

**Data Image Corporation**

**Financial Statements and  
Independent Auditor's Report**

For the years ended December 31, 2023 and 2022

## **Independent Auditors' Report**

The Board of Directors and Shareholders  
Data Image Corporation

### **Opinion**

We have audited the accompanying financial statements of Data Image Corporation, which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Data Image Corporation 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, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for the Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in Data Image Corporation's financial statements for the year ended December 31, 2022 is stated as follows:

#### Occurrence of operating income

Data Image Corporation is engaged in the design, manufacturing, and sales of LCD touch modules and LCD modules. As LCD touch modules and LCD module manufacturing customize products and make development according to different purposes and needs of customers, the sources of operating income are concentrated on specific customers. Although the operating income in 2023 decreased from the same period of last year, the operating income from specific customers increased from the same period last year, and the occurrence of the related sales transactions has a significant impact on the presentation of the financial statements; therefore, we include the occurrence of the abovementioned operating income from customers as a key audit matter.

#### Corresponding audit procedures

Our audit procedures for the key audit matters above include understanding the major internal control design and the effectiveness of implementation, and sampling and implementing relevant audits to ensure that the income transactions occurred.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing Data Image Corporation's financial reporting process.

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Chuan Yeh and Chih-Ming Shao.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 1, 2024

#### **Notice to Readers**

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

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

Data Image Corporation  
Balance Sheet  
December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Note 6)	\$ 364,246	17	\$ 464,514	18
1110	Financial assets at fair value through profit or loss - Current (Note 7)	4,246	-	113	-
1170	Accounts receivable (Notes 8 and 19)	336,514	15	458,568	18
1180	Accounts receivable from related parties (Notes 19 and 25)	7,277	1	107,736	4
1200	Other receivables (Note 8)	4,296	-	5,054	-
130X	Inventories (Note 9)	311,735	14	442,286	17
1470	Other current assets (Notes 14 and 25)	6,370	-	9,444	-
11XX	Total current assets	<u>1,034,684</u>	<u>47</u>	<u>1,487,715</u>	<u>57</u>
	<b>Non-current assets</b>				
1550	Investment accounted for using the equity method (Note 10)	1,103,917	50	1,047,495	40
1600	Property, plant and equipment (Notes 11 and 25)	23,551	1	30,563	1
1755	Right-of-use assets (Notes 12 and 25)	13,231	1	20,728	1
1780	Intangible assets	3,109	-	4,401	-
1840	Deferred tax assets (Note 21)	6,983	-	6,526	-
1975	Net defined benefit assets - Non-current (Note 13)	2,196	-	2,196	-
1990	Other non-current assets (Notes 14 and 26)	9,962	1	9,881	1
15XX	Total current assets	<u>1,162,949</u>	<u>53</u>	<u>1,121,790</u>	<u>43</u>
1XXX	Total assets	<u>\$ 2,197,633</u>	<u>100</u>	<u>\$ 2,609,505</u>	<u>100</u>
	<b>Liabilities and equity</b>				
	<b>Current liabilities</b>				
2120	Financial liabilities at fair value through profit or loss - Current (Note 7)	\$ -	-	\$ 1,485	-
2130	Contract liabilities - Current (Note 19)	79,864	4	81,108	3
2150	Notes payable (Note 16)	307	-	214	-
2170	Accounts payable (Note 16)	141,616	6	248,176	10
2180	Accounts payable from related parties (Note 25)	315,742	14	261,659	10
2200	Other payables (Note 17)	83,445	4	106,938	4
2220	Other payables from related parties (Note 25)	10,891	1	11,198	1
2230	Current tax liabilities (Note 21)	59,343	3	88,114	3
2250	Provisions - Current	4,283	-	6,187	-
2280	Lease liabilities - Current (Notes 12 and 25)	10,105	-	10,571	-
2320	Long-term borrowings due within one year (Note 15)	-	-	26,667	1
2399	Other current liabilities	2,142	-	1,997	-
21XX	Total current liabilities	<u>707,738</u>	<u>32</u>	<u>844,314</u>	<u>32</u>
	<b>Non-current liabilities</b>				
2540	Long-term borrowings (Note 15)	-	-	193,333	7
2570	Deferred tax liabilities (Note 21)	2,206	-	2,279	-
2580	Lease liabilities - Non-current (Notes 12 and 25)	4,177	-	11,522	1
25XX	Total non-current liabilities	<u>6,383</u>	<u>-</u>	<u>207,134</u>	<u>8</u>
2XXX	Total liabilities	<u>714,121</u>	<u>32</u>	<u>1,051,448</u>	<u>40</u>
	<b>Equity</b>				
3110	Share capital	693,996	32	693,996	27
3200	Capital surplus	60,000	3	60,000	2
	Retained earnings				
3310	Legal reserve	137,054	6	94,830	4
3320	Special reserve	20,397	1	26,299	1
3350	Unappropriated earnings	598,919	27	703,329	27
3300	Total retained earnings	<u>756,370</u>	<u>34</u>	<u>824,458</u>	<u>32</u>
3400	Other equity	(26,854)	(1)	(20,397)	(1)
3XXX	Total equity	<u>1,483,512</u>	<u>68</u>	<u>1,558,057</u>	<u>60</u>
	Total liabilities and equity	<u>\$ 2,197,633</u>	<u>100</u>	<u>\$ 2,609,505</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

Data Image Corporation  
Statement of Comprehensive Income  
For the years ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes 19 and 25)	\$ 3,004,078	100	\$ 3,933,071	100
5000	Operating cost (Notes 9, 20, and 25)	<u>2,485,140</u>	<u>83</u>	<u>3,296,386</u>	<u>84</u>
5900	Gross profit	518,938	17	636,685	16
5910	Unrealized gain on transactions	-	-	( 677 )	-
5920	Realized gain on transactions	<u>303</u>	<u>-</u>	<u>-</u>	<u>-</u>
5950	Realized gross profit	<u>519,241</u>	<u>17</u>	<u>636,008</u>	<u>16</u>
	Operating expenses (Notes 20 and 25)				
6100	Selling expenses	66,788	2	62,103	1
6200	General and administrative expenses	111,407	4	101,545	3
6300	Research and development expenses	99,126	3	92,090	2
6450	Expected credit gain	( <u>613</u> )	<u>-</u>	( <u>1,885</u> )	<u>-</u>
6000	Total operating expenses	<u>276,708</u>	<u>9</u>	<u>253,853</u>	<u>6</u>
6900	Operating income	<u>242,533</u>	<u>8</u>	<u>382,155</u>	<u>10</u>
	Non-operating income and expenses (Notes 20 and 25)				
7100	Interest income	3,930	-	792	-
7020	Other gains and losses	852	-	34,148	1
7050	Finance cost	( 2,014 )	-	( 5,331 )	-
7070	Share of profit or loss of associates	<u>83,840</u>	<u>3</u>	<u>95,378</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>86,608</u>	<u>3</u>	<u>124,987</u>	<u>3</u>
7900	Income before income tax	329,141	11	507,142	13
7950	Income tax expense (Note 21)	<u>50,278</u>	<u>2</u>	<u>85,277</u>	<u>2</u>
8200	Net profit for the year	<u>278,863</u>	<u>9</u>	<u>421,865</u>	<u>11</u>

(Continued)

Data Image Corporation  
Statement of Comprehensive Income  
For the years ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars; Except Earnings Per Share)

Code		2023		2022	
		Amount	%	Amount	%
	Other comprehensive income (Note 18)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8330	Share of other comprehensive income of subsidiaries accounted for using the equity method	\$ 612	-	(\$ 75)	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	( 2)	-	822	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	( 7,020)	-	5,533	-
8300	Other comprehensive income (loss) for the year, net of income tax	( 6,410)	-	6,280	-
8500	Total comprehensive income for the year	<u>\$ 272,453</u>	<u>9</u>	<u>\$ 428,145</u>	<u>11</u>
	Earnings per share (Note 22)				
9750	Basic earnings per share	<u>\$ 4.02</u>		<u>\$ 6.08</u>	
9850	Diluted earnings per share	<u>\$ 3.99</u>		<u>\$ 5.99</u>	

The accompanying notes are an integral part of the financial statements.

Data Image Corporation  
Statement of Changes in Equity  
For the years ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars)

Code		Retained Earnings (Note 18)				Other Equity Items (Note 18)		Total Equity	
		Share Capital (Note 18)	Capital Surplus (Note 18)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations		Unrealized Valuation Gains or Losses on Financial Assets at Fair Value through Other Comprehensive Income
A1	Balance on January 1, 2022	\$ 693,996	\$ 60,000	\$ 63,533	\$ 27,809	\$ 519,072	(\$ 26,331)	\$ 32	\$ 1,338,111
B1	Appropriation of 2021 earnings								
	Legal reserve	-	-	31,297	-	( 31,297)	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	( 208,199)	-	-	( 208,199)
		<u>-</u>	<u>-</u>	<u>31,297</u>	<u>-</u>	<u>( 239,496)</u>	<u>-</u>	<u>-</u>	<u>( 208,199)</u>
B17	Reversal of special reserve	-	-	-	( 1,510)	1,510	-	-	-
D1	Net profit for the year ended December 31, 2022	-	-	-	-	421,865	-	-	421,865
D3	Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	378	6,355	( 453)	6,280
D5	Total comprehensive income for the year ended December 31, 2022	-	-	-	-	422,243	6,355	( 453)	428,145
Z1	Balance on December 31, 2022	693,996	60,000	94,830	26,299	703,329	( 19,976)	( 421)	1,558,057
B1	Appropriation of 2022 earnings								
	Legal reserve	-	-	42,224	-	( 42,224)	-	-	-
B5	Cash dividends distributed by the Company	-	-	-	-	( 346,998)	-	-	( 346,998)
		<u>-</u>	<u>-</u>	<u>42,224</u>	<u>-</u>	<u>( 389,222)</u>	<u>-</u>	<u>-</u>	<u>( 346,998)</u>
B17	Reversal of special reserve	-	-	-	( 5,902)	5,902	-	-	-
D1	Net profit for the year ended December 31, 2023	-	-	-	-	278,863	-	-	278,863
D3	Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	47	( 7,022)	565	( 6,410)
D5	Total comprehensive income for the year ended December 31, 2023	-	-	-	-	278,910	( 7,022)	565	272,453
Z1	Balance on December 31, 2023	\$ 693,996	\$ 60,000	\$ 137,054	\$ 20,397	\$ 598,919	(\$ 26,998)	\$ 144	\$ 1,483,512

The accompanying notes are an integral part of financial statements.

Data Image Corporation  
Statements of Cash Flows  
For the years ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars)

Code		2023	2022
	Cash flows from operating activities		
A10000	Income before income tax	\$ 329,141	\$ 507,142
A20010	Adjustments for:		
A20100	Depreciation expense	21,619	21,106
A20200	Amortization expense	1,992	2,217
A20300	Expected credit reversal recognized	( 613 )	( 1,885 )
A20400	Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	16,234	41,802
A20900	Finance cost	2,014	5,331
A21200	Interest income	( 3,930 )	( 792 )
A22400	Share of profit or loss of subsidiaries and associates	( 83,840 )	( 95,378 )
A22500	Gains on disposal of property, plant and equipment	( 211 )	-
A23800	Write-down of inventories	1,291	139
A23900	Unrealized gain on transactions with associates	-	677
A24000	Realized gain on transactions with associates	( 303 )	-
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	24,940	57,193
A31150	Accounts receivable	122,667	353,812
A31160	Accounts receivable from related parties	100,459	( 35,893 )
A31180	Other receivables	761	4,457
A31190	Other receivables from related parties	-	( 302 )
A31200	Inventories	129,260	( 16,877 )
A31230	Prepayments	1,728	1,659
A31240	Other current assets	1,346	( 1,378 )
A32110	Financial liabilities at fair value through profit or loss	( 46,792 )	( 96,515 )
A32125	Contract liabilities - Current	( 1,244 )	50,094
A32130	Notes payable	93	( 21 )
A32150	Accounts payable	( 106,560 )	( 133,303 )
A32160	Accounts payable from related parties	54,083	30,644
A32180	Other payables	( 21,259 )	2,128
A32190	Other payables from related parties	( 307 )	3,433

(Continued)

Data Image Corporation  
Statements of Cash Flows  
For the years ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars)

<u>Code</u>		<u>2023</u>	<u>2022</u>
A32200	Provisions	(\$ 1,904)	\$ 2,314
A32230	Other current liabilities	<u>145</u>	<u>757</u>
A33000	Cash generated from operations	540,810	702,561
A33100	Interest received	3,927	787
A33300	Interest paid	( 2,094)	( 5,836)
A33500	Income tax paid	<u>( 79,124)</u>	<u>( 69,737)</u>
AAAA	Net cash generated from operating activities	<u>463,519</u>	<u>627,775</u>
	Cash flows from investing activities		
B02700	Payments for property, plant and equipment	( 6,709)	( 2,611)
B02800	Proceeds from disposal of property, plant and equipment	495	-
B03700	Increase in refundable deposits	( 22)	( 1,442)
B03800	Decrease in refundable deposits	-	842
B04500	Payments for intangible assets	( 700)	( 2,823)
B06700	Increase in other non-current assets	-	( 115)
B07600	Dividend received	<u>20,856</u>	<u>11,561</u>
BBBB	Net cash generated from investing activities	<u>13,920</u>	<u>5,412</u>
	Cash flows from financing activities		
C00200	Repayments of short-term borrowings	-	( 452,938)
C01600	Proceeds from long-term borrowings	-	220,000
C01700	Repayments of long-term borrowings	( 220,000)	( 100,000)
C04020	Repayment of the principal portion of lease liabilities	( 10,709)	( 9,923)
C04500	Dividends paid	<u>( 346,998)</u>	<u>( 208,199)</u>
CCCC	Net cash used in financing activities	<u>( 577,707)</u>	<u>( 551,060)</u>
EEEE	Net (decrease) increase in cash and cash equivalents	( 100,268)	82,127
E00100	Cash and cash equivalents at the beginning of the year	<u>464,514</u>	<u>382,387</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 364,246</u>	<u>\$ 464,514</u>

The accompanying notes are an integral part of the financial statements.

Data Image Corporation  
Notes to the Financial Statements  
For the years ended December 31, 2023 and 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. General information

Data Image Corporation (the "Company") was approved by the Ministry of Economic Affairs on November 22, 1997 for establishment. Its scope of business is the design, manufacturing, and sales of LCD touch modules and LCD modules.

The Company's shares were approved by Taipei Exchange in April 2004 to be traded on the Emerging Stock Market.

The financial statements are presented in the New Taiwan Dollar, which is the Company's functional currency.

II. Date and procedure for approving the financial statements

These financial statements were approved by the Board on March 1, 2024.

III. Application of new and amended standards and interpretations

- (I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not result in significant changes in the Company's accounting policies and did not have a significant impact on the financial position and financial performance of the Company.

- (II) IFRS Accounting Standards approved by the FSC applicable in 2024

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classifying Debts as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above new/amended/revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively for sale and leaseback transactions entered into after the date of the initial application of IFRS 16.

Note 3: Partial disclosure requirements are exempted upon the initial application of the amendments.

As of the publication date of the financial statements, the Company has assessed that the amendments to the above standards and interpretations have not caused a significant impact on its financial position and financial performance.

(III) IFRS Accounting Standards issued by the IASB but not yet endorsed and issued into effect by the FSC

<u>New/Amended/Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Assets Sale or Contribution between an Investor and its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new/amended/revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the Company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

As of the publication date of the financial statements, the Company has continued to assess the impact of the amendments to the above standards and interpretations on its financial position and financial performance; relevant impacts will be disclosed upon the completion of the assessment.

#### IV. Summary of significant accounting policies

(I) Compliance statement

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

(II) Basis of preparation

Except for financial instruments at fair value and net defined benefit assets recognized at the current value of the defined benefit obligations less the fair value of plan assets, the financial statements are prepared on the basis of historical cost.

The fair value is divided into Level 1 to Level 3 according to the observable degree and importance of the relevant input value:

1. Level 1 inputs: Refer to quoted prices (unadjusted) in active markets for identical assets or liabilities available on the measurement date.
2. Level 2 inputs: Refer to inputs, other than quoted prices in Level 1, that are observable, either directly (i.e., prices) or indirectly (i.e., derived from prices) for the asset or liability.
3. Level 3 inputs: Refer to unobservable inputs for the asset or liability.

When the Company prepared the financial statements, the Company adopted the equity method to account for its investment in subsidiaries and associates. To allow profit or loss of the year, other comprehensive income, and equity in the financial statements to be equivalent to profit or loss of the year, other comprehensive income attributable to the owners of the Company in the Company's consolidated financial statements, adjustments were made to "investments accounted for using the equity method," "share of profit or loss of associates recognized using the equity method," and "share of other comprehensive income of subsidiaries and associates recognized using the equity method" and relevant equity items for certain differences in accounting treatment between the individual basis and the consolidation basis.

(III) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Non-current liabilities include:

1. Liabilities held mainly for the purpose of trading;

2. Liabilities due to be settled within 12 months after the balance sheet date; and
3. Liabilities for which the settlement period cannot be unconditionally deferred for at least 12 months after the balance sheet date.

Assets or current liabilities that are not classified as above are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

When the Company prepares its financial statements, transactions denominated in currencies other than the functional currency of the Company (foreign currency) are translated into functional currency in accordance with the exchange rates prevailing on the transaction date.

Monetary items denominated in foreign currencies are translated at the rates prevailing at the end of each reporting period. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the year in which they occur.

Non-monetary items in foreign currency measured at historical cost are translated at the exchange rate on the transaction date and will not be retranslated.

When preparing the financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates with the country of operation or currency used being different from the Company's) are translated into NTD at the exchange rate prevailing on each balance sheet date. Gains and expenses are translated at the average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income.

(V) Inventories

Inventories include raw materials, merchandise, finished goods, and work-in-progress. Inventories are measured at the lower of cost or net realizable value. The comparison of cost and net realizable value is based on individual items, except for inventories of the same category. The net realizable value refers to the balance of the estimated selling price under normal circumstances, less the estimated cost of completion and the estimated cost of sales. The cost of inventories is calculated by using the weighted average method.

(VI) Investment in subsidiaries

The Company accounts for its investment in subsidiaries by using the equity method. A subsidiary is an entity (including structured entities) that is controlled by the Company.

Under the equity method, investments are initially recognized at cost; subsequent to the acquisition date, the carrying amount increases/decreases in accordance with the share of the profit or loss and other comprehensive income of subsidiaries and profit

distribution that the Company is entitled to. In addition, the changes in the equity in the subsidiaries that the Company is entitled to are recognized based on the shareholding ratio.

When the Company assesses the impairment, it considers the CGU as a whole and compares the recoverable amount with the carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss will be recognized as a gain. However, the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount that would have been appropriated if the impairment loss had not been recognized less carrying amount after amortization.

Unrealized gains and losses on downstream transactions between the Company and its subsidiaries are written off in the financial statements. The gains or losses arising from the countercurrent and side-stream transactions between the Company and a subsidiary are recognized in the financial statements only to the extent that it is irrelevant to the Company's interest in the associate.

(VII) Investment in associates

An associates is an enterprise in which the Company has significant influence but is not a subsidiary or a joint venture.

The Company adopts the equity method to account for its investment in associates.

Under the equity method, investments in associates are initially recognized at cost; subsequent to the acquisition date, the carrying amount increases/decreases in accordance with the share of the profit or loss and other comprehensive income of associates and profit distribution that the Company is entitled to. In addition, the changes in the equity in the associates that the Company is entitled to are recognized based on the shareholding ratio.

The amount of the acquisition cost exceeding the Company's share of the net fair value of the identifiable assets and liabilities of the associates on the acquisition date is presented as goodwill. The goodwill is included in the carrying amount of the investment and shall not be amortized. The amount by which the Company's share of the net fair worth of identifiable assets and liabilities of the associates on the acquisition date exceeds the acquisition cost and is presented as profit or loss of the year.

When assessing impairments, the Company treats the entire carrying amount (including goodwill) of the investment as a single asset for impairment test by comparing its recoverable amount and carrying amount. The impairment losses recognized are not allocated to any asset (including goodwill) that is a component of the carrying amount of the investment. Any reversal of the impairment loss shall be recognized within the scope of the subsequent increase in the recoverable amount of the investment.

The gains or losses arising from the countercurrent, downstream and side-stream transactions between the Company and an associate are recognized in the financial

statements only to the extent that it is irrelevant to the Company's interest in the associate.

(VIII) Property, plant and equipment

Property, plant and equipment are stated at cost. Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful lives. The Company shall examine the estimated useful life, residual value and depreciation method at least once at the end of each year. Also, the impact of changes in the applicable accounting estimates shall be deferred.

When property, plant and equipment are derecognized, the difference between the net disposal consideration and the carrying amount of the asset is recognized in profit or loss for the year.

(IX) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the useful lives. The Company shall examine the estimated useful life, residual value and depreciation method at least once at the end of each year. Also, the impact of changes in the applicable accounting estimates shall be deferred.

2. Derecognition

When an intangible asset is derecognized, the difference between the net disposal consideration and the carrying amount of the asset is recognized in profit or loss for the year.

(X) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company assesses at each balance sheet date whether there are any indications of possible impairment of property, plant and equipment, right-of-use assets, and intangible assets. If there is any indication of impairment, it estimates the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the CGU to which the asset belongs. Common assets are allocated to the smallest CGU group on a consistent basis.

The recoverable amount is the fair value less the cost of sales and its value in use, whichever is higher. If the recoverable amount of an individual asset or CGU is lower than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or CGU is increased to the revised recoverable amount. However, the increased carrying amount shall not exceed the carrying amount determined if the asset or CGU had not recognized impairment losses in prior years (less amortization or depreciation). Reversal of impairment loss is recognized in profit or loss.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

When financial assets and financial liabilities are initially recognized, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at the fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized in profit or loss.

1. Financial assets

Conventional transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Measurement type

The types of financial assets held by the Company are financial assets measured at amortized cost and financial assets at fair value through profit or loss.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments not designated by the Company to be measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, and the dividends and interest generated are recognized in other income and interest income, respectively, and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 24 for the determination of fair value.

## B. Financial assets at amortized cost

If the investment in financial assets of the Company meets the following two conditions at the same time, it is classified as financial assets measured at amortized cost:

- a. Held within a business model where the objective is to hold financial assets in order to collect contractual cash flows; and
- b. The terms of the contract give rise to cash flows on a specific date, which are solely for the payment of the principal and interest on the principal amount outstanding.

After the initial recognition of financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost, other receivables and refundable deposits), they are measured at the total carrying amount determined by using the effective interest method less any amortized cost of impairment losses, and any currency exchange gains or losses are recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of cash at any time with little risk of value changes within three months from the date of acquisition, and bonds with repurchase agreements, which are used to meet short-term cash commitments.

### (2) Impairment of financial assets

The Company assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss (ECL) on each balance sheet date.

The Company recognizes the loss allowance for accounts receivable based on the lifetime ECL. For other financial assets, we first assess whether there has been a significant increase in credit risk since the initial recognition. If there is no significant increase in the credit risk, the allowance for loss is recognized at an amount equal to 12-month ECLs. If there is a significant increase, it is recognized loss allowance at an amount equal to the lifetime ECL.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month ECL represents the expected credit loss generated by the possible default of the financial instrument within 12 months after the reporting date, and the lifetime ECL represents the expected credit loss generated by all possible defaults of the financial instrument during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is based on the reduction of the carrying amount through the allowance account.

(3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset are expired or transferred or when nearly all risks and rewards of ownership of the asset are transferred to another enterprise.

On the derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss.

2. Equity instruments

The equity instruments issued by the Company are recognized at the acquisition consideration less direct issuance costs.

3. Financial liabilities

(1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method, except for the following:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at fair value, and the related gains or losses are recognized in other gains and losses.

(2) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between the carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

4. Derivatives

The Company entered into derivatives, including forward exchange contracts and foreign exchange swap contracts, to manage the Company's exchange rate risk.

Derivatives are initially recognized at fair value when a derivative contract is entered into and are subsequently remeasured at fair value on the balance sheet date, with the gain or loss arising from subsequent measurements recognized directly in profit or loss. When the fair value of a derivative financial instrument

is positive, the derivative is classified as a financial asset; when the fair value of the derivative is negative, it is classified as a financial liability.

(XII) Provisions

The amount recognized as provisions takes into account the risks and uncertainties of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. Provisions is measured based on the estimated cash flow to settle the present obligation.

(XIII) Revenue recognition

After the Company identifies the performance obligation in the customer contract, the transaction price is allocated to each performance obligation, and revenue is recognized when each performance obligation is satisfied.

1. Sale of goods

The Company recognizes revenue when the control over the product is transferred. That is, when the product arrives at the customer's designated location, the customer is entitled to set the price and use the product, bears the main responsibility for resale, and assumes the obsolescence risk; the Company recognizes revenue and accounts receivable at that time point.

For processing without imported materials, the control of the ownership of the processed products has not been transferred; therefore, materials are not recognized as revenue.

2. Provision of services

Service revenue is the provision of product processing services; that is, it is recognized when the processed products arrive at the designated location of the customer.

(XIV) Leases

The Company assesses whether the contract is (or contains) a lease on the date of establishment of the contract.

The Company as the lessee

Except for low-value asset leases and short-term leases to which a recognition exemption applies, for which lease payments are recognized as expenses on a straight-line basis over the lease terms, right-of-use assets and lease liabilities are recognized for other leases on the lease commencement date.

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liabilities) and subsequently measured at cost less accumulated depreciation and accumulated impairment loss, and adjusted for the remeasured

amount of the lease liability. Right-of-use assets are presented on a separate line in the balance sheets.

The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments). If the lease implied interest rate can be easily determined, the lease payment is discounted at the said interest rate. If such interest rate cannot be easily determined, the lessee's incremental borrowing interest rate shall apply.

Subsequently, the lease liabilities are measured at the amortized cost using the effective interest method, and the interest expense is amortized over the lease term. If there is a change in future lease payments during the lease term or the changes in the index or rates used to determine the lease payment, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount shall be recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

(XV) Borrowing costs

All other borrowing costs are recognized as profit or loss during the year of occurrence.

(XVI) Employee benefits

1. Short-term employee benefits

The liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Retirement benefits

For the pension under the defined contribution plan, the amount of pension to be contributed is recognized as expenses during the service period of the employees.

The defined benefit cost of the defined benefit pension plan (including service cost, net interest and remeasurement) is actuated using the projected unit benefit method. Service cost and net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. Remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income at the time of occurrence and included in retained earnings, and will not be reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. The net defined benefit assets shall not exceed the present value of the refundable contributions from the plan or the reduced future contributions.

## (XVII) Taxation

Income tax expenses represent the sum of current tax and deferred tax.

### 1. Current tax

The Company determines the income (loss) of the current period in accordance with the regulations of each jurisdiction for income tax filings and calculates the income taxes payable (recoverable) accordingly.

In accordance with the Income Tax Act of the R.O.C., an additional tax on unappropriated earnings is recognized in the year when a resolution is adopted at a shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

### 2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the tax bases for calculating taxable income.

Deferred tax liabilities are generally recognized based on all taxable temporary differences. Deferred tax assets are generally recognized when it is probable that taxable income will be available to deduct the temporary differences.

The taxable temporary differences related to the investment in subsidiaries and associates are recognized as deferred tax liabilities. However, if the Company can control the time point of the temporary difference reversal, and the temporary difference is likely to be reversed in the foreseeable future, excluding those that will not be reversed. The deductible temporary difference related to such investment is recognized as deferred tax assets only when it is probable that there will be sufficient taxable income to realize the temporary difference, and it is expected to be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date, and the carrying amount is reduced if it is no longer probable that sufficient taxable income will be available to allow all or part of the recovery of the assets. For those not recognized as deferred tax assets initially, they are also being reviewed at each balance sheet date, and the carrying amount is increased if it is probable that taxable income will be available to allow all or part of the recovery of the assets.

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized based on tax rates and tax laws that have been substantially enacted on the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would arise from the manner in which the Company expects

to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3. Current and deferred tax

Current and deferred taxes are recognized in profit or loss.

V. Major sources of uncertainty in major accounting judgments, estimates, and assumptions

When adopting accounting policies, the Company's management shall make judgments, estimates and assumptions that are based on historical experiences and other factors that are not readily available from other sources. Actual results may differ from estimates. The management will continue to review the estimates and basic assumptions.

The accounting policies, estimates and basic assumptions adopted by the Company have been evaluated by the management of the Company, and there are no significant accounting judgment, estimate and assumption uncertainties.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and petty cash	\$ 1	\$ 1
Checking accounts and demand deposits	321,045	426,213
Cash equivalents		
Time deposits	<u>43,200</u>	<u>38,300</u>
	<u>\$ 364,246</u>	<u>\$ 464,514</u>

VII. Financial instruments at fair value through profit or loss

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets - Current</u>		
Financial assets mandatorily measured as at fair value through profit or loss		
Derivatives instruments (not under hedge accounting)		
Foreign exchange swap contract (I)	\$ 4,246	\$ 72
Foreign currency forward contracts (II)	<u>-</u>	<u>41</u>
	<u>\$ 4,246</u>	<u>\$ 113</u>
<u>Financial liabilities - Current</u>		
Held for trading		
Derivatives instruments (not under hedge accounting)		
Foreign exchange swap contract (I)	\$ -	\$ 1,201
Foreign currency forward contracts (II)	<u>-</u>	<u>284</u>
	<u>\$ -</u>	<u>\$ 1,485</u>

- (I) The foreign exchange swap contracts not subject to hedge accounting and not yet due on the balance sheet date are as follows:

December 31, 2023

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract amount (In thousand)</u>
Sell	USD/NTD	2024.01.05~ 2024.01.25	USD 7,250/NTD 226,580

December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In Thousand)</u>
Sell	USD/NTD	2023.01.03~2023.01.19	USD 16,100/NTD 493,116

The purpose of the Company's forward exchange contracts is to avoid the risks of assets and liabilities denominated in foreign currencies due to exchange rate fluctuations.

- (II) The foreign currency forward contracts not subject to hedge accounting and not yet due on the balance sheet date are as follows:

December 31, 2022

	<u>Currency</u>	<u>Maturity Date</u>	<u>Contract Amount (In thousand)</u>
Sell	USD/RMB	2023.01.09~2023.01.19	USD 5,500/RMB 38,313

The purpose of the Company's forward exchange transactions is to avoid the risks of assets and liabilities denominated in foreign currencies due to exchange rate fluctuations.

VIII. Accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 338,205	\$ 460,872
Less: Loss allowance	( <u>1,691</u> )	( <u>2,304</u> )
	<u>\$ 336,514</u>	<u>\$ 458,568</u>
<u>Other receivables</u>		
Business tax refunds receivable	\$ 4,100	\$ 4,853
Others	<u>196</u>	<u>201</u>
	<u>\$ 4,296</u>	<u>\$ 5,054</u>

The Company's average credit period for sales is upon shipment or O/A 30 to 90 days. No interest is accrued on accounts receivable. The Company shall consider the changes in the credit quality from the initial credit date to the balance sheet date. The Company will use publicly available financial information and historical transaction records to rate new customers and major customers, respectively. The Company continuously monitors the credit

exposure and the credit rating of the counterparties and manages the exposure through second reviews and the approval of credit limits for counterparties.

The Company recognizes the loss allowance for accounts receivable based on the lifetime ECL. The lifetime ECLs are calculated using an allowance matrix, which takes into account the customer's past default history and current financial position. As the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further divide the customer groups and only sets the ECL rate based on the number of days past due on accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, the Company will directly write off the relevant accounts receivable; however, it will continue to collect the receivables. The amount recovered through collection is recognized in profit or loss.

The Company's loss allowance on accounts receivable, measured based on the allowance matrix, is as follows:

December 31, 2023

	Not Past Due	Overdue 1 to 90 Days	Total
Expected credit loss rate	0.5%	0.5%	
Gross carrying amount	\$ 292,224	\$ 45,981	\$ 338,205
Loss allowance (lifetime ECL)	( 1,461)	( 230)	( 1,691)
Amortized cost	<u>\$ 290,763</u>	<u>\$ 45,751</u>	<u>\$ 336,514</u>

December 31, 2022

	Not Past Due	Overdue Due 1 to 90 Days	Overdue Due 91 to 180 Days	Total
Expected credit loss rate	0.5%	0.5%	0.5%	
Gross carrying amount	\$ 430,821	\$ 28,815	\$ 1,236	\$ 460,872
Loss allowance (lifetime ECL)	( 2,154)	( 144)	( 6)	( 2,304)
Amortized cost	<u>\$ 428,667</u>	<u>\$ 28,671</u>	<u>\$ 1,230</u>	<u>\$ 458,568</u>

Information on changes in the loss allowance for accounts receivable is as follows:

	2023	2022
Balance at January 1	\$ 2,304	\$ 4,189
Less: Impairment loss reversed during the year	( 613)	( 1,885)
Balance at December 31	<u>\$ 1,691</u>	<u>\$ 2,304</u>

IX. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 179,772	\$ 262,246
Work in process	62,867	63,755
Finished goods	28,553	90,113
Merchandise	<u>40,543</u>	<u>26,172</u>
	<u>\$ 311,735</u>	<u>\$ 442,286</u>

The nature of cost of goods sold is as follows:

	<u>2023</u>	<u>2022</u>
Cost of inventory sold	\$ 2,481,093	\$ 3,292,740
Inventory write-downs	1,291	139
Inventory scrapping losses	<u>2,756</u>	<u>3,507</u>
	<u>\$ 2,485,140</u>	<u>\$ 3,296,386</u>

X. Investment accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investment in subsidiaries	\$ 1,095,043	\$ 1,039,738
Investment in associates	<u>8,874</u>	<u>7,757</u>
	<u>\$ 1,103,917</u>	<u>\$ 1,047,495</u>

(I) Investment in subsidiaries

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Listed company		
DIVA Laboratories, Ltd.	\$ 622,870	\$ 623,479
Unlisted company		
Data Image (MAURITIUS) Corporation	<u>472,173</u>	<u>416,259</u>
	<u>\$ 1,095,043</u>	<u>\$ 1,039,738</u>

<u>Name of Subsidiary</u>	<u>Percentage of Ownership and Voting Rights</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
DIVA Laboratories, Ltd.	35.55%	35.55%
Data Image (MAURITIUS) Corporation	100.00%	100.00%

## (II) Investment in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
DMC Components International, LLC	<u>\$ 8,874</u>	<u>\$ 7,757</u>
		<u>Proportion of Ownership and Voting Rights</u>
<u>Name of Associate</u>	<u>Nature of Activities</u>	<u>Principal Place of Business</u>
DMC Components International, LLC	Sales agency	Orlando, USA
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	30.00%	30.00%

XI. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other Equipment</u>	<u>Total</u>
<u>Cost</u>					
Balance at January 1, 2023	\$ 2,100	\$ 1,358	\$ 15,372	\$ 41,560	\$ 60,390
Additions	-	-	348	4,148	4,496
Disposals/derecognitions	-	-	-	(6,491)	(6,491)
Balance at December 31, 2023	<u>\$ 2,100</u>	<u>\$ 1,358</u>	<u>\$ 15,720</u>	<u>\$ 39,217</u>	<u>\$ 58,395</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2023	\$ -	\$ 1,010	\$ 4,255	\$ 24,562	\$ 29,827
Depreciation expenses	-	47	2,220	8,957	11,224
Disposals/derecognitions	-	-	-	(6,207)	(6,207)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 1,057</u>	<u>\$ 6,475</u>	<u>\$ 27,312</u>	<u>\$ 34,844</u>
Carrying amount at December 31, 2023	<u>\$ 2,100</u>	<u>\$ 301</u>	<u>\$ 9,245</u>	<u>\$ 11,905</u>	<u>\$ 23,551</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 2,100	\$ 1,358	\$ 11,575	\$ 44,229	\$ 59,262
Additions	-	-	3,797	3,774	7,571
Disposals/derecognitions	-	-	-	(6,443)	(6,443)
Balance at December 31, 2022	<u>\$ 2,100</u>	<u>\$ 1,358</u>	<u>\$ 15,372</u>	<u>\$ 41,560</u>	<u>\$ 60,390</u>
<u>Accumulated depreciation</u>					
Balance at January 1, 2022	\$ -	\$ 964	\$ 2,431	\$ 21,669	\$ 25,064
Depreciation expenses	-	46	1,824	9,336	11,206
Disposals/derecognitions	-	-	-	(6,443)	(6,443)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ 4,255</u>	<u>\$ 24,562</u>	<u>\$ 29,827</u>
Carrying amount at December 31, 2022	<u>\$ 2,100</u>	<u>\$ 348</u>	<u>\$ 11,117</u>	<u>\$ 16,998</u>	<u>\$ 30,563</u>

Depreciation expenses are provided for on a straight-line basis based on the following useful lives:

Buildings	30 years
Machinery	6 years
Other equipment	3 to 5 years

## XII. Lease agreement

### (I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	\$ 7,210	\$ 15,540
Transportation equipment	<u>6,021</u>	<u>5,188</u>
	<u>\$ 13,231</u>	<u>\$ 20,728</u>
	<u>2023</u>	<u>2022</u>
Additions of right-of-use assets	<u>\$ 2,898</u>	<u>\$ 3,987</u>
Depreciation expenses of right-of-use assets		
Buildings	\$ 8,330	\$ 8,330
Transportation equipment	<u>2,065</u>	<u>1,570</u>
	<u>\$ 10,395</u>	<u>\$ 9,900</u>

Except for the additions and depreciation expenses recognized listed above, the Company did not have any significant sublease or impairment of the right-of-use assets in 2023 and 2022.

### (III) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 10,105</u>	<u>\$ 10,571</u>
Non-current	<u>\$ 4,177</u>	<u>\$ 11,522</u>

The range of discount rates for lease liabilities is as follows:

	<u>2023</u>	<u>2022</u>
Buildings	1.35%~1.45%	1.35%~1.45%
Transportation equipment	1.30%~2.15%	1.30%~1.50%

(IV) Other lease information

	<u>2023</u>	<u>2022</u>
Expenses relating to short-term leases	\$ <u>702</u>	\$ <u>444</u>
Expenses relating to low-value asset leases	\$ <u>963</u>	\$ <u>738</u>
Total cash outflow for leases	(\$ <u>12,633</u> )	(\$ <u>11,473</u> )

The Company has elected to apply the recognition exemption for other equipment leases that qualify as short-term leases and low-value asset leases to not recognize the related right-of-use assets and lease liabilities for such leases.

XIII. Retirement benefit plan

(I) Defined contribution plan

The pension system under the "Labor Pension Act" applicable to the Company is a state-managed defined contribution pension plan. 6% of the monthly salary of employees is appropriated to the personal account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company in accordance with the "Labor Standards Act" in Taiwan is a state-managed defined benefit pension plan. The payment of employee pension is based on the years of service and the average salary of the six months before the approved retirement date. The Company appropriates 2% of the total monthly salary of employees as the pension fund, which is deposited by the Labor Pension Reserve Supervisory Committee in the name of the committee in the bank at the Bank of Taiwan. Before the end of the year, if it is estimated that the balance in the account is not sufficient to pay for employees who are expected to meet the retirement requirements in the following year, the difference will be appropriated in a lump sum before the end of March of the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right to affect the investment management strategy.

The amount of the defined benefit plan presented in the balance sheet is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ -	\$ -
Fair value of plan assets	<u>2,196</u>	<u>2,196</u>
Net defined benefit assets	\$ <u>2,196</u>	\$ <u>2,196</u>

Changes in net defined benefit assets are as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Balance at January 1 and December 31, 2023	\$ <u>          -</u>	\$ <u>  2,196</u>	\$ <u>  2,196</u>
Balance at January 1 and December 31, 2022	\$ <u>          -</u>	\$ <u>  2,196</u>	\$ <u>  2,196</u>

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor, invests labor pension funds in domestic (foreign) equity securities, debt securities, bank deposits, and other targets through self-utilization or commissioned operation; however, the distributable amount of the plan assets of the Company shall not be less than the gains calculated based on the interest rate of two-year deposits with local banks.
2. Interest risk: A decrease in the interest rate of government bonds will increase the present value of the defined benefit obligation; however, the return on the debt investment of the plan assets will also increase, which will have a partially offsetting effect on the net defined benefit liability.
3. Salary risk: The calculation of the present value of the determined benefit obligation is based on the future salary of the members of the plan. Therefore, an increase in the salary of the plan members will increase the present value of the defined benefit obligation.

#### XIV. Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Prepayments	\$ 6,156	\$ 7,884
Others	<u>          214</u>	<u>          1,560</u>
	<u>\$ 6,370</u>	<u>\$ 9,444</u>
<u>Non-current</u>		
Refundable deposits	\$ 4,503	\$ 4,481
Prepayment for equipment	234	175
Others	<u>          5,225</u>	<u>          5,225</u>
	<u>\$ 9,962</u>	<u>\$ 9,881</u>

For the amount of other non-current assets pledged as collateral, please refer to Note 26.

## XV. Borrowings

### Long-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit borrowings	\$ -	\$ 220,000
Less: Current portion	<u>-</u>	( <u>26,667</u> )
	<u>\$ -</u>	<u>\$ 193,333</u>

The interest rate range is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Credit borrowings	-	1.65%~1.87%

The Company borrowed \$100,000 thousand from Shin Kong Bank in March 2022, and it commenced to repay the principal of \$16,667 thousand on a quarterly basis for six installments in December 2023. The Company has fully settled in advance in the first quarter of 2023.

The Company borrowed \$10,000 thousand and \$70,000 thousand from Yuanta Commercial Bank in July and August 2022, and it commenced to repay the principal on a quarterly basis for four installments in October 2023; the first three installments repay \$10,000 thousand principal, and the remaining repaid in the fourth installment. The Company has fully settled in advance in the second quarter of 2023.

The Company borrowed \$40,000 thousand from E.Sun Commercial Bank in November 2022, and it commenced to repay the principal of \$2,222 thousand on a monthly basis for 18 installments in June 2024. The Company has fully settled in advance in the second quarter of 2023.

## XVI. Notes payable and accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes payable</u>		
Operating	<u>\$ 307</u>	<u>\$ 214</u>
<u>Accounts payable</u>		
Operating	<u>\$ 141,616</u>	<u>\$ 248,176</u>

## XVII. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Remunerations of employee	\$ 28,856	\$ 38,482
Payables for salaries or bonuses	28,497	32,540
Payables for annual leave	6,094	6,281
Remunerations of directors	2,705	4,123
Payables for Freights	2,612	7,480
Others	<u>14,681</u>	<u>18,032</u>
	<u>\$ 83,445</u>	<u>\$ 106,938</u>

## XVIII. Equity

### (I) Share capital

#### Ordinary shares

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized shares (in thousands)	<u>200,000</u>	<u>200,000</u>
Authorized capital	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Issued and paid shares (in thousands)	<u>69,400</u>	<u>69,400</u>
Issued capital	<u>\$ 693,996</u>	<u>\$ 693,996</u>

The ordinary shares issued have a par value of \$10 per share, and each share is entitled to one voting right and the right to receive dividends.

In order to introduce strategic investors and meet the capital needs for future operations, the Company's shareholders' meeting on June 20, 2018 resolved to carry out a capital increase in cash through the private placement of 20,000 thousand ordinary shares. On November 7, 2018, the Board approved the resolution that the intended place for the private placement of ordinary shares shall be Qisda Corporation, the base day for the capital increase shall be November 20, 2018, and the issuance shall be made in premium at \$13 per share. The capital increase in cash through the private placement raised a total of \$260,000 thousand in cash and issued 20,000 thousand shares. The paid-in capital after the capital increase was \$693,996 thousand, and the alteration registration was completed on December 18, 2018.

The rights and obligations of the aforementioned new shares under the private placement are the same as those of the Company's issued ordinary shares, except that in accordance with Article 43-8 of the Securities and Exchange Act, the ordinary shares under the private placement may not be freely transferred within three years after the delivery. The Board was authorized to apply to the competent authorities for a supplementary public offering and listing on the TPEX for the trading of the ordinary shares three years after the delivery of the ordinary shares in accordance with the relevant laws and regulations, which was approved and filed for validity by the FSC on April 26, 2022.

On December 27, 2023, the Board resolved to perform a capital increase in cash through the issuance of 8,700 shares with a par value of \$10 per share and an issuance price of \$50 per share in premium, which was approved by the competent authority on January 9, 2024, and the base day for the capital increase was March 22, 2024.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u> (Note)		
Issuance of ordinary shares	<u>\$ 60,000</u>	<u>\$ 60,000</u>

Note: The capital surplus can be used to make up for losses, and can be used to distribute cash or capitalize on share capital when the Company has no losses. However, it shall be limited to a certain ratio of the paid-in capital each year when capitalizing on share capital.

(III) Retained earnings and dividend policy

According to the Articles of Incorporation, the Company authorizes the Board to make a special resolution to distribute dividends and bonuses that should be distributed, in the form of cash, and report to the shareholders' meeting.

In accordance with the earning distribution policy of the Articles of Incorporation, if there is a profit in the final accounting, the Company shall pay tax and make up past losses, and then appropriate 10% as the legal reserve. However, when the legal reserve amounts to the Company's paid-in capital, the appropriation is not required. For the remaining, it shall appropriate or reverse the special reserve according to laws and regulations. If there is any remaining balance, the Board shall prepare a proposal for the distribution of the earnings, together with the accumulated unappropriated earnings, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. Regarding the distribution policies for the remuneration of employees and Directors specified in the Articles of Incorporation, please refer to Note 20(6) Remuneration of employees and remuneration of Directors.

The Company's dividend policy complies with the current and future development plans, taking investment environments, capital requirements, and domestic/foreign competition status into account, and considers shareholders' interest and other factors. Shareholders' dividends or bonuses may be distributed in cash or stocks, in which cash dividends shall be no less than 10% of the total dividend.

The legal reserve shall be appropriated until the balance reaches the paid-in capital of the Company. Legal reserves may be used to offset losses. If the legal reserve exceeds 25% of the paid-in capital, and when the Company has no losses, it can be appropriate to capital and distributed in cash.

The proposals of the Company for 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Legal reserve	<u>\$ 42,224</u>	<u>\$ 31,297</u>
Special reserve	<u>(\$ 5,902)</u>	<u>(\$ 1,510)</u>
Cash dividends	<u>\$ 346,998</u>	<u>\$ 208,199</u>
Cash dividends per share (NT\$)	\$ 5.0	\$ 3.0

The above cash dividends were distributed by resolutions of the Board on March 3, 2023 and March 4, 2022, respectively. The remaining earning distribution items were also resolved at the annual shareholders' meetings on June 15, 2023 and 2022, respectively.

The proposal for earning distribution for 2023 formulated by the Board on March 1, 2024 is as follows:

	<u>2023</u>
Legal reserve	<u>\$ 27,891</u>
Special reserve	<u>\$ 6,457</u>
Cash dividends	<u>\$ 277,598</u>
Cash dividends per share (NT\$)	\$ 4.0

The above cash dividends have been distributed by the resolution of the Board, and the remaining are to be resolved at the annual shareholders' meeting to be convened on May 28, 2024.

(IV) Special reserve

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 26,299	\$ 27,809
Special reserve		
Reversal of the debits to other equity items	( <u>5,902</u> )	( <u>1,510</u> )
Balance at December 31	<u>\$ 20,397</u>	<u>\$ 26,299</u>

The special reserve provided due to the exchange differences on the translation of the financial statements of foreign operations (including subsidiaries) is reversed in accordance with the Company's disposition ratio. When the Company loses its significant influence, the entire amount is reversed. When distributing earnings, a special reserve shall be provided supplementary for the difference of the special reserve provided for the net reduction to other equity accounted for at the end of the reporting period. Subsequently, if the balance of the reduction to other equity is reversed, the special reserve may be reversed regarding the reversed part for the distribution of earnings.

(V) Other equity

1. Exchange differences on the translation of financial statements of foreign operations

	<u>2023</u>	<u>2022</u>
Balance at January 1	(\$ 19,976)	(\$ 26,331)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	( 2)	822
Shares from subsidiaries accounted for using the equity method	( 7,020)	5,533
Other comprehensive income recognized for the year	( 7,022)	6,355
Balance at December 31	(\$ 26,998)	(\$ 19,976)

2. Unrealized valuation gains (losses) on financial assets at fair value through other comprehensive income

	<u>2023</u>	<u>2022</u>
Balance at January 1	(\$ 421)	\$ 32
Recognized for the year		
Shares from subsidiaries accounted for using the equity method	565	( 453)
Other comprehensive income recognized for the year	565	( 453)
Balance at December 31	\$ 144	(\$ 421)

XIX. Revenue

- (I) Breakdown of revenue from contracts with customers

	<u>2023</u>	<u>2022</u>
LCD touch module	\$ 2,475,700	\$ 2,761,986
LCD module	487,391	1,134,080
Others	40,987	37,005
	<u>\$ 3,004,078</u>	<u>\$ 3,933,071</u>

(II) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	<u>\$ 336,514</u>	<u>\$ 458,568</u>	<u>\$ 810,495</u>
Accounts receivable from related parties	<u>\$ 7,277</u>	<u>\$ 107,736</u>	<u>\$ 71,843</u>
Contract liabilities - Current	<u>\$ 79,864</u>	<u>\$ 81,108</u>	<u>\$ 31,014</u>

The change in contract liabilities is mainly due to the difference between the point of time fulfilling the performance obligation and the time of payment by the customer.

The amounts recognized as income in the current year from the contract liabilities at the beginning of the year for which the performance obligations have been fulfilled are as follows:

	<u>2023</u>	<u>2022</u>
From contract liabilities at the start of the year	<u>\$ 41,415</u>	<u>\$ 17,417</u>

XX. Net profit for the year

(I) Interest income

	<u>2023</u>	<u>2022</u>
Bank deposits	<u>\$ 3,930</u>	<u>\$ 792</u>

(II) Other gains and losses

	<u>2023</u>	<u>2022</u>
Valuation gains (losses) on financial assets and liabilities		
Financial assets		
mandatorily measured at fair value through profit or loss	\$ 29,073	\$ 55,645
Financial liabilities held for trading	( 45,307)	( 97,447)
Net foreign exchange gains	5,873	71,527
Gain on disposal of property, plant and equipment	211	-
Other gains	<u>11,002</u>	<u>4,423</u>
	<u>\$ 852</u>	<u>\$ 34,148</u>

(III) Finance cost

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 1,755	\$ 4,963
Interest on lease liabilities	<u>259</u>	<u>368</u>
	<u>\$ 2,014</u>	<u>\$ 5,331</u>

(IV) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 11,224	\$ 11,206
Right-of-use assets	10,395	9,900
Intangible assets	<u>1,992</u>	<u>2,217</u>
	<u>\$ 23,611</u>	<u>\$ 23,323</u>

	<u>2023</u>	<u>2022</u>
Summary of depreciation expenses by function:		
Operating cost	\$ 5,005	\$ 4,801
Operating expenses	<u>16,614</u>	<u>16,305</u>
	<u>\$ 21,619</u>	<u>\$ 21,106</u>

Summary of amortization expenses by function:		
Operating expenses	<u>\$ 1,992</u>	<u>\$ 2,217</u>

(V) Employee benefit expense

	<u>2023</u>	<u>2022</u>
Short-term benefits	\$ 191,782	\$ 188,255
Post-employment benefits		
Defined benefit plan	5,989	5,431
Other employee benefits	<u>18,419</u>	<u>17,375</u>
	<u>\$ 216,190</u>	<u>\$ 211,061</u>

Summary by function:		
Operating cost	\$ 49,450	\$ 48,781
Operating expenses	<u>166,740</u>	<u>162,280</u>
	<u>\$ 216,190</u>	<u>\$ 211,061</u>

(VI) Remuneration of employees and remuneration of Directors

According to the Articles of Incorporation, if there is a profit for the year, no less than and no more than 20% shall be appropriated as the remuneration of employees, and no more than 1% shall be appropriated as the remuneration of Directors. The estimated remuneration of employees and Directors for 2023 and 2022 resolved by the Board on March 1, 2024 and March 3, 2023, respectively, is as follows:

Accrual rate

	<u>2023</u>	<u>2022</u>
Compensation of employees	8.00%	7.00%
Remuneration of Directors	0.75%	0.75%

Amount

	<u>2023</u>	<u>2022</u>
	<u>Cash</u>	<u>Cash</u>
Compensation of employees	\$ 28,856	\$ 38,482
Remuneration of Directors	2,705	4,123

If there is still a change in the amount of the annual financial statements after the publication date, it will be treated as a change in the accounting estimate and will be adjusted and accounted for in the following year.

There is no difference between the actual amounts of employees' and directors' remuneration paid for 2022 and 2021 and the amounts recognized in the financial statements for 2022 and 2021.

For information on remuneration of employees and remuneration of Directors resolved by the Board, please visit the "Market Observation Post System" of the Taiwan Stock Exchange.

XXI. Income tax

(I) Major components of income tax expenses recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current tax		
In respect of the current year	\$ 49,210	\$ 82,406
Income tax on unappropriated earnings	1,946	3,749
Adjustments for prior year	( 348 )	( 2,046 )
	<u>50,808</u>	<u>84,109</u>
Deferred tax		
In respect of the current year	( 548 )	1,137
Adjustments for prior year	18	31
	<u>( 530 )</u>	<u>1,168</u>
Income tax expenses recognized in profit or loss	<u>\$ 50,278</u>	<u>\$ 85,277</u>

The reconciliation between accounting income and income tax expense is as follows:

	<u>2023</u>	<u>2022</u>
Net profit before tax	<u>\$ 329,141</u>	<u>\$ 507,142</u>
Income tax expense calculated at the statutory rate	\$ 65,828	\$ 101,428
Nondeductible expenses in determining taxable income	17	504
Tax-exempted income	( 5,055 )	( 2,597 )
Income tax on unappropriated earnings	1,946	3,749
Unrecognized deductible temporary differences	( 12,583 )	( 15,792 )
Adjustments for prior years' tax	( 348 )	( 2,046 )
Adjustments for prior years' deferred tax	18	31
Foreign income tax	<u>455</u>	<u>-</u>
Income tax expenses recognized in profit or loss	<u>\$ 50,278</u>	<u>\$ 85,277</u>

(II) Current tax liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current tax liabilities		
Income taxes payable	<u>\$ 59,343</u>	<u>\$ 88,114</u>

(III) Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2023

<u>Deferred tax assets</u>	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
Temporary differences			
Inventory write-downs	\$ 3,082	\$ 258	\$ 3,340
Payables for annual leave	1,256	( 37 )	1,219
Unrealized foreign exchange losses	-	679	679
Others	<u>2,188</u>	<u>( 443 )</u>	<u>1,745</u>
	<u>\$ 6,526</u>	<u>\$ 457</u>	<u>\$ 6,983</u>

(Continued)

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Investment accounted for using the equity method	\$ 1,989	\$ 162	\$ 2,151
Unrealized foreign exchange gains	235	( 235)	-
Others	55	-	55
	<u>\$ 2,279</u>	<u>(\$ 73)</u>	<u>\$ 2,206</u>

2022

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Closing Balance</u>
<u>Deferred tax assets</u>			
Temporary difference			
Inventory write- downs	\$ 3,054	\$ 28	\$ 3,082
Unrealized foreign exchange losses	1,784	( 1,784)	-
Payables for annual leave	1,058	198	1,256
Others	1,590	598	2,188
	<u>\$ 7,486</u>	<u>(\$ 960)</u>	<u>\$ 6,526</u>

<u>Deferred tax liabilities</u>			
Temporary difference			
Investment accounted for using the equity method	\$ 2,071	(\$ 82)	\$ 1,989
Unrealized foreign exchange gains	-	235	235
Others	-	55	55
	<u>\$ 2,071</u>	<u>\$ 208</u>	<u>\$ 2,279</u>

(IV) The deductible temporary difference of deferred tax assets not recognized in the balance sheet

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deductible temporary differences		
Investment accounted for using the equity method	<u>\$ 56,488</u>	<u>\$ 119,405</u>

(V) Assessment of income tax

The profit-seeking enterprise income tax filings of the Company have been assessed by the tax collection authority up to 2021.

XXII. Earnings per share

	Unit: NT\$ per share	
	<u>2023</u>	<u>2022</u>
Basic earnings per share	<u>\$ 4.02</u>	<u>\$ 6.08</u>
Diluted earnings per share	<u>\$ 3.99</u>	<u>\$ 5.99</u>

The earnings per share and the weighted average number of ordinary shares are as follows:

Net profit for the year

	<u>2023</u>	<u>2022</u>
Profit for the year attributable to owners of the Company	\$ 278,863	\$ 421,865
Effect of potentially dilutive ordinary shares:		
Compensation of employees	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 278,863</u>	<u>\$ 421,865</u>

Number of shares (In thousand shares)

	<u>2023</u>	<u>2022</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	69,400	69,400
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>552</u>	<u>989</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>69,952</u>	<u>70,389</u>

If the Company may choose to pay employees' remuneration in stock or cash, when calculating the diluted earnings per share, it is assumed that the employee's remuneration will be paid out in stock, and the potential ordinary shares are included in the weighted average number of outstanding shares when diluted to calculate diluted earnings per share. The dilutive effect of these potential ordinary shares will also be taken into account when calculating the diluted earnings per share before the number of shares to be distributed to employees in the following year.

### XXIII. Capital risk management

The Company shall conduct capital management to ensure that the Company can continue to operate with a capital structure that is most suitable for the Company's current operation and development, and make good use of various equity and debt instruments to provide the Company with the capital required for operating plans so as to achieve the target of maximized shareholders' return.

The capital structure of the Company consists of the net debt and equity of the Company.

The Company is not subject to other external capital requirements.

### XXIV. Financial instruments

#### (I) Fair value information - Financial instruments not measured at fair value

Regarding financial instruments not measured at fair value that have near expiry dates or have receipt/payment prices in the future approximating their carrying amount, the carrying amount on the balance sheet date is adopted for the estimation of its fair value.

#### (II) Fair value information - Financial instruments at measured at fair value on a repetitive basis

##### 1. Fair value hierarchy

###### December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 4,246</u>	<u>\$ -</u>	<u>\$ 4,246</u>

###### December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 113</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 1,485</u>	<u>\$ -</u>	<u>\$ 1,485</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

2. Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument Category	Valuation Technique and Inputs
Derivatives - foreign currency forward contracts and foreign exchange swap contract	Discounted cash flow method: The future cash flows are estimated based on the forward exchange rates observable at the end of the year and the contractual exchange rates, and discounted at the discount rates that can reflect the credit risk of each counterparty.

(III) Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	\$ 4,246	\$ 113
Financial assets at amortized cost		
Cash and cash equivalents	364,246	464,514
Accounts receivable	336,514	458,568
Accounts receivable from related parties	7,277	107,736
Other receivables	196	201
Refundable deposits	4,503	4,481
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading	-	1,485
Amortized cost		
Notes payable	307	214
Accounts payable	141,616	248,176
Accounts payable from related parties	315,742	261,659
Other payables	17,293	25,512
Other payables from related parties	10,891	11,198
Long-term borrowings (including the part due within one year)	-	220,000

(IV) Financial risk management objectives and policies

The financial risks related to the operating activities of the Company are mainly market risk, credit risk and liquidity risk. Except for market risk, which is mainly affected by external factors and is unpredictable, the remaining two risks can be generally controlled or eliminated through internal control or operating procedures. Therefore, in response to changes in market risks, the Company uses appropriate financial

instrument operations to reduce the adverse effects that market risks may have on the consolidated company's financial status and financial performance.

1. Market risk

The market risks of the Company mainly include exchange rate risk and interest rate risk.

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and purchase transactions, resulting in exchange rate risk exposure of the Company. The Company manages its exposure to exchange rate risk using forward exchange contracts to the extent permitted by the policy.

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, please refer to Note 28.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rate of the USD.

The following table details the sensitivity analysis of the Company when the exchange rate of NTD (functional currency) increases and decreases by 1% against each relevant foreign currency. The sensitivity analysis includes only outstanding monetary items in foreign currencies and forward exchange contracts designated as cash flow hedges, and adjusts their year-end translation by a 1% change in exchange rates. A positive number in the following table represents the amount of increase (decrease) in net profit before tax when NTD strengthens by 1% against USD; when NTD depreciates by 1% against USD, the impact on net profit before tax will be the same amount in negativity.

	Impact of USD	
	2023	2022
Profit and loss	\$ 407	(\$ 1,339)

(2) Interest rate risk

The Company's risk of changes in interest rates mainly comes from short-term borrowings and long-term borrowings with fixed and floating interest rates. Changes in market interest rates will change the effective interest rate of borrowings, resulting in the risk of changes in the future fair value and cash flow.

The carrying amounts of the Company's financial assets and liabilities that are exposed to the interest rate risk on the balance sheet date are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial assets	\$ 44,220	\$ 39,308
Financial liabilities	14,282	22,093
Cash flow interest rate risk		
Financial assets	319,731	425,963
Financial liabilities	-	220,000

### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the non-derivatives on the balance sheet date. For liabilities with floating interest rates, the analysis method is based on the assumption that the amount of liabilities outstanding on the balance sheet date is outstanding throughout the reporting period.

If the interest rate increases/decreases by 1%, and all other variables remain unchanged, the Company's net profit before tax for 2023 and 2022 will increase/decrease by \$3,197 thousand and \$2,060 thousand, respectively.

## 2. Credit risk

Credit risk refers to the risk related to defaults of counterparties on their contractual obligations that result in the risk of financial losses of the Company. As of the balance sheet date, the Company's maximum credit risk exposure that may be due to a counterparty's failure to perform its obligations is mainly derived from the carrying amount of the financial assets recognized in the balance sheet.

To mitigate credit risk, the Company's management has assigned a dedicated team to be responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company reviews the recoverable amounts of amounts receivable on a case-by-case basis on the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible amounts receivable. Accordingly, the Company's management considers that the Company's credit risk has been significantly reduced.

Regarding the Company's accounts receivable balance as of December 31, 2023 and 2022, the amounts due from Company A, Company B, and Company C were \$74,052 thousand and \$76,832 thousand, \$26,744 thousand and \$124,485 thousand, as well as \$66,295 thousand and \$5,317 thousand, respectively, and the counterparties of the remaining amounts receivable cover multiple customers who are separated in different industries and geographical areas. The Company continuously evaluates the financial position of customers with amounts receivable customers.

### 3. Liquidity risk

The Company maintains sufficient cash and cash equivalents to meet the cash requirements for operating activities through accounts and financing management and reduce the impact of cash flow fluctuations. The Company's Finance Department monitors the use of bank financing limits at all times and ensures compliance with the terms of borrowing contracts.

#### Liquidity and interest rate risk table of non-derivative financial liabilities

The maturity analysis for the remaining contracts of non-derivative financial liabilities is based on the date on which the Company may be required to make repayments and is prepared according to the undiscounted cash flow of financial liabilities (including the principal and estimated interest). Therefore, the Company may be required to immediately repay the bank borrowings, which is within the earliest period in the table below, regardless of the probability that the bank may immediately exercise its right; the maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment dates.

For the interest cash flow paid at floating interest rates, the undiscounted interest amount is inferred based on the yield curve on the balance sheet date.

The maturity date of the non-interest-bearing financial liabilities accounted for in the Company's current liabilities is within one year, and the Company was not required to immediately settle such financial liabilities. The deposits received in the non-current financial liabilities are mainly deposited by customers as credit guarantees with no specific maturity date.

#### December 31, 2023

	<u>Within 1 year</u>	<u>1-5 years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 10,251	\$ 4,276

#### December 31, 2022

	<u>Within 1 Year</u>	<u>1 to 5 Years</u>
<u>Non-derivative financial liabilities</u>		
Lease liabilities	\$ 10,815	\$ 11,625
Variable interest rate instruments	30,546	195,866
	<u>\$ 41,361</u>	<u>\$ 207,491</u>

The amount of variable interest rate instruments of the abovementioned non-derivative financial liabilities will change due to the difference between the variable interest rate and the estimated interest rate on the balance sheet date.

(V) Offsetting financial assets and financial liabilities

Partial non-derivative financial assets and non-derivative financial liabilities of the Company and its subsidiaries are eligible for offsetting. Therefore, the net non-derivative financial assets after offsetting the total non-derivative financial assets by the total non-derivative financial liabilities were presented in the balance sheet.

The following table sets forth the quantitative information related to the financial assets and financial liabilities that are subject to the aforementioned master netting agreements or similar agreements:

December 31, 2023

Financial Liabilities	Gross Amount of Recognized Financial Assets	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheets		
				Financial Instruments	Cash Collateral Received	Net Amount
Accounts payable	\$ 31,005	\$ 325,005	(\$ 294,000)	\$ -	\$ -	(\$ 294,000)

December 31, 2022

Financial Liabilities	Gross Amount of Recognized Financial Assets	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amount of Financial Liabilities Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheets		
				Financial Instruments	Cash Collateral Pledged	Net Amount
Accounts payable	\$ 194,491	\$ 446,940	(\$ 252,449)	\$ -	\$ -	(\$ 252,449)

XXV. Related party transactions

The Company's parent company is Qisda Corporation, which held 28.82% of the Company's ordinary shares as of December 31, 2023 and 2022. In addition to those disclosed in other notes, the transactions between the Company and related parties are as follows.

(I) Related party and the relationship with it

<u>Related Party</u>	<u>Relationship with the Company</u>
Qisda Corporation	Parent company of the Company
AUO Corporation	An individual with significant influence on the parent company that is a corporate Director who values the parent company by using the equity method
Darwin Precisions Corporation	A subsidiary of AUO Corporation
AUO Display Plus Corporation	A subsidiary of AUO Corporation
Data Image (Suzhou) Corporation	Subsidiary
DIVA Laboratories, Ltd.	Subsidiary
DFI Inc.	Sister company
BenQ AB Dentcare Corporation	Sister company

(Continued)

Related Party	Relationship with the Company
BenQ Asia Pacific Corp.	Sister company
BenQ Healthcare Corporation	Sister company
BenQ Materials Corp.	Sister company
Qisda (Suzhou) Co., Ltd.	Sister company
Qisda Optronics (Suzhou) Co., Ltd.	Sister company
Global Intelligence Network Co., Ltd.	Sister company
Metaage Corporation (formerly known as Sysage Technology Co., Ltd.)	Sister company
Concord Medical Co., Ltd	Sister company
Metaguru Corporation	Sister company
Action Star Technology Co., Ltd.	Sister company
BenQ Foundation	Substantial related party
DMC Components International, LLC	Associate

(II) Operating revenue

Item	Related Party Category	2023	2022
Sales	Parent company	\$ 108	\$ 294
	Subsidiary	<u>21,823</u>	<u>22,745</u>
	Sister company		
	Qisda (Suzhou) Co., Ltd.	254	277,163
	Others	<u>29,968</u>	<u>111,256</u>
		<u>30,222</u>	<u>388,419</u>
	Associate	<u>16,820</u>	<u>51,453</u>
	A subsidiary of AUO Corporation	<u>-</u>	<u>124</u>
		<u>\$ 68,973</u>	<u>\$ 463,035</u>

The above sales price to Data Image (Suzhou) Corporation, Ltd. is the price before markups, and the payment collection is subject to its capital status. As most of the consolidated company's transactions with the abovementioned related parties are customized products with no comparable products, the prices are negotiated by both parties; sales to related parties and non-related parties are collected or O/A 30 to 60 days and collected after shipping O/A 30 to 90 days, respectively.

(III) Purchases

Related Party Category /Name	2023	2022
Subsidiary	\$ 497	\$ -
A subsidiary of AUO Corporation	<u>86,542</u>	<u>95,820</u>
	<u>\$ 87,039</u>	<u>\$ 95,820</u>

Purchases were made at the general purchase price. For purchases from related parties and non-related parties, payments are made 30 to 45 days after the receipt and O/A 30 to 120 days, respectively.

(IV) Manufacturing expenses - Commissioned processing fees

<u>Related Party Category</u>	<u>2023</u>	<u>2022</u>
Subsidiary		
Data Image (Suzhou) Corporation	<u>\$ 1,134,344</u>	<u>\$ 1,670,597</u>

The Commissioned processing fees for Data Image (Suzhou) Corporation are directly generated from the transactions with the company.

(V) Receivables from related parties

<u>Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Subsidiary	<u>\$ 1,387</u>	<u>\$ 2,131</u>
	Sister company		
	Qisda (Suzhou) Co., Ltd.	-	73,958
	Others	<u>3,356</u>	<u>22,089</u>
		<u>3,356</u>	<u>96,047</u>
	Associate	<u>2,534</u>	<u>9,558</u>
		<u>\$ 7,277</u>	<u>\$ 107,736</u>

No guarantee is received for the amounts due from related parties. No loss allowance was provided for the amounts due from related parties in 2023 and 2022.

(VI) Payables to related parties

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	A subsidiary of AUO Corporation	<u>\$ 21,742</u>	<u>\$ 9,210</u>
	Subsidiary		
	Data Image (Suzhou) Corporation	<u>294,000</u>	<u>252,449</u>
		<u>\$ 315,742</u>	<u>\$ 261,659</u>
Other payables	Parent company	<u>\$ 644</u>	<u>\$ 1,502</u>
	Subsidiary	<u>499</u>	<u>126</u>
	Sister company	<u>20</u>	<u>5,341</u>
	Associate	<u>9,728</u>	<u>4,229</u>
		<u>\$ 10,891</u>	<u>\$ 11,198</u>

In 2023 and 2022, the Company sold raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchased partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status, and the amounts payable to related

parties as of December 31, 2023 and 2022 were the balance after offsetting accounts receivable and payable.

The balance of outstanding amounts due to related parties has not been provided for guarantee.

(VII) Prepayments (accounted for as other current assets)

<u>Related Party Category/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
AUO Display Plus Corporation	<u>\$ 3,075</u>	<u>\$ -</u>

(VIII) Acquisition of property, plant and equipment

<u>Related Party Category</u>	<u>Purchase price</u>	
	<u>2023</u>	<u>2022</u>
Sister company	<u>\$ -</u>	<u>\$ 131</u>

(IX) Lease agreement

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease liabilities	Parent company	<u>\$ 2,373</u>	<u>\$ 4,125</u>

<u>Item</u>	<u>Related Party Category</u>	<u>2023</u>	<u>2022</u>
Interest expenses (accounted for as finance cost)	Parent company	<u>\$ 45</u>	<u>\$ 68</u>
Depreciation expenses (accounted for as operating cost)	Parent company	<u>\$ 1,651</u>	<u>\$ 1,651</u>

The Company rented the Taoyuan Office from the parent company in November 2021 and the Taoyuan Plant from the parent company in May 2020. The lease terms are 3.5 years and 5 years, respectively. The rental is based on the rental level of similar assets, and it pays a fixed lease payment on a monthly basis according to the lease contract.

(X) Other related party transactions

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
<u>Operating cost</u>		
Parent company	\$ 15,003	\$ 12,432
A subsidiary of AUO Corporation	-	22
Subsidiary	\$ 49	\$ 703
Sister company	239	418
Associate	-	1,537
	<u>\$ 15,291</u>	<u>\$ 15,112</u>

(Continued)

<u>Related Party Category/Name</u>	<u>2023</u>	<u>2022</u>
<u>Operating expenses</u>		
Parent company	\$ 1,327	\$ 1,854
AUO Corporation	1	-
A subsidiary of AUO Corporation	610	885
Subsidiary	1,581	121
Sister company	1,018	1,060
Associate	727	503
Substantial related party	<u>1,000</u>	<u>1,500</u>
	<u>\$ 6,264</u>	<u>\$ 5,923</u>
 <u>Operating expenses - Commission expense</u>		
Associate	<u>\$ 29,879</u>	<u>\$ 20,532</u>

As the parent company provided partial management services to the Company, the management expenses recognized in 2023 and 2022 were \$16,330 thousand and \$14,286 thousand, respectively. Commission expenses are calculated based on the rates agreed upon in contracts and are paid only after the Company has received the relevant accounts receivable for sales of goods as an agent.

(11) Endorsements and guarantees

For information on the Company's endorsements/guarantees to related parties, please refer to Table 1.

(12) Remuneration of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 18,639</u>	<u>\$ 22,304</u>

The remuneration of Directors and other key management personnel is determined by the Remuneration Committee in accordance with individual performance and market trends.

XXVI. Pledged assets

The following assets of the Company have been pledged as the collateral for the collection of business tax after the release of the imported goods by the customs:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refundable deposits (accounted for as other non-current assets)	<u>\$ 1,020</u>	<u>\$ 1,008</u>

XXVII. Significant contingent liabilities and unrecognized contractual commitments

As of December 31, 2022, the Company had an unused letter of credit of \$671 thousand (December 31, 2023: none).

XXVIII. Information on significant assets and liabilities denominated in foreign currencies

The information below is aggregated and expressed in foreign currencies other than the functional currency of the Company. The exchange rates disclosed refer to the exchange rates at which these foreign currencies are translated into functional currency. Significant assets and liabilities denominated in foreign currencies are as follows:

December 31, 2023

	<u>Foreign Currency</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 17,047	30.75	(USD: NTD)	\$ 524,194
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	289	30.75	(USD: NTD)	8,874
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	18,371	30.75	(USD: NTD)	564,903

December 31, 2022

	<u>Foreign Currency</u>	<u>Exchange Rate</u>		<u>Carrying Amount</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 21,690	30.73	(USD: NTD)	\$ 666,533
<u>Non-monetary items</u>				
Investment accounted for using the equity method				
USD	252	30.73	(USD: NTD)	7,757
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	17,333	30.73	(USD: NTD)	532,636

The realized and unrealized foreign currency exchange gains and losses with a material impact are as follows:

<u>Foreign Currency</u>	<u>2023</u>		<u>2022</u>	
	<u>Exchange Rate</u>	<u>Net Exchange (Loss) Gain</u>	<u>Exchange Rate</u>	<u>Net Exchange (Loss) Gain</u>
USD	30.75 (USD/NTD)	<u>\$ 5,873</u>	30.73 (USD/NTD)	<u>\$ 71,527</u>

## XXIX. Supplementary disclosures

### (I) Significant transactions:

1. Loans to others: None.
2. Endorsements/guarantees provided: Table 1.
3. Marketable Securities Held (Excluding Investments in Subsidiaries, Associates and Joint Ventures): Table 2.
4. Marketable securities acquired and disposed at costs of prices at least NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4.
9. Trading in derivative instruments: Note 7.

### (II) Information on investees: Table 5.

### (III) Information on investments in Mainland China:

1. Information on investees in Mainland China, including the name, scope of business, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriation of investment gain or loss, and limit on the amount of investment in the Mainland China area: Table 6.
2. The following significant transactions with investee companies in Mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 7.
  - (1) The amount and percentage of purchases and the closing balance relevant amounts payable at the end of the period and percentage.
  - (2) The amount and percentage of sales and the closing balance relevant amounts receivable at the end of the period and percentage.

- (3) The amount of property transactions and the amount of gain or loss arising therefrom.
- (4) The closing balance of endorsements/guarantees or collateral provided and their purposes.
- (5) The highest balance, closing balance, interest rate range, and total interest for the current period of capital financing.
- (6) Other transactions that have a significant impact on the current profit or loss or financial position (i.e., the provision or receipt of services).

(IV) Information on major shareholders: Not applicable.

Data Image Corporation  
Endorsements/Guarantees Provided  
For the year ended December 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 1

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Data Image (Suzhou) Corporation	The company is a wholly-owned subsidiary of Data Image (MAURITIUS) Corporation	\$ 296,702	\$ 62,510	\$ 30,750	\$ 6,174	\$ -	2.07%	\$ 741,756	Yes	No	Yes

Note: The total amount of the Company's endorsements /guarantees is limited to 50% of the Company's net worth as stated in its latest financial statements. The endorsements/guarantees provided to a single enterprise are limited to 20% of its net worth, as stated in its latest financial statements.

Data Image Corporation  
Marketable Securities Held  
December 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 2

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	End of the year				Note
				Number of shares	Carrying amount	Percentage of Ownership	Fair value	
DIVA Laboratories, Ltd.	<u>Stocks</u>							
	Insight Genomics Inc.	—	Financial assets at fair value through other comprehensive income - Non-current	600,000	\$ 2,778	6.40%	\$ 2,778	
	Renown Information Technology Corp.	—	Financial assets at fair value through other comprehensive income - Non-current	240,000	1,833	4.80%	1,833	
	Pharmally International Holding Company Limited	—	Financial assets at fair value through profit or loss - Non-current	150,000	-	-	(Note)	

Note: Pharmally International Holding Company Limited was delisted on April 1, 2021. Due to the assessment that the fair value of the marketable securities may be extremely low and a reasonable valuation price was unable to be obtained, the entire amount was intended to be recognized as a valuation loss.

Data Image Corporation

Total Purchases from or Sales to Related Parties Amounting to at least NT\$100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars)

Table 3

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/sales	Amount	% of Total (Note)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of Total	
The Company	Data Image (Suzhou) Corporation	Subsidiary	Processing fees	(\$ 1,134,344)	( 55)	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	(\$ 294,000)	( 76)	
Data Image (Suzhou) Corporation	The Company	Parent company	Processing income	1,134,344	29	To be determined subject to the capital status	Based on the agreed prices	To be determined subject to the capital status	294,000	54	

Note: The processing fees are calculated as a percentage of the total manufacturing expenses.

Data Image Corporation  
 Receivables from Related Parties Amounting to at least NT\$100 million or 20% of the Paid-in Capital  
 December 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 4

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Data Image (Suzhou) Corporation	The Company	Parent company	\$ 294,000	4.17	\$ -	—	\$ 168,960	\$ -

Data Image Corporation  
Information on Investees  
December 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 5

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of shares	Ratio (%)	Carrying amount			
The Company	Data Image (MAURITIUS) Corporation	Mauritius	Investment	\$ 518,381	\$ 518,381	20,215,000	100.00	\$ 472,173	\$ 62,916	\$ 62,916	-
	DIVA Laboratories, Ltd.	Taiwan	Medical equipment manufacturing and sales	625,680	625,680	20,856,000	35.55	622,870	73,617	19,657	Note 1
DIVA Laboratories, Ltd.	DMC Components International, LLC	Orlando, USA	Sales agency	24,304	24,304	300,000	30.00	8,874	3,163	1,267	Note 2
	DIVA Laboratories GmbH	Germany	Sales of monitor	25,092	25,092	-	100.00	1,179	( 220)	( 220)	-
	DIVA Laboratories U.S., LLC	USA	Sales of monitor	35,858	35,858	-	100.00	14,498	2,709	2,709	-
	Panoramic Imaging Solutions Inc.	Taiwan	Sales of monitor	24,600	24,600	2,500,000	100.00	24,156	( 1,510)	( 1,510)	Note 3
	Diva Capital Inc.	Samoa	Reinvestment	52,908	52,908	-	100.00	9,635	1,253	1,253	Note 4
	Qubyx Limited	United Kingdom	Software design and sales	-	-	-	-	-	-	-	-
Diva Capital Inc. Qubyx Limited	The Linden Group Corp.	USA	Sales of monitor	30,015	30,015	-	19.00	( 1,590)	( 37,661)	( 7,156)	Notes 5 and 7
	Diva Holding Inc.	Samoa	Reinvestment	52,598	52,598	-	100.00	9,630	1,253	Note 8	-
	QUBYX LTD	France	Software design and sales	-	38	-	-	-	-	-	Note 6
	QUBYX Software Technologies Inc	USA	Software design and sales	-	-	-	-	-	-	-	Note 6

Note 1: The difference between the profit and loss of the investee recognized based on the shareholding ratio in the current year and the investment gain or loss recognized in the current year is the effect of the fair value of the investee's assets being higher than the book value of the amortization.

Note 2: The carrying amount deducted the unrealized gain on downstream transactions of \$1,657 thousand.

Note 3: The carrying amount deducted the unrealized gain on downstream transactions of \$85 thousand.

Note 4: The carrying amount deducted the unrealized gain on downstream transactions of \$13 thousand.

Note 5: The carrying amount deducted the unrealized gain on downstream transactions of \$1,732 thousand.

Note 6: The Company has completed the liquidation of QUBYX Limited on November 2, 2023.

Note 7: The Company had accumulated \$25,787 thousand of impairment loss on the investment in The Linden Group Corp. accounted for using the equity method.

Note 8: The profit or loss of the investee has been included in its investees. To avoid confusion, it is not expressed otherwise presented in these financial statements.

Data Image Corporation  
Information on Investments in Mainland China  
For the year ended December 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 6

Investee Company	Main Businesses and Products	Paid-in capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan at the Beginning of Period	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan at the End of Period	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment (%)	Investment Gain (Loss) (Note 1)	Carrying Amount at the End of Period (Note 1)	Accumulated Repatriation of Investment Income at the End of Period
					Outward	Inward						
Data Image (Suzhou) Corporation	Manufacturing, processing, and sale of LCD touch modules and LCD modules	\$ 534,081 (USD 16,300 thousand)	An investee in Mainland China through investment in the establishment of Data Image (MAURITIUS) Corporation in a third region	\$ 511,884 (USD 15,654 thousand)	\$ -	\$ -	\$ 511,884 (USD 15,654 thousand)	\$ 63,199 (RMB 14,463 thousand)	100%	\$ 63,199	\$ 470,745	\$ -
Suzhou Diva Lab. Inc.	Medical equipments wholesale, import and export business	52,643 (USD 1,725 thousand)	Diva Capital Inc., a 100% owned third region subsidiary, reinvested in a third region company Diva Holding Inc., and reinvested in a mainland China company	52,643 (USD 1,725 thousand)	-	-	52,643 (USD 1,725 thousand)	1,253 (RMB 280 thousand)	100%	1,253 (RMB 280 thousand)	9,602 (RMB 2,214 thousand)	-

Investor	Accumulated Outward Remittance for Investments in Mainland China at the end of the period	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
The Company	USD 15,654 thousand	USD 2,000 thousand	\$890,107 (Note 2)
DIVA Laboratories, Ltd.	USD 1,725 thousand	USD 2,000 thousand	\$619,681 (Note 3)

Note 1: It was recognized based on the financial statements audited by the parent company's CPAs in Taiwan for the same period.

Note 2: The calculation is based on the limit of 60% of the net worth, according to Tou-Shen-Zi No. 09704604680.

Note 3: The calculation is based on a limit of 60% of the consolidated net value of DIVA Laboratories, Ltd., according to Tou-Shen-Zi No. 09704604680.

Data Image Corporation

Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly through a Third Party, and Their Prices, Payment Terms, and Unrealized Gains or Losses

For the year ended December 31, 2023

(In Thousands of New Taiwan Dollars,)

Table 7

Investee Company	Transaction type	Purchases/sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Normal Transaction	Ending Balance	%		
Data Image (Suzhou) Corporation	Sales	\$ 14,752	-%	Processed at a price before mark-up	To be determined subject to the capital status	To be determined subject to the capital status	\$ -	-	\$ -	(Note)
Data Image (Suzhou) Corporation	Purchases (commissioned processing)	1,134,344	55%	Made at the general purchase price	To be determined subject to the capital status	To be determined subject to the capital status	( 294,000 )	76	-	(Note)

Note: The Company sells raw materials and semi-finished products to Data Image (Suzhou) Corporation, and then it purchases partial finished products and semi-finished products from the company to sell to customers. As the processing is without imported materials, the related sales income and cost are expressed at a net amount. In addition, after offsetting the relevant accounts receivable and payable, collection and payment will be made based on its capital status and the balance after offsetting accounts receivable and payable on December 31, 2023.