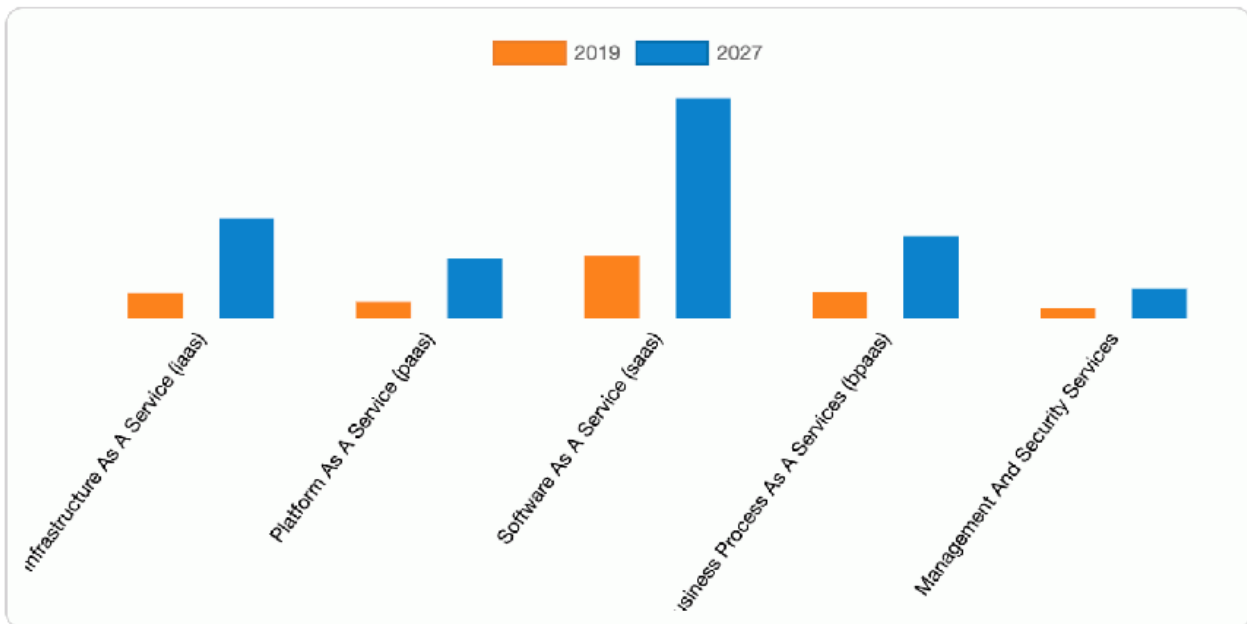


※ Source: Department of Statistics, Ministry of Economic Affairs

According to a survey conducted by the international market research and consulting company, Allied Market Research, on the use of cloud software services in the global market, the market value of cloud software services in 2019 is estimated to be US\$246.8 billion, and will grow at a compound annual growth rate of 26.4% by 2027 reaching USD 927.5 billion in market size. In this context, the addition of Dassault Systèmes 3DEXPERIENCE cloud platform is expected to continue the Company's development momentum by adding brand-new cloud software services to the original solid professional R&D and design service and consulting services.

Cloud Services Market

By Service Model



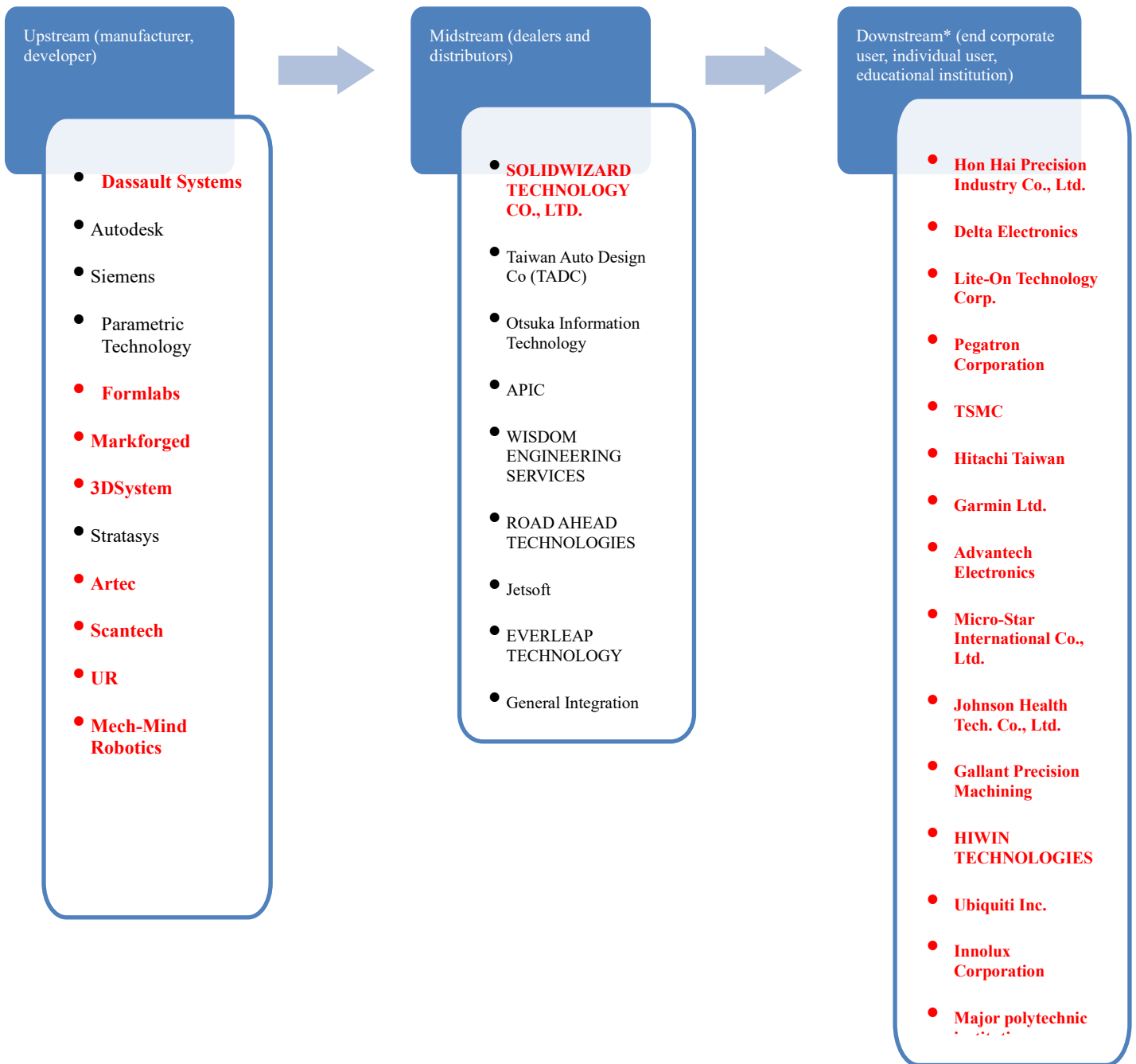
The 3D printing market continues to flourish in the world. According to the survey conducted by TechNavio, an international market research organization, it is estimated that the global market scale of 3D printing services will grow by US\$4.77 billion from 2018 to 2022, with the annual compound growth rate exceeding 26%. The mature development of 3D printing technology and the expansion of material choices have stimulated the adoption of 3D printing in various industries, which will drive the Company's positive sales energy in the 3D printing market.

※Source: TechNavio, an international market research company.



2. Interrelations between the up-stream, mid-stream, and down-stream of the industry

* Downstream: The customers marked in red color are customers of SOLIDWIZARD TECHNOLOGY CO., LTD.



3.Product development trends and competition

A. Product development trend

In the 1970s, the core technology of 3D solid model emerged, and the turnover of the entire CAD market grew from US\$25 million in 1970 to US\$1 billion in 1979. In the late 1980s, aerospace and automotive companies began to purchase a large number of commercial CAD software, allowing 3D CAD to flourish. Autodesk was founded in 1982 and released the first personal computer CAD software "AutoCAD"; in 1987, PTC released the 3D CAD software Pro/Engineer for UNIX workstations. Dassault Systèmes leads in the aerospace industry with its strong and complex 3D curved surface model, in cooperation with Boeing, so there is no threat from Pro/Engineer. In 1993, a new CAD software vendor launched SOLIDWORKS 3D CAD software based on these new technologies. SOLIDWORKS is the first 3D CAD software developed under Windows environment. The software is known for its simplicity and ease of use, friendly interface, easy training, and low introduction cost. The open platform has enabled many partners, and these partners are willing to use SOLIDWORKS as a platform to invest a lot of time and effort in developing back-end manufacturing solutions. SOLIDWORKS was established in 1993 and acquired by Dassault Systèmes in 1997. Its product line ranges from 3D mechanical design, analysis and verification, data management, technical document preparation, cloud collaboration and so on, with the mission of offering more comprehensive solutions for R&D and design personnel. In 2022, 3DEXPERIENCE Works products will provide the market with the most optimized cloud applications and software services by leveraging its SOLIDWORKS design advantages and 3DEXPERIENCE cloud collaborative design, computing, data management, and other front-end applications.

B. Competition

At present, the Company's main product is the SOLIDWORKS 3D CAD drawing software of Dassault Systèmes, France. Dassault Systèmes also has a complete PLM solution and CATIA, a 3D design tool relied by the global aerospace industry, and has also created a design environment in which the innovative concept of 3DEXPERIENCE integrates all applications and design tools on the cloud platform for all users to share design results in a collaborative working environment.

Since 2017, the global sales of CAD software has gradually shifted from buying licenses to renting licenses. At the same time, it appeals to a cloud operating environment to ensure that customers can use the latest software versions and various services simultaneously. Dassault Systèmes' 3DEXPERIENCE platform is the most creative service delivery method in this business mechanism. Since 2007, Dassault Systèmes has given the SOLIDWORKS brand more product modules when building a 3D design experience platform. Compared with major competitors such as PTC, AutoDesk, and Siemens, Dassault Systèmes' SOLIDWORKS product line has more applications, from 3D products to mechanical design, analysis and verification, electromechanical integration, circuit design, quality assurance inspection, 3D engineering drawing (MBD), data management, high-level drawing, and animation production are all covered by the product line. By accommodating the universal price and sales strategies, it has become the mainstream 3D design solution system in the market.

C. Analysis of the Company's business scale

At present, there are dozens of domestic companies selling Cloud Platform, CAD/CAE/CAM/PDM/PLM/MES/RE/Co-Robot solutions, and the general scale is a company with a few dozen people. For example, SolidWizard has a complete marketing network in Greater China and is one of the few companies with more than three hundred personnel in its marketing department, with technical service teams and customer education and training centers that are widely distributed. After nearly 27 years of system solutions for the manufacturing industry, the SolidWizard team has accumulated

countless customer groups and experience, which greatly exceeds the other companies in the industry. The SolidWizard team continues to invest in employee education and service support systems, and has been awarded the best agent by foreign original manufacturers every year, which demonstrates the Company as a professional system provider for Cloud Platform, CAD/CAE/CAM/PDM/PLM/MES/RP/RE/Co-Robot/CONSULTING. With the dedicated management of the Company, the full support of foreign original manufacturers, partners and customers, and looking forward to Taiwan, China and the future Asian markets, SolidWizard has absolute market expansion strength and is willing to accept any management challenges.

(III) Technology and R&D overview

With the upgrading and development of the industry, in recent years, the world has shifted from the new industrial direction of Industry 4.0 to the mainstream trend of the digital economy. The service-oriented business model has also driven the reform of the software industry, shifting the R&D aspect from product to platforms, and moved applications from the desktop to the cloud, no matter what type of product development, customers still need an excellent learning system and diversified and continuously updated service methods to quickly transfer design tools and design data. Management, for the digital transformation goal of enterprises, is not only about the product design end, but it even includes the process of production and consumption.

Therefore, in terms of technology development, the Company has three major areas: full integration of desktop design tool integration smart manufacturing software and hardware, cloud collaborative design platform application portfolio, and consulting product sales and service.

The comprehensive integration of desktop design tool integration smart manufacturing focuses on: traditional CAX product design, PDM/PLM data management, and 3D printing/scanning/advanced automation equipment data and process integration. In the past, software and hardware used in different fields have encountered obstacles in how to share data streams. If the horizontal data connection based on the platform concept and the vertical process control based on industry characteristics and standards can be managed at the same time, it will enable the use of the 3D model as the carrier incorporating design data throughout the entire R&D, design, and production process. Therefore, the specific approach is to establish a full-process 3D design platform, establish standardized software tools required by each department, and provide systematic learning information, teaching tools, and product knowledge bases according to the needs of different personnel; thereby, reducing the need for enterprises in construction or the expenditure on education, training and maintenance of software updates which helps enterprises face the impact of talent turnover. For the hardware part, 3D printing equipment processes and automated collaborative systems for direct manufacturing are used, especially in the application of collaborative robots. Integrated system providers provide the automation needs of production and manufacturing to reduce the costs and risks of personnel working in labor-intensive and high-pollution environments.

Cloud design platform application portfolio focuses on: business model shift - shifting the sale of single products to a subscription model for various tools, leveraging the data integration capability of cloud platforms, and setting the types and permissions of tools according to user roles and tasks; and considers the management of information systems as a part of the service, greatly reducing the cost of design tools and professional software for enterprises, while making collaboration the focus of the R&D environment. This is a new trend of subscription services driven by the platform economy. How to allow users to painlessly switch to the new-generation design system will be an area of great challenges and great business opportunities.

The field of consultative product sales and service focuses on: The core value of

products which has changed from a single product to a platform for customer service. The customized product portfolio will be different for different types of work to meet the unique product development process needs of different industries, from product concept development, detailed design, function simulation verification, quality control regulations, user manuals, and maintenance manuals. It will provide multi-level solutions on how to connect, exchange, share and collaborate with the engineering information of various detailed operations. Enterprise adoption of products is no longer a matter of standard function instruction and the purchase of licenses. Customers will focus on the product service and industry experience sharing, consultant interviews and counseling in the package sales will be the focus of subscription-based products to increase product value.

Collaboration platforms and service systems for software products support the solutions in the aforementioned two fields of "application of product core technology" and " industrial application integration and research."

The following is a brief description of the development in various fields:

* Development of product core technology application fields

1. Establishment of digital 3D model carrier

Both digital design and digital manufacturing use a virtual 3D model as the data carrier. In order to make 3D design the basis of our product development platform, we have established a 3D design platform experience center, which includes two exhibition centers, software tools and hardware equipment. Based on the 3DEXPERIENCE Works product line of Dassault Systèmes, software tools integrate design data in the SOLIDWORKS PDM/MANAGE data platform, and then implement tools from conceptual design, mechatronics, detailed design, verification and simulation, processing, manufacturing, and quality assurance inspection. They are supplemented with individual tools, and simple instructions and practical courses are provided.

Hardware equipment includes 3D scanning, 3D printing, and collaborative robot laboratories to help customers verify prototype products and create the validity and accuracy of manufacturing procedures; also, conduct 3D samples of OEM business and purchase desktop models CNC machine tools, laser cutting machines, sandblasting and coating equipment. Our experience, knowledge and achievements in OEM business such as 3D measurement, reproduction of physical products, rehabilitation of antiquities, digital archiving, and archiving will be reflected on customers. Tools and equipment evaluation, process analysis, and other preliminary tasks are required based on the needs of different customers in order to establish an effective manufacturing process. In addition to the above hardware integration, we can also provide collaborative robotic arms for safe production line automation to achieve the purpose of production automation.

2. Establishment and promotion of the 3DEXPERIENCE experience platform

Dassault Systèmes launched 3DEXPERIENCE Platform products globally in 2012 to build a new design system for the 21st century. By combining the development of design tools and social media, the service experience of Dassault in R&D, manufacturing, production and industry consulting is stored on the cloud platform for sharing and collaborative design based on the combination of roles and functions and linking the global resources. Therefore, we must build an experience center for digital clones to invite customers to experience the design environment of the new era and reduce the workload of system setup, data storage, and process management. 3D design, development, and manufacturing tools enable everything from installation, computing to storage to be solved by service. The promotion of

digital design and manufacturing will be an important task for the establishment of this platform.

3. New teaching platform for 3D design tools

In response to the impact of the global COVID-19 pandemic, distance learning and digital technology services will become the new work model in the post-pandemic era. In lieu of physical courses, the service department has combined the media tools of the marketing department to provide customers with online and offline technical services regardless of time and space. For online services, the content of physical courses is converted into audiovisual teaching materials, and a live broadcast studio is set up to conduct live broadcast courses of each product. The online meeting system is used to allow students to interact with lecturers, and the offline review is used to solve customer problems in learning overcoming the obstacles of time and space. For offline services, we have established a customer-specific learning YouTube channel, re-written training materials for audiovisual recording, and recorded customers learning resumes on the learning webpage through the teaching system to better grasp customers learning effectiveness and submit the learning results to relevant corporate departments. This teaching platform is also a counseling-service-oriented business model, which can have a great effect on the efficiency of personnel training for each enterprise.

* Industrial application integration and research

1. Development of customized system

- (1) In the development of 3D CAD product design and enhanced design automation, the SOLIDWORKS API is used for secondary development in Visual Studio to solve the design data reuse and parameter control that customers are concerned about, and more importantly, to save operation time and perform different package development and commercialization.
- (2) For the integration of ERP and PDM systems in manufacturing, one of the solutions is to assist customers in the two-way transfer of parts and materials in XML format through the API (Application Programming Interface) development tool provided by the SOLIDWORKS PDM system in order to improve the efficiency of computer-aided design tool extension.

2. Entire process improvement and penetration of design and manufacturing information

The key point of the improvement is the effective reuse of design data, and the task models are extracted from various existing data sources to achieve the ideal of rationalization and verification automation. The solution for accessing a single data source is the focus of information flow integration. In addition to the establishment of the platform, the Dassault DelmiaWorks product of the back-end manufacturing execution system (MES) also integrates production equipment information with enterprise resource planning (ERP) system to achieve the goal of real-time monitoring and control of time, material and cost.

3. Digital design supports smart manufacturing

Given the continued advancement of specialized intelligent machines in advanced manufacturing processes, the extended application of 3D design data can transcend the traditional manufacturing workflow through 2D engineering drawings. Whether it is 3D data generated from design software or 3D model scanning data digitized with tools, both can be used to directly manufacture samples or products through the process of 3D printing on 3D printers. When adopting Additive Manufacturing (AM), the specialized modeling approaches

developed for 3D printing, such as Stereolithography (SLA) and Selective Laser Sintering (SLS), will follow the different printing methods of the machines to create corresponding Design for Additive Manufacturing (DfAM) guidelines. These design guidelines vary based on the production model, but since the digital data can be verified, analyzed, and virtually simulated, design-side problems can be directly resolved before manufacturing. This design concept is more rapid and practical than the process of generating 2D engineering drawings.

4. Automated production collaboration system

To effectively reduce manual errors and time-consuming in manufacturing processes and to maintain the quality of production, we have added the automated equipment product portfolio of the famous Danish Universal Robots (UR) to the existing 3D product design tools and 3D printed products. It can create an automated collaboration model in the factory in a very short time. The learning operation of the robotic arm replaces cumbersome program writing. Highly customized arm grippers can be completed through 3D design and printing. In cooperation with professional signal processing and machine integrators, flexible solutions can be provided for automated production equipment.

5. R&D expenses in the most recent year and up to the publication date of this annual report

Unit: NTD thousands

Item \ Year	2023	As of March 31, 2024
R&D expenses (A)	108,006	28,348
Net operating revenue (B)	1,447,163	390,583
(A) / (B)	7.46%	7.25%

6. Technologies or products successfully developed in the most recent year and up to the publication date of the annual report

Since its establishment, the Company has participated in a number of cases of system integration and consulting services commissioned by customers. The cases in the past two years are listed as follows:

Year	Development Items	Customer Name	Content
2021	Product coding system	Dinkle, CHING FENG, HIWIN TECHNOLOGIES, KYANG YHE DELICATE MACHINE	Product attributes are automatically coded
2021	Agile data transfer and integration	Advantech	Undertake and generate the data format receivable by the Agile PLM system
2021	Material intermediate file generator	Nextron	Automatic generation of PartBOM XML intermediary transfer files
2021	Part number checker	KHS	Check the output intermediary file column length and format
2022	PDM number generation module	Brilliant, Buffalo Machinery Co., LTD., Gong Fong Enterprise,	Automatic generation of material numbers in the PDM system

Year	Development Items	Customer Name	Content
		Aidma Enterprise, BRICO INDUSTRY, Uni-Calsonic, MAXMILL, RADEN AUTOMATIC, KENMEC MECHANICAL, ALPHA-PLUS MACHINERY, TAI YEE OPTICAL, Ecolab Inc. (Mainland China), TAIWAN TAKISAWA, DIRECTNAV MICROELECTRONICS (Jiangsu, Mainland China), DAH HEER.	
2022	ERP GateWay	Hauman Technologies, RADEN AUTOMATIC, KENMEC MECHANICAL, JING CHARNG TANE ENTERPRISE CO., LTD., TAIWAN TAKISAWA.	Integrate the design change of PDM with various ERP information for applications
2022	Excel export	Buffalo Machinery Co., LTD., KAO FONG MACHINERY, YUNG SOON LIH FOOD MACHINE, Uni-Calsonic, Pack Leader Machinery, CVILUX, TAI YEE OPTICAL, Detron, TAIWAN TAKISAWA, Amida Technology (Jiangsu, Mainland China), DAH HEER.	Transfer PDM data to EXCEL for export
2022	Batch production of drawings	Buffalo Machinery Co., LTD., BRICO INDUSTRY, CVILUX, COXOC.	Automatically generate 2D drawings and print drawings in large batches.
2023	Data Queries and Citations	LEADWELL CNC MACHINES MFG.,CORP.	The system can query the data in the database (or ERP database) and reference the data in the PDM data card.
2023	PDM link WEB API	STAr Technologies Inc., KHS Musical Co., Ltd, Advantech Co., Ltd.	Start the WEB API link and send the Json code data to the web api link
2023	PDM BOM to Excel	Scientech Corporation, IEI Integration Corp., Advanced Energy Solution Holding Co., Ltd.	Export BOM in PDM to Excel file

Year	Development Items	Customer Name	Content
2023	SolidWizard PDM Tools	CHYI DING TECHNOLOGIES CO., LTD.	Including tool modules such as process view, folder permission definition, user data import, BOM comparison, folder variable replacement file variable. (Under development and testing...)

(IV) Long-term and short-term business development plans

1. Short-term business development plan

- A. Actively developing potential customer needs for the 3DEXPERIENCE 3D design collaboration cloud platform solution. The role-based offerings include domains such as design, management, analysis, manufacturing, and marketing.
- B. Providing advanced multi-physics analysis solutions for structures, fluids, electromagnetics, and product lifecycle management, expanding the services to high-end industrial customers with sophisticated requirements.
- C. Provide integrated services such as digital manufacturing and testing, including 3D printing, 3D reverse engineering and testing, 3D visual recognition and AI deep learning, and automated collaborative arms.
- D. Provide multi-year maintenance service contract consulting service to optimize customer R&D design and collaboration efficiency through planned counseling.

2. Long-term business development plan

- A. Planned training for engineering technology, marketing, sales, customer professional service, and management talents to improve marketing and consulting service capabilities, and establish long-term customer partnerships.
- B. Plan the role and product expansion of the 3DEXPERIENCE platform-based cloud 3D design collaboration solution and advanced analysis SIMULIA, ENOVLA PLM and other solutions, including digital marketing, digital products, digital manufacturing, big data and business intelligence solutions.
- C. To accommodate the Company's growth, in addition to the markets in Taiwan and China, Southeast Asia and other regions are the direction of consideration for the Company's future planning and development.
- D. Aiming to become 3D software and hardware integration McKinsey & Company, a consulting firm for SMEs in the Greater China region.

II. Overview of the market, production and sales

(I) Market analysis

1. Sales (supply) regions of major products (services)

Unit: NTD thousands

Region \ Year		2023	
		Consolidated sales	%
Domestic sales	Taiwan	1,249,352	86.33
	Mainland China	190,012	13.13
Export sales	Asia	7,799	0.54
	Americas	0	0.00
	Europe	0	0.00
	Others	0	0.00

Subtotal of export	7,799	0.54
Total	1,447,163	100.00

2. Best 3D design software

According to the report from G2.com, the world's largest online software review website, SOLIDWORKS is ranked as the #1 global 3D professional-grade CAD software based on user ratings, demonstrating a strong competitive advantage in the market.

G2.com 全球最大線上軟體評價網站。為所有財富500強公司，和800萬使用者提供更聰明的軟體購買決策。

Best Software by Function / CAD and PLM Products

SOLIDWORKS

SOLIDWORKS offers complete 3D software tools that let you create, simulate, publish, and manage your data. SOLIDWORKS products are easy to learn and use, and help you design products better.

Main Category
Mechanical Computer-aided Design (MCAD)

G2 Awards

SOLIDWORKS Best CAD and PLM Products 2023
SOLIDWORKS Winter 2024
SOLIDWORKS Winter 2024
SOLIDWORKS Winter 2024
SOLIDWORKS Winter 2024
SOLIDWORKS Winter 2024
SOLIDWORKS Winter 2024
SOLIDWORKS Winter 2024

G2公布2023年度最佳CAD與PLM軟體的名單。經過全球使用者評論，由**SOLIDWORKS**獲得冠軍。

資料來源：<https://www.g2.com/best-software-companies/top-cad-and-plm>

3. Competitive niche

The competitive advantages are described as follows:

- (1) Integrated sales and consulting services of complete 3D software and hardware

The Company has customers in various industries, including Hon Hai Precision Industry, Delta Electronics, Pegatron Corporation, Advantech, MSI, and Johnson Health Technology, as well as customers in the vocational and college education markets and individual users, with more than 10,000 customer groups in Taiwan and China.

- (2) Localized professional service team and training center

The Company has service locations and education and training centers located in Taipei, Hsinchu, Taichung, Tainan and Kaohsiung in Taiwan and in Shanghai, Dongguan, Ningbo, Suzhou, Xiamen and Tianjin in Mainland China to provide customers with complete services in introducing hardware, software and physical products.

- (3) Industrial Partners

The Company cooperates with relevant industry associations, such as: The Metal Industry Research Center, Precision Mechanism Center, Machinery Association, Mold Association, Electronic Connection Association, and Industrial Technology Research Institute, all of which have close cooperation and in-depth cultivation in various industries.

4. Favorable and unfavorable factors for development prospects and countermeasures

- (1) Favorable factors

(A) Industry 4.0 smart manufacturing and digital transformation

In response to the global demand for digitization, 3D collaboration and communication can accelerate product development and manufacturing demand and increase customers' investment in 3D software and hardware equipment to improve the international competitiveness of the industry.

(B) Consulting services demand expansion

The time for industrial upgrading is becoming more and more urgent. In order to improve the Company's international competitiveness in the industry, the demand for consultants for SMEs has increased significantly. In addition to the expanding demand for products, consultant-style consulting services are also increasingly valued. Enterprises have realized that in addition to upgrading the R&D and design tools, the mindset of professionals should also be upgraded. Consulting services can truly examine customers' manufacturing processes in depth to discover problems and propose tailor-made solutions with practical benefits.

(C) Cross-strait layout in Taiwan and Mainland China

There are a total of 11 business locations in Taiwan and on both sides of the Chinese strait. The strategy of providing customers with the most immediate and warm service is the strategy of providing customers with the service in two places.

(2) Unfavorable factors and countermeasures

(A) Impact of the Russo-Ukrainian War and global inflation

The continuation of the Russo-Ukrainian War in 2022, the Israel-Hamas War in 2023, and global inflation led to a difficult operating environment for international trade and manufacturers, which in turn affected the Company's operating challenges.

Responsive measures :

- a. Actively promote 3DEXPERIENCE 3D design collaboration cloud platform and high-level analysis digital manufacturing solutions such as SIMULIA, ENOVIA PLM, UR, MARK FORGED, FORMLABS, and MECH-MIND to expand the scope of product sales and customer base.
- b. Increase the renewal rate of multi-year software maintenance contracts through consultative integrated services.

(B) Intellectual property (IP)

Sound intellectual property protection measures are critical to the CAD/CAM software industry. According to a report by the Business Software Alliance (BSA), the global average software piracy rate increased from 42% to 61% in Asia Pacific and 36% in Taiwan in 2016. Software piracy has caused economic losses as high as NTD 230 million (approximately NTD 7.5 billion). and the impact on Taiwan's economy should not be underestimated.

Responsive measures :

- a. For external legal investigations, the Business Software Alliance (BSA) will be entrusted to investigate and compensate illegal users with evidence. Before taking legal action, software suppliers cooperate with distributors to send warning letters to customers and seek settlement as the main appeal to guide customers to use genuine

software.

- b. When any unauthorized software serial number registration or transfer is detected on the client end, the dealer will be notified by the original manufacturer and will visit the client to learn more about it and guide customers towards using genuine software.

(II) Important uses and manufacturing processes for the company's main products.

1. Important uses of the main products

Category	Name of main product	Functional purpose	Market term
Design / Engineering	<ul style="list-style-type: none"> ● 3DEXPERIENCE Works ● 3DEXPERIENCE Cloud Offer ● SOLIDWORKS Desktop 3D design software ● DraftSight 2D design software ● SOLIDWORKS Electrical, electrical design software ● SOLIDWORKS PCB, circuit design software ● SOLIDWORKS Inspection, test report software ● SOLIDWORKS MBD, Model-Based 3D Drawings ● SOLIDWORKS Composer, technical document creation software 	<p>The SOLIDWORKS 3D design automation system is built on the Windows desktop and Dassault 3DEXPERIENCE cloud platform. The full product provides 3D solid model construction function, and covers mechatronics design, product manufacturing information (PMI), MBD 3D engineering drawings, quality inspection, and technical documentation of 2D/3D execution and animation generator. The comprehensive design tools meet the needs of the entire enterprise and can be integrated with the cloud platform to create a collaborative design environment without the constraints of time and space.</p>	<p>CAID (Computer Aided Industrial Design), CAD (Computer Aided Design), Cloud Design, Technical Documentation</p>
Simulation / Validation	<ul style="list-style-type: none"> ● 3DEXPERIENCE SIMULATION ● SOLIDWORKS Simulation Premium, high-level general-purpose finite element analysis software ● SOLIDWORKS Flow Simulation, Engineering Fluid Dynamics and Heat Flow Analysis Software ● SOLIDWORKS Plastics, plastic injection molding analysis software ● CST Electromagnetic Analysis ● Abacus Advanced Analysis System 	<p>The SIMULATION analysis and verification system built on the Windows desktop and Dassault 3DEXPERIENCE cloud platform can simulate the performance of products in real situations in advance, which has become an indispensable step in the pursuit of high quality. The analysis products of SolidWizard include powerful tools for design verification and optimization for designers and engineers. The analysis modules cover structure, motion, fluid, heat transfer, mold flow, high and low frequency current, and topological structure.</p>	<p>CAE (Computer Aided Analysis Software), MoldFlow (Mold Flow Analysis)</p>

Category	Name of main product	Functional purpose	Market term
		Customers conduct various types of virtual tests.	
Manufacturing / Production	<ul style="list-style-type: none"> ● 3DEXPERIENCE DELMIA ● SOLIDWORKS CAM 2.5-axis machining module ● CAMWorks, multi-axis machining and simulation software ● IMOLD, plastic mold design software ● CG Press Design, continuous stamping mold design software ● 3DSYSTEM Geomagic Design X & Control X ● Artec EVA/Spider/Micro II ● ScanTech SimScan/KSCAN-Magic/TrackScan Sharp 	<p>The manufacturing solutions built on the SOLIDWORKS desktop product line and the Dassault 3DEXPERIENCE cloud platform can not only generate machining paths for multi-axis CNC turning and milling machines, but also the application of DLEMIA WORKS in the manufacturing execution system (MES) to virtual simulation solutions are available for production scheduling, processing costs, and material requirements. For the part of 3D scanning, there are hardware and software to support forward design and reverse design modeling capabilities to meet the needs of inspection, comparison and modeling, and have equivalent requirements for non-contact and non-destructive quality inspection. This will be a huge benefit.</p>	Manufacturing Execution System (MES), Enterprise Resource Planning (ERP)
Intelligent Manufacturing	<ul style="list-style-type: none"> ● 3DSYSTEM ProJet 3D Printer ● Markforged, Carbon Fiber Composite Printing Machine ● Markforged, metal forming machine ● Formlabs SLA laser curing printers ● Formlabs SLS laser sintering printers ● UnionTech, SLA 3D print ● Universal Robot, collaborative robots ● On Robot, Gripper ● Mech-Mind AI, Visual Recognition 	<p>3D printing offers a wide range of smart production features for highly customized products. The high-end digital manufacturing of 3D printing can be used with lasers, photocuring, hot extrusion, and metal 3D printing machines. Quick proofing, 3D physical model printing, and creation of various conceptual models and functional testing parts in the early stage of R&D and design are fast and low in cost, saving huge costs for mold development. For tasks on the production line that are highly repetitive, environmental, and dangerous, robotic arms and dedicated grippers are used</p>	3D scanning, 3D printing/RP (rapid prototyping system), RE (reverse engineering) Collaborative Robot

Category	Name of main product	Functional purpose	Market term
		<p>to save manpower and meet the standard of automated production.</p> <p>Collaborative robots need a 3D recognition system for the picking of materials and the unstacking and stacking of macarons. With AI learning, collaborative robots can be more intelligent, solving the spatial orientation discrimination problem of irregular workpieces.</p>	
Data Management / Governance	<ul style="list-style-type: none"> ● 3DEXPERIENCE ENOVIA, Cloud PLM System ● SOLIDWORKS PDM, Enterprise Product Data Management ● SOLIDWORKS Manage, integrated management system ● Exlead One Part, Intelligent Search and Comparison ● DeliaWorks MES, Manufacturing execution system 	<p>The data and process management system built on the SOLIDWORKS desktop product line and Dassault 3DEXPERIENCE cloud platform provides the most suitable PDM/PLM solution to shorten the time to market and reduce production costs.</p> <p>With the collaborative operating system, enterprises can effectively control the product change process and implement product life cycle management.</p> <p>For the desktop system project management, BOM management, business process management, and work kanban, the integrated SOLIDWORKS Manage management system is used.</p> <p>For different design data source data and Geometry data, text and Geometry data comparison can also be used to search the design big data to achieve the purpose of data reuse and sharing.</p> <p>An MES is the active signal for the operation of production equipment. A properly managed MES can help eliminate the friction between business functions in traditional silos. By linking the monitoring function to multiple factory-wide manufacturing</p>	PDM (Product Data Management), PLM (Product Lifecycle Management)

Category	Name of main product	Functional purpose	Market term
		<p>processes through customer orders, the manufacturing execution system can establish a factory-centered production management system to improve factory productivity, track and synchronize factory resources, and provide support to business systems and personnel. Provides real-time information on events occurring during production.</p>	
<p>Collaboration / Platform</p>	<ul style="list-style-type: none"> ● 3DEXPERIENCE PLATFORM ● 3DEXPERIENCE SOLIDWORKS OFFER ● 3DEXPERIENCE SIMULATION ● 3DEXPERIENCE GOVERNANCE OFFER 	<p>Dassault offers the information infrastructure, platform, and software required by customers as services to which customers can subscribe. Such an innovative business model can cross into the entire enterprise information flow, achieving horizontal integration and vertical linkage of data sources in a digital design environment using one single data source. 3DEXPERIENCE is a 3D design-based, data management-based application program (APPs) that adds simulation verification and manufacturing and provides customers with roles to subscribe. It not only breaks the restrictions of time and space, but also allows customers to focus on the design work, and the rest of the communication and data management are solved by the services provided.</p>	<p>IaaS (Infrastructure as a service), PaaS (platform as a service), SaaS (software as a service)</p>
<p>Subscription Service, service for contract maintenance</p>	<ul style="list-style-type: none"> ● SOLIDWORKS Subscription Service ● 3DEXPERIENCE Subscription 	<p>SOLIDWORKS provides cross-strait product maintenance service plans, the most convenient and immediate technical support, software upgrades, and abundant resource utilization. Enterprise R&D teams can fully focus on design without worries.</p>	<p>Subscription Service</p>

Category	Name of main product	Functional purpose	Market term
Consulting Project Services	<ul style="list-style-type: none"> ● Consulting Service, Project consulting service ● Customization Service, Customized system service 	SolidWorks has accumulated 23 years of successful counseling experience throughout various industries, with a professional engineering and technical team, providing project counseling and customized system introduction, and helping enterprises develop the best design solutions.	N/A

2. Production process of main products: The Company is an agent of a manufacturer, so this is not applicable.

(III) Supply of main raw materials

Name of main raw material	Major suppliers	Status of supply
Cloud 3D Product Design Platform (Cloud Based CAD)	Dassault Systemes	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Computer-aided design software (CAD)	Dassault Systemes	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Computer-aided analysis software (CAE)	Dassault Systemes SIMPOE S.A.S	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Computer-aided production software (CAM)	Dassault Systemes HCL Technologies	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Rapid prototyping system (RP)	3DSYSTEMS Markforged UnionTech Formlabs	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Reverse scanning system (RE)	Solutionix, 3DSYSTEMS, Artec, SCANTECH	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Collaborative robots	Universal Robot On Robot	Stable quality and supply of goods, long-term cooperation, and good supply situation.
Computer hardware and peripherals	HP, Acer, DELL, Lenovo	Stable quality and supply of goods, long-term cooperation, and good supply situation.
AI Visual Recognition System	Mech-Mind	Stable quality and supply of goods, long-term cooperation, and good supply situation.

- (IV) Names of customers representing more than 10% of total purchases (sales) and the amount of purchases (sale) and proportion to total purchases (sale) in any of the last 2 years, and explain the reasons for the changes

1. Information on suppliers that account for more than 10% of the Company's total

purchase in either of the last two years

Unit: NTD thousand

Item	2022				2023				As of March 31, 2024			
	Name	Amount	Percentage to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage to net purchase of the year (%)	Relationship with the issuer	Name	Amount	Percentage to net purchase amount of the current year up to the previous quarter (%)	Relationship with the issuer
1	Dassault Systèmes	607,170	89.86	None	Dassault Systèmes	698,211	90.02	None	Dassault Systèmes	148,439	92.23	None
2	MarkForgedInc	20,711	3.07	None	MarkForgedInc	24,246	3.13	None	Universal Robots A/S	2,695	1.67	None
3	Universal Robots A/S	20,405	3.02	None	Universal Robots A/S	11,001	1.42	None	Formlabs Inc.	1,549	0.96	None
4	3D Systems	4,809	0.71	None	3D Systems	6,680	0.86	None	3D Systems	1,450	0.90	None
5	Geometric	4,262	0.63	None	Formlabs Inc.	5,997	0.77	None	TRANSVALOR SA	1,204	0.75	None
6	Others	18,316	2.71	None	Others	29,531	3.80	None	Others	5,609	3.49	None
	Net purchase	675,673	100.00	-	Net purchase	775,666	100.00	-	Net purchase	160,946	100.00	-

The Company's turnover has grown year by year, so the amount of purchases has also increased synchronously; the Company's main purchase items are computer graphics for Dassault Systemes SolidWorks, MarkForged, Inc., 3D Systems, and industrial design machines. Overall, there has been no significant change in the Company's suppliers in the past two years.

- Information on customers to whom the Company's sales account for more than 10% of the Company's total sales in either of the last two years

Not applicable, as the proportion of sales to the top customer in 2022 and 2023 was 1.70% and 2.67%, respectively.

- (V) Production volume and value in the most recent two years:

Not applicable as the Company acts as a reseller of 3D graphics software and is not engaged in the production of 3D graphics software.

- (VI) Consolidated sales volume and value of the last two years

Unit: NTD thousands

Sales volume and value Main products	2022		2023		2022		2023	
	Domestic sales		Export sales		Domestic sales		Export sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Information software and maintenance contract business	-	1,308,353	-	5,980	-	1,356,580	-	7,799
3D printing machine business	-	74,296	-	0	-	76,360	-	0
Certification services and others	-	5,736	-	0	-	6,424	-	0
Total	-	1,388,385	-	5,980	-	1,439,364	-	7,799

Note: The Company has a wide range of products, and the measurement units of each product are different, so the quantity is not listed.

The Company's products are mainly sold in Taiwan, and there has been no significant change in the sales area in the last two years.

III. Overview of the employees in the last two years and up to the publication date of the annual report

Unit: Number of people/Age/%

Year		2022	2023	As of April 30, 2024
Number of employees	Manager level and above	23	26	24
	General staff	305	318	320
	Total	328	344	344
Average age		36.94	37.53	38.40
Average years of service		4.31	4.88	4.98
Education distribution ratio	Doctoral Degree	0.40%	0.39%	0.78%
	Master's Degree	16.07%	18.53%	18.99%
	Junior College	83.13%	80.31%	79.46%
	Senior high school	0.40%	0.77%	0.78%
	Total	100.00%	100.00%	100.00%

IV. Information on environmental protection expenditure

Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the content of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

V. Labor-Management Relations

- (I) Any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefits

In addition to allowing employees to enjoy labor and health insurance in accordance with government regulations, the Company has also added group insurance; in terms of employee benefits, the Company has an employee benefit fund that organizes various travels and dinner gatherings; and various welfare subsidies covering weddings, funerals, illness and child births. Furthermore, in order to encourage employees to participate in joint operations and improve company performance, an employee bonus and promotion system is implemented, and a comprehensive training program for employee career planning and professional skills has been developed to make employees more cohesive.

2. Employees' continuing education and training

The Company actively encourages employees to participate in various training courses. Each department arranges appropriate internal training courses based on actual needs. It also arranges for employees to participate in external seminars as required by the professional courses of each functional area to enhance the knowledge and skills of employees. In 2023, the number of hours of education and training held in the year, the education and training expenses and the main training contents are as follows:

Item	Number of shifts	Total headcount	Total hours	Total expenses
1. Orientation for new recruits	10	189	1,512	38,895
2. Professional competency training	110	1,954	8,031	1,734,613
3. Managerial personnel training	9	63	621	97,080
4. Operation and management training	5	5	44	20,200
Total	134	2,211	10,208	1,890,788

3. Retirement system and its implementation

The Company has established employee pension regulations in accordance with the Labor Standards Act, which is applicable to employees of Taiwanese nationality. The Company implemented a new labor pension system on July 1, 2005. Employees who choose to apply the labor pension system under the "Labor Pension Act" make monthly contributions to the labor pension at no less than 6% of their salary. For the employee's individual account with the Labor Insurance Bureau, the employee's pension is paid according to the employee's individual pension account and the amount of the accumulated income is withdrawn as a monthly pension or a one-time pension.

4. Agreements between labor and management and various measures to protect the rights and interests of employees

The Company has a comprehensive management system that extends to entry-level employees. The labor-management relationship is harmonious and values employees' opinions. Employees can communicate their opinions or make any suggestions through emails to maintain good labor-management relations.

5. Protection measures for the work environment and employees' personal safety

Item	Content
Access control security	<ol style="list-style-type: none"> 1. A tight surveillance system is in place day and night. 2. The building has professional security personnel to control the access day and night. 3. Connected to the police security unit for alertness. There is a patrol box at the entrance for police officers to patrol on a regular basis.
Maintenance and inspection of various equipment	<ol style="list-style-type: none"> 1. In accordance with the Regulations Governing Public Safety Inspection, Certification and Declaration of Buildings, a professional company is commissioned to conduct public safety inspections every year. 2. In accordance with the Consumer Protection Act, fire inspections are carried out by external contractors every year.
Physiological and sanitation	<ol style="list-style-type: none"> 1. Health checkup: Annual health checkups are conducted for employees in accordance with the Occupational Safety and Health Act. 2. Hygienic working environment: Smoking is prohibited in the workplace, and the office environment is regularly cleaned and disinfected.
Mental health	<ol style="list-style-type: none"> 1. Gender equality: Sexual harassment prevention, menstruation leave, maternity leave, paternity leave,

	<p>maternity checkup leave, and parental leave are established in accordance with the Gender Equality Act.</p> <p>2. Internal learning and sharing: There is an employee sharing area in the Company's internal system, which includes information and activity sharing such as various rules and regulations, education and training materials, year-end dinners, and employee trips.</p> <p>3. Communication of opinions: Departments in various locations hold gatherings from time to time, and the HR unit provides employees with an unobstructed channel for expressing opinions.</p>
Insurance and medical condolences	<p>1. The Company has purchased labor insurance (including occupational hazard insurance) and health insurance in accordance with the law, and the Company has separately purchased group insurance for employees.</p> <p>2. The Company pays hospitalization allowance to employees when they are hospitalized.</p>

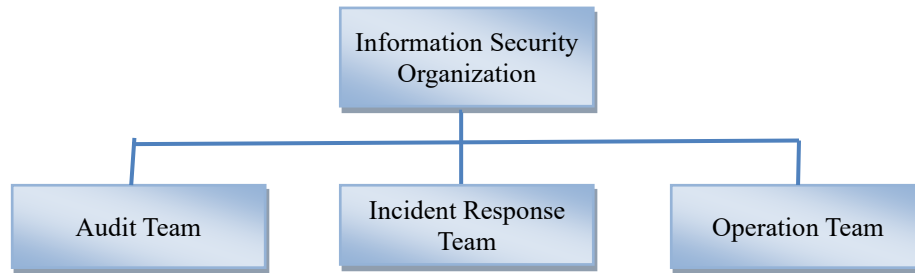
- (II) Losses suffered as a result of labor disputes in the most recent year and up to the date of publication of the annual report (including the violation of the Labor Standards Act as a result of labor inspections, the date of punishment, the reference number of the punishment, the violation of laws and regulations, the content of the violation, and the content of the punishment); and disclose the estimated amount that may be incurred at present and in the future and corresponding measures: None.

VI. Information and communication security management

- (I) The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

Considering that information security is the basis for maintaining the safe operation of various services, the Company has established an internal control system - computer operation cycle to ensure the safety of personnel, data, information systems, equipment and networks, and has implemented internal control systems and maintain information security .

1. Information security policy
 - A. Functions and responsibilities of the information processing department
 - B. System development and program modification control
 - C. Compilation and control of system documentation
 - D. Program and data access control
 - E. Data input/output control
 - F. Data processing control
 - G. Security control of files and equipment
 - H. Control over the purchase, use, and maintenance of hardware and system software
 - I. Control over the system recovery plan and testing procedure
 - J. Control operation of cybersecurity inspection
 - K. Management of public information reporting
2. Information security organizational structure
- 3.



Team Name	Job Responsibilities
Audit Team	<ol style="list-style-type: none"> 1. Audit the implementation of information security management, and submit the audit report and related recommendations. 2. Unscheduled inspection of the effectiveness and safety of various control measures within the applicable scope of the information security management system. 3. Regularly review the current personal data/information security system, assess and plan risk control improvements or enhancement measures. 4. Strengthen internal consensus on implementation and supervise the effectiveness of internal implementation. 5. Review the process and adjust the superfluous steps or reduce the personnel or system privileges on the premise of reasonable operation to effectively reduce the related risks in the process.
Incident Response Team	<ol style="list-style-type: none"> 1. Development of operational-related information security policies and procedures. 2. Establishment, expansion, maintenance, monitoring, adjustment, backup and rescue of operating systems. 3. Management of software, hardware, systems and databases related to daily operations. 4. The information system control and authority are adjusted accordingly, and the risk control measures for information security and personal data protection are implemented. 5. Establish and implement an accident reporting mechanism for personal information/information security incidents. 6. Reporting and implementation of the relevant emergency response procedures according to the plan after the accident. 7. Planning, assessment and implementation of the business continuity plan.
Operation Team	<ol style="list-style-type: none"> 1. Planning, evaluation and drill of the business continuity plan. 2. Execution of emergency response procedures for the operation system. 3. Formulate contact information for stakeholders related to business continuity, continuous improvement and tracking, and implementation records.

4. Network management

All servers used in the system are located in the internal virtual network, protected by firewalls, and cannot be accessed directly from the external network due to isolation. Anti-virus software is installed on internal systems and personal computers to block malicious

virus software in real time. Mail is hosted by FET, and has anti-drug and spam blocking services. They should regularly check the information security technology and service website, such as the National Information and Communication Security Council, to grasp the latest network security information and preventive measures.

5. System management

The computer system should have sufficient privilege management. New employees or privilege changes should have their privileges set in accordance with the computer cycle method. For resigned employees, the IT personnel should immediately lock, stop, or remove their accounts and privileges in accordance with the handling procedure to prevent unauthorized use.

6. Data access

The report exported from the departmental data output system shall show the basic letter header, name of person or unit who prints the report, date, and so on. The report shall be reviewed by an appropriate supervisor before distribution.

To prevent the leakage of personal data and company secrets, large amounts of data must be extracted in accordance with the computer operation cycle.

7. Continuous operation of the data system

To ensure the security of data, systems, equipment and network communications, a data backup mechanism has been established, including daily database backups, monthly NAS backups, quarterly off-site backups, and regular disaster recovery drills and tests.

Through internal review and assessment of its security regulations and procedures, the IT department has implemented the Company's internal control system - computer operation cycle in accordance with the operation to ensure the integrity and security of the Company's data. The risk assessment is still good, and there is neither significant adverse impact on the Company's information security due to major cyberattacks nor any risk of being unable to operate.

- (II) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Major contracts

Nature of the contract	Party concerned	Start and end dates of the contract	Main Content	Restrictive clauses
Agent contract	Dassault Systemes SolidWorks Corporation	2018.04 - present	Agent contract for SOLIDWORKS related products	The Companys procurement volume during the contract period must meet the minimum purchase quantity requirements. If the annual minimum procurement volume is not met, SolidWorks may notify 60 days in advance and terminate the cooperative relationship of both parties.
Agent contract	Geomertic Technologies Inc.	2011.03 - present	Agent contract of CAMWORKS related products	There is a minimum monthly purchase requirement.
Agent contract	3D Systems Inc.	2012.02 - present	Agent contract for 3D Systems related products	None
Agent contract	MarkForged Inc.	2016.12 - present	Agent contract for related products of MarkForged	None
Agent contract	Artec Group Inc.	2013.08 - present	Agent contract for related products of Artec	None
Agent contract	Universal Robots A/S	2019.12 - present	Agent contract for UR-related products	None
Agent contract	Formlabs Inc.	2023.05 - present	Representation contract for Formlabs related products	None

Six. Financial Overview

I. Condensed Statement of Financial Position and Statement of Comprehensive Income for the last five years

(I) Condensed Statement of Financial Position and Statement of Comprehensive Income

1. Consolidated Condensed Statement of Financial Position - based on IFRS

Unit: NTD thousands

Year Item		Financial information for the most recent five years (Note 1)					As of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		1,081,801	1,207,542	1,363,473	1,434,164	1,541,351	1,588,597
Property, plant and equipment		220,682	217,788	217,771	217,931	218,795	224,968
Intangible assets		23,010	22,337	22,050	979	1,360	1,241
Other assets		25,393	34,481	37,529	60,348	55,557	54,346
Total assets		1,350,886	1,482,148	1,640,823	1,713,422	1,817,063	1,869,152
Current liabilities	Before distribution	259,841	300,344	327,731	310,364	358,202	344,929
	After distribution	457,316	497,819	525,206	536,050	583,888	Note 3
Non-current liabilities		24,436	31,148	39,647	39,140	33,993	34,324
Total liabilities	Before distribution	284,277	331,492	367,378	349,504	392,195	379,253
	After distribution	481,752	528,967	564,853	575,190	617,881	Note 3
Equity attributable to owners of the parent company		1,066,609	1,150,656	1,273,445	1,363,918	1,424,868	1,489,899
Share capital		282,107	282,107	282,107	282,107	282,107	282,107
Capital reserve		132,625	132,625	132,625	132,625	132,625	132,625
Retained earnings	Before distribution	656,491	739,361	862,641	944,224	1,007,210	1,070,190
	After distribution	459,016	541,886	665,166	718,538	781,524	Note 3
Other equity		-4,614	-3,437	-3,928	4,962	2,926	4,977
Treasury stock		-	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Total shareholders equity	Before distribution	1,066,609	1,150,656	1,273,445	1,363,918	1,424,868	1,489,899
	After distribution	869,134	953,181	1,075,970	1,138,232	1,199,182	Note 3

Note 1: The financial statements from 2019 to 2023 have been audited and attested by CPAs.

Note 2: No revaluation of assets was conducted in each year.

Note 3: The proposal for the distribution of 2023 earnings has not yet been resolved by the shareholders meeting.

2. Consolidated Condensed Comprehensive Income Statement - Based on IFRS

Unit: NTD thousands; EPS in NTD

Item \ Year	Financial information for the most recent five years (Note 1)					
	2019	2020	2021	2022	2023	Current year up to March 31, 2024
Operating revenue	1,229,233	1,290,000	1,381,774	1,394,365	1,447,163	390,583
Gross operating profit	653,733	679,397	733,982	747,810	756,570	176,937
Operating profit or loss	311,901	341,358	385,689	369,900	340,382	74,250
Non-operating income and expenses	23,467	15,347	27,118	27,583	24,226	4,541
Net profit before tax	335,368	356,705	412,807	397,483	364,608	78,791
Current net income from continuing operations	266,358	280,714	320,285	306,094	288,608	62,980
Losses from discontinued operations	-	-	-	-	-	-
Net income (loss) for the period	266,358	280,714	320,285	306,094	288,608	62,980
Other comprehensive income for the period (net amount after tax)	-507	808	-21	10,065	-1,972	2,051
Total comprehensive income for the period	265,851	281,522	320,264	316,159	286,636	65,031
Net profit attributable to the owners of the parent company	266,358	280,714	320,285	306,094	288,608	62,980
Net profit attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to the owners of the parent company	265,851	281,522	320,264	316,159	286,636	65,031
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
Earnings per share	9.44	9.95	11.35	10.85	10.23	2.23

Note 1: The financial statements from 2019 to 2023 have been audited and attested by CPAs.

3. Condensed parent company only statement of financial position - based on IFRS

Unit: NTD thousands

Item	Year	Financial information for the most recent five years (Note 1)					As of March 31, 2024
		2019	2020	2021	2022	2023	
Current assets		981,681	1,092,258	1,233,543	1,260,747	1,389,231	
Property, plant and equipment		218,345	216,491	214,819	216,113	214,110	
Intangible assets		22,997	22,337	22,050	979	1,360	
Other assets		81,518	105,537	131,141	179,289	188,189	
Total assets		1,304,541	1,436,623	1,601,553	1,657,128	1,792,890	
Current liabilities	Before distribution	219,188	259,114	290,217	260,710	334,029	
	After distribution	416,663	456,589	487,692	486,396	559,715	Note 3
Non-current liabilities		18,744	26,853	37,891	32,500	33,993	
Total liabilities	Before distribution	237,932	285,967	328,108	293,210	368,022	
	After distribution	435,407	483,442	525,584	518,896	593,708	Note 3
Equity attributable to owners of the parent company		1,066,609	1,150,656	1,273,445	1,363,918	1,424,868	Not applicable
Share capital		282,107	282,107	282,107	282,107	282,107	
Capital reserve		132,625	132,625	132,625	132,625	132,625	
Retained earnings	Before distribution	656,491	739,361	862,641	944,224	1,007,210	
	After distribution	459,016	541,886	665,166	718,538	781,524	Note 3
Other equity		-4,614	-3,437	-3,928	4,962	2,926	
Treasury stock		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total shareholders equity	Before distribution	1,066,609	1,150,656	1,273,445	1,363,918	1,424,868	
	After distribution	869,134	953,181	1,075,970	1,138,232	1,199,182	Note 3

Note 1: The financial statements from 2019 to 2023 have been audited and attested by CPAs.

Note 2: No revaluation of assets was conducted in each year.

Note 3: The proposal for the distribution of 2023 earnings has not yet been resolved by the shareholders meeting.

4. Condensed parent company only statement of comprehensive income - based on IFRS

Unit: NTD thousands; EPS in NTD

Item \ Year	Financial information for the most recent five years (Note 1)					
	2019	2020	2021	2022	2023	Current year up to March 31, 2024
Operating revenue	1,068,145	1,129,779	1,209,832	1,211,309	1,260,260	
Gross operating profit	579,560	612,653	655,198	659,438	673,840	
Operating profit or loss	305,638	331,183	373,216	353,198	337,114	
Non-operating income and expenses	27,492	21,323	31,615	34,499	24,908	
Net profit before tax	333,130	352,506	404,831	387,697	362,022	
Continuing operations Net income for the period	266,358	280,714	320,285	306,094	288,608	Not applicable
Losses from discontinued operations	-	-	-	-	-	
Net income (loss) for the period	266,358	280,714	320,285	306,094	288,608	
Other comprehensive income in the current period (net amount after tax)	-507	808	-21	10,065	-1,972	
Total comprehensive income for the period	265,851	281,522	320,264	316,159	286,636	
Earnings per share	9.44	9.95	11.35	10.85	10.23	

Note 1: The financial statements from 2019 to 2023 have been audited and attested by CPAs.

(II) Names and audit opinions of CPAs in the last 5 years

Year	Name of Firm	Name of CPA	Audit Opinions
2019	PwC Taiwan	Shu-Chiung Chang, Shu-Fen Yu	Unqualified opinion
2020	PwC Taiwan	Shu-Chiung Chang, Shu-Fen Yu	Unqualified opinion
2021	PwC Taiwan	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2022	PwC Taiwan	Shu-Chiung Chang, Chun-Yao Lin	Unqualified opinion
2023	PwC Taiwan	Sung-Tse Wang, Chun-Yao Lin	Unqualified opinion

Note: The financial statements from 2019 to 2023 have been audited and attested by CPAs.

II. Financial analysis for the last five years

1. Adoption of International Financial Reporting Standards (consolidated financial statements)

Analysis Item		Year	Financial Analysis for the Most Recent Five Years				
		2019	2020	2021	2022	2023	Current year up to March 31, 2024
Financial structure %	Debt to asset ratio	21.04	22.37	22.39	20.40	21.58	20.29
	Long-term capital to property, plant and equipment ratio	494.40	542.64	602.97	643.81	666.77	677.53
Solvency capability %	Current ratio	416.33	402.05	416.03	462.09	430.30	460.56
	Quick ratio	379.20	381.41	398.75	432.55	380.25	426.06
	Interest coverage ratio	883.55	2,074.87	2,373.45	4,185.03	4,928.12	2,318.38
Operating ability	Accounts receivable turnover rate (times)	3.28	3.18	3.03	3.01	3.23	3.51
	Average collection days	111	115	120	121	113	104
	Inventory turnover (times)	7.11	7.20	9.64	8.77	5.25	4.76
	Accounts payable turnover (times)	5.74	5.15	4.72	4.78	4.08	4.21
	Average number of days of sales	51	51	38	42	70	77
	Property, plant and equipment turnover (times)	5.58	5.88	6.34	6.40	6.63	7.04
	Total asset turnover (times)	0.93	0.91	0.88	0.83	0.82	0.85
Profitability	Return on assets (%)	20.16	19.83	20.52	18.26	16.35	13.67
	Return on equity (%)	25.62	25.32	26.43	23.21	20.70	17.29
	Ratio of pre-tax net profit to paid-in capital (%)	118.88	126.44	146.33	140.90	129.24	111.72
	Net profit margin (%)	21.67	21.76	23.18	21.95	19.94	16.12
	Earnings per share (NTD)	9.44	9.95	11.35	10.85	10.23	2.23
Cash flow	Cash flow ratio (%)	97.56	102.32	100.02	97.86	74.11	49.81
	Cash flow adequacy ratio (%)	122.64	133.57	136.76	143.54	122.31	136.47
	Cash reinvestment ratio (%)	3.81	9.22	9.81	5.47	2.69	11.12
Leverage	Operating leverage	1.49	1.43	1.41	1.48	1.56	1.60
	Financial leverage	100%	100%	100%	100%	100%	100%

Analysis of the reasons for the changes in various financial ratios in the last two years: (If the increase or decrease is less than 20%, the analysis can be exempted):

(I) Operating capability
The significant variation in inventory turnover rate in 2023 is due to a substantial increase in inventory levels, primarily to accommodate the reserve for the next months anticipated sales volume.

(II) Cash flow
The greater change in cash flow and cash reinvestment ratio in 2023 was mainly due to the significant decrease in net cash flow from operating activities due to the purchase of inventory of available-for-sale goods in the following month.

2. Adoption of International Financial Reporting Standards (parent company only financial statements)

Analysis Item		Year	Financial Analysis for the Most Recent Five Years				
		2019	2020	2021	2022	2023	Current year up to March 31, 2024
Financial structure %	Debt to asset ratio	18.24	19.91	20.49	17.69	20.53	
	Long-term capital to property, plant and equipment ratio	497.08	543.91	610.44	646.15	681.36	
Solvency capability %	Current ratio	447.87	421.54	425.04	483.58	415.90	
	Quick ratio	410.69	394.93	410.61	455.44	366.99	
	Interest coverage ratio	25,626.38	27,116.85	7,639.32	6,462.62	4,893.19	
Operating ability	Accounts receivable turnover rate (times)	3.24	3.22	3.01	2.92	3.11	
	Average collection days	113	113	121	125	117	
	Inventory turnover (times)	7.35	6.39	10.87	9.75	5.14	
	Accounts payable turnover (times)	5.87	5.17	4.58	4.71	3.81	
	Average number of days of sales	50	57	34	37	71	
	Property, plant and equipment turnover (times)	4.91	5.20	5.61	5.62	5.86	Not applicable
	Total asset turnover (times)	0.84	0.82	0.80	0.74	0.73	
Profitability	Return on assets (%)	20.83	20.48	21.09	18.79	16.73	
	Return on equity (%)	25.62	25.32	26.43	23.21	20.70	
	Ratio of pre-tax net profit to paid-in capital (%)	118.09	124.95	143.05	137.43	128.33	
	Net profit margin (%)	24.94	24.85	26.47	25.27	22.90	
	Earnings per share (NTD)	9.44	9.95	11.35	10.85	10.23	
Cash flow	Cash flow ratio (%)	114.94	116.58	100.83	101.57	80.66	
	Cash flow adequacy ratio (%)	120.40	131.10	131.21	130.30	113.62	
	Cash reinvestment ratio (%)	3.67	8.80	7.23	2.76	2.97	
Leverage	Operating leverage	1.44	1.41	1.38	1.45	1.52	
	Financial leverage	100%	100%	100%	100%	100%	

Analysis of the reasons for the changes in various financial ratios in the last two years: (If the increase or decrease is less than 20%, the analysis can be exempted):

(I) Operating capability

The significant variation in inventory turnover rate in 2023 is due to a substantial increase in inventory levels, primarily to accommodate the reserve for the next months anticipated sales volume.

(II) Cash flow

The greater change in cash flow and cash reinvestment ratio in 2023 was mainly due to the significant decrease in net cash flow from operating activities due to the purchase of inventory of available-for-sale goods in the following month.

The formulas for the analysis items are as follows:

1. Financial structure

- (1) Liabilities to assets ratio = Total liabilities/total assets.
- (2) Long-term capital to property, plant and equipment ratio = (Total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency capability

- (1) Current ratio = Current assets/current liabilities.
- (2) Quick ratio = (Current assets - inventory - prepaid expenses) / current liabilities.
- (3) Interest coverage ratio = Net income before income tax and interest expense/interest expense for the current period.

3. Operating ability

- (1) Accounts receivable (including receivables and notes receivable arising from business) turnover = Net sales/ average receivable balance of different periods (including receivables and notes receivable arising from business).
- (2) Average collection days = 365/account receivables turnover.
- (3) Inventory turnover = Cost of sales/average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from business) turnover = Cost of sales/ average payable balance of different periods (including accounts payable and notes payable arising from business).
- (5) Average days in sales = 365/inventory turnover.
- (6) Property, plant and equipment turnover (times) = Net sales/average net property, plant and equipment.
- (7) Total assets turnover = Net sales/ average total assets.

4. Profitability

- (1) Return on assets = [Net income + interest expense x (1-tax rate)] / average total assets.
- (2) Return on equity = Net income/net average equity.
- (3) Net profit margin = Net income/net sales.
- (4) Earnings per share = (profit or loss attributable to parent company shareholders - 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 5 years / (capital expenditure + increase in inventory + cash dividend) in the last 5 years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / operating income.
- (2) Financial leverage = Operating income / (operating income - interest expense).

- III. Please refer to page 111 for the Audit Committees Review Report on the Financial Statements of the Most Recent Year.
- IV. Financial statements for the most recent year: Please refer to Pages 127 to 178.
- V. Consolidated Financial Statements of the Parent and Subsidiaries in the Most Recent Years Audited and Attested by CPAs: Please refer to Page 180 to Page 232 of this annual report.
- VI. The Company and its affiliated companies have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the annual report, and their effects on the Company's financial position: None.

SOLIDWIZARD TECHNOLOGY CO., LTD.
Audit Committees Review Report

The Board of Directors has prepared the Company's 2023 business report, financial statements (including parent company only and consolidated financial statements), and earnings distribution proposal. The financial statements (including parent company only and consolidated financial statements) have been audited and verified by CPAs Song-Tse Wang and Chun-Yao Lin of PwC Taiwan and an Independent Auditors' Report was issued. The above-mentioned business report, financial statements (including parent company only and consolidated financial statements) and earnings distribution proposal have been audited by the Audit Committee, and are considered to be in conformity with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Sincerely,

2024 Shareholders Annual General Meeting of SolidWizard Technology Co.,
Ltd.

Audit Committee Convener: Shun-Fa Chen

March 8, 2024

Seven. Review and Analysis of Financial Position and Financial Performance, and Risks

I. Review and analysis of the financial position (consolidated financial statements)

Unit: NTD thousands

Item \ Annual	2023	2022	Difference	
			Amount	%
Current assets	1,541,351	1,434,164	107,187	7.47
Non-current assets	275,712	279,258	-3,546	-1.27
Total assets	1,817,063	1,713,422	103,641	6.05
Current liabilities	358,202	310,364	47,838	15.41
Non-current liabilities	33,993	39,140	-5,147	-13.15
Total liabilities	392,195	349,504	42,691	12.21
Share capital	282,107	282,107	-	-
Retained earnings	1,007,210	944,224	62,986	6.67
Total equity	1,424,868	1,363,918	60,950	4.47

Analysis of changes in the percentages of increase or decrease: (If the change is more than 20% between the previous and subsequent periods, and the amount of change reaches NTD 5 million) None.

Review and analysis of financial position (parent company only financial statement)

Unit: NTD thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,389,231	1,260,747	128,484	10.19
Financial assets measured at fair value through other comprehensive income - non-current	25,800	25,800		-
Long-term equity investment under equity method	138,451	130,338	8,113	6.22
Property, plant and equipment	214,110	216,113	-2,003	-0.93
Right-of-use assets	7,532	4,754	2,778	58.44
Other non-current assets	7,043	10,239	-3,196	-31.21
Total assets	1,792,890	1,657,128	135,762	8.19
Current liabilities	334,029	260,710	73,319	28.12
Non-current liabilities	33,993	32,500	1,493	4.59
Total liabilities	368,022	293,210	74,812	25.51
Share capital	282,107	282,107	-	-
Retained earnings	1,007,210	944,224	62,986	6.67
Total equity	1,424,868	1,363,918	60,950	4.47

Analysis of changes in the percentages of increase or decrease: (If the change is more than 20% between the previous and subsequent periods, and the amount of change reaches NTD 5 million)

- (1) Increase in current liabilities: Mainly due to the increase in accounts payable.
- (2) Increase in total liabilities: Mainly due to the increase in current liabilities.

II. Review and analysis of financial performance

(I) Comparative analysis of financial performance (consolidated financial statements)

Unit: NTD thousands; %

Item \ Year	2023	2022	Increase (decrease) amount	Percentage of change (%)
Operating revenue	1,447,163	1,394,365	52,798	3.79
Operating cost	690,593	646,555	44,038	6.81
Gross operating profit	756,570	747,810	8,760	1.17
Operating expenses	416,188	377,910	38,278	10.13
Operating profit	340,382	369,900	-29,518	-7.98
Non-operating income and expenses	24,226	27,583	-3,357	-12.17
Net profit before tax	364,608	397,483	-32,875	-8.27
Income tax expense	76,000	91,389	-15,389	-16.84
Net income for the period	288,608	306,094	-17,486	-5.71
Other comprehensive income (net of tax) for the current period	-1,972	10,065	-12,037	-119.59
Total comprehensive income for the period	286,636	316,159	-29,523	-9.34

Analysis of changes in the percentages of increase or decrease: (If the change is more than 20% between the previous and subsequent periods, and the amount of change reaches NTD 5 million)

- (1) Other comprehensive income (net) decreased, mainly due to a reduction in the remeasurement of defined benefit plans, unrealized valuation gains/losses on equity instruments measured at fair value through other comprehensive income, and the decrease in exchange differences on translation of foreign operations.

Comparative analysis of financial performance (parent company only financial statements)

Unit: NTD thousands; %

Item \ Year	2023	2022	Increase (decrease) amount	Percentage of change (%)
Operating revenue	1,260,260	1,211,309	48,951	4.04
Operating cost	586,420	551,871	34,549	6.26
Gross operating profit	673,840	659,438	14,402	2.18
Operating expenses	336,726	306,240	30,486	9.95
Operating profit	337,114	353,198	-16,084	-4.55
Non-operating income and expenses	24,908	34,499	-9,591	-27.80
Net profit before tax	362,022	387,697	-25,675	-6.62
Income tax expense	73,414	81,603	-8,189	-10.04
Net income for the period	288,608	306,094	-17,486	-5.71
Other comprehensive income (net of tax) for the current period	-1,972	10,065	-12,037	-119.59
Total comprehensive income for the period	286,636	316,159	-29,523	-9.34

Analysis of changes in the percentages of increase or decrease: (If the change is more than 20% between the previous and subsequent periods, and the amount of change reaches NTD 5 million)

- (1) Non-operating income and expenses decreased: This is primarily due to a decrease in other income and the share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method.
 - (2) Net other comprehensive income (loss) after tax decreased: This is mainly due to a decrease in the total amount of exchange differences on translation of foreign operations and items that may be reclassified subsequently to profit or loss.
- (II) Expected sales volume and basis, possible impact on the Company's future finance and business, and response plan

The Company expects to continue to promote and sell 3D CAD/CAID/CAE/CAM/PDM/RP/RE software for manufacturing industries and provide technical support in the next year. By obtaining the sole agent license, it can secure and drive the future annual revenue growth. At the same time, with the in-depth and value-added software technical services established by the Company with our customers for many years, it will also expand the Company's revenue sources and technology value. Continuous growth of the Company's sales of 3D graphics software is expected for the coming year.

III. Review and analysis of cash flow

(I) Analysis of cash flow changes in the most recent year

Unit: NTD thousands

Item	Cash inflow (outflow)		Increase (decrease) change	
	2022	2023	Amount	%
Operating activities	303,722	265,456	(38,266)	(12.60)
Investment activities	(4,804)	(12,393)	7,589	157.97
Financing activities	(231,086)	(230,127)	(959)	(0.41)

Analysis of changes in the percentage of increase or decrease:

- (1) Net cash inflow from operating activities decreased by NTD38,266 thousand, mainly due to the increase in inventory and prepayments.
- (2) Net cash outflow from investing activities increased by NTD 7,589 thousand, mainly due to the purchase of machinery and computer equipment.
- (3) Net cash outflow from financing activities decreased by NTD 959 thousand, mainly due to the repayment of lease liabilities.

(II) Improvement plan for insufficient liquidity: As the Company's business is at the profit-making stage, there is no risk of insufficient liquidity and no shortage of cash.

(III) Cash flow analysis for the coming year (2024)

Unit: NTD thousands

Cash balance at the beginning of period	Net cash flow from operating activities for the year	Annual cash inflows (outflows)	Cash surplus (deficit) amount	Remedies for cash shortage	
				Investment plan	Financial planning
908,503	321,541	242,363	987,681	-	-

1. Cash flow analysis for the coming year

The Company expects that the operating activities in the coming year will generate positive cash flow, which is mainly due to operating revenue.

2. Remedies for expected cash shortage and liquidity analysis: None.

IV. The impact of material capital expenditures in the most recent year on financial operations: None.

V. The policy on investment in the most recent year, the main reason for profit or loss, improvement plan, and investment plan for the coming year

(I) Investment policy

The Company's management policy for the investees is based on the "Investment Cycle", "Procedures for Handling Acquisition and Disposal of Assets" and "Regulations for Supervision and Management of Subsidiaries" of the internal control system to regulate various operations of the investees. The investee is required to provide financial statements and analysis reports on a regular basis, as well as the operational and financial reports, so that the Company can fully control its operations. The Company also assigns finance and audit personnel to visit the subsidiaries for actual operations and operational status from time to time, to sample the implementation of internal control operations, and to report to the parent company for management.

(II) Profit or loss from reinvestment

As of December 31, 2023 Unit: NTD thousands

Reinvested business	Investment cost	Main reason for profit or loss			Improvement plan
		Current profit and loss	Investment gains recognized in current period	Description	
SOLIDWIZARD TECHNOLOGY HOLDING CO., LTD	30,947	10,658	10,658	Investment gains	-
UNITEDWIZARD TECHNOLOGY CO.,LTD	30,945	10,658	(Note)	Investment gains	-
UnitedWizard Technology International Trading Co., Ltd.	30,886	10,658	10,658	Operating profit	-

(1) SolidWizard Technology Holding Co.,Ltd.: for investment interest in UnitedWizard Technology Co.,Ltd..

(2) UnitedWizard Technology Co., Ltd.: The investment interest is in Shanghai UnitedWizard Technology International Trading Limited in Mainland China.

(3) Shanghai UnitedWizard Technology International Trading Limited: Shanghai UnitedWizard was established in 2009.

(Note) The profit and loss recognized in the current period is omitted according to the regulations.

(III) Investment plan for the next year: The Company's investment plan for the next year will be carefully evaluated according to the Company's future development needs, and the investment plan will be implemented in accordance with relevant regulations.

VI. Analysis and assessment of risk matters in the most recent year and up to the publication date of this annual report

(I) Impacts of changes in interest rates, exchange rates and inflation on the Company's profit and loss, and future countermeasures:

1. Changes in interest rates:

Unit: NTD thousands

Item	Year		
	2022	2023	As of March 31, 2024
Interest revenue	2,729	6,063	1,651
Interest expense	95	74	34
Net operating revenue	1,394,365	1,447,163	390,583
(interest expense - interest income)/ Net operating income	(0.19%)	(0.41%)	(0.41)%

Policies and countermeasures :

The Company has a sound financial structure and adheres to the principle of conservative and prudent use of funds. To ensure safety and reasonable income, short-term idle funds are deposited in financial institutions with good credit ratings to reduce the risk of interest rate changes.

The Company has cooperated with banks for a long time to maintain a good relationship and obtain better interest rate conditions. In addition, the Company's interest income is higher than the interest expense, so the impact of interest rate changes on the Company's profit is limited.

The Company will continue to monitor the trend of interest rate changes, maintain a

certain level of income and reduce the impact of interest rate changes while maintaining safety and liquidity.

2. Changes in exchange rates:

Unit: NTD thousands

Item \ Year	2022	2023	As of March 31, 2024
Net foreign exchange gains (losses)	(744)	653	813
Net operating revenue	1,394,365	1,447,163	390,583
Net foreign exchange gains (losses)/Net operating revenue	(0.53)%	0.05%	0.21%

Policies and countermeasures :

The Company's products are mainly sold in Taiwan, and the accounts receivable are mainly denominated in NTD; the direct imports from abroad are mainly the Americas, and the accounts payable are mainly denominated in US dollars.

To reduce the exchange rate risk, the specific measures taken by the Company are as follows:

- A. Maintain a close and unobstructed communication channel with the bank, collect exchange rate change information at any time, fully grasp the exchange rate trend, adjust foreign currency positions in a timely manner in order to avoid exchange rate risks and reduce the adverse impact of exchange rate changes on the Company's income.
- B. The exchange rate factor is considered in the sales quotation to ensure the reasonable profit of the Company.

3. The impact of inflation on the Company's income and future countermeasures :

The Company's past profit and loss has not been significantly affected by inflation, and the impact on the Company's profit and loss in the future is expected to be limited. The Company maintains close and good interaction with suppliers and customers, pays attention to changes in market prices at all times, and adjusts purchase and sales prices appropriately to reduce the impact of inflationary changes.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements and guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:

1. Engaging in high-risk and highly leveraged investments

Based on the principle of stability and a pragmatic business philosophy, other than focusing on long-term investments in the Company's related businesses, the Company has not engaged in any high-risk and highly leveraged investments.

2. Lending of funds to others and endorsements/guarantees for others

The Company has established the "Procedures for Loaning of Funds to Others" and the "Procedures for Endorsements and Guarantees" which were approved by the shareholders meeting. All transactions are conducted in accordance with the relevant regulations. The Company has so far neither loaned funds to others nor endorsed/guaranteed for others.

3. Derivative transactions: The Company does not engage in derivative transactions.

(III) Future R&D plans and expected R&D expenses

The Company's future product development and design direction

Product technology type	Technology integration and development direction
Product design database and ERP system integration	Use C# to exchange product data in the product design database and ERP system. Start with the correlation analysis of the bill of materials combined with version management, then establish a data exchange platform, and finally achieve data exchange and cross-platform process management goals.
Cloud CAD design system product line introduction	The rise of cloud products will gradually change the design environment. At present, the solutions for CAD systems on the cloud have matured. They are different from desktop systems. By accommodating the promotion of a cloud design platform, their sales will be made through the Pay on Demand cloud design system that is to be established. It includes industrial design, mechanism design, and analysis and verification applications, on the 3D Experience Platform.
Establishment of product design knowledge base	Establish design processes for different product categories, and use the modeling function in the CAD design tool for appearance, mechanism, and verification. To distinguish the parameters required for application features, we develop the macro function of the CAD tool for parametrization of design methods to reduce differences in them and to accelerate the design process and standardize production tools.
Big data search for product design data	The index system using 3D images and model structures can create functions like a data search engine to perform comprehensive searches of geometry, appearance, and product attributes in the company database. This system will greatly enhance the reuse rate of similar or shared parts in the product design process, shorten the design process, and reduce the time and cost of repetitive production.
Product data management graphic user interface design	Incorporate the graphical interface into Product Data Management to develop visual operations for file management within the Windows operating system, including 2D document preview, interactive 3D documents, graphical document workflows and status dashboards, and add human-machine interfaces increasing affinity for digital management
Processing automation error debugging design	Extend the Design Criteria, define a variety of processing rules with the features provided by the CAD solid model, and compare the processing limit specifications according to the size and the shape of the form, to find out problems before manufacturing, so that design changes can be made in advance, and reduce actual processing errors and costs.

Product technology type	Technology integration and development direction
Product Reverse Engineering and OEM	Currently, various 3D printers of 3D Systems are used to print OEM products commissioned by customers, and 3D scanning measurement methods can be provided for product testing. By combining the two technologies of scanning and printing, we have also developed a standard humanoid figure production process to provide new options for the cultural and creative industries through innovation.
Automated collaborative robot planning	The robotic arm from the Danish company Universal Robots is used together with the gripper provided by On Robot and other professional suppliers for the collaboration part of the factory production automation. The goal is to integrate robotic arms with the machine sensing and control equipment on the production line to achieve the goal of automation instead of manual labor.

The Company expects to maintain a 15% growth in R&D expenses in the coming year, and will adjust the amount and schedule in a timely manner based on the initial product development results and market demand.

- (IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

In addition to operating in accordance with relevant domestic and foreign laws and regulations, the Company always pays attention to the development trends of domestic and foreign policies and changes in laws and regulations in order to fully grasp and respond to changes in the market environment. Evaluations for the recent year show that there is no significant impact on the Company's financial operations.

- (V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

The Company continuously strengthens and improves its engineering capabilities to maintain market competitiveness, and always pays attention to the technological changes related to the industry in which it operates, evaluates its impact on the Company's operations, and makes corresponding adjustments to strengthen and ensure the Company's business development and financial position.

- (VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:

Since its inception, the Company has been actively strengthening internal management and improving service quality management capabilities to establish the Company's image, comply with relevant laws and regulations, and further increase customers' trust in the Company. As of now, there has been no occurrence of events that affects the corporate image.

- (VII) Expected benefits and possible risks of mergers and acquisitions, and countermeasures: The Company currently has no plans for mergers and acquisitions.

- (VIII) Expected benefits and possible risks associated with any plant expansion, and corresponding measures being or to be taken: None.

- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

1. Purchase: Although the purchase of 3D graphics software products represented by the Company is concentrated, the Company has maintained good relations with the purchaser for many years, and the two parties have signed a long-term supply contract. Furthermore, the sales support team

provides a comprehensive, direct sales and value-added services as required due to the product characteristics. At present, there is no other domestic company that can replace it. The cooperation with the purchaser should not have the risk of purchase interruption. In addition, the Company is also actively looking for and obtaining dealerships for other niche products to expand the breadth of the Company's product lines.

2. Sales: The Company's main sales customers are end-users. The number of customers is large and dispersed. There are more than 1,000 direct customers every year, and the proportion of sales to the largest customer does not exceed 5%. There is no risk of sales concentration.
- (X) The impact on the Company, risks, and responsive measures of a massive transfer or change of shares by a director, supervisor, or shareholder holding more than 10% of the shares: for the Director, supervisor, or shareholder holding more than 10% of the shares of the Company, as of the printing date of the annual report, there has been no significant transfer of shares, and the Company's management is stable.
- (XI) Impacts and risks to the Company due to change in governance structure: The Company's operations are stable and profitable, and for the Company's directors, supervisors, or major shareholders holding more than 10% of the shares for the most recent year up to the publication date of this annual report, there has been no significant transfer of management rights. The Company's management rights are stable.
- (XII) Litigious and non-litigious matters (The major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, company supervisor, managerial officer, person with actual responsibility for the firm, major shareholder holding a stake of greater than 10 percent, and/or company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation). Where such a dispute could materially affect the company shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
- (XIII) Other important risks and countermeasures:

Description of information security risk assessment and analysis:

Information security policy: Considering that information security is the basis for maintaining the safe operation of various services, the Company has established an internal control system - computer operation cycle to ensure the safety of personnel, data, information systems, equipment and networks, and has implemented internal control systems and maintain information security.

Information security objectives: The Company's information security objectives are to ensure the confidentiality, integrity, availability, and compliance of various services, establish system security enhancement standards, establish and practice internal software and hardware equipment safety baseline. We define and measure the quantitative indicators of information security performance according to each level and function to confirm the implementation status of the information security management system and whether it achieves information security goals.

Specific implementation measures: Through internal review and assessment of its security regulations and procedures, the IT department implements the internal control system - computer operation cycle guidelines formulated by the Company in accordance with the procedures to ensure the integrity and security of the Company's data.

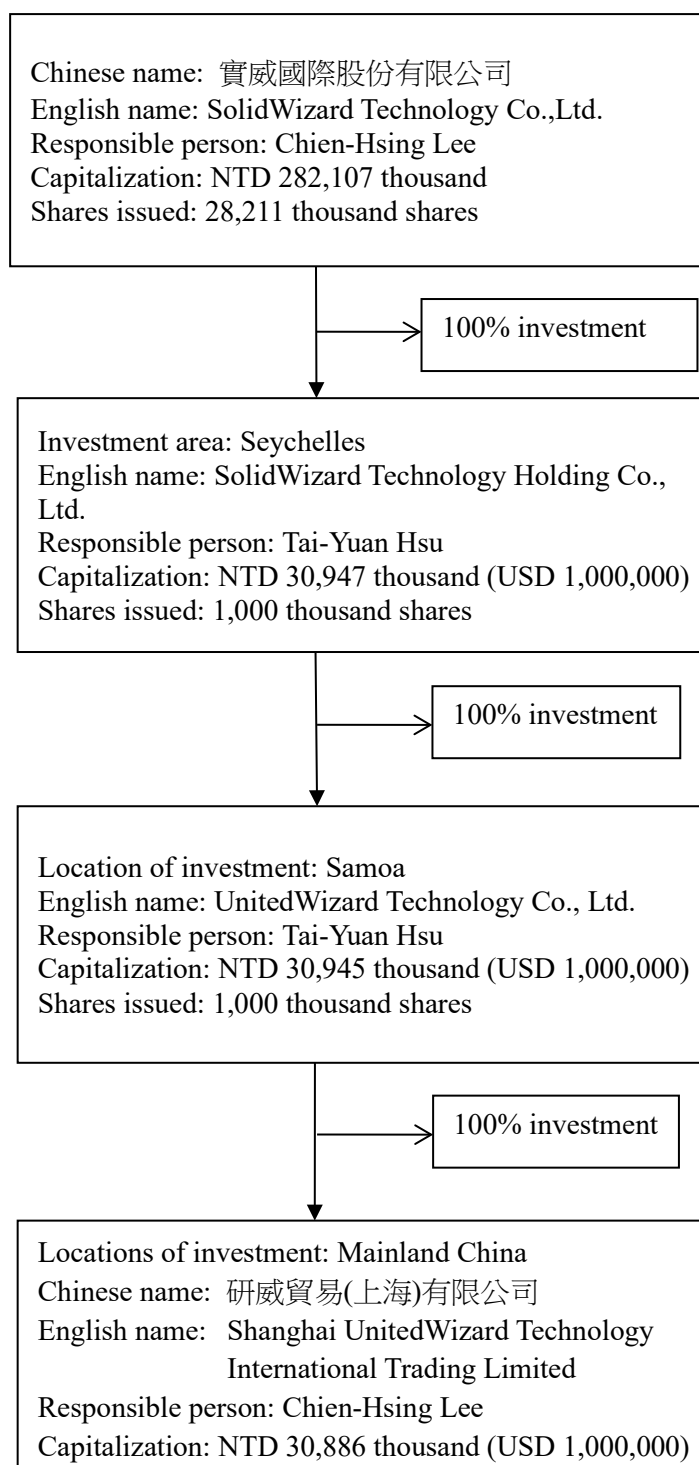
VII. Other important matters: None

Eight. Special Notes

I. Information on affiliates in the most recent year

(I) Consolidated business report of affiliated enterprises in the most recent year (2023)

1. Organizational chart of affiliates



2. Basic information of affiliates

Company name	Date of establishment	Location of the Company	Paid-in capital	Main business items
SolidWizard Technology Holding Co., Ltd.	2008.10.30	Seychelles	30,947 thousand (USD\$1,000,000)	Holding and re-investment affairs
UnitedWizard Technology Co., Ltd.	2008.11.12	Samoa	30,945 thousand (USD\$1,000,000)	Holding and re-investment affairs
Shanghai UnitedWizard Technology International Trading Limited	2009.04.14	Mainland China	30,886 thousand (USD\$1,000,000)	Electronic information supply service and information software wholesale business

3. Information on directors, supervisors, and presidents of affiliated companies

Company name	Job Title	Name or Representative	Number of shares held	Shareholding ratio
SolidWizard Technology Holding Co., Ltd.	Representative	HSU, TAI-YUAN	1,000 thousand shares	100%
UnitedWizard Technology Co., Ltd.	Representative	HSU, TAI-YUAN	1,000 thousand shares	100%
Shanghai UnitedWizard Technology International Trading Limited	Responsible Person	Chien-Hsing Lee	Note	100%

Note: UnitedWizard Technology International Trading is a limited liability company.

4. Operational overview of each affiliated enterprise

Unit: NTD thousands

Company name	Capitalization	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Profit (loss) for the year (after tax)	Earnings per share (after tax)
SolidWizard Technology Holding Co., Ltd.	30,947	165,066	26,614	138,451	0	3,267	10,658	-
UnitedWizard Technology Co., Ltd.	30,945	165,016	26,338	138,678	0	3,267	10,658	-
UnitedWizard Technology International Trading Co., Ltd.	30,886	164,928	26,061	138,867	190,483	3,267	10,658	-

(II) Consolidated financial statements of affiliated enterprises:

1. The consolidated financial statements of the affiliated enterprises are prepared in

the same manner as the Company and the subsidiary - Shanghai UnitedWizard Technology International Trading Limited.

2. Declaration: Please refer to Page 179 of this annual report.

(III) Affiliation report: None.

II. Private placement of securities in the last year up till the publication date of this annual report: None.

III. Holding or disposal of shares in the company by the companys subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters required for supplementary explanation: Commitments not yet completed required for TWSE/TPEX listed companies.

(I) The Company commits to add the following clause in the "Procedures for the Acquisition and Disposal of Assets": "The Company shall not give up its capital increase in SolidWizard Technology Holding Co.,Ltd. in the future fiscal years; SolidWizard Technology Holding Co.,Ltd. shall not give up its capital increase in UnitedWizard Technology in the future fiscal years; UnitedWizard Technology Co.,Ltd. shall not give up its capital increase in Shanghai UnitedWizard Technology International Trading Limited in the future fiscal years. In the future, if the Company needs to give up its capital increase or proceed with the disposal of the shares mentioned above due to strategic alliance considerations or other reasons agreed by the Center, it shall be approved by a special resolution of the Companys board of directors." In case of subsequent amendments to the Procedures, it shall be entered into the Market Observation Post System (MOPS) for material information disclosure and reported to Taipei Exchange for reference.

Implementation status: The above commitments will be fulfilled by the Company in accordance with the relevant rules and procedures of Taipei Exchange.

Nine. Other important matters

Any of the situations listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which may materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent year or during the current year up to the date of publication of the annual report: None.

Independent Auditors' Report

(2024) Letter Cai-Shen-Bao-Zi No. 23004363

To: SOLIDWIZARD TECHNOLOGY CO., LTD.

Audit Opinions

We have audited the accompanying Parent Company Only Statement of Financial Position of SolidWizard Technology Co., Ltd. as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flow 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 position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for the audit opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by entrusted 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 SolidWizard Technology Co., Ltd. in accordance with The Norm of Professional Ethics for Certified Public Accountants 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 audit opinion.

Key audit matters

The key audit matters refer to the most important matters in the audit of the 2023 parent company only financial statements of SolidWizard Technology Co., Ltd. based on the professional judgment of the accountant. These matters were addressed in our audit of the parent company only financial statements as a whole, and in forming our audit opinion. We do not provide a separate opinion on these matters.

The key audit matters of the 2023 parent company only financial statements of SolidWizard Technology Co., Ltd. are as follows:

Accounting estimation of allowance for loss on accounts receivable

Item Description

For the accounting policy of accounts receivable, please refer to the parent company only financial statements Notes IV(VIII) and (IX); for the accounting estimates of accounts receivable loss allowance and the uncertainty of assumptions, please refer to the parent company only financial statements Note V(II) ; for the description of the accounts receivable, please refer to Note VI(III) to the parent company only financial statements.

SolidWizard Technology Co., Ltd. estimates the possible expected credit impairment loss based on historical experience, forward-looking information and other known causes or existing objective evidence, and regularly reviews the reasonableness of its estimated loss estimates. There is a high probability that the accounting estimate may be inappropriate as the evaluation process involves management level of judgment. The judgment is affected by many factors, such as the customers financial status, historical transaction records, and current economic conditions, which may affect the customers ability to pay. Therefore, the relevant supporting documents to support the judgment of the

management are the areas where the audit is required. Therefore, the accountant listed the estimation of the loss allowance on accounts receivable as one of the key audit matters of the year.

Corresponding audit procedures

The main audit procedures that we have performed are as follows:

1. Evaluate the reasonableness of the estimates used by the management to estimate the expected credit losses of accounts receivable, and obtain relevant supporting documents, including: forward-looking adjustments, outstanding accounts' age, post-collection status, and signs that customers may not be able to repay on time.
2. Evaluate the significant expected credit losses identified by the management and the reasonableness of the expected credit loss amount against similar credit risk groups.

Inventory valuation

Item Description

For the accounting policy of inventory valuation, please refer to Note IV(XII) of the parent company only financial statements; for the uncertainty of accounting estimates and assumptions of inventory valuation, please refer to Note V(II) of the parent company only statements; for descriptions of inventory accounting items, please refer to the parent company only statements Note VI(IV).

The main business item of SolidWizard Technology Co., Ltd. is information software sales. These inventories are affected by market demand and competition from manufacturers, and the risk of inventory price loss is higher. Since the amount of inventory of SolidWizard Technology Co., Ltd. is significant, and identifying depreciated and obsolete inventory often involves subjective judgment, the accountant listed the estimate of inventory valuation loss allowance as one of the key audit matters this year.

Corresponding audit procedures

The main audit procedures that we have performed are as follows:

1. Assessing the policy adopted for the allowance for devaluation of inventories according to our understanding of the operation of SolidWizard Technology Co., Ltd. and the nature of the industry.
2. Whether the market price basis for testing the net realizable value is consistent with the policy set by the SolidWizard Technology Co., Ltd., and whether the calculation of the selling price and the net realizable value of individual inventory material numbers is correct.
3. Obtaining the details of obsolete inventory identified by the management, reviewing the relevant documents and reconciling the accounting records.

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 Regulation 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, the management is responsible for assessing SolidWizard Technology Co., Ltd.'s capability 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 SolidWizard Technology Co., Ltd., or to cease operations, or has no realistic alternative but to do so.

The governance unit (including the Audit Committee) of the SolidWizard Technology Co., Ltd. is

responsible for supervising the financial reporting process.

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

Our objectives are to obtain reasonable assurance on whether the Parent Company Only Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit in accordance with the Auditing Standards of the Republic of China will always detect material misstatements in the Parent Company Only Financial Statements. Misstatements can arise from fraud or error. If the individual amounts or the aggregate amount can be reasonably expected to influence the economic decisions of the users of the parent company only financial statements, the misstatements are considered material.

We exercise professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

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. Because fraud may involve collusion, forgery, intentional omission, misstatement or violation of internal control, the risk of material misstatement resulting from fraud is higher than that resulting from error.
2. Obtain necessary understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting based on the audit evidence obtained, and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Parent Company Only Financial Statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue to operate.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements (including related notes), and whether the parent company only financial statements adequately present related transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the entities in the Company, in order to express an opinion on the parent company only financial statements. We are responsible for the guidance, supervision and implementation of the parent company only audit, and we are responsible for forming an audit opinion on the parent company only financial statements.

The matters communicated between us and the governing body include the planned scope and time of the audit, and major audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships that may be thought to undermine our independence and other matters (including related protective measures).

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the Companys 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 shall 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.

PwC Taiwan

Sung-Tse Wang

Certified Public Accountant

Chun-Yao Lin

Financial Supervisory Commission

Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No.
1110349013

Former Securities and Futures Commission, Ministry of
Finance

Approval Letter No.: (85)Tai-Tsai-Cheng (VI) No. 68702

March 8, 2024


 SolidWizard Technology Co., Ltd.
Parent Company Only Statement of Financial Position
December 31, 2023 and 2022

Unit: NTD thousands

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 808,327	45	\$ 777,011	47
1110	Financial assets at fair value through profit or loss - current	VI (II)	21,241	1	20,994	1
1150	Net notes receivable	VI (III)	76,696	4	78,684	5
1170	Net accounts receivable	VI (III) and VII	319,601	18	310,691	19
130X	Inventory	VI (IV)	143,142	8	47,929	3
1410	Prepayments		15,611	1	18,692	1
1470	Other current assets		4,613	-	6,746	-
11XX	Total current assets		<u>1,389,231</u>	<u>77</u>	<u>1,260,747</u>	<u>76</u>
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	VI (VI)	25,800	2	25,800	2
1550	Investment under equity method	VI (V)	138,451	8	130,338	8
1600	Property, plant and equipment	VI (VII) and VIII	214,110	12	216,113	13
1755	Right-of-use assets	VI (VIII)	7,532	-	4,754	-
1780	Intangible assets		1,360	-	979	-
1840	Deferred income tax assets	VI (XIX)	8,268	1	6,702	-
1930	Long-term notes and accounts receivable		1,095	-	1,456	-
1990	Other non-current assets - others		7,043	-	10,239	1
15XX	Total non-current assets		<u>403,659</u>	<u>23</u>	<u>396,381</u>	<u>24</u>
1XXX	Total assets		<u>\$ 1,792,890</u>	<u>100</u>	<u>\$ 1,657,128</u>	<u>100</u>

(continued on next page)


 SolidWizard Technology Co., Ltd.
 Parent Company Only Statement of Financial Position
 December 31, 2023 and 2022

Unit: NTD thousands

Liabilities and equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities - current	VI (XIV)	\$ 5,330	1	\$ 23,024	2
2150	Notes payable		1,314	-	1,314	-
2170	Accounts payable	VII	202,443	11	102,533	6
2200	Other payables	VI (IX)	82,609	5	88,609	6
2230	Current income tax liabilities		37,257	2	38,873	2
2280	Lease liabilities - current		3,922	-	3,496	-
2399	Other current liabilities - Other		1,154	-	2,861	-
21XX	Total current liabilities		<u>334,029</u>	<u>19</u>	<u>260,710</u>	<u>16</u>
Non-current liabilities						
2527	Contract liabilities - non-current	VI (XIV)	-	-	2,280	-
2570	Deferred income tax liabilities	VI (XIX)	23,213	1	21,591	1
2580	Lease liabilities - non-current		3,761	-	1,300	-
2640	Net defined benefit liabilities - non-current	VI (X)	7,019	1	7,329	1
25XX	Total non-current liabilities		<u>33,993</u>	<u>2</u>	<u>32,500</u>	<u>2</u>
2XXX	Total liabilities		<u>368,022</u>	<u>21</u>	<u>293,210</u>	<u>18</u>
Equity						
Share capital						
3110	Common stock capital	VI (XI)	282,107	16	282,107	17
Capital reserve						
3200	Capital reserve	VI (XII)	132,625	7	132,625	8
Retained earnings						
3310	Legal reserve	VI (XIII)	297,382	17	266,655	16
3320	Special reserves		2,801	-	3,928	-
3350	Undistributed earnings		707,027	39	673,641	41
Other equity						
3400	Other equity		2,926	-	4,962	-
3XXX	Total equity		<u>1,424,868</u>	<u>79</u>	<u>1,363,918</u>	<u>82</u>
Material contingent liabilities and unrecognized contractual commitments						
Significant subsequent events						
3X2X	Total liabilities and equity		<u>\$ 1,792,890</u>	<u>100</u>	<u>\$ 1,657,128</u>	<u>100</u>

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

Chairman: Chien-Hsing Lee




Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen




SolidWizard Technology Co., Ltd.
Parent company only statement of comprehensive income
January 1 to December 31, 2023 and 2022

Unit: NTD thousands
(Except for earnings per share in NTD)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	VI (XIV) and VII	\$ 1,260,260	100	\$ 1,211,309	100
5000 Operating cost	VI (IV) and VII	(586,420)	(46)	(551,871)	(46)
5900 Gross operating profit		673,840	54	659,438	54
Operating expenses	VI (XVIII)				
6100 Promotion expenses		(163,028)	(13)	(148,430)	(12)
6200 Administrative expenses		(59,144)	(5)	(58,008)	(5)
6300 R&D expenses		(108,006)	(9)	(97,724)	(8)
6450 Expected credit impairment loss	XII (II)	(6,548)	-	(2,078)	-
6000 Total operating expenses		(336,726)	(27)	(306,240)	(25)
6900 Operating profit		337,114	27	353,198	29
Non-operating income and expenses					
7100 Interest revenue	VI (XV)	5,175	-	2,094	-
7010 Other income	VI (XVI)	6,972	1	8,381	1
7020 Other gains and losses	VI (II) (XVII)	2,177	-	1,218)	-
7050 Financial cost	VI (VIII)	(74)	-	(60)	-
7070 Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using equity method	VI (V)	10,658	1	25,302	2
7000 Total non-operating income and expenses		24,908	2	34,499	3
7900 Net profit before tax		362,022	29	387,697	32
7950 Income tax expense	VI (XIX)	(73,414)	(6)	(81,603)	(7)
8200 Net income for the period		\$ 288,608	23	\$ 306,094	25
Other comprehensive income (net amount)					
Items not reclassified to profit or loss					
8311 Remeasurement of defined benefit plan	VI (X)	\$ 80	-	\$ 1,470	-
8316 Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	VI (VI)	-	-	9,704	1
8349 Income tax related to items not subject to reclassification	VI (XIX)	(16)	-	(2,236)	-
8310 Total of items not reclassified to profit or loss		64	-	8,938	1
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations	VI (V)	(2,545)	-	1,408	-
8399 Income tax related to items that may be reclassified	VI (XIX)	509	-	(281)	-
8360 Total amount of items that may be reclassified subsequently to profit or loss		(2,036)	-	1,127	-
8300 Other comprehensive income (net amount)		(\$ 1,972)	-	\$ 10,065	1
8500 Total comprehensive income for the period		\$ 286,636	23	\$ 316,159	26
Earnings per share	VI (XX)				
9750 Basic earnings per share		\$ 10.23		\$ 10.85	
9850 Diluted earnings per share		\$ 10.21		\$ 10.83	

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

Chairman: Chien-Hsing Lee




Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen




 SolidWizard Technology Co., Ltd.
 Parent company only statement of changes in equity
 January 1 to December 31, 2023 and 2022

Unit: NTD thousands

	Notes	Retained earnings				Other equity			Total equity
		Common stock capital	Capital reserve - issuance premium	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	
2022									
Balance on January 1, 2022		\$ 282,107	\$ 132,625	\$ 234,580	\$ 3,437	\$ 624,624	(\$ 3,928)	\$ -	\$ 1,273,445
Net income for the period		-	-	-	-	306,094	-	-	306,094
Other comprehensive income in the current period		-	-	-	-	1,175	1,127	7,763	10,065
Total comprehensive income for the period		-	-	-	-	307,269	1,127	7,763	316,159
Earnings appropriation and distribution for 2021 VI (XIII) (Note 2)									
Legal reserve		-	-	32,075	-	(32,075)	-	-	-
Special reserves		-	-	-	491	(491)	-	-	-
Cash dividends		-	-	-	-	(225,686)	-	-	(225,686)
Balance as of December 31, 2022		\$ 282,107	\$ 132,625	\$ 266,655	\$ 3,928	\$ 673,641	(\$ 2,801)	\$ 7,763	\$ 1,363,918
2023									
Balance on January 1, 2023		\$ 282,107	\$ 132,625	\$ 266,655	\$ 3,928	\$ 673,641	(\$ 2,801)	\$ 7,763	\$ 1,363,918
Net income for the period		-	-	-	-	288,608	-	-	288,608
Other comprehensive income in the current period		-	-	-	-	64	(2,036)	-	(1,972)
Total comprehensive income for the period		-	-	-	-	288,672	(2,036)	-	286,636
Earnings appropriation and distribution for 2022 VI (XIII) (Note 2)									
Legal reserve		-	-	30,727	-	(30,727)	-	-	-
Special reserves		-	-	-	(1,127)	1,127	-	-	-
Cash dividends		-	-	-	-	(225,686)	-	-	(225,686)
Balance on December 31, 2023		\$ 282,107	\$ 132,625	\$ 297,382	\$ 2,801	\$ 707,027	(\$ 4,837)	\$ 7,763	\$ 1,424,868

Note 1: The remuneration to employees for 2021 was NTD 6,165 and the remuneration to directors and supervisors was NTD 0, which was deducted from the Statement of Comprehensive Income.

Note 2: The remuneration to employees for 2022 was NTD 5,904 and the remuneration to directors and supervisors was NTD 0, which was deducted from the Statement of Comprehensive Income.

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

Chairman: Chien-Hsing Lee




Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen

Chen




SolidWizard Technology Co., Ltd.
Parent company only statement of cash flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flow from operating activities		
Net income before tax for the current period	\$ 362,022	\$ 387,697
Adjustment item		
Income and expenses		
Depreciation expense	VI (VII) (VIII) (XVIII) 10,464	8,842
Amortization expense	VI (IX) (XVIII) 1,981	1,423
Expected credit impairment loss	XII (II) 6,548	2,078
Interest revenue	VI (XV) () 5,175)	(2,094)
Interest expense	VI (VIII) 74	60
Share of profit of subsidiaries under equity method	VI (V) () 10,658)	(25,302)
Gains on disposals of property, plant and equipment	VI (XVII) () 1,680)	-
Net gain on financial assets at fair value through profit or loss	VI (II) (XVII) () 247)	(98)
Changes in assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Notes receivable	3,603	18,968
Accounts receivable	(15,458)	16,066
Inventory	(95,213)	(20,546)
Prepayments	3,081	(6,265)
Other current assets	2,133	(4,670)
Long-term notes and accounts receivable	(1,254)	534
Other non-current assets - others	2,658	3,582
Net changes in liabilities related to operating activities		
Contract liabilities - current	(19,974)	(5,246)
Notes payable	-	54
Accounts payable	99,910	(26,876)
Other payables	(2,063)	(7,186)
Other current liabilities - Other	(1,707)	447
Contract liabilities - non-current	-	2,154
Net defined benefit liabilities	(230)	(193)
Cash inflow from operations	338,815	343,429
Interest paid	(74)	(60)
Interest received	5,175	2,094
Income tax paid	(74,480)	(80,671)
Rounding difference	1	-
Net cash inflow from operating activities	269,437	264,792
Cash flow from investing activities		
Proceeds from acquisition of property, plant and equipment	VI (XXI) () 7,510)	(3,299)
Proceeds from the disposal of property, plant and equipment	1,680	-
Acquisition of intangible assets	VI (XXI) () 2,245)	(1,402)
Net cash outflow from investing activities	(8,075)	(4,701)
Cash flow from financing activities		
Repayment of principal of lease liabilities	VI (XXII) () 4,360)	(3,618)
Distribution of cash dividends	VI (XIII) () 225,686)	(225,686)
Net cash outflow from financing activities	(230,046)	(229,304)
Increase in cash and cash equivalents in the current period	31,316	30,787
Opening balance of cash and cash equivalents	777,011	746,224
Closing balance of cash and cash equivalents	\$ 808,327	\$ 777,011

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

Chairman: Chien-Hsing Lee



Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen




SolidWizard Technology Co., Ltd.
Notes to parent company only financial statements
2023 and 2022

Unit: NTD thousands (unless otherwise specified)

I. Company History

SolidWizard Technology Co., Ltd. (hereinafter referred to as “the Company”) was incorporated in the Republic of China in July 2005, and was listed for trading on the Taipei Exchange on September 19, 2012. The Company mainly engages in the R&D of IT software, electronic information supply service and wholesale of IT software.

II. Approval Date and Procedure of Financial Statements

The parent company only financial statements were approved by the Board of Directors for release on March 8, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the adoption of the newly issued and amended IFRSs that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New/revised/amending standards and interpretations</u>	<u>Effective date by the International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred taxes related to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

The above standards and interpretations have no significant impact on the Company’s financial position and financial performance based on the Group’s assessment.

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

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

<u>New/revised/amending standards and interpretations</u>	<u>Effective date by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-Current Liabilities with Contract Terms”	January 1, 2024

Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements" January 1, 2024

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

(III) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

The newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) issued by the IASB but not yet endorsed by the FSC are listed below:

<u>New/revised/amending standards and interpretations</u>	<u>Effective date by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

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

IV. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the parent company only financial statements are as follows. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance Statement

The parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. Except for the following important items, the parent company only financial statements are prepared at historical cost:

- (1) Financial assets and liabilities measured at fair value through profit or loss.
- (2) Financial assets and liabilities measured at fair value through other comprehensive income.
- (3) Defined benefit liabilities recognized at the net value of the pension fund assets deducting the present value of the defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are

significant to the parent company only financial statements are disclosed in Note V.

(III) Foreign currency translation

The items listed in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The presentation currency of the parent company only financial statements is the functional currency of the Company, which is the “NTD”.

1. Transactions and balances in foreign currencies

- (1) Foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date or measurement date, and the translation differences arising from the translation of such transactions are recognized in profit or loss for the current period.
- (2) The balance of monetary assets and liabilities denominated in foreign currencies is evaluated and adjusted according to the spot exchange rate on the Statement of Financial Position date, and the translation difference arising from the adjustment is recognized in the current profit or loss.
- (3) For the balance of non-monetary assets and liabilities denominated in foreign currencies measured at fair value through profit or loss, they are adjusted using the spot exchange rate on the Statement of Financial Position date, and the exchange difference arising from the adjustment is recognized in profit or loss for the current period. For those measured at fair value through comprehensive income, it is adjusted according to the spot exchange rate on the Statement of Financial Position date, and the exchange difference arising from the adjustment is recognized in other comprehensive income; for those that are not measured at fair value, they will be measured by the historical exchange rate measurement on the initial trading date.
- (4) All foreign exchange gains and losses are presented in the "other gains and losses" of the income statement.

2. Translation of foreign operations

- (1) For all company entities, affiliates and joint agreements for which the functional currency is different from the presentation currency, the operating results and financial position shall be translated into the presentation currency in the following manners:
 - A. Assets and liabilities expressed in each Statement of Financial Position are translated at the closing exchange rate on the Statement of Financial Position date;
 - B. The income, expenses and losses expressed in each Statement of Comprehensive Income are translated at the average exchange rate of the current period; and
 - C. All exchange differences arising from translation are recognized in other comprehensive income.
- (2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income are re-attributable to the non-controlling interests of the foreign operation on a pro rata basis. However, if the Company

still retains part of the equity of the former subsidiary but has lost the control over the subsidiary of the foreign operating organization, it will be treated as a disposal of all the equity of the foreign operating organization.

(IV) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:

- (1) The asset is expected to be realized, intended to be sold or consumed in the normal business cycle.
- (2) Those held mainly for the purpose of trading.
- (3) Expected to be realized within 12 months after the Statement of Financial Position date.
- (4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities for at least 12 months after the Statement of Financial Position date.

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

2. Liabilities that meet one of the following conditions are classified as current liabilities:

- (1) Those that are expected to be settled in the normal business cycle.
- (2) Those held mainly for the purpose of trading.
- (3) Those that are expected to be settled within 12 months after the Statement of Financial Position date.
- (4) The repayment deadline cannot be unconditionally deferred to at least 12 months after the Statement of Financial Position date. The terms of the liabilities that may, at the option of the counterparty, result in settlement by the issue of equity instruments does not affect its classification.

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

(V) Cash equivalents

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

(VI) Financial assets measured at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Company adopts trade date accounting for financial assets measured at fair value through gains and losses that are customary transactions.
3. The Company measures at fair value at the time of initial recognition, and the related transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Company shall recognize the dividends in the profit or loss.

(VII) Financial assets measured at fair value through other comprehensive income

1. Refers to an irrevocable choice at initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
 - (1) The financial assets are held under the business model for the purpose of collecting contractual cash flows and selling them.
 - (2) The cash flow on a specific date of the contractual terms of the financial asset is solely for the payment of the principal and the interest on the outstanding principal.
2. The Company adopts trade date accounting for financial assets measured at fair value through other comprehensive income in line with trading practices.
3. The Company measures the fair value plus transaction cost at the time of initial recognition, and then measures at fair value. Changes in fair value of equity instruments are recognized in other comprehensive income, and at the time of derecognition, the accumulated profit or loss previously recognized in other comprehensive income shall not be reclassified as profit or loss and transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Company shall recognize the dividends in the profit or loss.

(VIII) Accounts and notes receivable

1. Refer to accounts and notes with the unconditional right to receive the amount of consideration exchanged for the transfer of goods or services as agreed in the contract.
2. For short-term accounts and notes receivable with unpaid interest, as the discounting effect is insignificant, the Company measures them at the original invoice amount.

(IX) Impairment of financial assets

On each Statement of Financial Position date, the Company considers all reasonable and verifiable information (including forward-looking types) with respect to accounts receivable or contractual assets that comprise of a significant portion of its financial components. If the credit risk has not increased significantly since the initial recognition, the allowance loss is measured at the 12-month expected credit loss amount; if the credit risk has increased significantly since the initial recognition, the allowance loss is measured at the lifetime expected credit loss amount; it does not include the accounts receivable or contract assets that comprise a significant portion of its financial components, and the allowance for loss is measured at the lifetime expected credit losses.

(X) Derecognition of financial assets

When the contractual right to receive the cash flow from the financial asset expires, the financial asset will be derecognized.

(XI) Lease transactions with lessees - right-of-use assets/lease liabilities

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

2. Lease liabilities are recognized by discounting the unpaid lease payments at the present value of the Company's incremental borrowing rate at the commencement date of the lease. Lease payments include fixed payments less any lease incentives receivable.
3. Subsequent adoption of the interest method and the amortized cost method, and the interest expense is recognized during the lease term. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be remeasured.
4. Right-of-use assets are recognized at cost on the lease start date, including:
 - (1) The initially measured amount of the lease liability;
 - (2) Any lease payment paid on or before the commencement date;

The subsequent measurement is based on the cost model, and the depreciation expense is accrued at the earlier of the useful life of the right-of-use assets or the end of the lease term. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(XII) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. When comparing the lower of the cost or the net realizable value, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal business process less the estimated cost of completion and the estimated cost of sales balance.

(XIII) Investment under equity method/subsidiary

1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. The unrealized gains and losses arising from the transactions between the Company and its subsidiaries have been written off. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The share of profit or loss after the acquisition of the subsidiary by the Company is recognized as the current profit or loss, and the share of other comprehensive income after the acquisition of the subsidiary is recognized as other comprehensive income. If the share of loss recognized by the Company in a subsidiary equals or exceeds the equity in the subsidiary, the Company continues to recognize losses in proportion to its shareholding.
4. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
5. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the profit or loss during the period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the period and of other

comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis; and the owners equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant and equipment are recorded at acquisition cost.
2. The subsequent cost is included in the book value of the asset or recognized as an individual asset only when the future economic benefits related to the item are likely to flow into the Company and the cost of the item can be reliably measured. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized in profit or loss for the current period when incurred.
3. The cost model is adopted for the subsequent measurement of property, plant and equipment. Except for land that is not depreciated, the depreciation is calculated using the straight-line method according to the estimated service life. Significant properties, plant and equipment are depreciated separately.
4. The Company reviews the residual value, useful life and depreciation method of each asset at the end of each fiscal year. If the residual value and expected useful life are different from the previous estimates, or if there is a significant change in the expected consumption pattern of benefits in the future economic benefits, the Company shall follow IAS 8 “Accounting Policies, Changes and Errors in Accounting Estimates” from the date of the change in accounting estimates. The durability of each asset is as follows:

Buildings and structures	
Houses	35 - 50 years
Decoration project	5 years
Office equipment	3 years

(XV) Intangible assets

The Company’s intangible assets is computer software recognized at the original cost and amortized using the straight-line method over their estimated useful lives of 1 to 2 years.

(XVI) Impairment of non-financial assets

On the Statement of Financial Position date, the recoverable amount of assets with signs of impairment is estimated. When the recoverable amount is lower than the book value, it is recognized as impairment loss. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When the impairment loss of the asset recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the book value of an asset increased by the reversal of the impairment loss shall not exceed the book value obtained after deducting depreciation or amortization under the circumstance when the asset was not recognized for impairment loss.

(XVII) Accounts and notes payable

1. Refers to debts incurred from the purchase of raw materials, commodities or labor services on credit, and notes payable due to business and non-business reasons.
2. For short-term accounts and notes payable with unpaid interest, as the

discounting effect is insignificant, the Company measures them at the original invoice amount.

(XVIII) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired.

(XIX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and are recognized as expenses when the related services are provided.

2. Pension

(1) Definite contribution plan

For the defined contribution plan, the amount that should be allocated to the pension fund is recognized as the current pension cost on an accrual basis. Prepaid allocations are recognized as assets within the scope of refundable cash or reduced future payments.

(2) Defined benefit plan

A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by employees in the current period or in the past, and the present value of the defined benefit obligation on the Statement of Financial Position date less the fair value of the planned assets. The net defined benefit obligation is calculated by the actuary using the projected unit benefit method every year, and the discount rate is determined by reference to the market yield rate of the high-quality corporate bond on the Statement of Financial Position date and the currency and period; for countries without a deep market, the market yield rate of government bonds (on the Statement of Financial Position date) is used.

B. The remeasurement of the defined benefit plan is recognized in other comprehensive income in the period in which it occurs, and is expressed in the retained earnings.

C. Expenses related to the service cost in the previous period are immediately recognized in profit or loss.

3. Remuneration to employees and directors and supervisors

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. In the case of the distribution of employee remuneration in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(XX) Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except for items included in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity.

2. The Company calculates the income tax for the current period based on the tax rate that has been enacted or substantially enacted in the countries where the Company is operating and generating taxable income on the Statement of Financial Position date. The management regularly evaluates the status of income tax returns in accordance with applicable income tax related laws and regulations, and where applicable, estimated income tax liabilities are based on the expected tax payments to the taxing authorities. Undistributed earnings are subject to income tax in accordance with the Income Tax Act. The generated earnings will be approved by the shareholders' meeting in the following year and based on the actual distribution of earnings, recognized as income tax expense of undistributed earnings.
3. Deferred income tax is recognized in accordance with the Statement of Financial Position method based on the temporary difference between the tax bases of assets and liabilities and their carrying amounts in the Parent Company Only Statement of Financial Position. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized if the deferred income tax is derived from the initial recognition of the assets or liabilities in the transaction (excluding business merger), and those that do not affect accounting profits or taxable income (taxable losses) are not recognized. If the temporary difference generated by investing in subsidiaries, the Company can control the time point for the temporary difference to reverse, and the temporary difference is very likely not to be reversed in the foreseeable future, it is not recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted at the Statement of Financial Position date and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized within the scope where the temporary difference is likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each Statement of Financial Position date.

(XXI) Share capital

Common shares are classified as equity. The net amount after deducting income tax of the incremental cost directly attributable to the issuance of new shares or stock options is recognized as a reduction of price in equity.

(XXII) Dividend distribution

Dividends distributed to the Company's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred as common shares on the record date of issuance of new shares.

(XXIII) Revenue recognition

1. Sales of goods

- (1) The Company sells information software and 3D printing machine related products, and the sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer, and the Company has no outstanding performance obligations affecting the customer's acceptance of the product. When the product is transported to the designated location, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the

product according to the sales contract, or there is objective evidence to prove that all acceptance standards have been met, the delivery of goods occurs.

- (2) Accounts receivable are recognized when the goods are delivered to the customer, as the Company has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

2. Labor revenue and information system consulting services

- (1) The Company provides related services such as software certification, education and training, information system utilization analysis reports, and system improvement plans. The income from labor services and information system consulting services is recognized as income during the financial reporting period when the service is provided to the customer. Revenues from fixed price contracts are recognized based on the percentage of services actually provided as a percentage of the total services to be provided as of the Statement of Financial Position date. The completion percentage of services is determined based on the actual labor hours incurred to the estimated total labor hours. The customer pays the contract amount according to the agreed payment schedule. When the services provided by the Company exceed the payables, it is recognized as a contract asset; if the payables from the customer exceeds the services provided, it is recognized as a contract liability.
- (2) Some of the customer contracts include multiple commodities or services that should be delivered, such as hardware and software installation. In most cases, the installation is simple in nature, does not involve integration services, and can be performed by other companies, so the installation is identified as a separate performance obligation. The transaction price is allocated to each performance obligation in the contract based on the relative individual selling price. When the individual selling price is not directly observable, it is estimated using the expected cost plus profit method. If the contract includes the sale of hardware or software, the revenue from the hardware or software is recognized at the point when it is delivered to the customer, the legal title is transferred to the customer, and the customer has accepted the hardware or software.
- (3) The Company's estimates of income, cost and level of completion are revised subject to changes in circumstances. Any increase or decrease in estimated revenue or cost resulting from a change in estimate is reflected in profit or loss in the period in which the result of the revision is recognized by the management.

V. Major Sources of Significant Accounting Judgments, Estimates, and Assumptions Uncertainty

When the Company prepared these parent company only financial statements, the management used its judgment to determine the accounting policies adopted, and made accounting estimates and assumptions based on the reasonable expectation of future events as of the Statement of Financial Position date. The significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. These estimates and assumptions have risks that may result in significant adjustments to the book values of assets and liabilities in the next financial year. Please refer to the following descriptions of significant accounting judgments, estimates and uncertainties of assumptions:

(I) Important judgments on the adoption of accounting policies

None.

(II) Important accounting estimates and assumptions

1. Assessment of loss allowance for accounts receivable

In the process of assessing the provision for loss, the Company must use judgment and estimate to determine the future recoverability of accounts receivable. The future recoverability is affected by many factors, such as the customer's financial position, historical transaction records and current economic conditions, and many other factors that may affect the customer's ability to pay. If there is doubt about its recoverability, the Company needs to assess the possibility of recovery of the account and make appropriate allowance for losses. The allowance for losses is based on the reasonable expectation of the future events as of the Statement of Financial Position date. In addition, the Company adjusts the loss rate established based on history in a specific period and current information to estimate the loss allowance of accounts receivable based on the global economic information for future-looking considerations. However, the actual results may be different from the estimation, thus, there might be a significant change. On December 31, 2023, the book value of the Company's accounts receivable amounted to NTD 319,601.

2. Inventory valuation

Since inventories must be valued at the lower of cost or net realizable value, the Company must use judgment and estimate to determine the net realizable value of inventories on the Statement of Financial Position date. Due to the impact of market competition, commodity prices may be vulnerable to fluctuations or product sales are not as expected. The Company assesses the amount of inventory on the Statement of Financial Position date due to obsolescence or no market sales value, and offsets the inventory cost to the net realizable value. The evaluation of inventory is mainly based on the demand for products in a specific period in the future, so there may be significant changes. On December 31, 2023, the book value of the Company's inventories was NTD 143,142.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 265	\$ 265
Checking deposits and demand deposits	158,062	226,746
Time deposit	<u>650,000</u>	<u>550,000</u>
	<u>\$ 808,327</u>	<u>\$ 777,011</u>

1. The credit quality of the financial institutions with which the Company interacts is good, and the Company interacts with many financial institutions to diversify credit risks, and the possibility of default is expected to be very low.

2. The Company does not put cash and cash equivalents up for pledge.

(II) Financial assets measured at fair value through profit or loss

<u>Item</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificate	\$ 20,000	\$ 20,000
Valuation adjustment	<u>1,241</u>	<u>994</u>
	<u>\$ 21,241</u>	<u>\$ 20,994</u>

- The breakdown of financial assets measured at fair value through profit or loss recognized in profit or loss is as follows:

	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificate	<u>\$ 247</u>	<u>\$ 98</u>

- The Company does not pledge financial assets measured at fair value through profit or loss.

(III) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 76,696</u>	<u>\$ 78,684</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 332,785	\$ 318,749
Accounts receivable from related parties	2,361	1,096
Less: Loss allowance	<u>(15,545)</u>	<u>(9,154)</u>
	<u>\$ 319,601</u>	<u>\$ 310,691</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 315,271	\$ 76,696	\$ 300,452	\$ 78,684
Within 30 days of overdue	7,898	-	9,908	-
Overdue 31-90 days	5,013	-	3,694	-
Overdue 91-180 days	1,830	-	610	-
Overdue for more than 181 days	<u>5,134</u>	=	<u>5,181</u>	=
	<u>\$ 335,146</u>	<u>\$ 76,696</u>	<u>\$ 319,845</u>	<u>\$ 78,684</u>

The above is an aging analysis based on the number of overdue days.

- The balances of receivables (including notes receivable) of the Company's contracts with customers on December 31, 2023, December 31, 2022, and January 1, 2022 were NTD 411,842, NTD 398,529, and NTD 431,613, respectively.
- The Company did not provide accounts receivable as collateral.
- The best representation of the Company's maximum exposure to credit risk for (1) notes receivable and for (2) accounts receivable before consideration of associated collateral held or other credit enhancements were (1) NTD 76,696 and NTD 78,684, and (2) NTD 319,601 and NTD 310,691, as of December 31, 2023 and 2022, respectively.
- Please refer to Note XII (II) for the credit risk information of related accounts receivable and notes receivable.

(IV) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commodities	\$ 162,078	\$ 66,056
Less: Allowance for devaluation losses	<u>(18,936)</u>	<u>(18,127)</u>
	<u>\$ 143,142</u>	<u>\$ 47,929</u>

Cost of inventories recognized as expense losses by the Company in the current period:

	<u>2023</u>	<u>2022</u>
Cost of sold inventories	\$ 585,611	\$ 553,492
Loss (gain) from price recovery of inventory	<u>809</u>	<u>(1,621)</u>
	<u>\$ 586,420</u>	<u>\$ 551,871</u>

The net realizable value of the inventory in the same period last year rebounded due to the sale of obsolescence inventories, and was recognized as decrease in cost of sales.

(V) Investment under equity method

	<u>2023</u>	<u>2022</u>
January 1	\$ 130,338	\$ 103,628
Share of investment profit or loss under equity method	10,658	25,302
Other changes in equity	(2,545)	1,408
December 31	<u>\$ 138,451</u>	<u>\$ 130,338</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
SolidWizard Technology Holding Co.,Ltd.	<u>\$ 138,451</u>	<u>\$ 130,338</u>

For information on the Companys subsidiaries, please refer to Note IV(III) to the Companys consolidated financial statements for 2023.

(VI) Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equity instrument		
Non-listed, OTC, and emerging stocks	\$ 16,096	\$ 16,096
Valuation adjustment	9,704	9,704
Total	<u>\$ 25,800</u>	<u>\$ 25,800</u>

1. The Company chose to classify the equity investments that are strategic investments as financial assets measured at fair value through other comprehensive profit or loss. The fair values of these investments as of December 31, 2023 and 2022 were both NTD 25,800.
2. Financial assets measured at fair value through other comprehensive income or loss recognized in profit or loss and comprehensive income are detailed as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive income	<u>\$ -</u>	<u>\$ 9,704</u>

(VII) Property, plant and equipment

	<u>2023</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
January 1					
Cost	\$ 157,644	\$ 87,838	\$ 30,895	\$ -	\$ 276,377
Accumulated depreciation	-	(36,840)	(23,424)	-	(60,264)
	<u>\$ 157,644</u>	<u>\$ 50,998</u>	<u>\$ 7,471</u>	<u>\$ -</u>	<u>\$ 216,113</u>
January 1	\$ 157,644	\$ 50,998	\$ 7,471	\$ -	\$ 216,113
Addition	-	177	3,088	727	3,992
Depreciation expense	-	(1,977)	(3,909)	(109)	(5,995)
December 31	<u>\$ 157,644</u>	<u>\$ 49,198</u>	<u>\$ 6,650</u>	<u>\$ 618</u>	<u>\$ 214,110</u>
December 31					
Cost	\$ 157,644	\$ 88,015	\$ 25,136	\$ 727	\$ 271,522
Accumulated depreciation	-	(38,817)	(18,486)	(109)	(57,412)
	<u>\$ 157,644</u>	<u>\$ 49,198</u>	<u>\$ 6,650</u>	<u>\$ 618</u>	<u>\$ 214,110</u>

	<u>2022</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Office equipment</u>	<u>Total</u>
January 1				
Cost	\$ 157,644	\$ 87,838	\$ 24,389	\$ 269,871
Accumulated depreciation	-	(34,482)	(20,570)	(55,052)
	<u>\$ 157,644</u>	<u>\$ 53,356</u>	<u>\$ 3,819</u>	<u>\$ 214,819</u>
January 1	\$ 157,644	\$ 53,356	\$ 3,819	\$ 214,819
Addition	-	-	6,506	6,506
Depreciation expense	-	(2,358)	(2,854)	(5,212)
December 31	<u>\$ 157,644</u>	<u>\$ 50,998</u>	<u>\$ 7,471</u>	<u>\$ 216,113</u>
December 31				
Cost	\$ 157,644	\$ 87,838	\$ 30,895	\$ 276,377
Accumulated depreciation	-	(36,840)	(23,424)	(60,264)
	<u>\$ 157,644</u>	<u>\$ 50,998</u>	<u>\$ 7,471</u>	<u>\$ 216,113</u>

For the information on property, plant and equipment as collateral, please refer to the descriptions in Note VIII.

(VIII) Lease transactions - Lessee

1. The underlying assets leased by the Company include buildings, transportation equipment and other equipment. The lease contract is usually for a period of 1 to 5 years. Lease contracts are negotiated individually and contain various

clauses and terms. No other restrictions are imposed except that the leased assets may not be used as collateral for loans.

2. The lease terms of some of the buildings and buildings leased by the Company are less than 12 months, and the underlying assets leased with low value are the other assets. In addition, as of December 31, 2023 and 2022, the lease payments of the Company for short-term leases were both NTD 116.
3. The book value and recognized depreciation expenses of the right-of-use assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>2023</u>	<u>2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 7,532	\$ 4,754	\$ 4,469	\$ 3,630

4. The additions to the Company's right-of-use assets in 2023 and 2022 were NTD 7,247 and NTD 0, respectively.
5. The information of profit and loss items related to the lease contract is as follows:

	<u>2023</u>	<u>2022</u>
<u>Items affecting current profit or loss</u>		
Interest expense of lease liabilities	\$ 74	\$ 60
Expenses of short-term lease contracts	2,796	1,723
Expenses of low-value asset lease	84	82

6. The total cash outflow for leases of the Company amounted to NTD 7,314 and NTD 5,483 in 2023 and 2022, respectively.

(IX) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 62,022	\$ 58,654
Employee remuneration payable	5,513	5,904
Payable business tax	4,585	14,074
Others	10,489	9,977
	<u>\$ 82,609</u>	<u>\$ 88,609</u>

(X) Pension

- 1.(1) In accordance with the "Labor Standards Act", the Company has established a retirement plan with defined benefits, which applies to the service years of all full-time employees before the "Labor Pension Act" implementation date on July 1, 2005, and the subsequent years of service of employees choosing to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act". If an employee is eligible for retirement, the pension payment is based on the service years and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years (inclusive), and one base figure will be granted for each year of service beyond the 15 years, but the cumulative maximum shall be limited to 45 base figures. The Company contributes 2% of the total salary to the pension fund on a monthly basis, which is deposited with the Bank of Taiwan in the

name of the Labor Pension Fund Supervisory Committee. In addition, the Company estimates the balance of the aforementioned special accounts for labor pension before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

(2) The amounts recognized in the Statement of Financial Position are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 15,238)	(\$ 15,060)
Fair value of plan assets	<u>8,219</u>	<u>7,731</u>
Net defined benefit liabilities	<u>(\$ 7,019)</u>	<u>(\$ 7,329)</u>

(3) Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2023			
Balance on January 1	(\$ 15,060)	\$ 7,731	(\$ 7,329)
Interest revenue	-	100	100
Interest cost of defined benefit obligation	<u>(194)</u>	<u>-</u>	<u>(194)</u>
	<u>(15,254)</u>	<u>7,831</u>	<u>(7,423)</u>
Re-measurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	64	64
Effect of changes in financial assumptions	(131)	-	(131)
Experience adjustment	<u>147</u>	<u>-</u>	<u>147</u>
	<u>16</u>	<u>64</u>	<u>80</u>
Appropriation of pension fund	<u>-</u>	<u>324</u>	<u>324</u>
Balance on December 31	<u>(\$ 15,238)</u>	<u>\$ 8,219</u>	<u>(\$ 7,019)</u>

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance on January 1	(\$ 15,892)	\$ 6,900	(\$ 8,992)
Interest revenue	-	48	48
Interest cost of defined benefit obligation	<u>(110)</u>	<u>-</u>	<u>(110)</u>
	<u>(16,002)</u>	<u>6,948</u>	<u>(9,054)</u>
Re-measurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	528	528
Effect of changes in financial assumptions	891	-	891
Experience adjustment	<u>51</u>	<u>-</u>	<u>51</u>
	<u>942</u>	<u>528</u>	<u>1,470</u>
Appropriation of pension fund	<u>-</u>	<u>255</u>	<u>255</u>
Balance on December 31	<u>(\$ 15,060)</u>	<u>\$ 7,731</u>	<u>(\$ 7,329)</u>

(4) The assets of the Company's defined benefit pension plan fund are invested by the Bank of Taiwan in accordance within the proportion and amount of entrusted operating projects set out in the annual investment utilization plan and in accordance with Article 6 of the Regulations Governing the Revenue, Expenditures, Safeguard and Utilization of the Labor Pension Fund (i.e. deposits with domestic and foreign financial institutions, investment in domestic and foreign listed, OTC or private equity securities, and investment in domestic and foreign real estate securitization products), and the relevant utilization is supervised by the Labor Pension Fund Supervisory Board. For the use of the fund, the minimum income distributed in the annual final accounts shall not be lower than the income calculated based on the local bank's two-year time deposit interest rate; if there is any deficiency, the national treasury shall make up for it after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with IAS 19 Paragraph 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government for each year.

(5) The actuarial assumptions about pension fund are summarized as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.30%</u>
Future salary increase rate	<u>3.00%</u>	<u>3.00%</u>

The assumption of mortality in the future is based on the 6th cycle of the

Taiwan Life Insurance Industry Empirical Life Tables.

The analysis of the impact on the present value of defined benefit obligation due to the change of major actuarial assumptions is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u> <u>0.25%</u>	<u>Decrease by</u> <u>0.25%</u>	<u>Increase by</u> <u>0.25%</u>	<u>Decrease by</u> <u>0.25%</u>
December 31, 2023				
Impact on present value of defined benefit obligation	<u>(\$ 324)</u>	<u>\$ 335</u>	<u>\$ 328</u>	<u>(\$ 320)</u>
December 31, 2022				
Impact on present value of defined benefit obligation	<u>(\$ 351)</u>	<u>\$ 363</u>	<u>\$ 356</u>	<u>(\$ 346)</u>

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the Statement of Financial Position.

The methods and assumptions used in the preparation of the sensitivity analysis in the current period are the same as those in the previous period.

- (6) The Company expects to contribute NTD 272 to the pension plan in 2024.
- (7) As of December 31, 2023, the weighted average duration of the pension plan was 8 years. The maturity analysis of pension payment is as follows:

Within 1 year	\$	407
1-2 years		506
2-5 years		1,379
More than 5 years		<u>14,223</u>
	<u>\$</u>	<u>16,515</u>

- 2.(1) Since July 1, 2005, the Company has established a defined retirement contribution in accordance with the "Labor Pension Act", which is applicable to employees of Taiwanese nationals. For employees choosing the labor pension system under the "Labor Pension Act", the Company contributes 2% of the monthly salary to the personal accounts of the employees with the Labor Insurance Bureau. The pension is paid according to the individual pensions of the employees and the amount of accumulated income and is withdrawn as monthly pension or lump sum.

- (2) In 2023 and 2022, the Company recognized pension costs of NTD 11,248 and NTD 10,298 in accordance with the above regulations.

(XI) Share capital

- On December 31, 2023, the Company's authorized capital was NTD 350,000 divided into 35,000 thousand shares, and the paid-in capital was NTD 282,107 with a face value per share of NTD 10 per share. Payment for the issued shares of the Company has been received.
- The number of outstanding ordinary shares at the beginning and the end of the period is adjusted as follows:

(Unit: Thousand shares)

	<u>2023</u>	<u>2022</u>
Closing (i.e. beginning)	<u>\$ 28,211</u>	<u>\$ 28,211</u>

(XII) Capital reserve

Pursuant to the Company Act, the premium from the issuance of shares above par value and the additional capital reserve from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated losses, new shares are issued to shareholders in proportion to their existing shares. In addition, the Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital reserve to make up for capital loss unless there is still insufficient reserves to make up for the capital loss.

(XIII) Retained earnings

1. If the Company has a profit in the annual final account, it shall first pay tax and make up for accumulated losses, and then appropriate 10% as a surplus reserve, except when the legal reserve has reached the same amount as the Company's paid-in capital. In addition, the special reserve may be set aside or reversed depending on the company's operational needs and laws and regulations. For the remaining undistributed earnings at the beginning of the same period, the board of directors will propose an earnings distribution plan and submit it to the shareholders meeting for resolution to distribute shareholders dividends.
2. The Company's dividend policy is based on the Company Act and the Company's Articles of Incorporation, with a sound financial structure as the principle. The Company's dividends are distributed in the form of stock dividends, cash dividends, or both. In principle, the distribution of cash dividends shall not be less than 20% of the distributable earnings. If there is any major capital expenditure plan in the future, the percentage of distribution of stock dividends may be increased with the approval of the shareholders meeting for up to the entire amount may be distributed in stock dividends.
3. The legal reserve cannot be used for purposes other than to cover the accumulated losses of the company and for issuance of new shares or cash to shareholders in proportion of their original shareholding percentage. However, for the issuance of new shares or cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
- 4.(1) The 2022 earnings distribution resolved by the shareholders' meeting on May 30, 2023 and the 2021 earnings distribution resolved by the shareholders meeting on May 30, 2022 are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision of legal reserve	\$ 30,727		\$ 32,075	
(Reversed) Provision of special reserve	(1,127)		491	
Distribution of cash dividends to shareholders	<u>225,686</u>	\$ 8.00	<u>225,686</u>	\$ 8.00
	<u>\$ 255,286</u>		<u>\$ 258,252</u>	

- (2) The 2023 earnings distribution was proposed by the Board of Directors on March 8, 2024 as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision of legal reserve	\$ 28,867	
Provision of special reserve	2,036	
Distribution of cash dividends to shareholders	<u>225,686</u>	\$ 8.00
	<u>\$ 256,589</u>	

The aforementioned earnings distribution has not yet been resolved by the shareholders' meeting as of March 8, 2024.

5. For information on the remuneration to employees, directors and supervisors, please refer to Note VI(XVIII).

(XIV) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 1,260,260</u>	<u>\$ 1,211,309</u>

1. Breakdown of revenue from contracts with customers

The Company's income comes from the provision of goods and services that are gradually transferred over time and at a specific point in time. The income can be divided into the following main product lines:

	<u>Information software and maintenance contract business</u>	<u>3D printing and machine business</u>	<u>Certification services and others</u>	<u>Total</u>
<u>2023</u>				
Revenue from contracts with external customers	<u>\$ 1,182,947</u>	<u>\$ 71,856</u>	<u>\$ 5,457</u>	<u>\$ 1,260,260</u>
Revenue recognized at a specific point in time	\$ 1,163,501	\$ 71,856	\$ 1,859	\$ 1,237,216
Income recognized gradually over time	<u>19,446</u>	<u>-</u>	<u>3,598</u>	<u>23,044</u>
	<u>\$ 1,182,947</u>	<u>\$ 71,856</u>	<u>\$ 5,457</u>	<u>\$ 1,260,260</u>

	<u>Information software and maintenance contract business</u>	<u>3D printing and machine business</u>	<u>Certification services and others</u>	<u>Total</u>
<u>2022</u>				
Revenue from contracts with external customers	<u>\$ 1,139,453</u>	<u>\$ 66,765</u>	<u>\$ 5,091</u>	<u>\$ 1,211,309</u>
Revenue recognized at a specific point in time	\$ 1,132,397	\$ 66,765	\$ 634	\$ 1,199,796
Income recognized gradually over time	<u>7,056</u>	<u>-</u>	<u>4,457</u>	<u>11,513</u>
	<u>\$ 1,139,453</u>	<u>\$ 66,765</u>	<u>\$ 5,091</u>	<u>\$ 1,211,309</u>

2. Contract liabilities

- (1) The contractual liabilities related to the customer contract revenue recognized by the Company are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - current:			
Information system upgrade software contract	\$ 5,330	\$ 23,024	\$ 20,060
Contract liabilities - non- current			
Information system upgrade software contract	<u>-</u>	<u>2,280</u>	<u>8,336</u>
	<u>\$ 5,330</u>	<u>\$ 25,304</u>	<u>\$ 28,396</u>

- (2) Revenue from contract liabilities at the beginning of the period recognized in the current period

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Opening balance of contract liabilities recognized as revenue in the current period		
Information system upgrade software contract	<u>\$ 24,602</u>	<u>\$ 14,543</u>

- (3) Unperformed long-term information system upgrade software contract

As of December 31, 2023 and 2022, the amortized contract transaction price for the unperformed (or yet fully fulfilled) part of the long-term information system upgrade software contract signed by the Company and its customers was NTD 5,330 and NTD 28,508, respectively. The management expects that the amortized transaction price of the unsatisfied performance obligation will be recognized as income within one year for December 31, 2023 and 2022, and the amount of NTD 5,330 and NTD

26,069 will be recognized as income, respectively, and the remaining amount is expected to be recognized over two to three years income.

(XV) Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	\$ <u>5,175</u>	\$ <u>2,094</u>

(XVI) Other income

	<u>2023</u>	<u>2022</u>
Commission income	\$ 3,761	\$ 6,242
Other income - others	<u>3,211</u>	<u>2,139</u>
	<u>\$ 6,972</u>	<u>\$ 8,381</u>

(XVII) Other gains and losses

	<u>2023</u>	<u>2022</u>
Net gain on financial assets at fair value through profit or loss	\$ 247	\$ 98
Net foreign exchange gain (loss)	333 (	1,313)
Gains on disposals of property, plant and equipment	1,680	-
Miscellaneous expenses	(83)	(3)
	<u>\$ 2,177</u>	<u>(\$ 1,218)</u>

(XVIII) Additional information on the nature of expenses

By function \ By nature	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expenses	\$ -	\$ 230,512	\$ 230,512	\$ -	\$ 217,199	\$ 217,199
Labor and national health insurance expenses	-	21,729	21,729	-	19,973	19,973
Pension expense	-	11,342	11,342	-	10,360	10,360
Directors' Remuneration	-	2,508	2,508	-	2,508	2,508
Other personnel expenses	-	9,133	9,133	-	8,635	8,635
Depreciation expense	-	10,464	10,464	-	8,842	8,842
Amortization expense	-	1,981	1,981	-	1,423	1,423

Note 1: As of December 31, 2023 and 2022, the number of the Companys employees was 252 and 238 persons, respectively, and the number of directors who did not serve as employees concurrently was 3 persons in both years .

Note 2: The following information is additionally disclosed:

- (1) The average employee benefit expense for the current year was NTD 1,096 thousand; the average employee benefit expense for the previous year was NTD 1,092 thousand.
- (2) The average employee salary expense for the current year was NTD 927 thousand; the average employee salary expense for the previous year was NTD 926 thousand.
- (3) The average employee salary expense adjustment change was 0.32%.
- (4) The Company does not have supervisors, so there is no supervisors remuneration.
- (5) The Companys remuneration policy (including directors, managers and employees) is as follows:

The remuneration to the Directors is based on the Companys Articles of Incorporation approved by the Shareholders' Meeting. The Directors are entitled to a discretionary remuneration on a monthly basis. The Company may pay them regardless of the profit or loss. The Board is authorized to determine the remuneration based on their participation in the Companys operations and the value of their contributions.

The remuneration to managerial officers is determined based on their individual performance, the Companys operating performance in the year, and the reasonable assessment of the Companys future risks.

Employees salaries are negotiated in accordance with the Employee Salary Regulations, and shall not be lower than the basic salary. The Company also conducts performance appraisals on a regular basis, as the basis for salary adjustment, relocation, and appointment and dismissal.

1. According to the Companys Articles of Incorporation, the Company shall appropriate 1% - 10% of the balance after deducting the accumulated losses from the profit of the current year as employee remuneration, and no more than 1% as director remuneration.
2. The Company's estimated employees' remuneration for 2023 and 2022 were NTD 5,513 and NTD 5,904, respectively; the estimated amount of directors' remuneration was NTD 0, and the aforementioned amounts were accounted for as salary expenses.

The year 2023 is based on the years profit, and the remuneration to employees and directors is estimated at 1.5% and 0%, respectively. The Board of Directors resolved to actually distribute NTD 513 and NTD 0, among which the employees remuneration will be paid in cash.

The remuneration to employees and directors for 2022 as resolved by the Board of Directors was consistent with the recognized amounts in the 2022 financial statements.

Information on employee and director remuneration approved by the Company's board of directors is available on the MOPS.

(XIX) Income tax

1. Income tax expenses

(1) Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current income tax:		
Income tax arising from current income	\$ 71,806	\$ 74,172
Imposition on undistributed earnings	2,387	2,709
Underestimation (overestimation) of income tax in previous years	(1,328)	1,375
Total income tax for the current period	<u>72,865</u>	<u>78,256</u>
Deferred income tax:		
The origin and reversal of the temporary difference	<u>549</u>	<u>3,347</u>
Income tax expense	<u>\$ 73,414</u>	<u>\$ 81,603</u>

(2) Amount of income tax related to other comprehensive income:

	<u>2023</u>	<u>2022</u>
Changes in fair value of financial assets measured at fair value through other comprehensive income	\$ -	(\$ 1,941)
Difference on translation of foreign operations	509	(281)
Re-measurement of defined benefit obligation	(16)	(295)
	<u>\$ 493</u>	<u>(\$ 2,517)</u>

2. Relationship between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax on net profit before tax calculated at statutory tax rate	\$ 72,404	\$ 77,539
Expenses to be removed in accordance with tax law	(49)	(20)
Imposition on undistributed earnings	2,387	2,709
Underestimation (overestimation) of income tax in previous years	(1,328)	1,375
Income tax expense	<u>\$ 73,414</u>	<u>\$ 81,603</u>

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

	<u>2023</u>			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive net income</u>	<u>December 31</u>
Deferred income tax assets				
- Temporary difference				
Unrealized exchange losses	\$ 35	\$ 101	\$ -	\$ 136
Inventory devaluation	3,626	162	-	3,788
Loss on bad debts	479	1,251	-	1,730
Defined benefit obligation	1,463	(47)	(16)	1,400
Payable bonus for unused leave	<u>1,099</u>	<u>115</u>	<u>-</u>	<u>1,214</u>
Subtotal	<u>6,702</u>	<u>1,582</u>	<u>(16)</u>	<u>8,268</u>
Deferred income tax liabilities				
- Temporary difference				
Unrealized investment gain	(19,783)	(2,131)	-	(21,914)
Difference on exchange of foreign operations	133	-	509	642
Unrealized valuation gains on equity instrument investments	<u>(1,941)</u>	<u>-</u>	<u>-</u>	<u>(1,941)</u>
Subtotal	<u>(21,591)</u>	<u>(2,131)</u>	<u>509</u>	<u>(23,213)</u>
Total	<u>(\$ 14,889)</u>	<u>(\$ 549)</u>	<u>\$ 493</u>	<u>(\$ 14,945)</u>

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive net income</u>	<u>December 31</u>
Deferred income tax assets				
- Temporary difference				
Unrealized exchange losses	\$ -	\$ 35	\$ -	\$ 35
Inventory devaluation	3,827	(201)	-	3,626
Loss on bad debts	104	375	-	479
Defined benefit obligation	1,796	(38)	(295)	1,463
Payable bonus for unused leave	<u>1,016</u>	<u>83</u>	<u>-</u>	<u>1,099</u>
Subtotal	<u>6,743</u>	<u>254</u>	<u>(295)</u>	<u>6,702</u>
Deferred income tax liabilities				
- Temporary difference				
Unrealized exchange gains	(1,462)	1,462	-	-
Unrealized investment gain	(14,720)	(5,063)	-	(19,783)
Difference on exchange of foreign operations	414	-	(281)	133
Unrealized valuation gains on equity instrument investments	<u>-</u>	<u>-</u>	<u>(1,941)</u>	<u>(1,941)</u>
Subtotal	<u>(15,768)</u>	<u>(3,601)</u>	<u>(2,222)</u>	<u>(21,591)</u>
Total	<u>(\$ 9,025)</u>	<u>(\$ 3,347)</u>	<u>(\$ 2,517)</u>	<u>(\$ 14,889)</u>

4. The Company's profit-seeking business income tax has been approved by the tax collection authority until 2021.

(XX) Earnings per share

		<u>2023</u>	
	<u>After-tax amount</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 288,608	28,211	\$ 10.23
<u>Diluted earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 288,608	28,211	
Effect of potential dilutive shares			
Remuneration to employees	-	49	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	\$ 288,608	28,260	\$ 10.21

		<u>2022</u>	
	<u>After-tax amount</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 306,094	28,211	\$ 10.85
<u>Diluted earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 306,094	28,211	
Effect of potential dilutive shares			
Remuneration to employees	-	61	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	\$ 306,094	28,272	\$ 10.83

(XXI) Supplementary information on cash flow

Investment activities with only partial cash payment:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 3,992	\$ 6,506
Add: Payables for equipment, beginning	3,602	395
Less: Payables for equipment, ending	<u>(84)</u>	<u>(3,602)</u>
Cash paid in current period	<u>\$ 7,510</u>	<u>\$ 3,299</u>
	<u>2023</u>	<u>2022</u>
Purchase of intangible assets	\$ 1,824	\$ 1,823
Add: Other payables at the beginning of period	421	-
Less: Other payables - ending	<u>-</u>	<u>(421)</u>
Cash paid in current period	<u>\$ 2,245</u>	<u>\$ 1,402</u>

(XXII) Changes in liabilities from financing activities

	<u>2023</u>	
	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 4,796	\$ 4,796
Changes in financing cash flow	<u>(4,360)</u>	<u>(4,360)</u>
Other non-cash changes	<u>7,247</u>	<u>7,247</u>
December 31	<u>\$ 7,683</u>	<u>\$ 7,683</u>
	<u>2022</u>	
	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 8,414	\$ 8,414
Changes in financing cash flow	<u>(3,618)</u>	<u>(3,618)</u>
December 31	<u>\$ 4,796</u>	<u>\$ 4,796</u>

VII. Transactions with related parties

(I) Names and relationships of related parties

<u>Name of related party</u>	<u>Relationship with the Company</u>
Shanghai United Wizard Technology International Trading Limited	Subsidiary

(II) Major transactions with related parties

1. Sales

	<u>2023</u>	<u>2022</u>
Subsidiary	<u>\$ 3,109</u>	<u>\$ 1,096</u>

The Company sells goods to related parties based on the agreed terms and

conditions.

2. Procurement

	<u>2023</u>	<u>2022</u>
Subsidiary	\$ <u>471</u>	\$ <u>614</u>
The Company purchases goods from related parties based on the agreed terms and conditions.		

3. Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary	\$ <u>2,361</u>	\$ <u>1,096</u>

4. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary	\$ <u>81</u>	\$ <u>626</u>

(III) Information on the remuneration of key management personnel

	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 23,441	\$ 25,279
Post-employment benefits	<u>412</u>	<u>350</u>
	<u>\$ 23,853</u>	<u>\$ 25,629</u>

VIII. Pledged assets

The Companys assets are guaranteed as follows:

<u>Assets</u>	<u>Book value</u> <u>December 31,</u> <u>2023</u>	<u>Book value</u> <u>December 31,</u> <u>2022</u>	<u>Purpose of guarantee</u>
Property, plant and equipment	<u>\$ 71,744</u>	<u>\$ 72,250</u>	Long-term loan guarantee limit

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

The Company and Dassault Systemes SolidWorks Corp.(SolidWorks) signed a contract in April 2016, which stipulated that during the duration of the contract (from April 2016 to April 2017, the contract period is automatically extended in April each year to April of the next year, and the remaining conditions continue the original agreement in the contract), it is to ensure that the annual purchases must meet the minimum purchase quantity requirements. If the annual minimum purchase quantity is not met, SolidWorks may notify 60 days in advance and terminate the cooperative relationship.

X. Losses from material disasters

None.

XI. Material subsequent events

Please refer to Note VI (XIII) for the 2023 earnings distribution.

XII. Others

(I) Capital management

The goal of the Company's capital management is to ensure the continued operation of the Company, maintain the optimal capital structure to reduce the cost of capital for supporting corporate operations and maximizing shareholders' equity.

(II) Financial instruments

1. Types of financial instruments

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 21,241	\$ 20,994
Financial assets measured at fair value through other comprehensive income	25,800	25,800
Cash and cash equivalents	808,327	777,011
Notes receivable	76,696	78,684
Accounts receivable	319,601	310,691
Long-term notes and accounts receivable	1,095	1,456
Refundable deposits (stated other current assets and other non-current assets)	2,850	5,470
	<u>\$ 1,255,610</u>	<u>\$ 1,220,106</u>
<u>Financial liabilities</u>		
Financial liabilities measured at fair value through profit or loss		
Notes payable	\$ 1,314	\$ 1,314
Accounts payable	202,443	102,533
Other payables	82,609	88,609
	<u>\$ 286,366</u>	<u>\$ 192,456</u>
Lease liabilities (including current and non-current)	<u>\$ 7,683</u>	<u>\$ 4,796</u>

2. Risk management policy

- (1) The Company's daily operations are affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Company's financial position and financial performance.
- (2) Risk management is carried out by the Finance Department of the Company in accordance with the policies approved by the Board of Directors. The Company's Finance Department works closely with various operating units in the Company to identify, evaluate and avoid financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange

rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

3. The nature and extent of the material financial risk

(1) Market risk

Exchange rate risk

- A. The Company operates as a multinational company. Therefore, it is exposed to the exchange rate risk arising from transactions with the functional currencies of the Company and its subsidiaries, which are mainly USD and RMB. The relevant exchange rate risk comes from future commercial transactions and recognized assets and liabilities.
- B. The Company's management has formulated a policy that requires each company within the Company to manage the exchange rate risk relative to its functional currency. Each company shall hedge the overall exchange rate risk through the Company's Finance Department.
- C. The Company's business involves several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is USD and RMB). Therefore, it is affected by exchange rate fluctuations, which has a significant impact. The information about assets and liabilities denominated in foreign currencies affected by fluctuations is as follows:

	<u>December 31, 2023</u>	
	Foreign currency	Carrying amount
(Foreign currency: functional currency)	<u>(\$ thousand)</u>	<u>Exchange rate</u> (Thousands of NTD)
<u>Financial assets</u>		
<u>Monetary items</u>		
USD: NTD	\$ 871	30.71 \$ 26,744
<u>Non-monetary items</u>		
USD: NTD	4,963	30.71 152,389
<u>Financial liabilities</u>		
<u>Monetary items</u>		
USD: NTD	\$ 163	30.71 \$ 5,005

(Foreign currency: functional currency)	<u>December 31, 2022</u>	
	Foreign currency (\$ thousand)	Carrying amount Exchange rate (Thousands of NTD)
<u>Financial assets</u>		
<u>Monetary items</u>		
USD: NTD	\$ 2,169	30.71 \$ 66,610
<u>Non-monetary items</u>		
USD: NTD	4,963	30.71 152,414
<u>Financial liabilities</u>		
<u>Monetary items</u>		
USD: NTD	\$ 2,837	30.71 \$ 87,124

- D. The aggregate amount of all exchange gains (losses) on the Company's monetary items in 2023 and 2022 that were significantly affected by fluctuations in exchange rates was NTD 333 and (NTD 1,313), respectively.
- E. The risk analysis of the Company's foreign currency market due to significant exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	<u>2023</u>		
	<u>Sensitivity analysis</u>		
	<u>Range of change</u>	<u>Impact on profit and loss</u>	<u>Impact on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 267	\$ -
<u>Non-monetary items</u>			
USD: NTD	1%	1,524	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 50	\$ -

2022

Sensitivity analysis

	<u>Range of change</u>	<u>Impact on profit and loss</u>		<u>Impact on other comprehensive income</u>
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	666	\$ -
<u>Non-monetary items</u>				
USD: NTD	1%		1,524	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	871	\$ -

Price risk

- A. The Company's equity instruments exposed to price risk are accounted for in the financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Company will diversify its investment portfolio, and the diversification method is based on the limit set by the Company.
- B. The Company mainly invests in equity instruments issued by domestic companies and open-end funds. The prices of these equity instruments will be affected by the uncertainty of the future value of the investment targets. If the price of these equity instruments rises or falls by 10%, with all other factors remaining unchanged, the net profit after tax of equity instruments measured at fair value through profit or loss for 2023 and 2022 will be increased or reduced the profit or loss of NTD 2,124 and NTD 2,099, respectively; the profit or loss on other comprehensive income classified as an equity investment at fair value through other comprehensive income increased or decreased by NTD 2,580 and NTD 2,580, respectively.

Cash flow and fair value interest rate risk

The Company has no significant exposure to interest rate risk of debt instruments.

(2) Credit risk

- A. The Company's credit risk refers to the risk of financial loss to the Company due to the failure of customers or counterparties of financial instrument transactions to fulfill their contractual obligations. Thus, it affects the contractual cash flow, mainly from the inability of the counterparties to pay off accounts receivable and financial assets at amortized cost according to the collection terms.
- B. The Company has established credit risk management from the

corporate perspective. For the banks and financial institutions with which we do business, only those with an independent credit rating of at least “A” can be accepted as counterparties. According to the credit policy defined internally, management and credit risk analysis must be conducted on each operating entity within the Company and each new customer before proposing terms and conditions for payment and delivery. Internal risk control evaluates the customers credit quality by taking into account their financial status, past experience and other factors. The limits of individual risks are determined by the Board of Directors based on internal or external ratings, and the use of credit lines is regularly monitored.

- C. When the contract payment is overdue for more than 180 days in accordance with the historical experience, it is deemed that a default has occurred.
- D. The Company adopts IFRS 9 to provide the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:

When the contract amount is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the initial recognition.
- E. The Company will group the accounts receivable of customers according to the characteristics of the geographical area, and estimate the expected credit losses based on the reserve matrix and the loss rate method using the simplified method.
- F. The indicators used by the Company to determine the credit impairment of other financial assets are as follows:
 - (A) The counterparty has major financial difficulties, or the possibility of bankruptcy or other financial reorganization has greatly increased;
 - (B) Unfavorable changes in national or regional economic conditions that result in a counterparty's default.
- G. After the Company has gone through the recourse procedures, it will write off the amount of financial assets for which it cannot be reasonably expected to be recovered. However, the Company will continue to carry out the legal recourse procedures to preserve the rights of the claims. As of December 31, 2023 and 2022, the Company did not have any creditor's rights that have been written off for which there are still recourses.
- H. The Company's consideration of future outlook by including global economic information on the adjustment of the loss rate based on historical and current information in a specific period to estimate the loss allowance for accounts receivable. The preparation matrix as of December 31, 2023 and 2022 is as follows:

	<u>Not past due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31-90 days</u>	<u>Overdue 91-180 days</u>	<u>More than 181 days</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	1.12%	33.25%	58.54%	69.91%	100.00%	
Total book value	\$ 315,271	\$ 7,898	\$ 5,013	\$ 1,830	\$ 5,134	\$ 335,146
Loss allowance	(\$ 3,535)	(\$ 2,662)	(\$ 2,934)	(\$ 1,280)	(\$ 5,134)	(\$ 15,545)

	<u>Not past due</u>	<u>Overdue within 30 days</u>	<u>Overdue 31-90 days</u>	<u>Overdue 91-180 days</u>	<u>More than 181 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss rate	0.58%	10.61%	24.19%	48.40%	100.00%	
Total book value	\$ 300,452	\$ 9,908	\$ 3,694	\$ 610	\$ 5,181	\$ 319,845
Loss allowance	(\$ 1,733)	(\$ 1,051)	(\$ 894)	(\$ 295)	(\$ 5,181)	(\$ 9,154)

I. The Companys simplified statement of changes in the loss allowance on accounts receivable is as follows:

	<u>2023</u>
	<u>Accounts receivable</u>
January 1	\$ 9,154
Provision of impairment loss	6,548
Irrecoverable amount written off	<u>(157)</u>
December 31	<u>\$ 15,545</u>
	<u>2022</u>
	<u>Accounts receivable</u>
January 1	\$ 7,076
Provision of impairment loss	<u>2,078</u>
December 31	<u>\$ 9,154</u>

Among the losses recognized in 2023 and 2022, the amount of impairment loss recognized for receivables arising from contracts with customers was NTD 6,548 and NTD 2,078, respectively.

(3) Liquidity risk

A. Cash flow forecasting is carried out by each operating entity within the Company and compiled by the Companys Finance Department. The Finance Department of the Company monitors the forecast of the Companys working capital requirements to ensure that it has

sufficient funds to support its operating needs.

- B. The surplus cash held by each operating entity will be transferred back to the Company's Finance Department when it exceeds the management needs of the working capital. The Company's Finance Department, on the other hand, invests the remaining funds in interest-bearing demand deposits, time deposits and marketable securities, and the selected instruments have appropriate maturities or sufficient liquidity to provide sufficient dispatch levels in response to the above forecasts. As of December 31, 2023 and 2022, the Company held money market positions of NTD 829,568 and NTD798,005, respectively, and is expected to generate cash flow immediately to manage liquidity risk.
- C. The following table shows the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, which are grouped according to the relevant maturity date. Non-derivative financial liabilities are based on the remaining period from the Statement of Financial Position date to the contractual maturity date. Analysis of derivative financial liabilities is based on the remaining period from the Statement of Financial Position date to the expected maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

December 31, 2023	<u>Within 1 to 2</u>		<u>More than 5</u>		<u>Total</u>
	<u>Within 1 year</u>	<u>years</u>	<u>Within 2 to 5 years</u>	<u>years</u>	
<u>Non-derivative financial liabilities:</u>					
Notes payable	\$ 1,314	\$ -	\$ -	\$ -	\$ 1,314
Accounts payable	202,443	-	-	-	202,443
Other payables	82,609	-	-	-	82,609
Lease liabilities	4,012	2,883	923	-	7,818

December 31, 2022	<u>Within 1 to 2</u>		<u>More than 5</u>		<u>Total</u>
	<u>Within 1 year</u>	<u>years</u>	<u>Within 2 to 5 years</u>	<u>years</u>	
<u>Non-derivative financial liabilities:</u>					
Notes payable	\$ 1,314	\$ -	\$ -	\$ -	\$ 1,314
Accounts payable	102,533	-	-	-	102,533
Other payables	88,609	-	-	-	88,609
Lease liabilities	3,523	1,077	178	59	4,837

(III) Fair value information

- The levels of the evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same asset or liability on the measurement date. An

active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the beneficiary certificates of the Company's investment falls under this category.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. Equity instruments that the Company invests in and for which there is no active market fall under this category.

2. Financial instruments not measured at fair value

Other than financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, including cash and cash equivalents, notes receivable, accounts receivable, notes payable, accounts payable, and other payables, the book value is a reasonable approximation of the fair value.

3. The financial and non-financial instruments measured at fair value are classified by the Company according to the nature, characteristics and risks of the assets and liabilities and the basis of fair value hierarchy. Relevant information is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss	<u>\$ 21,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,241</u>
Financial assets measured at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,800</u>	<u>\$ 25,800</u>

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets measured at fair value through profit or loss	<u>\$ 20,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,994</u>
Financial assets measured at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,800</u>	<u>\$ 25,800</u>

4. If the Company adopts a market quotation as the input value of fair value (i.e., Level 1), the net value of the open-end fund is used as the market quotation according to the characteristics of the instrument.

5. There was no transfer between levels 1 and 2 in 2023 and 2022.

6. There was no transfer in or out of Level 3 in 2023 and 2022.
7. The Company's valuation process for classifying fair value into Level 3 is that the financial department is responsible for conducting independent fair value verification of financial instruments, using independent source data to make the valuation results close to the market status, confirming that the data sources are independent, and reliable, and that other resources are consistent and represent executable prices. The valuation model is regularly calibrated, back-testing and updating the input value and data required for the valuation model is conducted, and any other necessary fair value adjustments are made to ensure that the valuation results are reasonable.

XIII. Disclosures in Notes

(I) Information on significant transactions

1. Loaning of funds to others: None.
2. Endorsements/guarantees provided for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 1.
4. The cumulative amount of the same securities purchased or sold reaches NTD 300 million or more than 20% of the paid-in capital: None.
5. The amount of real estate acquired reaches NTD 300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
7. The amount of purchase from or sale to related parties reaches NTD 100 million or more, or 20% of the paid-in capital: None.
8. The receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
9. Engagement in derivative transactions: None.
10. Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Please refer to Table 2.

(II) Information on investees

The name and location of the investee company and other relevant information (excluding Mainland China investee companies): Please refer to Table 3.

(III) Information on investments in the Mainland Area

1. Basic information: Please refer to Table 4.
2. A material transaction with an investee in the Mainland China directly or indirectly through an enterprise in a third region: None.

(IV) Information of major shareholders

Information on major shareholders: Please refer to Table 5.

XIV. Information of operating department

Not applicable.

SolidWorks Technology Co., Ltd.
Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)

December 31, 2023

Unit: NT\$ thousand
(Unless otherwise specified)

Table 1

<u>Holding company</u>	<u>Type and name of marketable securities</u>	<u>Relationship with the issuers of the marketable securities</u>	<u>Account</u>	<u>Number of shares/units</u>	<u>End of the period</u> <u>Book value</u>	<u>Shareholding percentage</u>	<u>Fair value</u>	<u>Remarks</u>
SolidWorks Technology Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	None	Financial assets at fair value through profit or loss- current	1,999	\$ 21,241	-	\$ 21,241	None
SolidWorks Technology Co., Ltd.	TA SHEE RESORT CO., LTD.	None	Financial assets at fair value through profit or loss- noncurrent	1	25,800	-	25,800	None

SolidWorks Technology Co., Ltd.
 Significant inter-company transactions during the reporting period
 January 1 to December 31, 2023

Unit: NT\$ thousand
 (Unless otherwise specified)

Table 2

<u>Number</u> (Note 1)	<u>Company name</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>General ledger account</u>	<u>Amount</u>	<u>Transaction</u>		<u>Percentage of consolidated total operating revenues or total assets</u> (Note 3)
						<u>Transaction terms</u>		
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Sales revenue	\$ 3,109	30~90 days after monthly		0.21%
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Accounts receivable	2,361			0.13%
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Restock	471	30~90 days after monthly		0.03%
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Accounts payable	81			0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

SolidWorks Technology Co., Ltd.

Information on name and location of the investee (excluding investees in Mainland China).

January 1 to December 31, 2023

Unit: NT\$ thousand

(Unless otherwise specified)

Table 3

<u>Name of investor</u>	<u>Name of investee</u>	<u>Location</u>	<u>Principal business</u>	<u>Original investment amount</u>		<u>Holding at the end of the period</u>			<u>Profit or loss of the investee for the period</u>		<u>Investment income or loss recognized in the period</u>	<u>Remarks</u>
				<u>End of the period</u>	<u>End of the previous year</u>	<u>Number of shares</u>	<u>Ratio</u>	<u>Book value</u>				
SolidWorks Technology Co., Ltd.	SolidWizard Technology Holding Co.,Ltd.	Seychelles	Holding company	\$ 30,947	\$ 30,947	1,000	100.00	\$ 138,451	\$ 10,658	\$ 10,658		Subsidiary of the Company
SolidWizard Technology Co.,Ltd.	UnitedWizard Technology Co.,Ltd.	Samoa	Holding company	30,945	30,945	1,000	100.00	138,678	10,658			Subsidiary of the Company(Note)

Note : The investment gains and losses recognized in the current period are not required to be filled in according to regulations.

SolidWorks Technology Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2023

Table 4

Unit: NT\$ thousand
(Unless otherwise specified)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Remarks
Shanghai United Wizard Technology International Trading Limited	Information software and manufacturing of software and hardware services	\$ 30,886	(2)	\$ 30,886	\$ -	\$ -	\$ 30,886	\$ 10,658	100	\$ 10,658	\$ 138,867	\$ -	None	
Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA											
Shanghai United Wizard Technology International Trading Limited	\$ 30,886	\$ 30,886	\$ 854,921											

Note1 : Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (through SolidWizard Technology Holding Co., Ltd invested)
- (3) Others.

Note2 : Investment income (loss) recognised by the Company for the year ended December 31, 2023 is based on financial statements reviewed and attested by R.O.C. parent company's CPA.

SolidWorks Technology Co., Ltd.

Information on major shareholders

December 31, 2023

Table 5

	<u>Name of major shareholder</u>	<u>Shareholding</u>	<u>Shareholding percentage</u>
Unisource Investment Co., Ltd.		7,115	25.21%
Li Hsing Investment Co., Ltd.		3,496	12.39%
Chien-Hsing Lee		3,374	11.96%
Li-Hsiang Wei		2,821	9.99%
Tai-Yuan Hsu		2,368	8.39%
Hui-Yu Sun		1,446	5.12%

Note 1: The information on major shareholders in this Exhibit is compiled by the Taiwan Depository & Clearing Corporation based on the last business day of each quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis the calculations of preparation.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee As for the insider shareholding declaration that shareholders with more than 10% of shareholdings conduct in accordance with the Securities and Exchange Act, the shareholdings include their own shares plus the shares that they have delivered to a trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

SolidWizard Technology Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises



The companies to be included by the Company in the consolidated financial statements of affiliated enterprises in 2023 (January 1 to December 31, 2023) pursuant to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those to be included into the consolidated financial statements of the parent company and subsidiaries pursuant to the Statements of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the said consolidated financial statement of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statement of affiliated enterprises separately.

We hereby declare

Company name: SOLIDWIZARD TECHNOLOGY
CO., LTD.

Responsible person: Chien-Hsing Lee



March 8, 2024

Independent Auditors' Report

(2024) Letter Cai-Shen-Bao-Zi No. 23004361

To: SOLIDWIZARD TECHNOLOGY CO., LTD.

Audit Opinions

We have audited the accompanying consolidated statement of financial position of SolidWizard Technology Co., Ltd. and its Subsidiaries (hereinafter referred to as “the Group”) as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated changes in equity and cash flow 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 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 Regulation Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee (collectively, “IFRSs”) as endorsed and entered into effect by the Financial Supervisory Commission (FSC).

Basis for the audit opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by entrusted 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 Accountants 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 audit opinion.

Key audit matters

Key audit matters refer to the most important matters in the audit of the 2023 consolidated financial statements of the Group based on the professional judgment of the CPAs. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not provide a separate opinion on these matters.

The key audit matters in the consolidated financial statements of the Group for the year ended December 31, 2023 are as follows:

Accounting estimation of allowance for loss on accounts receivable

Item Description

For the accounting policy of accounts receivable, please refer to the consolidated financial statements Notes IV(IX) and (X); for the accounting estimates of accounts receivable loss allowance and the uncertainty of assumptions, please refer to the consolidated financial statements Note V(II); for the description of the accounts receivable, please refer to Note VI(III) to the consolidated financial statements.

The Group estimates the possible expected credit impairment loss based on historical experience, forward-looking information and other known causes or existing objective evidence, and regularly reviews the reasonableness of its estimated loss estimates. There is a high probability that the accounting estimate may be inappropriate as the evaluation process involves management level of judgment. The judgment is affected by many factors, such as the customers financial status, historical transaction records, and current economic conditions, which may affect the customers ability to pay. Therefore, the relevant supporting documents to support the judgment of the management are the areas where the audit is required. Therefore, the accountant listed the estimation of the loss allowance on accounts receivable as one of the key audit matters of the year.

Corresponding audit procedures

The main audit procedures that we have performed are as follows:

1. Evaluate the reasonableness of the estimates used by the management to estimate the expected credit losses of accounts receivable, and obtain relevant supporting documents, including: Forward-looking adjustments, outstanding account age, post-collection status, and signs that customers may not be able to repay on time.
2. Evaluate the significant expected credit losses identified by the management and the reasonableness of the expected credit loss amount against similar credit risk groups.

Inventory valuation

Item Description

For the accounting policy of inventory valuation, please refer to Note IV(XII) of the consolidated financial statements; for the uncertainty of accounting estimates and assumptions of inventory valuation, please refer to Note V(II) of the consolidated financial statements; for descriptions of inventory accounting items, please refer to the consolidated financial statements Note VI(IV).

The main business item of the Group is information software sales. These inventories are affected by market demand and competition from manufacturers, and the risk of inventory devaluation loss is higher. Due to the significant amount of inventory of the Group, and that the identification of depreciated and obsolete inventory often requires subjective judgment, which is an area of judgment required during the audit, the accountant has listed the estimate of allowance for inventory valuation losses as one of the key audit matters of this year.

Corresponding audit procedures

The main audit procedures that we have performed are as follows:

1. Assessing the policy adopted for the allowance for devaluation of inventories according to our understanding of the operation of the Group and the nature of the industry.
2. Whether the market price basis for testing the net realizable value is consistent with the policy set by the Group, and whether the calculation of the selling price and the net realizable value of individual inventory material numbers is correct.
3. Obtaining the details of obsolete inventory identified by the management, reviewing the relevant documents and reconciling the accounting records.

Other matters - parent company only financial statements

SolidWizard Technology Co., Ltd. has prepared the parent company only financial statements for 2023 and 2022, and the Independent Auditors' Report with an unqualified opinion issued by the accountant is filed for reference.

Responsibilities of Management and Those charged with Governance for the Financial Statements

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

In preparing the Consolidated Financial Statements, the management is responsible for assessing the Group's capability 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.

The governance unit (including the Audit Committee) of the Group is responsible for supervising the financial reporting process.

Auditors Responsibilities for Auditing the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the Consolidated Financial Statements as a whole are free from material misstatement arising from fraud or error, and to issue an independent auditors report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit in accordance with the Auditing Standards of the Republic of China will always detect material misstatements in the Consolidated Financial Statements. Misstatements can arise from fraud or error. If the individual amounts or the aggregate amount can be reasonably expected to influence the economic decisions of the users of the consolidated financial statements, the misstatements are considered material.

We exercise professional judgment and skepticism during the audit in accordance with the Auditing Standards of the Republic of China. We also perform the following tasks:

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. Because fraud may involve collusion, forgery, intentional omission, misstatement or violation of internal control, the risk of material misstatement resulting from fraud is higher than that resulting from error.
2. Obtain necessary understanding of the internal control related to the audit in order to design appropriate audit procedures under the circumstances, but the purpose is not to express an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the managements use of the going concern basis of accounting based on the audit evidence obtained, and whether a material uncertainty exists for events or conditions that may cast significant doubt on the Groups 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 inappropriate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue to operate.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), and whether the consolidated financial statements adequately present related transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the entities in the Group, in order to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and implementation of the audit on the Group, and we are responsible for forming an audit opinion on the Group.

The matters communicated between us and the governing body include the planned scope and time of the audit, and major audit findings (including significant deficiencies in internal control identified during the audit).

We also provided the governing body with a declaration that we have complied with relevant ethical requirements regarding independence, and we communicated with them all relationships that may be thought to undermine our independence and other matters (including related protective measures).

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the Groups 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 shall 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.

PwC Taiwan

Sung-Tse Wang

Certified Public Accountant

Chun-Yao Lin


Financial Supervisory Commission

Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No.
1110349013

Former Securities and Futures Commission, Ministry of
Finance

Approval Letter No.: (85)Tai-Tsai-Cheng (VI) No. 68702

March 8, 2024


SOLIDWIZARD TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2023 and 2022

Unit: NTD thousands

Assets	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	VI (I)	\$ 908,503	50	\$ 887,171	52
1110	Financial assets at fair value through profit or loss - current	VI (II)	21,241	1	20,994	1
1150	Net notes receivable	VI (III)	81,103	5	83,709	5
1170	Net accounts receivable	VI (III)	351,204	19	350,620	20
130X	Inventory	VI (IV)	155,067	9	60,000	4
1410	Prepayments		18,248	1	23,122	1
1470	Other current assets		5,985	-	8,548	1
11XX	Total current assets		<u>1,541,351</u>	<u>85</u>	<u>1,434,164</u>	<u>84</u>
Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income - non-current	VI (V)	25,800	1	25,800	1
1600	Property, plant and equipment	VI (VI) and VIII	218,795	12	217,931	13
1755	Right-of-use assets	VI (VII)	7,532	-	4,832	-
1780	Intangible assets		1,360	-	979	-
1840	Deferred income tax assets	VI (XVIII)	12,860	1	13,059	1
1930	Long-term notes and accounts receivable		1,095	-	1,456	-
1990	Other non-current assets - others		8,270	1	15,201	1
15XX	Total non-current assets		<u>275,712</u>	<u>15</u>	<u>279,258</u>	<u>16</u>
1XXX	Total assets		<u>\$ 1,817,063</u>	<u>100</u>	<u>\$ 1,713,422</u>	<u>100</u>

(continued on next page)

SOLIDWIZARD TECHNOLOGY CO., LTD. and Subsidiaries
Consolidated Statement of Financial Position
December 31, 2023 and 2022



Unit: NTD thousands

Liabilities and equity	Notes	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
Current liabilities						
2130	Contract liabilities - current	VI (XIII)	\$ 5,364	1	\$ 30,396	2
2150	Notes payable		1,314	-	1,314	-
2170	Accounts payable		212,250	12	123,959	7
2200	Other payables	VI (VIII)	95,550	5	102,788	6
2230	Current income tax liabilities		38,096	2	44,621	3
2280	Lease liabilities - current		3,922	-	3,577	-
2399	Other current liabilities - Other		1,706	-	3,709	-
21XX	Total current liabilities		<u>358,202</u>	<u>20</u>	<u>310,364</u>	<u>18</u>
Non-current liabilities						
2527	Contract liabilities - non-current	VI (XIII)	-	-	8,920	1
2570	Deferred income tax liabilities	VI (XVIII)	23,213	1	21,591	1
2580	Lease liabilities - non-current		3,761	-	1,300	-
2640	Net defined benefit liabilities - non-current	VI (IX)	7,019	1	7,329	-
25XX	Total non-current liabilities		<u>33,993</u>	<u>2</u>	<u>39,140</u>	<u>2</u>
2XXX	Total liabilities		<u>392,195</u>	<u>22</u>	<u>349,504</u>	<u>20</u>
Equity attributable to owners of the parent company						
Share capital						
3110	Common stock capital	VI (X)			282,107	17
	Capital reserve	VI (XI)				
3200	Capital reserve		132,625	7	132,625	8
	Retained earnings	VI (XII)				
3310	Legal reserve		297,382	16	266,655	16
3320	Special reserves		2,801	-	3,928	-
3350	Undistributed earnings		707,027	39	673,641	39
Other equity						
3400	Other equity		2,926	-	4,962	-
31XX	Total equity attributable to owners of the parent company		<u>1,424,868</u>	<u>78</u>	<u>1,363,918</u>	<u>80</u>
3XXX	Total equity		<u>1,424,868</u>	<u>78</u>	<u>1,363,918</u>	<u>80</u>
Material contingent liabilities and unrecognized contractual commitments						
	Significant subsequent events	IX VI (XII) and XI				
3X2X	Total liabilities and equity		<u>\$ 1,817,063</u>	<u>100</u>	<u>\$ 1,713,422</u>	<u>100</u>

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

Chairman: Chien-Hsing Lee




Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen




SolidWizard Technology Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousands
(Except for earnings per share in NTD)

Item	Notes	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	VI (XIII)	\$ 1,447,163	100	\$ 1,394,365	100
5000 Operating cost	VI (IV)	(690,593)	(48)	(646,555)	(46)
5900 Gross operating profit		756,570	52	747,810	54
Operating expenses	VI (IX) (XVII)				
6100 Promotion expenses		(224,076)	(16)	(202,170)	(15)
6200 Administrative expenses		(79,104)	(6)	(75,360)	(5)
6300 R&D expenses		(108,006)	(7)	(97,725)	(7)
6450 Expected credit impairment loss	XII (II)	(5,002)	-	(2,655)	-
6000 Total operating expenses		(416,188)	(29)	(377,910)	(27)
6900 Operating profit		340,382	23	369,900	27
Non-operating income and expenses					
7100 Interest revenue	VI (XIV)	6,063	1	2,729	-
7010 Other income	VI (XV)	15,885	1	25,682	2
7020 Other gains and losses	VI (II) (XVI)	2,352	-	(733)	-
7050 Financial cost	VI (VII)	(74)	-	(95)	-
7000 Total non-operating income and expenses		24,226	2	27,583	2
7900 Net profit before tax		364,608	25	397,483	29
7950 Income tax expense	VI (XVIII)	(76,000)	(5)	(91,389)	(7)
8200 Net income for the period		<u>\$ 288,608</u>	<u>20</u>	<u>\$ 306,094</u>	<u>22</u>
Other comprehensive income (net amount)					
8311 Remeasurement of defined benefit plan	VI (IX)	\$ 80	-	\$ 1,470	-
8316 Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	VI (V)	-	-	9,704	1
8349 Income tax related to items not subject to reclassification	VI (XVIII)	(16)	-	(2,236)	-
Items that may be reclassified subsequently to profit or loss					
8361 Exchange differences on translation of financial statements of foreign operations		(2,545)	-	1,408	-
8399 Income tax related to items that may be reclassified	VI (XVIII)	509	-	(281)	-
8360 Total amount of items that may be reclassified subsequently to profit or loss		(2,036)	-	1,127	-
8300 Other comprehensive income (net amount)		<u>(\$ 1,972)</u>	<u>-</u>	<u>\$ 10,065</u>	<u>1</u>
8500 Total comprehensive income for the period		<u>\$ 286,636</u>	<u>20</u>	<u>\$ 316,159</u>	<u>23</u>
Net profit attributable to:					
8610 Owner of the parent company		<u>\$ 288,608</u>	<u>20</u>	<u>\$ 306,094</u>	<u>22</u>
Total comprehensive income attributable to:					
8710 Owner of the parent company		<u>\$ 286,636</u>	<u>20</u>	<u>\$ 316,159</u>	<u>23</u>
Earnings per share	VI (XIX)				
9750 Basic earnings per share		\$	10.23	\$	10.85
9850 Diluted earnings per share		\$	10.21	\$	10.83

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

Chairman: Chien-Hsing Lee



Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen




SOLIDWIZARD TECHNOLOGY CO., LTD. and subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

	Notes	Equity attributable to owners of the parent company					Other equity		Total equity
		Common stock capital	Capital reserve - issuance premium	Legal reserve	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income net price profit or loss	
<u>2022</u>									
Balance on January 1, 2022		\$ 282,107	\$ 132,625	\$ 234,580	\$ 3,437	\$ 624,624	(\$ 3,928)	\$ -	\$ 1,273,445
Net income for the period		-	-	-	-	306,094	-	-	306,094
Other comprehensive income in the current period		-	-	-	-	1,175	1,127	7,763	10,065
Total comprehensive income for the period		-	-	-	-	307,269	1,127	7,763	316,159
Earnings appropriation and distribution for 2021	VI (XII)								
Legal reserve		-	-	32,075	-	(32,075)	-	-	-
Special reserves		-	-	-	491	(491)	-	-	-
Cash dividends		-	-	-	-	(225,686)	-	-	(225,686)
Balance as of December 31, 2022		\$ 282,107	\$ 132,625	\$ 266,655	\$ 3,928	\$ 673,641	(\$ 2,801)	\$ 7,763	\$ 1,363,918
<u>2023</u>									
Balance on January 1, 2023		\$ 282,107	\$ 132,625	\$ 266,655	\$ 3,928	\$ 673,641	(\$ 2,801)	\$ 7,763	\$ 1,363,918
Net income for the period		-	-	-	-	288,608	-	-	288,608
Other comprehensive income in the current period		-	-	-	-	64	(2,036)	-	(1,972)
Total comprehensive income for the period		-	-	-	-	288,672	(2,036)	-	286,636
Earnings appropriation and distribution for 2022	VI (XII)								
Legal reserve		-	-	30,727	-	(30,727)	-	-	-
Reversal of special reserve		-	-	-	(1,127)	1,127	-	-	-
Cash dividends		-	-	-	-	(225,686)	-	-	(225,686)
Balance on December 31, 2023		\$ 282,107	\$ 132,625	\$ 297,382	\$ 2,801	\$ 707,027	(\$ 4,837)	\$ 7,763	\$ 1,424,868

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

Chairman: Chien-Hsing Lee

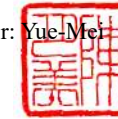


Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen

Chen




SOLIDWIZARD TECHNOLOGY CO., LTD. and Subsidiaries

Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousands
January 1 to
December 31, 2022

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash flow from operating activities</u>			
Net income before tax for the current period		\$ 364,608	\$ 397,483
Adjustment item			
Income and expenses			
Depreciation expense	VI (VI) (VII) (XVII)	11,820	11,821
Amortization expense	VI (VIII) (XVII)	1,981	1,423
Expected credit impairment loss (reversal gain)	XII (II)	5,002	2,655
Net gain on financial assets at fair value through profit or loss	VI (II) (XVI)	(247)	(98)
Interest expense	VI (VII)	74	95
Interest revenue	VI (XIV)	(6,063)	(2,729)
Gains (losses) from the disposal of property, plant and equipment	VI (XVI)	(1,586)	46
Changes in assets/liabilities related to operating activities			
Net changes in assets related to operating activities			
Notes receivable		908	20,274
Accounts receivable		(6,079)	12,846
Inventory		(95,288)	(23,351)
Prepayments		4,819	(7,518)
Other current assets		2,537	(3,965)
Long-term notes and accounts receivable		1,976	(1,416)
Other non-current assets - others		6,360	2,775
Net changes in liabilities related to operating activities			
Contract liabilities - current		(33,694)	(4,869)
Notes payable		-	54
Accounts payable		88,547	(20,340)
Other payables		(3,059)	(6,177)
Other current liabilities - Other		(2,003)	746
Contract liabilities - non-current		-	8,815
Net defined benefit liabilities		(230)	(193)
Cash inflow from operations		340,383	388,377
Interest paid		(74)	(95)
Interest received		6,063	2,729
Income tax paid		(80,916)	(87,289)
Net cash inflow from operating activities		<u>265,456</u>	<u>303,722</u>
<u>Cash flow from investing activities</u>			
Proceeds from acquisition of property, plant and equipment	VI (XX)	(11,828)	(3,402)
Proceeds from the disposal of property, plant and equipment		1,680	-
Acquisition of intangible assets	VI (XX)	(2,245)	(1,402)
Net cash outflow from investing activities		(12,393)	(4,804)
<u>Cash flow from financing activities</u>			
Repayment of principal of lease liabilities	VI (XXI)	(4,441)	(5,400)
Distribution of cash dividends	VI (XII)	(225,686)	(225,686)
Net cash outflow from financing activities		(230,127)	(231,086)
Exchange rate effect		(1,604)	897
Increase in cash and cash equivalents in the current period		21,332	68,729
Opening balance of cash and cash equivalents		887,171	818,442
Closing balance of cash and cash equivalents		<u>\$ 908,503</u>	<u>\$ 887,171</u>

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

Chairman: Chien-Hsing Lee



Manager: Tai-Yuan Hsu



Accounting supervisor: Yue-Mei Chen




SOLIDWIZARD TECHNOLOGY CO., LTD. and subsidiaries

Notes to the Consolidated Financial Statements

2023 and 2022

Unit: NTD thousands
(unless otherwise specified)

I. Company history

SOLIDWIZARD TECHNOLOGY CO., LTD. (hereinafter referred to as “the Company”) was incorporated in the Republic of China in July 2005, and was listed for trading on the Taipei Exchange on September 19, 2012. The Company and its subsidiaries (collectively, “the Group”) mainly engage in the R&D of IT software, electronic information supply service and wholesale of IT software.

II. Approval Date and Procedure of Financial Statements

This consolidated financial statement has been approved by the Board of Directors for release on March 8, 2024.

III. Application of New and Amended Standards and Interpretations

(I) Effect of the adoption of the newly issued and amended IFRSs that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New/revised/amending standards and interpretations</u>	<u>Effective date by the International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred taxes related to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

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

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

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

<u>New/revised/amending standards and interpretations</u>	<u>Effective date by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-Current Liabilities with Contract Terms”	January 1, 2024

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

(III) Effect of IFRSs issued by the IASB but not yet endorsed by the FSC

The newly issued, amended and revised standards and interpretations of International Financial Reporting Standards (IFRS) issued by the IASB but not yet endorsed by the FSC are listed below:

<u>New/revised/amending standards and interpretations</u>	<u>Effective date by the International Accounting Standards Board (IASB)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by the International Accounting Standards Board (IASB)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS No. 21 "Lack of Exchangeability"	January 1, 2025

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

IV. Summary of significant accounting policies

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

(I) Compliance Statement

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards and Interpretations and Interpretations Announcements (collectively "IFRSs") endorsed and issued into effect by the FSC.

(II) Basis of Preparation

1. Except for the following important items, the consolidated financial statements are prepared at historical cost:
 - (1) Financial assets measured at fair value through profit or loss.
 - (2) Financial assets measured at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized at the net value of the pension fund assets deducting the present value of the defined benefit obligation.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(III) Basis for consolidation

1. Basis for preparation of consolidated financial statements:

- (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if these results in the non-controlling interests having a deficit balance.
- (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the association or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. For all amounts previously recognized as other comprehensive income related to the subsidiary, the accounting treatment shall be the same as the basis for the Group's direct disposal of the relevant assets or liabilities. That is, all gains or losses previously recognized in other comprehensive income will be reclassified as gains or losses when the related assets or liabilities are disposed of, and the profits or losses will be reclassified from equity to gains or losses when the Company loses control of the subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Investment company	Subsidiary	Nature of business	Shareholding Percentage (%)		Description
			December 31, 2023	December 31, 2022	
Name	Name				
SOLIDWIZARD TECHNOLOGY CO., LTD.	SolidWizard Technology Holding Co.,Ltd.	Holding and re-investment affairs	100	100	
SolidWizard Technology Holding Co.,Ltd.	UnitedWizard Technology Co.,Ltd.	Holding and re-investment affairs	100	100	
UnitedWizard Technology Co.,Ltd.	Shanghai UnitedWizard Technology International Trading Limited	Electronic information supply service and information software wholesale business	100	100	

3. Subsidiaries not included in the consolidated financial statements: None.
4. Different adjustment and treatment of subsidiaries during the accounting period: None.
5. Material restrictions: None.
6. Subsidiaries of which the Group has significant non-controlling interests: None.

(IV) Foreign currency translation

The items listed in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (i.e. the functional currency). The presentation currency of the consolidated financial statements is the functional currency of the Company, which is the “NTD”.

1. Transactions and balances in foreign currencies
 - (1) Foreign currency transactions are translated into the functional currency at the spot exchange rate on the transaction date or measurement date, and the translation differences arising from the translation of such transactions are recognized in profit or loss for the current period.
 - (2) The balance of monetary assets and liabilities denominated in foreign currencies is evaluated and adjusted according to the spot exchange rate on the Statement of Financial Position date, and the translation difference arising from the adjustment is recognized in the current profit or loss.
 - (3) For the balance of non-monetary assets and liabilities denominated in foreign currencies measured at fair value through profit or loss, they are adjusted using the spot exchange rate on the Statement of Financial Position date, and

the exchange difference arising from the adjustment is recognized in profit or loss for the current period. For those measured at fair value through comprehensive income, it is adjusted according to the spot exchange rate on the Statement of Financial Position date, and the exchange difference arising from the adjustment is recognized in other comprehensive income; for those that are not measured at fair value, they will be measured by the historical exchange rate measurement on the initial trading date.

- (4) Foreign exchange gains and losses are presented in accordance with the nature of the transaction in the “other gains and losses” of the income statement.

2. Translation of foreign operations

- (1) For all group entities, affiliates and joint agreements for which the functional currency is different from the presentation currency, the operating results and financial position shall be translated into the presentation currency in the following manners:

- A. Assets and liabilities expressed in each Statement of Financial Position are translated at the closing exchange rate on the Statement of Financial Position date;

- B. The income, expenses and losses expressed in each Statement of Comprehensive Income are translated at the average exchange rate of the current period; and

- C. All exchange differences arising from translation are recognized in other comprehensive income.

- (2) When a foreign operation that is partially disposed of or sold is a subsidiary, the accumulated exchange differences recognized in other comprehensive income are re-attributable to the non-controlling interests of the foreign operation on a pro rata basis. However, if the Group still retains part of the equity of the former subsidiary but has lost the control over the subsidiary of the foreign operating organization, it will be treated as a disposal of all the equity of the foreign operating organization.

(V) Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:
 - (1) The asset is expected to be realized, intended to be sold or consumed in the normal business cycle.
 - (2) Those held mainly for the purpose of trading.
 - (3) Expected to be realized within 12 months after the Statement of Financial Position date.
 - (4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities for at least 12 months after the Statement of Financial Position date.

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

2. Liabilities that meet one of the following conditions are classified as current liabilities:
 - (1) Those that are expected to be settled in the normal business cycle.
 - (2) Those held mainly for the purpose of trading.

- (3) Those that are expected to be settled within 12 months after the Statement of Financial Position date.
- (4) The repayment deadline cannot be unconditionally deferred to at least 12 months after the Statement of Financial Position date. The terms of the liabilities that may, at the option of the counterparty, result in settlement by the issue of equity instruments does not affect its classification.

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

(VI) Cash equivalents

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

(VII) Financial assets measured at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group adopts trade date accounting for financial assets measured at fair value through gains and losses that are customary transactions.
3. The Group measures at fair value at the time of initial recognition, and the related transaction costs are recognized in profit or loss; subsequently, they are measured at fair value, and the profit or loss is recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in the profit or loss.

(VIII) Financial assets measured at fair value through other comprehensive income

1. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:
 - (1) The financial assets are held under the business model for the purpose of collecting contractual cash flows and selling them.
 - (2) The cash flow on a specific date of the contractual terms of the financial asset is solely for the payment of the principal and the interest on the outstanding principal.
2. The Group adopts trade date accounting for financial assets measured at fair value through other comprehensive income in line with trading practices.
3. The Group measures their fair value plus transaction cost at the time of initial recognition, and then measures at fair value. Changes in fair value of equity instruments are recognized in other comprehensive income, and at the time of derecognition, the accumulated profit or loss previously recognized in other comprehensive income shall not be reclassified as profit or loss and transferred to retained earnings. When the right to receive dividends is established, the economic benefits related to the dividends are likely to inflow, and the amount of dividends can be reliably measured, the Group recognizes dividend income in the profit or loss.

(IX) Accounts and notes receivable

1. Refer to accounts and notes with the unconditional right to receive the amount of consideration exchanged for the transfer of goods or services as agreed in the contract.
2. For short-term accounts and notes receivable with unpaid interest, as the discounting effect is insignificant, the Group measures them at the original invoice amount.

(X) Impairment of financial assets

On each Statement of Financial Position date, the Group considers all reasonable and verifiable information (including forward-looking types) with respect to accounts receivable or contractual assets that comprise of a significant portion of its financial components. If the credit risk has not increased significantly since the initial recognition, the allowance loss is measured at the 12-month expected credit loss amount; if the credit risk has increased significantly since the initial recognition, the allowance loss is measured at the lifetime expected credit loss amount; it does not include the accounts receivable or contract assets that comprise a significant portion of its financial components, and the allowance for loss is measured at the lifetime expected credit losses.

(XI) Derecognition of financial assets

When the contractual right to receive the cash flow from the financial asset expires, the financial asset will be derecognized.

(XII) Inventory

Inventories are measured at the lower of cost or net realizable value, and the cost is determined in accordance with the weighted average method. When comparing the lower of the cost or the net realizable value, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal business process less the estimated cost of completion and the estimated cost of sales balance.

(XIII) Property, plant and equipment

1. Property, plant and equipment are recorded at acquisition cost.
2. The subsequent cost is included in the book value of the asset or recognized as an individual asset only when the future economic benefits related to the item are likely to flow into the Group and the cost of the item can be reliably measured. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized in profit or loss for the current period when incurred.
3. The cost model is adopted for the subsequent measurement of property, plant and equipment. Except for land that is not depreciated, the depreciation is calculated using the straight-line method according to the estimated service life. Significant properties, plant and equipment are depreciated separately.
4. The Group reviews the residual value, useful life and depreciation method of each asset at the end of each fiscal year. If the residual value and expected useful life are different from the previous estimates, or if there is a significant change in the expected consumption pattern of benefits in the future economic benefits, the Group shall follow IAS 8 “Accounting Policies, Changes and Errors in Accounting Estimates” from the date of the change in accounting estimates. The durability of each asset is as follows:

Buildings	
Houses	35 - 50 years
Decoration project	2-5 years
Transportation equipment	3-5 years
Office equipment	2-5 years

(XIV) Lease transactions with lessees - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities when they are available for use by the Group. When the lease contract is a short-term lease or the lease of the underlying asset of low value, the lease payment is recognized as an expense using the straight-line method over the lease period.
2. Lease liabilities are recognized by discounting the unpaid lease payments at the present value of the Group's incremental borrowing rate at the commencement date of the lease. Lease payments include fixed payments less any lease incentives receivable.

Subsequent adoption of the interest method and the amortized cost method, and the interest expense is recognized during the lease term. When the lease period or lease payment changes other than contract modification, the lease liabilities will be reassessed and the right-of-use assets will be remeasured.

3. Right-of-use assets are recognized at cost on the lease start date, including:
 - (1) The initially measured amount of the lease liability;
 - (2) Any lease payment paid on or before the commencement date;

The subsequent measurement is based on the cost model, and the depreciation expense is accrued at the earlier of the useful life of the right-of-use assets or the end of the lease term. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(XV) Intangible assets

The Group's intangible assets, including computer software, are recognized at the original cost and amortized using the straight-line method over their estimated useful lives of 1 to 2 years.

(XVI) Impairment of non-financial assets

On the Statement of Financial Position date, the recoverable amount of assets with signs of impairment is estimated. When the recoverable amount is lower than the book value, it is recognized as impairment loss. The recoverable amount is the fair value of an asset less the cost of disposal or its value in use, whichever is higher. When the impairment loss of the asset recognized in prior years does not exist or decreases, the impairment loss is reversed. However, the book value of an asset increased by the reversal of the impairment loss shall not exceed the book value obtained after deducting depreciation or amortization under the circumstance when the asset was not recognized for impairment loss.

(XVII) Accounts and notes payable

1. Refers to debts incurred from the purchase of raw materials, commodities or labor services on credit, and notes payable due to business and non-business reasons.
2. For short-term accounts and notes payable with unpaid interest, as the discounting

effect is insignificant, the Group measures them based on the original invoice amount.

(XVIII) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligations are fulfilled, cancelled or expired.

(XIX) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid, and are recognized as expenses when the related services are provided.

2. Pension

(1) Definite contribution plan

For the defined contribution plan, the amount that should be allocated to the pension fund is recognized as the current pension cost on an accrual basis. Prepaid allocations are recognized as assets within the scope of refundable cash or reduced future payments.

(2) Defined benefit plan

A. The net obligation under the defined benefit plan is calculated by discounting the future benefit amount earned by employees in the current period or in the past, and the present value of the defined benefit obligation on the Statement of Financial Position date less the fair value of the planned assets. The net defined benefit obligation is calculated by the actuary using the projected unit benefit method every year, and the discount rate is determined by reference to the market yield rate of the high-quality corporate bond on the Statement of Financial Position date and the currency and period; for countries without a deep market, the market yield rate of government bonds (on the Statement of Financial Position date) is used.

B. The actuarial gains and losses arising from the defined benefit plan are recognized in other comprehensive income in the period in which they are incurred.

C. Expenses related to the service cost in the previous period are immediately recognized in profit or loss.

3. Remuneration to employees and directors

Employees' remuneration and directors' remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated. If there is any discrepancy between the actual distributed amount and the estimated amount, it will be treated as a change in accounting estimate. In the case of the distribution of employee remuneration in shares, the number of shares is calculated based on the closing price on the day before the date of the resolution of the board of directors.

(XX) Income tax

1. Income tax expenses include current and deferred income tax. Income tax is recognized in profit or loss, except for items included in other comprehensive income or directly in equity, which are recognized in other comprehensive income

or directly in equity.

2. The Group calculates the income tax for the current period based on the tax rate that has been enacted or substantially enacted in the countries where the Group is operating and generating taxable income on the Statement of Financial Position date. The management regularly evaluates the status of income tax returns in accordance with applicable income tax related laws and regulations, and where applicable, estimated income tax liabilities are based on the expected tax payments to the taxing authorities. Undistributed earnings are subject to income tax in accordance with the Income Tax Act. The generated earnings will be approved by the shareholders' meeting in the following year and based on the actual distribution of earnings, recognized as income tax expense of undistributed earnings.
3. Deferred income tax is recognized in accordance with the Statement of Financial Position method based on the temporary difference between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Statement of Financial Position. The deferred income tax liabilities arising from the initially recognized goodwill shall not be recognized if the deferred income tax is derived from the initial recognition of the assets or liabilities in the transaction (excluding business merger), and those that do not affect accounting profits or taxable income (taxable losses) are not recognized. If the temporary difference generated by investing in subsidiaries, the Group can control the time point for the temporary difference to reverse, and the temporary difference is very likely not to be reversed in the foreseeable future, it is not recognized. Deferred income tax is based on the tax rate (and tax law) that has been enacted or substantially enacted at the Statement of Financial Position date and is expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized within the scope where the temporary difference is likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each Statement of Financial Position date.

(XXI) Share capital

Common shares are classified as equity. The net amount after deducting income tax of the incremental cost directly attributable to the issuance of new shares or stock options is recognized as a reduction of price in equity.

(XXII) Dividend distribution

Dividends distributed to the Group's shareholders are recognized in the financial statements when the shareholders' meeting resolves to distribute dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred as common shares on the record date of issuance of new shares.

(XXIII) Revenue recognition

1. Sales of goods

- (1) The Group sells information software and 3D printing machine related products, and the sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer, and the Group has no possibility of outstanding performance obligations affecting the customer's acceptance of the product. When the product is transported to the designated location, the risk of

obsolescence and loss has been transferred to the customer, and the customer accepts the product according to the sales contract, or there is objective evidence to prove that all acceptance standards have been met, the delivery of goods occurs.

- (2) Accounts receivable are recognized when the goods is delivered to the customer, as the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

2. Labor revenue and information system consulting services

- (1) The Group provides related services such as software certification, education and training, information system utilization analysis reports, and system improvement plans. The income from labor services and information system consulting services is recognized as income during the financial reporting period when the service is provided to the customer. Revenues from fixed price contracts are recognized based on the percentage of services actually provided as a percentage of the total services to be provided as of the Statement of Financial Position date. The completion percentage of services is determined based on the actual labor hours incurred to the estimated total labor hours. The customer pays the contract amount according to the agreed payment schedule. When the services provided by the Group exceed the payables, it is recognized as a contract asset; if the payables from the customer exceeds the services provided, it is recognized as a contract liability.
- (2) Some of the customer contracts include multiple commodities or services that should be delivered, such as hardware and software installation. In most cases, the installation is simple in nature, does not involve integration services, and can be performed by other companies, so the installation is identified as a separate performance obligation. The transaction price is allocated to each performance obligation in the contract based on the relative individual selling price. When the individual selling price is not directly observable, it is estimated using the expected cost plus profit method. If the contract includes the sale of hardware or software, the revenue from the hardware or software is recognized at the point when it is delivered to the customer, the legal title is transferred to the customer, and the customer has accepted the hardware or software.
- (3) The Group's estimates of income, cost and level of completion are revised subject to changes in circumstances. Any increase or decrease in estimated revenue or cost resulting from a change in estimate is reflected in profit or loss in the period in which the result of the revision is recognized by the management.

(XXIV) Operating department

The information of the Group's operating departments is reported in a consistent manner with the internal management reports provided to major operational decision makers. The chief operating decision maker is responsible for allocating resources to operating departments and evaluating their performance. The identified chief operating decision maker of the Group is the Board of Directors.

V. Major Sources of Significant Accounting Judgments, Estimates, and Assumptions Uncertainty

When the Group prepared these consolidated financial statements, the management has used its

judgment to determine the accounting policies adopted, and made accounting estimates and assumptions based on the reasonable expectation of future events as of the Statement of Financial Position date. The significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. Please refer to the following descriptions of significant accounting judgments, estimates and uncertainties of assumptions:

(I) Important judgments on the adoption of accounting policies

None.

(II) Important accounting estimates and assumptions

1. Assessment of loss allowance for accounts receivable

In the process of assessing the provision for loss, the Group must use judgment and estimate to determine the future recoverability of accounts receivable. The future recoverability is affected by many factors, such as the customer's financial position, historical transaction records and current economic conditions, and many other factors that may affect the customer's ability to pay. If there is doubt about its recoverability, the Group needs to assess the possibility of recovery of the account and make appropriate allowance for losses. The allowance for losses is based on the reasonable expectation of the future events as of the Statement of Financial Position date. In addition, the Company adjusts the loss rate established based on history in a specific period and current information to estimate the loss allowance of accounts receivable based on the global economic information for future-looking considerations. However, the actual results may be different from the estimation, thus, there might be a significant change. On December 31, 2023, the book value of the Group's accounts receivable amounted to NTD 351,204.

2. Inventory valuation

Since inventories must be valued at the lower of cost or net realizable value, the Group must use judgment and estimate to determine the net realizable value of inventories on the Statement of Financial Position date. Due to the impact of market competition, commodity prices may be vulnerable to fluctuations or product sales are not as expected. The Group assesses the amount of inventory on the Statement of Financial Position date due to obsolescence or no market sales value, and offsets the inventory cost to the net realizable value. The evaluation of inventory is mainly based on the demand for products in a specific period in the future, so there may be significant changes. On December 31, 2023, the book value of the Group's inventories was NTD 155,067.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 1,430	\$ 1,323
Checking deposits and demand deposits	257,073	335,848
Time deposit	<u>650,000</u>	<u>550,000</u>
	<u>\$ 908,503</u>	<u>\$ 887,171</u>

1. The credit quality of the financial institutions with which the Group interacts is good, and the Group interacts with many financial institutions to diversify credit risks, and the possibility of default is expected to be very low.
2. The Group does not put cash and cash equivalents up for pledge.

(II) Financial assets measured at fair value through profit or loss

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificate	\$ 20,000	\$ 20,000
Valuation adjustment	<u>1,241</u>	<u>994</u>
	<u>\$ 21,241</u>	<u>\$ 20,994</u>

1. The breakdown of financial assets measured at fair value through profit or loss recognized in profit or loss is as follows:

	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificate		<u>\$ 98</u>

2. The Group does not pledge financial assets measured at fair value through profit or loss.

(III) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 81,103	\$ 83,709
Accounts receivable	\$ 368,307	\$ 362,911
Less: Loss allowance	<u>(17,103)</u>	<u>(12,291)</u>
	<u>\$ 351,204</u>	<u>\$ 350,620</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 344,081	\$ 81,103	\$ 337,876	\$ 83,709
Within 30 days of overdue	9,818	-	12,504	-
Overdue 31-90 days	6,954	-	4,772	-
Overdue 91-180 days	1,947	-	1,799	-
Overdue for more than 181 days	<u>5,507</u>	<u>-</u>	<u>5,960</u>	<u>-</u>
	<u>\$ 368,307</u>	<u>\$ 81,103</u>	<u>\$ 362,911</u>	<u>\$ 83,709</u>

The above is an aging analysis based on the number of overdue days.

- The balances of the receivables (including notes receivable) of the Group's contracts with customers on December 31, 2023, December 31, 2022, and January 1, 2022 were NTD 449,410 and NTD 446,620, and NTD 478,595, respectively.
- The Group did not provide accounts receivable as collateral.
- The best representation of the Group's maximum exposure to credit risk for (1) notes receivable and for (2) accounts receivable before consideration of associated collateral held or other credit enhancements were (1) NTD 81,103 and NTD 83,709, and (2) NTD 351,204 and NTD 350,620, as of December 31, 2023 and 2022, respectively.
- Please refer to Note XII (II) for the credit risk information of related accounts receivable and notes receivable.

(IV) Inventory

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
Commodities	\$	179,697	\$	83,367
Less: Allowance for devaluation losses	(	<u>24,630)</u>	(	<u>23,367)</u>
	\$	<u>155,067</u>	\$	<u>60,000</u>

The inventory related gains (losses) recognized by the Group as operating costs in the current period are as follows:

	<u>2023</u>		<u>2022</u>	
Cost of sold inventories	\$	689,227	\$	650,893
Loss (gain) from price recovery of inventory		<u>1,366</u>	(	<u>4,338)</u>
	\$	<u>690,593</u>	\$	<u>646,555</u>

The Group's net realizable value of the inventory in the same period last year rebounded due to the sale of obsolescence inventories, and was recognized as a decrease in cost of sales.

(V) Financial assets measured at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
Equity instrument				
Non-listed, OTC, and emerging stocks	\$	16,096	\$	16,096
Valuation adjustment		<u>9,704</u>		<u>9,704</u>
Total	\$	<u>25,800</u>	\$	<u>25,800</u>

1. The Group chose to classify the equity investments that are strategic investments as financial assets measured at fair value through other comprehensive profit or loss. The fair values of these investments as of December 31, 2023 and 2022 were both NTD 25,800.
2. Financial assets measured at fair value through other comprehensive income or loss recognized in profit or loss and comprehensive income are detailed as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments measured at fair value through other comprehensive profit or loss</u>		
Changes in fair value recognized in other comprehensive income	\$ -	\$ 9,704

(VI) Property, plant and equipment

	<u>2023</u>					
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
January 1						
Cost	\$ 157,644	\$ 87,838	\$ 1,093	\$ 37,959	\$ 2,248	\$ 286,782
Accumulated depreciation	<u>-(36,840)</u>	<u>(906)</u>	<u>(29,127)</u>	<u>(1,978)</u>	<u>(68,851)</u>	
	<u>\$ 157,644</u>	<u>\$ 50,998</u>	<u>\$ 187</u>	<u>\$ 8,832</u>	<u>\$ 270</u>	<u>\$ 217,931</u>
January 1	\$ 157,644	\$ 50,998	\$ 187	\$ 8,832	\$ 270	\$ 217,931
Addition	-	177	120	5,013	3,000	8,310
Disposal	-	-	-	(94)	(94)	(94)
Depreciation expense	-(1,977)		(159)	(4,490)	(646)	(7,272)
Exchange difference, net	-	-	(3)	(45)	(32)	(80)
December 31	<u>\$ 157,644</u>	<u>\$ 49,198</u>	<u>\$ 145</u>	<u>\$ 9,216</u>	<u>\$ 2,592</u>	<u>\$ 218,795</u>
December 31						
Cost	\$ 157,644	\$ 88,015	\$ 1,192	\$ 32,977	\$ 5,172	\$ 285,000
Accumulated depreciation	<u>-(38,817)</u>	<u>(1,047)</u>	<u>(23,761)</u>	<u>(2,580)</u>	<u>(66,205)</u>	
	<u>\$ 157,644</u>	<u>\$ 49,198</u>	<u>\$ 145</u>	<u>\$ 9,216</u>	<u>\$ 2,592</u>	<u>\$ 218,795</u>

	<u>2022</u>					
	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
January 1						
Cost	\$ 157,644	\$ 87,838	\$ 1,077	\$ 31,843	\$ 2,215	\$ 280,617
Accumulated depreciation	<u>- (34,482)</u>	<u>(730)</u>	<u>(25,931)</u>	<u>(1,703)</u>	<u>(62,846)</u>	
	<u>\$ 157,644</u>	<u>\$ 53,356</u>	<u>\$ 347</u>	<u>\$ 5,912</u>	<u>\$ 512</u>	<u>\$ 217,771</u>
January 1	\$ 157,644	\$ 53,356	\$ 347	\$ 5,912	\$ 512	\$ 217,771
Addition	-	-	-	6,609	-	6,609
Disposal	-	-	-	(46)	-	(46)
Depreciation expense	- (2,358)	(232)	(3,610)	(251)	(6,451)	
Reclassification	-	-	66	(66)	-	-
Exchange difference, net	<u>-</u>	<u>-</u>	<u>6</u>	<u>33</u>	<u>9</u>	<u>48</u>
December 31	<u>\$ 157,644</u>	<u>\$ 50,998</u>	<u>\$ 187</u>	<u>\$ 8,832</u>	<u>\$ 270</u>	<u>\$ 217,931</u>
December 31						
Cost	\$ 157,644	\$ 87,838	\$ 1,093	\$ 37,959	\$ 2,248	\$ 286,782
Accumulated depreciation	<u>- (36,840)</u>	<u>(906)</u>	<u>(29,127)</u>	<u>(1,978)</u>	<u>(68,851)</u>	
	<u>\$ 157,644</u>	<u>\$ 50,998</u>	<u>\$ 187</u>	<u>\$ 8,832</u>	<u>\$ 270</u>	<u>\$ 217,931</u>

For the information on property, plant and equipment as collateral, please refer to the descriptions in Note VIII.

(VII) Lease transactions - Lessee

- The underlying assets leased by the Group include buildings, transportation equipment and other equipment. The lease contract is usually for a period of 1 to 20 years. Lease contracts are negotiated individually and contain various clauses. No other restrictions are imposed except that the leased assets may not be used as collateral for loans.
- Transportation equipment and some buildings leased by the Group are leased for no more than 12 months, and the underlying assets leased are other equipment. In addition, the Group's committed lease payments for short-term leases as of December 31, 2023 and 2022 were NTD 3,069 and NTD 3,042, respectively.
- The book value and recognized depreciation expenses of the right-of-use assets are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	<u>\$ 7,532</u>	<u>\$ 4,832</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	<u>\$ 4,547</u>	<u>\$ 5,370</u>

- The additions to the Groups right-of-use assets in 2023 and 2022 were NTD 7,247 and NTD 0, respectively.
- The information of profit and loss items related to the lease contract is as follows:

	<u>2023</u>		<u>2022</u>
<u>Items affecting current profit or loss</u>			
Interest expense of lease liabilities	\$ 74	\$	95
Expenses of short-term lease contracts	7,493		6,384
Expenses of low-value asset lease	84		82
	<u>\$ 7,651</u>	\$	<u>6,561</u>

6. The total cash outflow for leases of the Group amounted to NTD 12,092 and NTD 11,961 in 2023 and 2022, respectively.

(VIII) Other payables

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Salaries and bonuses payable	\$ 73,106	\$	68,872
Employee remuneration payable	5,513		5,904
Payable business tax	5,493		16,234
Others	11,438		11,778
	<u>\$ 95,550</u>	\$	<u>102,788</u>

(IX) Pension

- 1.(1) In accordance with the "Labor Standards Act", the Company has established a retirement plan with defined benefits, which applies to the service years of all full-time employees before the "Labor Pension Act" implementation date on July 1, 2005, and the subsequent years of service of employees choosing to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act". If an employee is eligible for retirement, the pension payment is based on the service years and the average salary of 6 months prior to retirement. Two base figures are given for each full year of service within 15 years (inclusive), and one base figure will be granted for each year of service beyond the 15 years, but the cumulative maximum shall be limited to 45 base figures. The Company contributes 2% of the total salary to the pension fund on a monthly basis, which is deposited with the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, the Company estimates the balance of the aforementioned special accounts for labor pension before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees eligible for retirement in the following year, the Company will make a lump-sum appropriation for the difference by the end of March of the following year.

- (2) The amounts recognized in the Statement of Financial Position are as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
Present value of defined benefit obligation	(\$ 15,238)	(\$	15,060)
Fair value of plan assets	8,219		7,731
Net defined benefit liabilities	<u>(\$ 7,019)</u>	(\$	<u>7,329)</u>

- (3) Changes in net defined benefit liabilities are as follows:

<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
--	----------------------------------	--

2023			
Balance on January 1	(\$ 15,060)	\$ 7,731	(\$ 7,329)
Interest revenue	-	100	100
Interest cost of defined benefit obligation	(194)	-	(194)
	(15,254)	7,831	(7,423)
Re-measurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	64	64
Effect of changes in financial assumptions	(131)	-	(131)
Experience adjustment	147	-	147
	16	64	80
Appropriation of pension fund	-	324	324
Balance on December 31	(\$ 15,238)	\$ 8,219	(\$ 7,019)

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance on January 1	(\$ 15,892)	\$ 6,900	(\$ 8,992)
Interest revenue	-	48	48
Interest cost of defined benefit obligation	(110)	-	(110)
	(16,002)	6,948	(9,054)
Re-measurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	528	528
Effect of changes in financial assumptions	891	-	891
Experience adjustment	51	-	51
	942	528	1,470
Appropriation of pension fund	-	255	255
Balance on December 31	(\$ 15,060)	\$ 7,731	(\$ 7,329)

- (4) The assets of the Company's defined benefit pension plan fund are invested by the Bank of Taiwan in accordance within the proportion and amount of entrusted operating projects set out in the annual investment utilization plan and in accordance with Article 6 of the Regulations Governing the Revenue, Expenditures, Safeguard and Utilization of the Labor Pension Fund (i.e.

deposits with domestic and foreign financial institutions, investment in domestic and foreign listed, OTC or private equity securities, and investment in domestic and foreign real estate securitization products), and the relevant utilization is supervised by the Labor Pension Fund Supervisory Board. For the use of the fund, the minimum income distributed in the annual final accounts shall not be lower than the income calculated based on the local bank's two-year time deposit interest rate; if there is any deficiency, the national treasury shall make up for it after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with IAS 19 Paragraph 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the labor pension fund utilization report announced by the government for each year.

(5) The actuarial assumptions about pension fund are summarized as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.30%</u>
Future salary increase rate	<u>3.00%</u>	<u>3.00%</u>

The assumption of mortality in the future is based on the 6th cycle of the Taiwan Life Insurance Industry Empirical Life Tables.

The analysis of the impact on the present value of defined benefit obligation due to the change of major actuarial assumptions is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2023				
Impact on present value of defined benefit obligation	<u>(\$ 324)</u>	<u>\$ 335</u>	<u>\$ 328</u>	<u>(\$ 320)</u>
December 31, 2022				
Impact on present value of defined benefit obligation	<u>(\$ 351)</u>	<u>\$ 363</u>	<u>\$ 356</u>	<u>(\$ 346)</u>

The above sensitivity analysis analyzes the impact of changes in a single assumption with other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities on the Statement of Financial Position.

The methods and assumptions used in the preparation of the sensitivity analysis in the current period are the same as those in the previous period.

(6) The Group expects to contribute NTD 272 to the pension plan in 2024.

(7) As of December 31, 2023, the weighted average duration of the pension plan was 8 years. The maturity analysis of pension payment is as follows:

Less than 1 year	\$	407
1-2 years		506
2-5 years		1,379

More than 5 years

14,223
\$ 16,515

- 2.(1) Since July 1, 2005, the Company has established a defined retirement contribution in accordance with the "Labor Pension Act", which is applicable to employees of Taiwanese nationals. For employees choosing the labor pension system under the "Labor Pension Act", the Company contributes 2% of the monthly salary to the personal accounts of the employees with the Labor Insurance Bureau. The pension is paid according to the individual pensions of the employees and the amount of accumulated income and is withdrawn as monthly pension or lump sum.
- (2) For the subsidiary in Mainland China - Shanghai United Wizard Technology International Trading Limited, according to the endowment insurance system stipulated by the Peoples Republic of China, the subsidiary contributes a certain percentage of the total salary of the local employees to the endowment insurance on a monthly basis. The pension fund of each employee is managed and arranged by the local government, and the subsidiaries have no further obligation other than the monthly contribution.
- (3) In 2023 and 2022, the Group recognized pension costs of NTD 17,130 and NTD 15,506 in accordance with the above regulations.

(X) Share capital

1. On December 31, 2023, the Company's authorized capital was NTD 350,000 divided into 35,000 thousand shares, and the paid-in capital was NTD 282,107 with a face value per share of NTD 10 per share. Payment for the issued shares of the Company has been received.
2. The number of outstanding ordinary shares at the beginning and the end of the period is adjusted as follows:

(Unit: Thousand shares)

	<u>2023</u>	<u>2022</u>
Closing (i.e. beginning)	<u>28,211</u>	<u>28,211</u>

(XI) Capital reserve

Pursuant to the Company Act, the premium from the issuance of shares above par value and the additional capital reserve from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated losses, new shares are issued to shareholders in proportion to their existing shares. In addition, the Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above shall not exceed 10% of the paid-in capital each year. The Company shall not use the capital reserve to make up for capital loss unless there is still insufficient reserves to make up for the capital loss.

(XII) Retained earnings

1. If the Company has a profit in the annual final account, it shall first pay tax and make up for the accumulated losses, and then appropriate 10% as a surplus reserve, except when the legal surplus has reached the same amount as the Company's paid-in capital. In addition, the special reserve may be set aside or reversed depending on the company's operational needs and laws and regulations. For the remaining undistributed earnings at the beginning of the same period,

the board of directors will propose an earnings distribution plan and submit it to the shareholders meeting for resolution to distribute shareholders dividends.

2. The Company's dividend policy is based on the Company Act and the Company's Articles of Incorporation, with a sound financial structure as the principle. The Company's dividends are distributed in the form of stock dividends, cash dividends, or both. In principle, the distribution of cash dividends shall not be less than 20% of the distributable earnings. If there is any major capital expenditure plan in the future, the percentage of distribution of stock dividends may be increased with the approval of the shareholders meeting for up to the entire amount may be distributed in stock dividends.
3. The legal reserve cannot be used for purposes other than to cover the accumulated losses of the company and for issuance of new shares or cash to shareholders in proportion of their original shareholding percentage. However, for the issuance of new shares or cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.
- 4.(1) The 2022 earnings distribution resolved by the shareholders' meeting on May 30, 2023 and the 2021 earnings distribution resolved by the shareholders meeting on May 30, 2022 are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision of legal reserve	\$ 30,727		\$ 32,075	
(Reversed) Provision of special reserve	(1,127)		491	
Distribution of cash dividends to shareholders	<u>225,686</u>	\$ 8.00	<u>225,686</u>	\$ 8.00
	<u>\$ 255,286</u>		<u>\$ 258,252</u>	

The above-mentioned information on the distribution of earnings resolved by the Board of Directors and Shareholders Meeting can be obtained from the MOPS.

- (2) The 2023 earnings distribution was proposed by the Board of Directors on March 8, 2024 as follows:

	<u>2023</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Provision of legal reserve	\$ 28,867	
Provision of special reserve	2,036	
Distribution of cash dividends to shareholders	<u>225,686</u>	\$ 8.00
	<u>\$ 256,589</u>	

The aforementioned earnings distribution has not yet been resolved by the shareholders' meeting as of March 8, 2024.

(XIII) Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers	<u>\$ 1,447,163</u>	<u>\$ 1,394,365</u>

1. Breakdown of revenue from contracts with customers

The Group's income comes from the provision of goods and services that are gradually transferred over time and at a specific point in time. The income can be divided into the following main product lines and geographical regions:

	<u>Information software and maintenance contract business</u>		<u>3D printing and machine business</u>		<u>Certification services and others</u>		<u>Total</u>	
	<u>Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>China</u>
<u>2023</u>								
Revenue from contracts with external customers	<u>\$ 1,179,928</u>	<u>\$ 184,451</u>	<u>\$71,766</u>	<u>\$ 4,594</u>	<u>\$ 5,457</u>	<u>\$ 967</u>	<u>\$ 1,257,151</u>	<u>\$190,012</u>
Revenue recognized at a specific point in time	\$ 1,160,482	\$ 183,878	\$71,766	\$ 4,594	\$ 1,859	\$ -	\$ 1,234,107	\$188,472
Income recognized gradually over time	<u>19,446</u>	<u>573</u>	<u>-</u>	<u>-</u>	<u>3,598</u>	<u>967</u>	<u>23,044</u>	<u>1,540</u>
	<u>\$ 1,179,928</u>	<u>\$ 184,451</u>	<u>\$71,766</u>	<u>\$ 4,594</u>	<u>\$ 5,457</u>	<u>\$ 967</u>	<u>\$ 1,257,151</u>	<u>\$190,012</u>

	<u>Information software and maintenance contract business</u>		<u>3D printing and machine business</u>		<u>Certification services and others</u>		<u>Total</u>	
	<u>Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>China</u>	<u>Taiwan</u>	<u>China</u>
<u>2022</u>								
Revenue from contracts with external customers	<u>\$ 1,138,357</u>	<u>\$175,976</u>	<u>\$66,765</u>	<u>\$ 7,531</u>	<u>\$ 5,091</u>	<u>\$ 645</u>	<u>\$ 1,210,213</u>	<u>\$184,152</u>
Revenue recognized at a specific point in time	\$ 1,131,301	\$175,196	\$66,765	\$ 7,531	\$ 634	\$ -	\$ 1,198,700	\$182,727
Income recognized gradually over time	<u>7,056</u>	<u>780</u>	<u>-</u>	<u>-</u>	<u>4,457</u>	<u>645</u>	<u>11,513</u>	<u>1,425</u>
	<u>\$ 1,138,357</u>	<u>\$175,976</u>	<u>\$66,765</u>	<u>\$ 7,531</u>	<u>\$ 5,091</u>	<u>\$ 645</u>	<u>\$ 1,210,213</u>	<u>\$184,152</u>

2. Contract liabilities

(1) The contractual liabilities related to the customer contract revenue recognized by the Group are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - current:			
Information system upgrade software contract	\$ 5,364	\$ 30,396	\$ 25,278
Contract liabilities - non-current			

Information system upgrade software contract	<u>-</u>	<u>8,920</u>	<u>10,012</u>
Total	<u>\$ 5,364</u>	<u>\$ 39,316</u>	<u>\$ 35,290</u>

(2) Revenue from contract liabilities at the beginning of the period recognized in the current period

	<u>2023</u>	<u>2022</u>
Opening balance of contract liabilities recognized as revenue in the current period		
Information system upgrade software contract	<u>\$ 38,574</u>	<u>\$ 19,816</u>

(3) Unperformed long-term information system upgrade software contract

As of December 31, 2023 and 2022, the amortized contract transaction price for the unperformed (or yet fully fulfilled) part of the long-term information system upgrade software contract signed by the Group and its customers was NTD 5,364,520 and NTD 42,520, respectively. The management expects that the amortized transaction price of the unsatisfied performance obligation will be recognized as income within one year for December 31, 2023 and 2022, and the amount of NTD 5,364 and NTD 33,442 will be recognized as income, respectively, and the remaining amount is expected to be recognized over two to three years income. The aforementioned amounts do not include the restricted variable consideration amount.

(XIV) Interest income

	<u>2023</u>	<u>2022</u>
Interest on bank deposits	<u>\$ 6,063</u>	<u>\$ 2,729</u>

(XV) Other income

	<u>2023</u>	<u>2022</u>
Commission income	\$ 11,918	\$ 21,177
Other income - others	<u>3,967</u>	<u>4,505</u>
	<u>\$ 15,885</u>	<u>\$ 25,682</u>

(XVI) Other gains and losses

	<u>2023</u>		<u>2022</u>	
Gains (losses) from the disposal of property, plant and equipment	\$	1,586	(\$	46)
Foreign exchange gain (loss)		653	(	744)
Gain on financial assets at fair value through profit or loss		247		98
Miscellaneous expenses	(	<u>134)</u>	(	<u>41)</u>
	<u>\$</u>	<u>2,352</u>	<u>(\$</u>	<u>733)</u>

(XVII) Additional information on the nature of expenses

By function By nature	2023			2022		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expenses	\$ -	\$ 274,466	\$ 274,466	\$ -	\$ 257,447	\$ 257,447
Labor and national health insurance expenses	-	25,215	25,215	-	22,197	22,197
Pension expense	-	17,224	17,224	-	15,568	15,568
Other personnel expenses	-	13,067	13,067	-	11,473	11,473
Directors' Remuneration	-	2,508	2,508	-	2,508	2,508
Depreciation expense	-	11,820	11,820	-	11,821	11,821
Amortization expense	-	1,981	1,981	-	1,423	1,423

1. According to the Company's Articles of Incorporation, the Company shall appropriate 1% - 10% of the balance after deducting the accumulated losses from the profit of the current year as employee remuneration, and no more than 1% as director remuneration.
2. The Company's estimated employees' remuneration for 2023 and 2022 were NTD 5,513 and NTD 5,904, respectively; the estimated amount of directors' remuneration was NTD 0, and the aforementioned amounts were accounted for as salary expenses.

For 2023, employees' remuneration and directors' remuneration are estimated at 1.5% and 0%, respectively, based on the profit until the current period, of which the employee remuneration will be paid in cash.

The remuneration to employees and directors for 2022 as resolved by the Board of Directors was consistent with the recognized amounts in the 2022 financial statements.

Information on employee and director remuneration approved by the Company's board of directors is available on the MOPS.

(XVIII) Income tax

1. Income tax expenses

(1) Components of income tax expense:

	<u>2023</u>		<u>2022</u>
Current income tax:			
Income tax arising from current income	\$ 72,694	\$	84,247
Imposition on undistributed earnings	2,387		2,709
Underestimation (overestimation) of income tax in previous years	(1,395)		1,394
Total income tax for the current period	<u>73,686</u>		<u>88,350</u>
Deferred income tax:			
The origin and reversal of the temporary difference	<u>2,314</u>		<u>3,039</u>
Total deferred income tax	<u>2,314</u>		<u>3,039</u>
Income tax arising from current income	<u>\$ 76,000</u>	\$	<u>91,389</u>

(2) Amount of income tax related to other comprehensive income:

	<u>2023</u>		<u>2022</u>
Changes in fair value of financial assets measured at fair value through other comprehensive income	\$ -	(\$	1,941)
Difference on translation of foreign operations	509	(	281)
Re-measurement of defined benefit obligation	(16)	(	295)
	<u>\$ 493</u>	(\$	<u>2,517)</u>

2. Relationship between income tax expense and accounting profit

	<u>2023</u>		<u>2022</u>
Income tax on net profit before tax calculated at statutory tax rate (Note)	\$ 74,406	\$	86,311
Expenses to be removed in accordance with law	602		975
Imposition on undistributed earnings	2,387		2,709
Underestimation (overestimation) of income tax in previous years	(1,395)		1,394
Income tax expense	<u>\$ 76,000</u>	\$	<u>91,389</u>

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

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

2023

	<u>January 1</u>	Recognized in <u>profit or loss</u>	Recognized in <u>other comprehensive net income</u>	<u>December 31</u>
Deferred income tax assets				
- Temporary difference				
Unrealized exchange losses	\$ 35	\$ 100	\$ -	\$ 135
Inventory devaluation	4,937	275	-	5,212
Loss on bad debts	2,335	837	-	3,172
Defined benefit obligation	1,463	(47)	(16)	1,400
Payable leave, year-end and performance bonus	2,583	351	-	2,934
Income received in advance	<u>1,706</u>	<u>(1,699)</u>	<u>-</u>	<u>7</u>
Subtotal	<u>13,059</u>	<u>(183)</u>	<u>(16)</u>	<u>12,860</u>
Deferred income tax liabilities				
- Temporary difference				
Unrealized investment gain	(19,783)	(2,131)	-	(21,914)
Difference on exchange of foreign operations	133	-	509	642
Unrealized valuation gains on equity instrument investments	<u>(1,941)</u>	<u>-</u>	<u>-</u>	<u>(1,941)</u>
Subtotal	<u>(21,591)</u>	<u>(2,131)</u>	<u>509</u>	<u>(23,213)</u>
Total	<u>(\$ 8,532)</u>	<u>(\$ 2,314)</u>	<u>\$ 493</u>	<u>(\$ 10,353)</u>

2022

	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive net income</u>	<u>December 31</u>
Deferred income tax assets - Temporary difference				
Unrealized exchange losses	\$ -	\$ 35	\$ -	\$ 35
Inventory devaluation	5,786	(849)	-	4,937
Loss on bad debts	2,164	171	-	2,335
Defined benefit obligation	1,796	(38)	(295)	1,463
Payable leave, year-end and performance bonus	2,161	422	-	2,583
Income received in advance	<u>885</u>	<u>821</u>	<u>-</u>	<u>1,706</u>
Subtotal	<u>12,792</u>	<u>562</u>	<u>(295)</u>	<u>13,059</u>
Deferred income tax liabilities - Temporary difference				
Unrealized exchange gains	(1,462)	1,462	-	-
Unrealized investment gain	(14,720)	(5,063)	-	(19,783)
Difference on exchange of foreign operations	414	-	(281)	133
Unrealized valuation gains on equity instrument investments	<u>-</u>	<u>-</u>	<u>(1,941)</u>	<u>(1,941)</u>
Subtotal	<u>(15,768)</u>	<u>(3,601)</u>	<u>(2,222)</u>	<u>(21,591)</u>
Total	<u>(\$ 2,976)</u>	<u>(\$ 3,039)</u>	<u>(\$ 2,517)</u>	<u>(\$ 8,532)</u>

4. The Company's profit-seeking business income tax has been approved by the tax collection authority until 2021.

(XIX) Earnings per share

	<u>2023</u>		
	<u>After-tax amount</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	<u>\$ 288,608</u>	<u>28,211</u>	<u>\$ 10.23</u>
<u>Diluted earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 288,608	28,211	
Effect of potential dilutive shares			
Remuneration to employees	<u>-</u>	<u>49</u>	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	<u>\$ 288,608</u>	<u>28,260</u>	<u>\$ 10.21</u>

	<u>2022</u>		
	<u>After-tax amount</u>	<u>Weighted average number of outstanding shares (thousand shares)</u>	<u>Earnings per share (NTD)</u>
<u>Basic earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	<u>\$ 306,094</u>	<u>28,211</u>	<u>\$ 10.85</u>
<u>Diluted earnings per share</u>			
Net income for the period attributable to the common shareholders of the parent company	\$ 306,094	28,211	
Effect of potential dilutive shares			
Remuneration to employees	<u>-</u>	<u>61</u>	
Net income for the period attributable to the common shareholders of the parent company plus the effect of potential common shares	<u>\$ 306,094</u>	<u>28,272</u>	<u>\$ 10.83</u>

(XX) Supplementary information on cash flow

Investment activities with only partial cash payment:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 8,310	\$ 6,609
Add: Payables for equipment, beginning	3,602	395
Less: Payables for equipment, ending	(84)	(3,602)
Cash paid in current period	<u>\$ 11,828</u>	<u>\$ 3,402</u>

	<u>2023</u>	<u>2022</u>
Purchase of intangible assets	\$ 1,824	\$ 1,823
Add: Other payables at the beginning of period	421	-
Less: Other payables - ending	-	(421)
Cash paid in current period	<u>\$ 2,245</u>	<u>\$ 1,402</u>

(XXI) Changes in liabilities from financing activities

	<u>2023</u>	
	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 4,877	\$ 4,877
Changes in financing cash flow (	4,441)	(4,441)
Other non-cash changes	<u>7,247</u>	<u>7,247</u>
December 31	<u>\$ 7,683</u>	<u>\$ 7,683</u>

	<u>2022</u>	
	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 10,244	\$ 10,244
Changes in financing cash flow (	5,400)	(5,400)
Other non-cash changes	<u>33</u>	<u>33</u>
December 31	<u>\$ 4,877</u>	<u>\$ 4,877</u>

VII. Transactions with related parties

Remuneration of key management personnel

	<u>2023</u>	<u>2022</u>
Salary and other short-term employee benefits	\$ 23,441	\$ 25,279
Post-employment benefits	<u>412</u>	<u>350</u>
	<u>\$ 23,853</u>	<u>\$ 25,629</u>

VIII. Pledged assets

The details of the guarantees provided for the Group's assets are as follows:

	<u>Book value</u>		
<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose of guarantee</u>
Property, plant and equipment	\$ 71,744	\$ 72,250	Long-term loan guarantee limit

IX. Material Contingent Liabilities and Unrecognized Contractual Commitments

The Company and Dassault Systemes SolidWorks Corp.(SolidWorks) signed a contract in April 2016, which stipulated that during the duration of the contract (from April 2016 to April 2017, the contract period is automatically extended in April each year to April of the next year, and the remaining conditions continue the original agreement in the contract), it is to ensure that the annual purchases must meet the minimum purchase quantity requirements. If the annual minimum purchase quantity is not met, SolidWorks may notify 60 days in advance and terminate the cooperative relationship.

X. Losses from material disasters

None.

XI. Material subsequent events

Please refer to Note VI (XII) for the 2023 earnings distribution.

XII. Others

(I) Capital management

The goal of the Group's capital management is to ensure the continued operation of the Group, maintain the optimal capital structure to reduce the cost of capital for supporting corporate operations and maximizing shareholders' equity.

(II) Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets measured at fair value through profit or loss	\$ 21,241	\$ 20,994
Financial assets measured at fair value through other comprehensive income	25,800	25,800
Cash and cash equivalents	908,503	887,171
Notes receivable	81,103	83,709
Accounts receivable	351,204	350,620
Long-term notes and accounts receivable	1,095	1,456
Refundable deposits (stated other current assets and other non-current assets)	7,617	6,840
	<u>\$ 1,396,563</u>	<u>\$ 1,376,590</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Notes payable	\$ 1,314	\$ 1,314
Accounts payable	212,250	123,959
Other payables	95,550	102,788
	<u>\$ 309,114</u>	<u>\$ 228,061</u>
Lease liabilities (including current and non-current)	<u>\$ 7,683</u>	<u>\$ 4,877</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and

price risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictable events in the financial market and seeks to reduce the potential adverse effects on the Groups financial position and financial performance.

- (2) Risk management is carried out by the Finance Department of the Group in accordance with the policies approved by the Board of Directors. The Finance Department of the Group works closely with various operating units within the Group to identify, evaluate and avoid financial risks. The Board of Directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus working capital.

3. The nature and extent of the material financial risk

(1) Market risk

Exchange rate risk

- A. The Group operates as a multinational company. Therefore, it is exposed to the exchange rate risk arising from transactions with the functional currencies of the Company and its subsidiaries, which are mainly USD and RMB. The relevant exchange rate risk comes from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has formulated a policy that requires each company in the Group to manage the exchange rate risk relative to its functional currency. Each company shall hedge the overall exchange rate risk through the Group's Finance Department.
- C. The Group's business involves several non-functional currencies (the functional currency of the Company and some subsidiaries is NTD, and the functional currency of some subsidiaries is USD and RMB). Therefore, it is affected by exchange rate fluctuations, which has a significant impact. The information about assets and liabilities denominated in foreign currencies affected by fluctuations is as follows:

(Foreign currency: functional currency)	Foreign currency (\$ thousand)	December 31, 2023	
		Exchange rate	Carrying amount (Thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 871	30.71	\$ 26,748
USD: RMB	34	7.10	1,044
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 163	30.71	\$ 5,006
USD: RMB	78	7.10	2,395

(Foreign currency: functional currency)	Foreign currency (\$ thousand)	December 31, 2022	
		Exchange rate	Carrying amount (Thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	\$ 2,169	30.71	\$ 66,610
USD: RMB	48	6.97	1,474
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	\$ 2,837	30.71	\$ 87,124
USD: RMB	16	6.97	491

- D. The aggregate amount of all exchange gains (losses) on the Group's monetary items in 2023 and 2022 that were significantly affected by fluctuations in exchange rates was NTD653 and (NTD 744), respectively.
- E. The risk analysis of the Group's foreign currency market due to significant exchange rate fluctuations is as follows:

2023

Sensitivity analysis

(Foreign currency: functional currency)	<u>Range of change</u>	<u>Impact on profit and loss</u>	<u>Impact on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 267	\$ -
USD: RMB	1%	10	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 50	\$ -
USD: RMB	1%	24	-

2022

Sensitivity analysis

(Foreign currency: functional currency)	<u>Range of change</u>	<u>Impact on profit and loss</u>	<u>Impact on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 666	\$ -
USD: RMB	1%	15	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: NTD	1%	\$ 871	\$ -
USD: RMB	1%	5	-

Price risk

- A. The Group's equity instruments exposed to price risk are accounted for in the financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. To manage the price risk of equity instrument investment, the Group will diversify its investment portfolio, and the diversification method is based on the limit set by the Group.
- B. The Group mainly invests in equity instruments issued by domestic companies and open-end funds. The prices of these equity instruments will be affected by the uncertainty of the future value of the investment targets. If the price of these equity instruments rises or falls by 10%, with all other factors remaining unchanged, the net profit after tax of equity instruments measured at fair value through profit or loss for 2023 and 2022 will be increased or reduced the profit or loss of NTD 2,124 and NTD 2,099, respectively; the profit or loss on other comprehensive income classified as an equity investment at fair value through other comprehensive income increased or decreased by NTD 2,580 and NTD 2,580, respectively.

Cash flow and fair value interest rate risk

The Group has no significant exposure to interest rate risk of debt instruments.

(2) Credit risk

- A. The Group's credit risk refers to the risk of financial loss to the Group due to the failure of customers or counterparties of financial instrument transactions to fulfill their contractual obligations. Thus, it affects the contractual cash flow, mainly from the inability of the counterparties to pay off accounts receivable and financial assets at amortized cost according to the collection terms.
- B. The Group has established credit risk management from the group perspective. For the banks and financial institutions with which we do business, only those with an independent credit rating of at least "A" can be accepted as counterparties. According to the credit policy defined internally, management and credit risk analysis must be conducted on each operating entity within the Group and each new customer before proposing terms and conditions for payment and delivery. Internal risk control evaluates the customers credit quality by taking into account their financial status, past experience and other factors. The limits of individual risks are determined by the Board of Directors based on internal or external ratings, and the use of credit lines is regularly monitored.
- C. When the contract payment is overdue for more than 180 days in accordance with the historical experience, it is deemed that a default has occurred.
- D. The Group adopts IFRS 9 to provide the following assumptions as the basis for judging whether the credit risk of financial instruments has increased significantly since the initial recognition:
When the contract amount is overdue for more than 30 days according to the agreed payment terms, it is deemed that the credit risk of the

- financial asset has increased significantly since the initial recognition.
- E. The indicators used by the Group to determine the credit impairment of other financial assets are as follows:
- (A) The counterparty has major financial difficulties, or the possibility of bankruptcy or other financial reorganization has greatly increased;
- (B) Unfavorable changes in national or regional economic conditions that result in a counterparty's default.
- F. The Group will group the accounts receivable of customers according to the characteristics of the geographical area, and estimate the expected credit losses based on the reserve matrix and the loss rate method using the simplified method.
- G. After the Group has gone through the recourse procedures, it will write off the amount of financial assets for which it cannot be reasonably expected to be recovered. However, the Group will continue to carry out the legal recourse procedures to preserve the rights of the claims. As of December 31, 2023 and 2022, the Group did not have any creditor's rights that have been written off for which there are still recourses.
- H. The Group's consideration of future outlook by including global economic information on the adjustment of the loss rate based on historical and current information in a specific period to estimate the loss allowance for accounts receivable. The preparation matrix as of December 31, 2023 and 2022 is as follows:

	<u>Not past due</u>	<u>Within 30 days of overdue</u>	<u>Overdue 31-90 days</u>	<u>Overdue 91- 180 days</u>	<u>More than 181 days</u>	<u>Total</u>
<u>December 31, 2023</u>						
Expected loss rate	0.2~1.1%	19~33%	36~58%	70~81%	100%	
Total book value	\$344,081	\$ 9,818	\$ 6,954	\$ 1,947	\$ 5,507	\$368,307
Loss allowance	(\$ 3,616)	(\$ 3,008)	(\$ 3,630)	(\$ 1,342)	(\$ 5,507)	(\$ 17,103)

	<u>Past due Within 30 days</u>	<u>Past due 31-90 days</u>	<u>Past due 91-180 days</u>	<u>More than 181 days</u>	<u>Total</u>
<u>December 31, 2022</u>					
0.5~1.5%	10~18%	24~64%	48~94%	100%	
\$337,876	\$ 12,504	\$ 4,772	\$ 1,799	\$ 5,960	\$362,911
(\$ 2,315)	(\$ 1,493)	(\$ 1,252)	(\$ 1,271)	(\$ 5,960)	(\$ 12,291)

- I. The Group's simplified statement of changes in the loss allowance on accounts receivable is as follows:

	<u>2023</u>	
	<u>Accounts receivable</u>	
January 1	\$	12,291
Provision of impairment loss		5,002
Irrecoverable amount written off	(	157)
Exchange rate effect	(	<u>33)</u>
December 31	<u>\$</u>	<u>17,103</u>

	<u>2022</u>	
	<u>Accounts receivable</u>	
January 1	\$	11,091
Provision of impairment loss		2,655
Irrecoverable amount written off	(	1,517)
Exchange rate effect		<u>62</u>
December 31	<u>\$</u>	<u>12,291</u>

Among the losses recognized in 2023 and 2022, the amount of impairment loss recognized for receivables arising from contracts with customers was NTD 5,002 and NTD 2,655, respectively.

(3) Liquidity risk

- A. Cash flow forecasting is carried out by each operating entity within the Group and compiled by the Groups Finance Department. The Finance Department of the Group monitors the forecast of the Groups working capital requirements to ensure that it has sufficient funds to support its operating needs.
- B. The surplus cash held by each operating entity will be transferred back to the Groups Finance Department when it exceeds the management needs of the working capital. The Groups Finance Department, on the other hand, invests the remaining funds in interest-bearing demand deposits, time deposits and marketable securities, and the selected instruments have appropriate maturities or sufficient liquidity to provide sufficient dispatch levels in response to the above forecasts. As of December 31, 2023 and 2022, the Group held money market positions of NTD 929,744 and NTD 908,165, respectively, and is expected to generate cash flow immediately to manage liquidity risk.
- C. The following table shows the Group's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, which are grouped according to the relevant maturity date. Non-derivative financial liabilities are based on the remaining period from the Statement of Financial Position date to the contractual maturity date. Analysis of derivative financial liabilities is based on the remaining period from the Statement of Financial Position date to the expected maturity date. The contractual cash flow amount disclosed in the following table is the undiscounted amount.

December 31, 2023	<u>Within 1 year</u>	<u>Within 1 to 2 years</u>	<u>Within 2 to 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 1,314	\$ -	\$ -	\$ -
Accounts payable	212,250	-	-	-
Other payables	95,550	-	-	-
Lease liabilities	4,012	2,883	923	-
December 31, 2022	<u>Within 1 year</u>	<u>Within 1 to 2 years</u>	<u>Within 2 to 5 years</u>	<u>More than 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Notes payable	\$ 1,314	\$ -	\$ -	\$ -
Accounts payable	123,959	-	-	-
Other payables	102,788	-	-	-
Lease liabilities	3,604	1,077	178	59

(III) Fair value information

1. The evaluation technique adopted by the Company to analyze financial instruments measured at fair value. Definitions of each grade are as follows:
 - Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same asset or liability on the measurement date. An active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the beneficiary certificates of the Groups investment falls under this category.
 - Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3: Unobservable inputs for the asset or liability. Equity instruments that the Group invests in and for which there is no active market fall under this category.
2. Financial instruments not measured at fair value

Other than financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, including cash and cash equivalents, notes receivable, accounts receivable, notes payable, accounts payable, and other payables, the book value is a reasonable approximation of the fair value.
3. The financial and non-financial instruments measured at fair value are classified by the Group according to the nature, characteristics and risks of the assets and liabilities and the basis of fair value hierarchy. Relevant information is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss - equity securities	<u>\$ 21,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,241</u>
Financial assets measured at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,800</u>	<u>\$ 25,800</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Repetitive fair value</u>				
Financial assets at fair value through profit or loss - equity securities	<u>\$ 20,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,994</u>
Financial assets measured at fair value through other comprehensive income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,800</u>	<u>\$ 25,800</u>

4. If the Group adopts a market quotation as the input value of fair value (i.e., Level 1), the net value of the open-end fund is used as the market quotation according to the characteristics of the instrument.
5. There was no transfer between levels 1 and 2 in 2023 and 2022.
6. There was no transfer in or out of Level 3 in 2023 and 2022.
7. The Group's valuation process for classifying fair value into Level 3 is that the financial department is responsible for conducting independent fair value verification of financial instruments, using independent source data to make the valuation results close to the market status, confirming that the data sources are independent, and reliable, and that other resources are consistent and represent executable prices. The valuation model is regularly calibrated, back-testing and updating the input value and data required for the valuation model is conducted, and any other necessary fair value adjustments are made to ensure that the valuation results are reasonable.

XIII. Disclosures in Notes

(I) Information on significant transactions

1. Loaning of funds to others: None.
2. Endorsements/guarantees provided for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Please refer to Table 1.
4. The cumulative amount of the same securities purchased or sold reaches NTD 300 million or more than 20% of the paid-in capital: None.
5. The amount of real estate acquired reaches NTD 300 million or more than 20%

of the paid-in capital: None.

6. Disposal of real estate for an amount over NTD 300 million or 20% of the paid-in capital: None.
7. The amount of purchase from or sale to related parties reaches NTD 100 million or more, or 20% of the paid-in capital: None.
8. The receivables from related parties amounting to at least NTD 100 million or 20% of the paid-in capital: None.
9. Engagement in derivative transactions: None.
10. Business relationships and important transactions between the parent company and its subsidiaries and among subsidiaries: Table 2

(II) Information on investees

The name and location of the investee company and other relevant information (excluding Mainland China investee companies): Please refer to Table 3.

(III) Mainland China Investment Information

1. Basic information: Please refer to Table 4.
2. A material transaction with an investee in the Mainland China directly or indirectly through an enterprise in a third region: None.

(IV) Information of major shareholders

Please refer to Table 5 for information on major shareholders.

XIV. Segment Information

(I) General information

The Groups management has identified the departments that shall be reported based on the reporting information used by the operational decision makers in their decision-making.

The Group currently divides the sales and ordering regions into two main regions, namely Taiwan and China. Since the sales bases in these two regions are not the same, and the Groups decision makers also conduct financial management and assessment of business performance in these two regions, the operating segments in Taiwan and China are the reportable segments.

(II) Measurement of segment information

The information of the segments to be provided to the Group's decision makers is as follows:

<u>2023</u>	<u>Taiwan</u>	<u>China</u>	<u>Consolidation and write-off</u>	<u>Total</u>
External income	\$ 1,257,151	\$ 190,012	\$ -	\$ 1,447,163
Internal segment revenue	3,109	471	(3,580)	-
Segment revenue	<u>\$ 1,260,260</u>	<u>\$ 190,483</u>	<u>(\$ 3,580)</u>	<u>\$ 1,447,163</u>
Segment profit or loss	<u>\$ 362,022</u>	<u>\$ 13,244</u>	<u>(\$ 10,658)</u>	<u>\$ 364,608</u>

2022	<u>Taiwan</u>	<u>China</u>	<u>Consolidation and write-off</u>	<u>Total</u>
External income	<u>\$ 1,210,213</u>	<u>\$ 184,152</u>	<u>\$ -</u>	<u>\$ 1,394,365</u>
Internal segment revenue	<u>1,096</u>	<u>614</u>	<u>(1,710)</u>	<u>-</u>
Segment revenue	<u>\$ 1,211,309</u>	<u>\$ 184,766</u>	<u>(\$ 1,710)</u>	<u>\$ 1,394,365</u>
Segment profit or loss	<u>\$ 387,697</u>	<u>\$ 35,088</u>	<u>(\$ 25,302)</u>	<u>\$ 397,483</u>

(III) Reconciliation of segment profit and loss

There is no difference between the reports provided to the chief operating decision maker and the segment profit and loss, so no adjustment is required.

(IV) Reconciliation of segment profits and losses, assets and liabilities

The Group only engages in the research and development of IT software, electronic information supply service, and wholesale of IT software and other related businesses. It is a single industry, so there is no need to disclose information by department.

(V) Information by product and labor

The Group is only engaged in the R&D of IT software, electronic information supply service and wholesale of IT software and other related businesses. Please refer to Note VI (XIII) for the related sales revenue and labor service revenue.

(VI) Information by region

Information of the Group by region in 2023 and 2022 is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Income</u>	<u>Non-current assets</u>	<u>Income</u>	<u>Non-current assets</u>
Taiwan	\$ 1,257,151	\$ 254,289	\$ 1,210,213	\$ 228,459
China	<u>190,012</u>	<u>4,686</u>	<u>184,152</u>	<u>5,488</u>
	<u>\$ 1,447,163</u>	<u>\$ 258,975</u>	<u>\$ 1,394,365</u>	<u>\$ 233,947</u>

(VII) Information of important customers

The Group's sales revenue from a single customer in 2023 and 2022 did not reach 10% of the operating revenue in the income statement, so it is not necessary to disclose important customer information.

SolidWorks Technology Co., Ltd.
Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)

December 31, 2023

Unit: NT\$ thousand
(Unless otherwise specified)

Table 1

<u>Holding company</u>	<u>Type and name of marketable securities</u>	<u>Relationship with the issuers of the marketable securities</u>	<u>Account</u>	<u>Number of shares/units</u>	<u>End of the period</u> <u>Book value</u>	<u>Shareholding percentage</u>	<u>Fair value</u>	<u>Remarks</u>
SolidWorks Technology Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	None	Financial assets at fair value through profit or loss- current	1,999	\$ 21,241	-	\$ 21,241	None
SolidWorks Technology Co., Ltd.	TA SHEE RESORT CO., LTD.	None	Financial assets at fair value through profit or loss- noncurrent	1	25,800	-	25,800	None

SolidWorks Technology Co., Ltd.
 Significant inter-company transactions during the reporting period
 January 1 to December 31, 2023

Unit: NT\$ thousand
 (Unless otherwise specified)

Table 2

<u>Number</u> (Note 1)	<u>Company name</u>	<u>Counterparty</u>	<u>Relationship</u>	<u>General ledger account</u>	<u>Amount</u>	<u>Transaction terms</u>	<u>Percentage of consolidated total operating revenues or total assets</u> (Note 3)
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Sales revenue	\$ 3,109	30~90 days after monthly	0.21%
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Accounts receivable	2,361		0.13%
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Restock	471	30~90 days after monthly	0.03%
0	SolidWorks Technology Co., Ltd.	Shanghai UnitedWizard Technology International Trading Limited	(1)	Accounts payable	81		0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

SolidWorks Technology Co., Ltd.

Information on name and location of the investee (excluding investees in Mainland China).

January 1 to December 31, 2023

Unit: NT\$ thousand

(Unless otherwise specified)

Table 3

<u>Name of investor</u>	<u>Name of investee</u>	<u>Location</u>	<u>Principal business</u>	<u>Original investment amount</u>		<u>Holding at the end of the period</u>			<u>Profit or loss of the investee for the period</u>		<u>Investment income or loss recognized in the period</u>	<u>Remarks</u>
				<u>End of the period</u>	<u>End of the previous year</u>	<u>Number of shares</u>	<u>Ratio</u>	<u>Book value</u>				
SolidWorks Technology Co., Ltd.	SolidWizard Technology Holding Co.,Ltd.	Seychelles	Holding company	\$ 30,947	\$ 30,947	1,000	100.00	\$ 138,451	\$ 10,658	\$ 10,658		Subsidiary of the Company
SolidWizard Technology Co.,Ltd.	UnitedWizard Technology Co.,Ltd.	Samoa	Holding company	30,945	30,945	1,000	100.00	138,678	10,658			Subsidiary of the Company(Note)

Note : The investment gains and losses recognized in the current period are not required to be filled in according to regulations.

SolidWorks Technology Co., Ltd.
Information on investments in Mainland China
Year ended December 31, 2023

Table 4

Unit: NT\$ thousand
(Unless otherwise specified)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note1)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2023	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Remarks
Shanghai United Wizard Technology International Trading Limited	Information software and manufacturing of software and hardware services	\$ 30,886	(2)	\$ 30,886	\$ -	\$ -	\$ 30,886	\$ 10,658	100	\$ 10,658	\$ 138,867	\$ -	None	
Company Name														
Shanghai United Wizard Technology International Trading Limited		\$ 30,886					\$ 854,921							

Note1 : Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China. (through SolidWizard Technology Holding Co., Ltd invested)
- (3) Others.

Note2 : Investment income (loss) recognised by the Company for the year ended December 31, 2023 is based on financial statements reviewed and attested by R.O.C. parent company's CPA.

SolidWorks Technology Co., Ltd.

Information on major shareholders

December 31, 2023

Table 5

	<u>Name of major shareholder</u>	<u>Shareholding</u>	<u>Shareholding percentage</u>
Unisource Investment Co., Ltd.		7,115	25.21%
Li Hsing Investment Co., Ltd.		3,496	12.39%
Chien-Hsing Lee		3,374	11.96%
Li-Hsiang Wei		2,821	9.99%
Tai-Yuan Hsu		2,368	8.39%
Hui-Yu Sun		1,446	5.12%

Note 1: The information on major shareholders in this Exhibit is compiled by the Taiwan Depository & Clearing Corporation based on the last business day of each quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis the calculations of preparation.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee As for the insider shareholding declaration that shareholders with more than 10% of shareholdings conduct in accordance with the Securities and Exchange Act, the shareholdings include their own shares plus the shares that they have delivered to a trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

SOLIDWIZARD TECHNOLOGY CO.,
LTD.

Chairman: Chien-Hsing Li